

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2023

THE FIGURES HAVE NOT BEEN AUDITED

I. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Individual Quarter		Cumulative Quarters	
	Current year quarter 31/01/2023 RM'000	Preceding year corresponding quarter 31/01/2022 RM'000	Twelve months to 31/01/2023 RM'000	Twelve months to 31/01/2022 RM'000
Revenue	1,217,186	426,600	4,551,254	4,100,229
Other operating income	4,211	32,800	86,705	48,711
Operating expenses	(935,966)	(1,455,154)	(3,933,403)	(6,390,393)
Operating profit/(loss)	285,431	(995,754)	704,556	(2,241,453)
Depreciation and amortisation	(188,713)	(129,530)	(548,727)	(522,343)
Inventories written down	(30,239)	-	(51,180)	-
Finance income	4,756	2,481	14,035	20,655
Finance costs	(185,956)	(129,021)	(622,831)	(527,865)
Gain on disposal of property, plant and equipment	-	851	8,670	6,953
Net foreign exchange (loss)/gain	(396,613)	(25,566)	4,834	(42,138)
Share of loss from associates and joint ventures	(215,293)	(78,384)	(38,600)	(19,941)
Loss before taxation and impairments	(726,627)	(1,354,923)	(529,243)	(3,326,132)
Provision for impairment on goodwill on consolidation	(1,463,671)	(3,289,934)	(1,463,671)	(3,289,934)
Provision for impairment on plant and equipment	(1,156,501)	(2,103,787)	(1,156,501)	(2,315,787)
Loss before taxation	(3,346,799)	(6,748,644)	(3,149,415)	(8,931,853)
Taxation	27,947	(29,941)	(71,970)	(129,006)
Loss after taxation	(3,318,852)	(6,778,585)	(3,221,385)	(9,060,859)
Attributable to:				
Owners of the Parent	(3,303,063)	(6,767,327)	(3,203,538)	(9,050,634)
Non-controlling interests	(15,789)	(11,258)	(17,847)	(10,225)
	(3,318,852)	(6,778,585)	(3,221,385)	(9,060,859)
Loss per share (sen)				
- Basic/Diluted	(20.67)	(42.37)	(20.05)	(56.67)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2023

THE FIGURES HAVE NOT BEEN AUDITED

II. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarters	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/01/2023	31/01/2022	31/01/2023	31/01/2022
	RM'000	RM'000	RM'000	RM'000
Loss after taxation	(3,318,852)	(6,778,585)	(3,221,385)	(9,060,859)
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences	607,323	(23,624)	194,456	36,431
Net changes in cash flow hedge	-	-	-	(3,917)
Share of other comprehensive (loss)/income of associates and joint ventures:				
- Foreign currency translation differences	(513,769)	42,197	17,186	136,774
- Net changes in cash flow hedge	(15,406)	(5,470)	-	13,855
Items that has been reclassified to profit or loss in current year:				
Cumulative changes in cash flow hedge	-	-	-	18,952
Share of other comprehensive loss of associates and joint ventures:				
- Net changes in cash flow hedge	(21,387)	-	(21,387)	-
Total comprehensive loss	<u>(3,262,091)</u>	<u>(6,765,482)</u>	<u>(3,031,130)</u>	<u>(8,858,764)</u>
Attributable to:				
Owners of the Parent	(3,245,850)	(6,763,870)	(3,011,485)	(8,860,597)
Non-controlling interests	<u>(16,241)</u>	<u>(1,612)</u>	<u>(19,645)</u>	<u>1,833</u>
Total comprehensive loss	<u>(3,262,091)</u>	<u>(6,765,482)</u>	<u>(3,031,130)</u>	<u>(8,858,764)</u>

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2023

THE FIGURES HAVE NOT BEEN AUDITED

III. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current financial year 31/01/2023	As at end of preceding financial year 31/01/2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,079,520	6,437,033
Intangible assets	246,068	1,705,376
Investment in associates	1,694,204	2,035,721
Investment in joint ventures	2,442,688	2,168,609
Deferred tax assets	106,727	103,657
Trade and other receivables	333,542	227,560
	<u>9,902,749</u>	<u>12,677,956</u>
Current assets		
Inventories	386,193	428,841
Trade and other receivables	784,102	1,139,186
Contract assets	695,778	727,044
Tax recoverable	92,421	82,473
Cash, deposits and bank balances	850,565	717,751
	<u>2,809,059</u>	<u>3,095,295</u>
Non-current assets classified as held for sale	-	295,499
	<u>2,809,059</u>	<u>3,390,794</u>
TOTAL ASSETS	<u>12,711,808</u>	<u>16,068,750</u>
EQUITY AND LIABILITIES		
(Deficit in shareholders' funds)/		
Equity attributable to equity holders of the Company		
Share capital	10,872,078	10,872,078
Islamic redeemable convertible preference shares ("RCPS-i")	982,713	982,713
Shares held under trust	-	(11,587)
Warrants reserve	109,110	109,110
Other reserves	1,969,002	1,791,355
Accumulated losses	(16,859,133)	(13,658,696)
	<u>(2,926,230)</u>	<u>84,973</u>
Non-controlling interests	<u>(26,632)</u>	<u>(6,987)</u>
Total equity	<u>(2,952,862)</u>	<u>77,986</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2023

THE FIGURES HAVE NOT BEEN AUDITED

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

	UNAUDITED As at end of current financial year 31/01/2023 RM'000	AUDITED As at end of preceding financial year 31/01/2022 RM'000
Non-current liabilities		
Derivative liabilities	-	24,644
Trade and other payables	11,808	19,082
Contract liabilities	51,694	10,584
Lease liabilities	22,935	8,745
Deferred tax liabilities	38,287	86,089
	<u>124,724</u>	<u>149,144</u>
Current liabilities		
Borrowings	10,615,934	10,658,021
Trade and other payables	3,772,183	3,670,461
Contract liabilities	558,740	817,139
Lease liabilities	18,720	7,976
Provisions	426,549	609,356
Provision for tax	147,820	78,667
	<u>15,539,946</u>	<u>15,841,620</u>
TOTAL LIABILITIES	<u>15,664,670</u>	<u>15,990,764</u>
TOTAL EQUITY AND LIABILITIES	<u>12,711,808</u>	<u>16,068,750</u>
Net (liabilities)/assets per share (RM)	<u>(0.18)</u>	<u>0.01</u>

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 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	Total equity		
	<----- Non-distributable ----->					Distributable			Total	RM'000
	Share capital	RCPS-i	Shares held under trust	Warrants reserve	Other reserves	Accumulated losses				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Year ended 31 January 2023										
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 income/(loss)	-	-	-	-	192,053	(3,203,538)	(3,011,485)	(19,645)	(3,031,130)	
	10,872,078	982,713	(11,587)	109,110	1,983,408	(16,862,234)	(2,926,512)	(26,632)	(2,953,144)	
Transaction with owners:										
Disposal of shares held under trust	-	-	11,587	-	-	(11,305)	282	-	282	
Lapse of certain ESOS, representing total transaction with owners	-	-	-	-	(14,406)	14,406	-	-	-	
At 31 January 2023	10,872,078	982,713	-	109,110	1,969,002	(16,859,133)	(2,926,230)	(26,632)	(2,952,862)	
Year ended 31 January 2022										
At 1 February 2021	10,872,078	982,713	(11,587)	109,110	1,618,671	(4,625,415)	8,945,570	(8,820)	8,936,750	
Total comprehensive income/(loss)	-	-	-	-	190,037	(9,050,634)	(8,860,597)	1,833	(8,858,764)	
	10,872,078	982,713	(11,587)	109,110	1,808,708	(13,676,049)	84,973	(6,987)	77,986	
Transaction with owners:										
Lapse of certain ESOS, representing total transaction with owners	-	-	-	-	(17,353)	17,353	-	-	-	
At 31 January 2022	10,872,078	982,713	(11,587)	109,110	1,791,355	(13,658,696)	84,973	(6,987)	77,986	

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2023

THE FIGURES HAVE NOT BEEN AUDITED

V. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31/01/2023 RM'000	Year ended 31/01/2022 RM'000
Cash flows from operating activities		
Loss before taxation	(3,149,415)	(8,931,853)
Adjustments for non-cash items	3,791,616	7,274,771
Cash generated/(used in) before working capital changes	642,201	(1,657,082)
Changes in working capital	(191,788)	2,261,591
Cash generated from operations	450,413	604,509
Net taxes paid	(61,884)	(100,569)
Net cash generated from operating activities	388,529	503,940
Cash flows from investing activities		
Purchase of property, plant and equipment	(235,110)	(154,447)
Proceeds from disposal of property, plant and equipment	349,333	20,490
Repayment of advances from a joint venture	-	44,467
Dividend received from a joint venture	22,348	22,516
Other items	6,055	5,930
Net cash generated from/(used in) investing activities	142,626	(61,044)
Cash flows from financing activities		
Finance costs paid	(17,730)	(425,316)
Withdrawal/(placement) of cash pledged (restricted)	123,142	(145,030)
Net (repayment)/drawdown of revolving credit and trade financing	(373,059)	235,965
Net repayment of lease liabilities	(11,748)	(26,817)
Proceeds from disposal of shares held under trust	258	-
Net cash used in financing activities	(279,137)	(361,198)
Net increase in cash and cash equivalents	252,018	81,698
Effect of exchange rate translation	3,938	2,057
Cash and cash equivalents at beginning of year	442,214	358,459
Cash and cash equivalents at end of year	698,170	442,214
Add: Cash pledged with bank (restricted)	152,395	275,537
Cash and cash equivalents	850,565	717,751

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements for the financial year ended 31 January 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 financial statements also comply with International Accounting Standards ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated financial statements for the financial year ended 31 January 2023 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2022.

Effective for annual periods beginning on or after 1 January 2022:

- Amendments to MFRS 3: Business Combinations
- Amendments to MFRS 116: Property, Plant and Equipment
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
- 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 2022 in their report dated 31 May 2022. 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 RM9,060.9 million and RM8,898.4 million respectively for the year ended 31 January 2022, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM12,450.8 million and RM1,331.3 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") as well as separate contractual standstill arrangements with the lenders ("Standstill Arrangements") which will expire on 10 June 2022 and 6 June 2022 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.

3. Auditors' report on preceding annual financial statements (cont'd.)

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 year, other than as disclosed in these condensed consolidated financial statements.

5. Changes in estimates

There were no changes in estimates that have a material effect in the current financial year, 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 year ended 31 January 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"), in light of the expiry of the earlier Orders, the Company and twenty-two of its wholly-owned Subsidiaries (collectively, the "Applicants") have filed a fresh application under Sections 366 and 368 of the Companies Act 2016 (the "Act"). The Applicants were granted the Orders under Sections 366 and 368 by the Court and will take effect on 11 March 2023.

The Order 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 Sdn. Bhd. (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)(b)) and thus have been excluded from the application of the Restraining Order.

There is no other material event subsequent to 31 January 2023 which has not been reflected in these condensed consolidated 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 year.

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 RM524.9 million (31 January 2022: RM606.3 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 15(b) and Note 15(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 financial statements as at 31 January 2023 is as follows:

Approved and contracted for:	31/01/2023
	RM'000
Group	<u>24,914</u>

11. Taxation

Taxation comprises of the following:

	Individual Quarter		Cumulative Quarters	
	Three months to 31/01/2023	Three months to 31/01/2022	Twelve months to 31/01/2023	Twelve months to 31/01/2022
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian taxation	11,642	10,195	34,188	34,039
Foreign taxation	17,134	48,412	78,477	96,307
Deferred taxation	<u>(56,723)</u>	<u>(28,666)</u>	<u>(40,695)</u>	<u>(1,340)</u>
	<u>(27,947)</u>	<u>29,941</u>	<u>71,970</u>	<u>129,006</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:

	Short- term borrowings		Total
	USD	RM	
	denomination	denomination	RM
	RM'000	RM'000	RM'000
As at			
31 January 2023			
Unsecured			
Revolving credits	-	357,215	357,215
Term loans	2,191,973	844,998	3,036,971
Sukuk Programme	841,546	6,380,202	7,221,748
	<u>3,033,519</u>	<u>7,582,415</u>	<u>10,615,934</u>
As at			
31 January 2022			
Unsecured			
Revolving credits	-	357,263	357,263
Trade financing	-	89,436	89,436
Term loans	2,164,428	832,607	2,997,035
Sukuk Programme	834,084	6,380,203	7,214,287
	<u>2,998,512</u>	<u>7,659,509</u>	<u>10,658,021</u>

(b) Other information relating to borrowings:

- (i) On 29 April 2022, 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 previous financial year, Sapura TMC had executed multi-currency financing facilities agreements (collectively, the "MCF Facilities") with the MCF Financiers consisting of:
 - (a) 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
 - (b) the Multi-Currency Sukuk Programme of up to RM10 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 Sdn. Bhd. as issuer, Maybank Investment Bank Berhad as lead arranger, and Maybank Investment Bank Berhad as facility agent, and as thereafter amended and supplemented.

13. Borrowings (cont'd.)

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

In March 2022 and subsequently in June 2022, 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:

- (a) failure by Sapura TMC and the Obligors, to comply with certain financial covenants of the MCF Facilities;
- (b) 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
- (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.

In relation to (c) above with regards to the request dated 6 June 2022, all the MCF Financiers consented and agreed not to take any enforcement action in relation to any default that may arise as a result of the failure of Sapura TMC or any of the Obligors' to pay amounts due and payable under the MCF Facilities during the 90 days period commencing 7 March 2022 and a further 6 months from 6 June 2022 to 10 December 2022.

- (iii) On 1 September 2022, the Company received approval from the Corporate Debt Restructuring Committee ("CDRC"), approving the Company's 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.

13. Borrowings (cont'd.)

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

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

- (a) The Company and its Lenders whereby the Lenders are expected to observe an informal standstill and withhold from any proceedings and Sapura Energy Bhd ("SEB") is expected to submit a proposal for a restructuring of its debts within 60 days from 1 September 2022; and
- (b) Where 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 ("Code") 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.

- (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 have been deposited into the disposal proceeds account and have been utilised to repay the multi-currency financing facilities, subject to the terms of the MCF Facilities.

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.

As at 31 January 2023, the Group breached certain financial covenants pursuant to the MCF Facilities. As a result, the borrowings have been classified as current liabilities.

14. Derivative financial instruments

In the previous financial years, the Group entered into Islamic Cross-Currency Swap ("ICRCS") contracts with various banks to hedge part of the Group's borrowings.

On 7 March 2022, the 5-year ICRCS matured and in accordance to the ICRCS contracts, the 5-year ICRCS was settled. The financial impact of this settlement has been recognised during the financial year.

Details of the derivative outstanding at the reporting date are as follows:

	As at 31 January 2023		As at 31 January 2022	
	Notional Value RM'000	Liabilities Fair Value RM'000	Notional Value RM'000	Assets Fair Value RM'000
5-year Islamic Cross-Currency Swap	-	-	2,528,606	(24,644)

15. 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%).

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:

15. Material litigation (cont'd)

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

- (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.

15. 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.

15. 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 early 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.

- (a) SE Brasil filed their Statement of Claim for the sum of USD84,606,035 on 29 March 2021.
- (b) CELSE filed Respondent’s Statement of Claim for the sum of USD89,799,186 on 29 March 2021.
- (c) SE Brasil filed Claimant’s and Additional Party’s Statement of Defence against Respondent’s Statement of Claim on 28 May 2021.
- (d) CELSE filed Respondent’s Statement of Defence against Claimant’s Statement of Claim on 28 May 2021.
- (e) SE Brasil filed Claimant’s Reply on 28 June 2021.
- (f) CELSE filed Respondent’s Reply on 28 June 2021.
- (g) SE Brasil filed Claimant’s and Additional Party’s Rejoinder on 28 July 2021.
- (h) 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.

15. 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.

- (a) 28 March 2022, Parties submitted their application for document production by the counterparty in the form of a Redfern Schedule;
- (b) 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;
- (c) 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;
- (d) 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);
- (e) 27 April 2022 – CELSE submitted a motion to the Arbitration Tribunal requesting that SE Brasil and Sapura Energy produce the non-objected documents immediately;
- (f) 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;
- (g) 3 May 2022 – The Arbitral Tribunal determined that SE Brasil and Sapura Energy provide the non-objected documents to CELSE by 10 May 2022;
- (h) 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 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.

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.

15. Material litigation (cont'd.)

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

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.

(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.

(i) Sun Hardware Enterprise Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-634-12/2021)

- a) Winding up petition date - 15 December 2021
- b) Case management and hearing dates - 17 January 2022 and 10 March 2022

Sapura Fabrication Sdn. Bhd. did not attend the case management on 17 January 2022 as the Winding Up Petition was only served to Sapura Fabrication Sdn. Bhd. on 15 February 2022..

The hearing for the Winding Up Petition on 10 March 2022 was vacated as the matter was already settled on 4 March 2022.

Notice of discontinuance was filed on 4 March 2022 and the Winding Up Petition has been withdrawn.

(ii) 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 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.

15. Material litigation (cont'd.)

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

(iii) 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.

(iv) 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.

(v) 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.

- 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.

15. Material litigation (cont'd.)

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

(vi) 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.

(vii) 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.

(viii) 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.

15. Material litigation (cont'd.)

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

(ix) DTEC Engineering and Construction Sdn. Bhd. vs Sapura Project Services Sdn. Bhd. - Shah Alam High Court (BA-28NCC-72-01/2022)

- a) Winding up petition date - 27 January 2022
- b) Case management and hearing dates - 28 February 2022 and 25 April 2022

On 28 February 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 21 April 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 an application to appoint a liquidator.

Hearing date on 25 April 2022 were adjourned as DTEC Engineering and Construction Sdn. Bhd. has informed the Court that they intend to file an affidavit in reply to our application, and also to file their own application for appointment of liquidator.

On 17 May 2022 DTEC Engineering and Construction Sdn. Bhd. filed an application to appoint two liquidators.

The court fixed another case management date on 29 June 2022. During the date, Sapura Project Services Sdn. Bhd. ("SPSSB") informed that they will file further affidavit on this matter by 5 July 2022.

- c) The court has fixed hearing date for the application for appointment of Liquidator on 14 September 2022.

As SPSSB was wound up on 14 September 2022 by an Order under another Winding Up Petition by Danamin (M) Sdn. Bhd., DTEC Engineering and Construction Sdn. Bhd. had thus withdrawn its Winding Up Petition during the hearing on 14 September 2022.

(x) 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.

15. Material litigation (cont'd.)

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

(xi) 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.

(xii) 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.

(xiii) 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.

15. Material litigation (cont'd.)

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

(xiv) 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.

(xv) 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.

(xvi) 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.

(xvii) 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.

15. Material litigation (cont'd.)

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

(xviii) 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 applications.

- (i) to appoint liquidator for the Sapura Project Services Sdn. Bhd.; and
- (ii) to 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. to be wound up and a liquidator be appointed as the Liquidator for Sapura Project Services Sdn. Bhd..

(xix) 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.

15. Material litigation (cont'd.)

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

(xx) 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.
- d) 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.

(xxi) Plomo Group Sdn. Bhd. v Sapura Pinewell Sdn. Bhd. - Shah Alam High Court (BA-28NCC-665-12/2021)

- a) Winding up petition date - 29 December 2021
- b) Case management and hearing dates - 13 July 2022 and 17 May 2022

On 5 August 2022 Sapura Pinewell's Sdn. Bhd.'s solicitors informed the Court that the winding up proceeding cannot proceed and should be stayed as Sapura Pinewell Sdn. Bhd. has filed and obtained a Restraining Order (and the extension) up to 10 March 2023.

- c) Notice of discontinuance has been filed on 14 September 2022 by the Petitioner and the winding up petition has been withdrawn.

(xxii) Marine Creation Sdn. Bhd. v Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-289-05/2022)

- a) Winding up petition date - 12 May 2022
- b) Case management and hearing dates - 9 August 2022 and 22 August 2022
- c) Notice of discontinuance has been filed on 19 July 2022 by the Petitioner and the winding up petition has been withdrawn.

(xxiii) Lubricluem Sdn. Bhd. v Sapura 3000 Pte. Ltd. - High Court in Sabah and Sarawak at Federal Territory of Labuan (LBN-28NCC-9/7-2022(HC))

- a) Winding up petition date – 20 July 2022
- b) Case hearing date – 9 September 2022
- c) Parties had reached settlement on the matter and the winding up petition was struck out by the Court on 17 August 2022.

16. Review of Group Performance

16.1 Current quarter against the corresponding quarter of the preceding year

	Individual Quarter Three months to		Changes %
	31/01/2023 RM'000	31/01/2022 RM'000	
Revenue	1,217,186	426,600	>100.0
Operating profit/(loss)	285,431	(995,754)	>100.0
Loss before taxation and impairment	(726,627)	(1,354,923)	46.4
Loss before taxation	(3,346,799)	(6,748,644)	50.4
Loss after taxation	(3,318,852)	(6,778,585)	51.0
Loss attributable to owners of the Parent	(3,303,063)	(6,767,327)	51.2

The Group's revenue of RM1,217.2 million in the current quarter, was an increase of RM790.6 million compared to RM426.6 million in the corresponding quarter of the preceding year ("Q4 FY2022"). The increase in revenue is primarily driven by a higher percentage of completion for projects from the E&C segment and higher rig utilisation days from the Drilling segment.

Consequently, the loss before taxation and impairment of the Group narrowed by RM628.3 million to RM726.6 million in the current quarter, compared to a loss before taxation and impairment of RM1,354.9 million in Q4 FY2022 on the back of higher revenue and lower provision for foreseeable losses, albeit higher foreign exchange losses due to weakening of the USD against RM.

In the current quarter, the Group has made provision for impairment on goodwill on consolidation of RM1,463.7 million (Q4 FY2022: RM3,289.9 million) and provision for impairment on property, plant and equipment of RM1,156.5 million (Q4 FY2022: RM2,103.8 million) respectively.

The Group recorded a loss before taxation of RM3,346.8 million in the current quarter, lower by RM3,401.8 million compared to RM6,748.6 million in Q4 FY2022, corresponding to lower provision of impairment.

16.2 Current year against corresponding year

	Cumulative Quarters Twelve months to		Changes %
	31/01/2023 RM'000	31/01/2022 RM'000	
Revenue	4,551,254	4,100,229	11.0
Operating profit/(loss)	704,556	(2,241,453)	>100.0
Loss before taxation and impairment	(529,243)	(3,326,132)	84.1
Loss before taxation	(3,149,415)	(8,931,853)	64.7
Loss after taxation	(3,221,385)	(9,060,859)	64.4
Loss attributable to owners of the Parent	(3,203,538)	(9,050,634)	64.6

The Group's revenue of RM4,551.2 million was RM451.0 million or 11.0% higher than the corresponding year of RM4,100.2 million, contributed by higher revenue from the Drilling and O&M segments, attributable to higher rig utilisation days in the current year and higher approved claims respectively.

The Group recorded a loss before taxation and impairment of RM529.2 million in the current year, which was RM2,796.9 million lower compared to a loss before taxation and impairment of RM3,326.1 million in the previous corresponding year. The improvement is mainly arising from the E&C segment's lower provision for foreseeable losses on onerous contracts.

16. Review of Group Performance (cont'd.)

16.2 Current year against corresponding year (cont'd.)

In the current year, the Group has made provision for impairment on goodwill on consolidation of RM1,463.7 million (FY2022: RM3,289.9 million) and provision for impairment on property, plant and equipment of RM1,156.5 million (FY2022: RM2,315.8 million).

The Group's loss before taxation reduced by RM5,782.4 million or 64.7% to RM3,149.4 million in the current financial year, from RM8,931.9 million in the corresponding year, as a result of lower provision for foreseeable losses and impairment.

16.3 Current quarter against immediate preceding quarter

	Individual Quarter Three months to		Changes %
	31/01/2023 RM'000	31/10/2022 RM'000	
Revenue	1,217,186	1,275,109	(4.5)
Operating profit	285,431	107,200	(>100.0)
(Loss)/profit before taxation and impairment	(726,627)	75,394	(>100.0)
(Loss)/profit before taxation	(3,346,799)	75,394	(>100.0)
(Loss)/profit after taxation	(3,318,852)	11,811	(>100.0)
(Loss)/profit attributable to owners of the Parent	(3,303,063)	10,183	(>100.0)

The Group's revenue of RM1,217.2 million was 4.5% lower than the immediate preceding quarter ("Q3 FY2023") of RM1,275.1 million due to a lower percentage of completion of projects in the E&C segment, offset against higher utilisation days from the Drilling segment.

The Group made a loss before taxation and impairment of RM726.6 million in the current quarter against the profit before taxation and impairment of RM75.4 million in Q3 FY2023, mainly due to the significant foreign exchange losses in tandem with the weakening of USD currency and share of losses from joint ventures and associates in the current quarter.

With the provision for impairment on goodwill on consolidation and property, plant and equipment of RM1,463.7 million (Q3 2023: Nil) and RM1,156.5 million (Q3 FY2023: Nil) respectively, the Group slipped to a loss before taxation of RM3,346.8 million in the current quarter, compared to a profit before taxation of RM75.4 million in Q3 FY2023.

17. 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

	<u>Three months to 31/01/2023</u>	
	Revenue RM'000	(Loss)/profit before tax RM'000
E&C	692,932	(880,512)
O&M	113,324	34,760
Drilling	436,395	(1,654,806)
E&P	-	(333,338)
	<u>1,242,651</u>	<u>(2,833,896)</u>
Corporate expenses and eliminations	(25,465)	(512,903)
Group revenue/loss before taxation	<u>1,217,186</u>	<u>(3,346,799)</u>

*includes share of profit after tax of associates

17. Segment information (cont'd.)

17.1 Current quarter against corresponding quarter of the preceding year

	Revenue			(Loss)/profit before tax		
	Three months to		Changes	Three months to		Changes
	31/01/2023	31/01/2022		31/01/2023	31/01/2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Business segments:						
E&C	692,932	115,853	>100.0	(880,512)	(2,651,290)	66.8
O&M	113,324	98,244	15.3	34,760	(76,660)	>100.0
Drilling	436,395	263,669	65.5	(1,654,806)	(3,788,054)	56.3
E&P	-	-	-	(333,338)	(124,027)	(>100.0)
	<u>1,242,651</u>	<u>477,766</u>		<u>(2,833,896)</u>	<u>(6,640,031)</u>	
Corporate expenses and eliminations	<u>(25,465)</u>	<u>(51,166)</u>	50.2	<u>(512,903)</u>	<u>(108,613)</u>	(>100.0)
Group revenue/						
Loss before taxation	<u>1,217,186</u>	<u>426,600</u>	>100.0	<u>(3,346,799)</u>	<u>(6,748,644)</u>	50.4

Business segments:

Engineering and Construction

The segment recorded revenue of RM692.9 million, which is RM577.1 million higher than revenue of RM115.8 million in Q4 FY2022, driven by higher activity level and percentage of completion for execution of projects.

The segment's loss before taxation decreased by RM1,770.8 million or 66.8% to RM880.5 million compared to loss before taxation of RM2,651.3 million in Q4 FY2022, attributable to higher revenue, lower provision for foreseeable losses on onerous contracts and lower provision for impairment on goodwill on consolidation and property, plant and equipment recorded of RM1,061.4 million (Q4 FY2022: RM1,694.9 million).

Operations and Maintenance

The segment recorded a marginal increase in revenue of RM15.1 million to RM113.3 million in the current quarter, from RM98.2 million in Q4 FY2022, contributed by higher operation activities.

In the current quarter, the segment recorded a profit before taxation of RM34.8 million, which was higher by RM111.4 million compared to a loss before taxation of RM76.7 million in Q4 FY2022, mainly contributed by lower project costs and higher approved claims.

17. Segment information (cont'd.)

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

Business Segments (cont'd.):

Drilling

The segment recorded a significant increase in revenue of RM172.7 million or 65.5%, from RM263.7 million in Q4 FY2022 to RM436.4 million in the current quarter. The increase is mainly due to higher rig utilisation days, subsequent to the award of long-term contracts for tender assisted rigs and revenue contribution from integrated drilling service.

The segment's loss before taxation decreased by RM2,133.2 million or 56.3% to RM1,654.8 million compared to loss before taxation of RM3,788.1 million in Q4 FY2022, attributable to higher revenue and lower provision for impairment on goodwill on consolidation and property, plant and equipment recorded of RM1,558.6 million (Q4 FY2022: RM3,698.8 million).

Exploration and Production

The segment recorded a loss before taxation of RM333.3 million, which was higher by RM209.3 million compared to a loss before taxation of RM124.0 million in Q4 FY2022 mainly due to a higher share of loss recognised due to impairment recognised in the current quarter by an associate.

17.2 Current year against corresponding year

	Revenue			(Loss)/profit before tax		
	Twelve months to			Twelve months to		
	31/01/2023	31/01/2022	Changes	31/01/2023	31/01/2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Business segments:						
E&C	2,819,958	2,818,403	0.1	(801,128)	(4,247,254)	81.1
O&M	519,357	406,105	27.9	140,105	(261,646)	>100.0
Drilling	1,374,104	1,033,374	33.0	(1,660,766)	(3,793,887)	56.2
E&P	-	-	-	(359,101)	(143,131)	(>100.0)
	<u>4,713,419</u>	<u>4,257,882</u>		<u>(2,680,890)</u>	<u>(8,445,918)</u>	
Corporate expenses and eliminations	<u>(162,165)</u>	<u>(157,653)</u>	(2.9)	<u>(468,525)</u>	<u>(485,935)</u>	3.6
Group revenue/						
Loss before taxation	<u>4,551,254</u>	<u>4,100,229</u>	11.0	<u>(3,149,415)</u>	<u>(8,931,853)</u>	64.7

Business Segments:

Engineering and Construction

The segment recorded revenue of RM2,820.0 million, which is marginally higher than the revenue of RM2,818.4 million in the corresponding year.

The segment posted a loss before taxation of RM801.1 million, which is RM3,446.1 million or 81% lower compared to the loss before taxation of RM4,247.3 million in the corresponding year. The significant reduction in loss before taxation is attributable to lower provision for foreseeable losses on onerous contracts from legacy contracts and lower provision for impairment on goodwill on consolidation and property, plant and equipment recorded of RM1,061.4 million (FY2022: RM1,906.9 million).

17. Segment information (cont'd.)

17.2 Current year against the corresponding year (cont'd.)

Operations and Maintenance

The segment's revenue increased by RM113.3 million to RM519.4 million in the current year, from RM406.1 million in corresponding year, driven by higher activity level from execution of projects.

The segment made a profit before taxation of RM140.1 million in the current year against RM261.6 million loss before taxation in the corresponding year, a turnaround of RM401.8 million contributed by higher revenue and project margins compared to the corresponding year.

Drilling

The segment recorded 33% increased in revenue from RM1,033.4 million in the corresponding year to RM1,374.1 million in the current year, contributed by an increase in rig utilisation days and revenue contribution from integrated drilling service.

The segment's loss before taxation decreased by RM2,133.1 million or 56.2% to RM1,660.8 million compared to loss before taxation of RM3,793.9 million in the corresponding year, attributable to higher revenue and lower provision for impairment on goodwill on consolidation and property, plant and equipment recorded of RM1,558.6 million (FY2022: RM3,698.8 million).

Exploration and Production

The segment recorded a loss before taxation of RM359.1 million, higher by RM216.0 million than the corresponding year as a result of higher impairment recognised during the year.

18. Additional disclosure information

18.1 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.

18.2 Trade and other receivables and contract assets

	As at 31/01/2023	As at 31/01/2022
	RM'000	RM'000
Non-current		
Trade receivables	37,067	45,618
Less: Provision for expected credit loss	<u>(10,360)</u>	<u>(10,360)</u>
	26,707	35,258
Other receivables	<u>306,835</u>	<u>192,302</u>
Total non-current trade and other receivables	<u>333,542</u>	<u>227,560</u>
Current		
Trade receivables	464,470	623,975
Less: Provision for expected credit loss	<u>(200,141)</u>	<u>(78,478)</u>
	264,329	545,497
Other receivables	560,889	633,696
Less: Provision for expected credit loss	<u>(41,116)</u>	<u>(40,007)</u>
	519,773	593,689
Total current trade and other receivables	<u>784,102</u>	<u>1,139,186</u>
Contract assets	<u>695,778</u>	<u>727,044</u>
Total trade and other receivables and contract assets	<u>1,813,422</u>	<u>2,093,790</u>

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (31 January 2022: 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.

19. (a) Commentary on prospects

Sapura Energy Berhad and its subsidiaries ("the Group") continues to implement its Reset plan to address its unsustainable debts and amounts owing to its trade creditors in Financial Year 2023 ("FY23"). Building on the positive momentum achieved in the last financial year, the Group remains on track to turnaround its operations, underpinned by the "bid right; execute with discipline" mantra.

The strategy to rebalance the projects portfolio for the Engineering and Construction ("E&C") business between the Eastern and Western Hemispheres, and pivoting towards Transportation & Installation projects, remains unchanged. The footprint of its E&C business in the Atlantic and West African regions is expected to grow.

The Operations & Maintenance business is expected to remain competitive in the Malaysian market. The Group is cautiously exploring opportunities to emerge as a regional player in the South-East Asian market.

The Drilling business is operating at full capacity with all 11 rigs utilised at the end of FY23, of which 5 rigs are contracted in Thailand. The Group is confident that the utilisation of its rigs will remain robust in Financial Year 2024 and beyond.

The Group's orderbook currently stands at RM5.6 billion, with a total order intake in FY23 amounting to RM3.7 billion. In addition, the non-consolidated gross orderbook of the Group's joint-venture entities stands at RM5.2 billion.

Consistent with its Reset Plan and as part of its Proposed Restructuring Scheme, the Group is looking to divest its interest in SapuraOMV to pare down debts.

Critical to the successful delivery of sustainable values to all its stakeholders, the Group is developing its Regularisation Plan to address its PN17 status, underpinned by the schemes of arrangement with its lender and creditors. To this end, the Board of Directors is committed to ensure the interest of all stakeholders will be considered in a fair and equitable manner.

(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.

20. Dividend

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

21. Loss per share

Basic/Diluted	Individual Quarter		Cumulative Quarters	
	31/01/2023	31/01/2022	31/01/2023	31/01/2022
Loss attributable to owners of the Parent (RM'000)	(3,303,063)	(6,767,327)	(3,203,538)	(9,050,634)
Weighted average number of ordinary shares in issue excluding shares held under trust ('000):				
- Basic/Diluted*	15,979,080	15,971,804	15,979,080	15,971,804
Loss per shares (sen)				
- Basic/Diluted	(20.67)	(42.37)	(20.05)	(56.67)

* 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 ESOS 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
30 March 2023