

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/10/2020</b> RM'000	Preceding year corresponding quarter <b>31/10/2019</b> RM'000	Nine months to <b>31/10/2020</b> RM'000	Nine months to <b>31/10/2019</b> RM'000
<b>Revenue</b>	<b>1,328,379</b>	<b>1,777,401</b>	<b>3,904,278</b>	<b>5,337,260</b>
Other operating income	125,248	2,733	131,855	97,702
Operating expenses	(1,210,988)	(1,689,332)	(3,305,042)	(5,087,658)
<b>Operating profit</b>	<b>242,639</b>	<b>90,802</b>	<b>731,091</b>	<b>347,304</b>
Depreciation and amortisation	(136,678)	(136,577)	(405,243)	(390,094)
Finance income	2,524	3,836	33,151	12,044
Finance costs	(124,377)	(150,558)	(382,841)	(517,379)
Gain on disposal of property, plant and equipment	-	6,308	-	19,557
Net foreign exchange (loss)/gain	(6,028)	12,585	28,660	31,689
Share of profit from associates and joint ventures	80,903	60,367	143,733	212,061
<b>Profit/(loss) before taxation</b>	<b>58,983</b>	<b>(113,237)</b>	<b>148,551</b>	<b>(284,818)</b>
Taxation	(41,481)	11,269	(93,490)	(43,035)
<b>Profit/(loss) after taxation</b>	<b>17,502</b>	<b>(101,968)</b>	<b>55,061</b>	<b>(327,853)</b>
Attributable to:				
Owners of the Parent:	17,205	(100,891)	55,156	(326,299)
Non-controlling interests	297	(1,077)	(95)	(1,554)
	<b>17,502</b>	<b>(101,968)</b>	<b>55,061</b>	<b>(327,853)</b>
<b>Earnings/(loss) per share (sen)</b>				
- Basic	0.11	(0.63)	0.35	(2.05)
- Diluted	0.11	(0.63)	0.35	(2.05)

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

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THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/10/2020</b> RM'000	Preceding year corresponding quarter <b>31/10/2019</b> RM'000	Nine months to <b>31/10/2020</b> RM'000	Nine months to <b>31/10/2019</b> RM'000
Profit/(loss) after taxation	<b>17,502</b>	<b>(101,968)</b>	<b>55,061</b>	<b>(327,853)</b>
<b>Other comprehensive (loss)/income:</b>				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation differences	(56,610)	77,864	48,457	77,468
Net changes in cash flow hedge	11,061	4,190	18,083	4,629
Share of other comprehensive (loss)/income of associates and joint ventures:				
- Foreign currency translation differences	(92,986)	50,505	30,299	85,331
- Net changes in cash flow hedge	5,152	(4,762)	(18,375)	(37,711)
<i>Items that has been reclassified to profit or loss in current period:</i>				
Amortisation of cumulative changes in relation to previous hedge instruments	4,108	-	12,324	-
Total comprehensive (loss)/income	<u>(111,773)</u>	<u>25,829</u>	<u>145,849</u>	<u>(198,136)</u>
Attributable to:				
Owners of the Parent	(110,197)	25,996	147,978	(196,181)
Non-controlling interests	(1,576)	(167)	(2,129)	(1,955)
Total comprehensive (loss)/income	<u>(111,773)</u>	<u>25,829</u>	<u>145,849</u>	<u>(198,136)</u>

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>UNAUDITED</b> As at end of current financial period <b>31/10/2020</b> RM'000	<b>AUDITED</b> As at end of preceding financial year <b>31/01/2020</b> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,533,986	9,638,931
Intangible assets	4,983,461	4,947,773
Investment in associates	2,162,157	2,147,935
Investment in joint ventures	1,985,590	1,833,407
Deferred tax assets	99,162	96,295
Derivative assets	-	18,778
Trade and other receivables	103,685	82,560
	<u>18,868,041</u>	<u>18,765,679</u>
<b>Current assets</b>		
Inventories	437,163	383,888
Trade and other receivables	1,600,749	1,457,227
Contract assets	1,625,275	1,200,397
Tax recoverable	131,761	168,778
Cash and cash equivalents	580,084	772,374
	<u>4,375,032</u>	<u>3,982,664</u>
<b>TOTAL ASSETS</b>	<b><u>23,243,073</u></b>	<b><u>22,748,343</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
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)	(11,587)
Warrants reserve	109,110	109,110
Other reserves	1,796,250	1,703,428
Accumulated losses	(4,418,065)	(4,473,221)
	<u>9,330,499</u>	<u>9,182,521</u>
<b>Non-controlling interests</b>	<u>(9,982)</u>	<u>(7,853)</u>
<b>Total equity</b>	<u>9,320,517</u>	<u>9,174,668</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

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

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at end of current financial period <b>31/10/2020</b> RM'000	As at end of preceding financial year <b>31/01/2020</b> RM'000
<b>Non-current liabilities</b>		
Borrowings	7,163,224	7,110,429
Derivative liabilities	13,447	-
Trade and other payables	283,337	10,000
Contract liabilities	49,840	72,532
Lease liabilities	8,071	9,148
Deferred tax liabilities	99,926	42,722
	<u>7,617,845</u>	<u>7,244,831</u>
<b>Current liabilities</b>		
Borrowings	3,285,934	3,145,665
Trade and other payables	2,410,207	2,503,550
Contract liabilities	298,683	199,436
Lease liabilities	10,830	13,771
Provision	166,707	348,254
Provision for tax	132,350	118,168
	<u>6,304,711</u>	<u>6,328,844</u>
<b>TOTAL LIABILITIES</b>	<u>13,922,556</u>	<u>13,573,675</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>23,243,073</b></u>	<u><b>22,748,343</b></u>
<b>Net assets per share (RM)</b>	<u><b>0.58</b></u>	<u><b>0.57</b></u>

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent						Non-controlling interests	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	
<b>Nine months to 31 October 2020 (Unaudited)</b>									
At 1 February 2020	10,872,078	982,713	(11,587)	109,110	1,703,428	(4,473,221)	9,182,521	(7,853)	9,174,668
<b>Total comprehensive income</b>	-	-	-	-	92,822	55,156	147,978	(2,129)	145,849
At 31 October 2020	10,872,078	982,713	(11,587)	109,110	1,796,250	(4,418,065)	9,330,499	(9,982)	9,320,517

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

	Attributable to owners of the Parent						Non-controlling interests	Total equity	
	<----- Non-distributable ----->					Distributable			Total
	Share capital	RCPS-i	Shares held under trust	Warrants reserve	Other reserves	Retained profits/ (Accumulated losses)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Nine months to 31 October 2019 (Unaudited)</b>									
At 1 February 2019	10,872,078	982,713	(66,812)	109,110	1,764,292	213,684	13,875,065	(3,824)	13,871,241
<b>Total comprehensive income/(loss)</b>	-	-	-	-	130,118	(326,299)	(196,181)	(1,955)	(198,136)
<b>Transactions with owners:</b>									
Fair value of share options granted under Executive Share Option Scheme ("ESOS")	-	-	-	-	70,073	-	70,073	-	70,073
Dividend on ordinary shares	-	-	-	-	-	(79,895)	(79,895)	-	(79,895)
Shares transferred under LTIP	-	-	25,375	-	-	(21,071)	4,304	-	4,304
<b>Total transactions with owners</b>	-	-	25,375	-	70,073	(100,966)	(5,518)	-	(5,518)
At 31 October 2019	10,872,078	982,713	(41,437)	109,110	1,964,483	(213,581)	13,673,366	(5,779)	13,667,587

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Nine months to <b>31/10/2020</b> RM'000	UNAUDITED Nine months to <b>31/10/2019</b> RM'000
<b>Cash flows from operating activities</b>		
<b>Profit/(loss) before taxation</b>	<b>148,551</b>	<b>(284,818)</b>
Adjustments	574,812	657,768
Operating profit before working capital changes	723,363	372,950
Changes in working capital	(609,295)	(287,032)
<b>Cash generated from operations</b>	<b>114,068</b>	<b>85,918</b>
Net taxes refund/(paid)	13,802	(54,989)
<b>Net cash generated from operating activities</b>	<b>127,870</b>	<b>30,929</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(122,141)	(188,970)
Proceeds from disposal of property, plant and equipment	-	32,308
Dividend received from a joint venture	2,183	25,408
Net additional income from previous disposal of 50% equity stake in a subsidiary	50,055	-
Repayment of advances from a joint venture	23,532	78,696
Other items	11,376	10,630
<b>Net cash used in investing activities</b>	<b>(34,995)</b>	<b>(41,928)</b>
<b>Cash flows from financing activities</b>		
Finance costs paid	(329,715)	(445,188)
Net drawdown/(repayment) of revolving credit, trade financing, term loans and islamic facility	44,134	(6,991,978)
Net repayment of lease liabilities	(14,618)	(5,684)
Dividend paid on ordinary shares	-	(79,895)
<b>Net cash used in financing activities</b>	<b>(300,199)</b>	<b>(7,522,745)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(207,324)</b>	<b>(7,533,744)</b>
Effect of exchange rate translation	15,034	10,226
Cash and cash equivalents at beginning of year	772,374	8,098,397
<b>Cash and cash equivalents at end of period</b>	<b>580,084</b>	<b>574,879</b>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these 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 31 October 2020 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 31 October 2020 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2020.

The accounting policies and methods of computation adopted by Sapura Energy Berhad ("the Company") and its subsidiaries ("the Group") in these condensed consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 January 2020 except for the following:

On 1 February 2020, 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 2020:**

Amendments to MFRS 3: Business Combinations

Amendments to MFRS 101: Presentation of Financial Statements

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 7: Financial Instruments Disclosures

Amendments to MFRS 9: Financial Instruments

Revised Conceptual Framework for Financial Reporting

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

### 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. 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.

### 4. 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 statement of profit or loss.



**5. Debt and equity securities**

There were no other issuance and repayment of debt securities, share buy-back, share cancellations, shares held under trust and resale of shares held under trust during the quarter ended 31 October 2020.

**6. Subsequent events**

There was no material event subsequent to 31 October 2020 which has not been reflected in these condensed consolidated interim financial statements.

**7. Changes in the composition of the Group**

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

**8. Contingent liabilities**

- (a) The Group has provided corporate guarantees given to financial institutions for credit facilities and performance bonds granted to joint ventures and associates amounting to RM764.5 million (31 January 2020: RM833.5 million).
- (b) On 31 January 2019, SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV") (an associate company of the Group) entered into a USD350.0 million financing facility agreement with OMV Exploration & Production GmbH ("OMV E&P"). 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 in favour of OMV E&P.
- (c) Other than as described above and Note 14 (b) and (c), there were no other changes in contingent liabilities in the current financial period.

**9. Capital commitments**

Capital expenditure for property, plant and equipment approved and not provided for in these condensed consolidated interim financial statements as at 31 October 2020 is as follows:

<b>Approved and contracted for:</b>	<b>31/10/2020</b>
	RM'000
 Group	 <u>383,306</u>

## 10. Taxation

Taxation comprises of the following:

	Individual Quarter		Cumulative Quarter	
	Three months to 31/10/2020	Three months to 31/10/2019	Nine months to 31/10/2020	Nine months to 31/10/2019
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian taxation	(5,808)	(2,846)	13,771	23,369
Foreign taxation	17,580	18,373	27,144	65,269
Deferred taxation	29,709	(26,796)	52,575	(45,603)
	<u>41,481</u>	<u>(11,269)</u>	<u>93,490</u>	<u>43,035</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.

## 11. Status of corporate proposals announced

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

## 12. Borrowings

	Short term borrowings		Long term borrowings		Total borrowings	
	USD denomination RM'000	RM denomination RM'000	USD denomination RM'000	RM denomination RM'000	USD denomination RM'000	RM denomination RM'000
<b>As at 31 October 2020</b>						
<b>Unsecured</b>						
Revolving credits	741,828	950,900	-	-	741,828	950,900
Trade financing	-	165,426	-	-	-	165,426
Term loans	88,981	-	2,733,835	-	2,822,816	-
Islamic Facility	653,108	522,207	-	-	653,108	522,207
Sukuk Programme	-	163,484	1,144,713	3,284,676	1,144,713	3,448,160
	<u>1,483,917</u>	<u>1,802,017</u>	<u>3,878,548</u>	<u>3,284,676</u>	<u>5,362,465</u>	<u>5,086,693</u>
<b>Total</b>		<u>3,285,934</u>		<u>7,163,224</u>		<u>10,449,158</u>

## 12. Borrowings (cont'd.)

	Short term borrowings		Long term borrowings		Total borrowings	
	USD	RM	USD	RM	USD	RM
	denomination RM'000	denomination RM'000	denomination RM'000	denomination RM'000	denomination RM'000	denomination RM'000
<b>As at</b>						
<b>31 January 2020</b>						
<b>Unsecured</b>						
Revolving credits	728,867	951,800	-	-	728,867	951,800
Trade financing	-	120,465	-	-	-	120,465
Term loans	-	-	2,735,711	-	2,735,711	-
Islamic Facility	650,426	518,919	-	-	650,426	518,919
Sukuk Programme	-	175,188	1,120,747	3,253,971	1,120,747	3,429,159
	<u>1,379,293</u>	<u>1,766,372</u>	<u>3,856,458</u>	<u>3,253,971</u>	<u>5,235,751</u>	<u>5,020,343</u>
<b>Total</b>		<u>3,145,665</u>		<u>7,110,429</u>		<u>10,256,094</u>

The Group is in the midst of a refinancing exercise which is expected to be completed by the fourth quarter of this financial year.

## 13. Derivative financial instruments

The Group has entered into Islamic Cross-Currency Swap ("ICRCS") contracts with various banks to hedge part of the Group's borrowings.

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

	As at 31 October 2020		As at 31 January 2020	
	Notional Value RM'000	Liabilities Fair Value RM'000	Notional Value RM'000	Assets Fair Value RM'000
5 years Islamic Cross-Currency Swap	<u>2,704,606</u>	<u>(13,447)</u>	<u>2,704,606</u>	<u>18,778</u>

The Group treats the derivatives as cash flow hedges. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency fluctuation over the hedging period on its borrowings.

## 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).

#### 14. Material litigation (cont'd.)

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

On 17 December 2012, ONGC has 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 revised list of documents were exchanged and recorded.

The cross examination of ONGC's witness were on 22 to 24 December 2014 and 5 to 6 January 2015.

In January 2018 and February 2018 sittings, SESSB have 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 arguments were closed.

ONGC counsel commenced their arguments in defence on 6 February 2018 and continued on the 2 to 4 May 2018. They concluded their arguments in the said sittings and handed over written note of their arguments.

Proceedings continued on the 21, 22 and 23 November 2018 with submissions from SESSB's counsel. The tribunal heard ONGC's counsel present its submissions on 12 and 13 February 2019. Final written submission has been submitted to arbitrators on 15 April 2019. ONGC presented its submissions on 30 April 2019. SESSB was awarded the sum of USD3,009,788.54 by the arbitral tribunal, comprised of work done of USD1,983,521.29 (subject to 4.368% withholding tax to be deducted by ONGC) and interest of USD1,026,267.25 (subject to income tax of 43.68%).

SESSB has instructed its solicitors to file an appeal against the award dated 30 November 2019.

SESSB has been advised by its solicitors, that SESSB has reasonably strong grounds to appeal against the arbitral tribunal's decision. The following are 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 while rejecting most of SESSB's claims and that they had made an error in rejecting the claims; and
- (ii) There were instances of procedural irregularities in the arbitration in favour of ONGC which may lead to a successful challenge of the award in the courts.

ONGC has since filed an application to the 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 of ONGC for correction of the errors in the award was allowed by the tribunal on 29 August 2020. The total amount payable by ONGC as per the Final Award is USD413,037 ("Final Award"). The tribunal initially awarded SESSB a sum of USD3,009,788.54 ("First Award"). The difference between the First Award and the Final award is in the sum of USD2,596,751.54. Parties will have 90 days from the date of the Final Award to file an appeal to the courts.

ONGC's solicitor has accordingly advised that the Tribunal's decision will not affect ONGC's position in respect of its challenge to the Final Award and as such, ONGC has instructed the counsel in charge for this matter to file an appeal against the Final Award dated 29 August 2020. The Appeal was duly filed on 8 December 2020.

#### 14. Material litigation (cont'd.)

##### (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 and the Cendor field is 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 by way of arbitration proceedings at the Asian International Arbitration Centre for damages amounting to a sum of USD9,558,003.00 and RM16,785,227.00 vide its Re-amended Point of Claims in relation to disputes arising from the Contract. 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 RM13,521,495.41.

The arbitrators have been appointed and parties had attended the first arbitration meeting on 21 July 2018. PML has filed their Points of Claim on 21 September 2018 and SFSB has 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 has requested to amend their Point of Claim and the same was filed on 8 March 2019. SFSB's rejoinder is due on 18 March 2019 and the same was filed on the said date. The deadline for parties to exchange bundle of documents was on 5 April 2019 and any request for discovery/disclosure has been filed on 9 May 2019. The documents ordered to be produced by SFSB was 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 have been filed on 15 November 2019 and the rebuttal witness statements are to be filed by 15 December 2019. The matter was fixed for hearing on 27 and 28 February 2020 and the continued hearing was scheduled on 1 June 2020. The tribunal has vacated 1 June 2020 hearing date due to circumstances relating to the COVID-19 pandemic and fixed a further 10 new hearing days in 2021 as listed down below:

- (i) 26, 27, 28 & 30 April 2021; and
- (ii) 3, 4, 5, 6, 7 & 10 May 2021.

SFSB has been advised by its solicitors that SFSB has good grounds to challenge and defend against PML's claim.

SFSB has submitted their expert's Quantum Report in August 2020 and PML has now requested from the Tribunal for an extension of time until 1 September 2020 to submit their rebuttal witness statement to SFSB's expert's Quantum Report. PML's request was granted by the Tribunal. Hearing will continue on the following dates:

- (i) 26,27 & 28 October 2020;
- (ii) 30 November, 1, 2, 3 & 4 December 2020;
- (iii) 7, 8, 9, 10 & 11 December 2020;
- (iv) 26, 27, 28 & 30 April 2021; and
- (v) 3, 4, 5, 6, 7 & 10 May 2021.

#### 14. Material litigation (cont'd.)

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

October hearing dates were subsequently vacated. On 20 November 2020, both PML and SFSB's counsels had a case management with the Tribunal via Zoom to discuss the mode of proceedings for the arbitration hearings scheduled on 30 November 2020 to 4 December 2020 and to discuss contingency plans in the event the Movement Control Order is extended beyond 7 December 2020.

After much deliberation between the Tribunal and the parties, it was agreed and directed that all hearing dates fixed in November and December 2020 are vacated. As it stands, the existing hearing dates fixed in 2021 remain unchanged. As such, hearings will only resume next year on 26 April 2021. The Parties had also agreed on further hearing dates which are as follows:-

- (i) 20 September 2021 to 24 September 2021;
- (ii) 27 September 2021 to 1 October 2021; and
- (iii) 4 October 2021 to 6 October 2021.

##### (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 the arbitration proceedings against CELSE, which is conducted 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.

SE Brasil is prepared to defend CELSE's counterclaims. Initial review has been completed and witness interviews will commence in the second half of June 2020. SE Brasil is also currently finalising its Statement of Claim.

SE Brasil is scheduled to file its Statement of Claim by 13 February 2021.

## 15. Review of Group Performance

### 15.1 Current quarter vs. corresponding quarter of the preceding year

	Individual Quarter Three months to		Changes %
	31/10/2020 RM'000	31/10/2019 RM'000	
Revenue	1,328,379	1,777,401	(25.3)
Operating profit	242,639	90,802	>100.0
Profit/(loss) before taxation	58,983	(113,237)	>100.0
Profit/(loss) after taxation	17,502	(101,968)	>100.0
Profit/(loss) attributable to owners of the Parent	17,205	(100,891)	>100.0

The Group revenue of RM1,328.4 million was 25.3% lower than RM1,777.4 million in the corresponding quarter of the preceding year ("Q3 FY2020"), mainly attributable to the lower revenue from Engineering and Construction ("E&C") and Drilling business segment in line with the progress of projects being executed and lower number operating days for working rigs in the current quarter.

In the current quarter, the Group recorded a profit before taxation of RM59.0 million which was higher by RM172.2 million compared to loss before taxation of RM113.2 million in Q3 FY2020 primarily due to improvement in project margins from E&C business segment, net additional income from previous disposal of 50% equity stake in a subsidiary, higher share of profit from associates and joint ventures, lower net finance cost and reduced by the net foreign exchange loss as well as provision for restructuring costs.

### 15.2 Current period vs. corresponding period of the preceding year

	Cumulative Quarter Nine months to		Changes %
	31/10/2020 RM'000	31/10/2019 RM'000	
Revenue	3,904,278	5,337,260	(26.8)
Operating profit	731,091	347,304	>100.0
Profit/(loss) before taxation	148,551	(284,818)	>100.0
Profit/(loss) after taxation	55,061	(327,853)	>100.0
Profit/(loss) attributable to owners of the Parent	55,156	(326,299)	>100.0

The Group revenue of RM3,904.3 million was 26.8% lower than the corresponding period of the preceding year ("corresponding period") of RM5,337.3 million, primarily due to the lower revenue from E&C and Drilling business segments in line with the progress of projects being executed and lower effective day rates for operating rigs in the current period.

In the current period, the Group recorded a profit before taxation of RM148.6 million which was higher by RM433.4 million compared to loss before taxation of RM284.8 million in the corresponding period primarily due to improvement in project margins from E&C business segment, net additional income from previous disposal of 50% equity stake in a subsidiary, lower net finance cost and reduced by the lower share of profit from associates and joint ventures as well as provision for restructuring costs.

## 15. Review of Group Performance (cont'd.)

### 15.3 Current quarter vs. immediate preceding quarter

	Individual Quarter		Changes
	Three months to		
	31/10/2020	31/07/2020	
	RM'000	RM'000	%
Revenue	1,328,379	1,219,237	9.0
Operating profit	242,639	319,111	(24.0)
Profit before taxation	58,983	53,377	10.5
Profit after taxation	17,502	23,651	(26.0)
Profit attributable to owners of the Parent	17,205	23,744	(27.5)

The Group revenue of RM1,328.4 million was 9.0% higher than the immediate preceding quarter ("Q2 FY2021") of RM1,219.2 million, primarily due to the higher revenue from E&C business segment.

In the current quarter, the Group recorded a profit before taxation of RM59.0 million which was 10.5% higher than RM53.4 million in Q2 FY2021, mainly due to net additional income from previous disposal of 50% equity stake in a subsidiary and higher share of profit from Exploration and Production business segment.

## 16. Segment information

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

- (i) E&C;
- (ii) Drilling;
- (iii) Exploration and Production ("E&P"); and
- (iv) Corporate

	Three months to 31/10/2020	
	Revenue	Operating profit/(loss)
	RM'000	RM'000
E&C	1,195,341	155,887
Drilling	133,195	(72,841)
E&P	-	32,757
	1,328,536	115,803
Corporate expenses and eliminations	(157)	(56,820)
<b>Group revenue / profit before taxation</b>	<b>1,328,379</b>	<b>58,983</b>



## 16. Segment information (cont'd.)

### 16.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue			Operating profit/(loss)		
	Three months to		Changes	Three months to		Changes
	31/10/2020	31/10/2019		31/10/2020	31/10/2019	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Business Segments:</b>						
E&C	1,195,341	1,592,166	(24.9)	155,887	16,089	>100.0
Drilling	133,195	185,860	(28.3)	(72,841)	(48,151)	(51.3)
E&P	-	-	-	32,757	14,277	>100.0
	<u>1,328,536</u>	<u>1,778,026</u>		<u>115,803</u>	<u>(17,785)</u>	
Corporate expenses and eliminations	<u>(157)</u>	<u>(625)</u>	74.9	<u>(56,820)</u>	<u>(95,452)</u>	40.5
<b>Group revenue/ profit/(loss) before taxation</b>	<b><u>1,328,379</u></b>	<b><u>1,777,401</u></b>	(25.3)	<b><u>58,983</u></b>	<b><u>(113,237)</u></b>	>100.0

#### Business Segments:

##### Engineering and Construction

The segment recorded revenue of RM1,195.3 million, which was 24.9% lower than the revenue of RM1,592.2 million in Q3 FY2020 due to lower activities in line with the progress of projects being executed.

The segment recorded a profit before taxation of RM155.9 million which was higher by RM139.8 million compared to RM16.1 million in Q3 FY2020 due to improvement in project margins and higher share of profit from associates and joint ventures.

##### Drilling

The segment revenue for the current quarter of RM133.2 million was lower by 28.3% compared to the revenue of RM185.9 million in Q3 FY2020 mainly due to the lower number operating days for working rigs in the current quarter.

The segment recorded a loss before taxation of RM72.8 million, which was higher by RM24.6 million compared to RM48.2 million in Q3 FY2020 in line with the lower number of operating days for working rigs in the current quarter.

##### Exploration and Production

The segment recorded a profit before taxation of RM32.8 million which was RM18.5 million higher compared to a profit before taxation of RM14.3 million in Q3 FY2020 mainly due to higher share of profit, net of tax, arising from reduction of deferred tax liabilities for certain oil fields. In the corresponding quarter, there was a one-off adjustment relating to the amount for depletion, depreciation and amortisation arising from the strategic partnership with OMV AG.

## 16. Segment information (cont'd.)

### 16.2 Current period vs. corresponding period of the preceding year

	Revenue			Operating profit/(loss)		
	Nine months to		Changes %	Nine months to		Changes %
	31/10/2020	31/10/2019		31/10/2020	31/10/2019	
	RM'000	RM'000		RM'000	RM'000	
<b>Business Segments:</b>						
E&C	3,343,932	4,651,504	(28.1)	497,892	91,314	>100.0
Drilling	561,470	688,238	(18.4)	(120,215)	(134,750)	10.8
E&P	-	-	-	(26,949)	984	(>100.0)
	<u>3,905,402</u>	<u>5,339,742</u>		<u>350,728</u>	<u>(42,452)</u>	
Corporate expenses and eliminations	<u>(1,124)</u>	<u>(2,482)</u>	54.7	<u>(202,177)</u>	<u>(242,366)</u>	16.6
<b>Group revenue/ profit/(loss) before taxation</b>	<b><u>3,904,278</u></b>	<b><u>5,337,260</u></b>	(26.8)	<b><u>148,551</u></b>	<b><u>(284,818)</u></b>	>100.0

#### Business Segments:

##### Engineering and Construction

The segment recorded revenue of RM3,343.9 million, which was 28.1% lower compared to the corresponding period due to lower activities in line with the progress of projects being executed.

The segment recorded a profit before taxation of RM497.9 million which was higher by RM406.6 million compared to RM91.3 million in the corresponding period due to improvement in project margins and reduced by the lower share of profit from associates and joint ventures.

##### Drilling

The segment revenue for the current period of RM561.5 million was lower by 18.4% compared to the revenue of RM688.2 million in the corresponding period mainly due to lower effective day rates for operating rigs in the current period.

The segment recorded a loss before taxation of RM120.2 million, which was lower by 10.8% compared to RM134.8 million in the corresponding period mainly due to improved margins from operating rigs and lower interest expense.

##### Exploration and Production

The segment recorded a loss before taxation of RM26.9 million which was RM27.9 million lower compared to a profit before taxation of RM1.0 million in the corresponding period due to lower realised oil and gas prices in the current period. In the corresponding period, there was a one-off adjustment recognition in corresponding period relating to the amount for depletion, depreciation and amortisation arising from the strategic partnership with OMV AG, in the corresponding period.

## 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 instrument will fluctuate because of the changes in foreign exchange rates.

The Group has transactional currency exposures arising mainly from revenue or 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 investment 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.

The Group has entered into ICRCs contracts with various banks to hedge part of the Group's borrowings. Further details on derivative financial instruments are disclosed in Note 13.

### 17.2 Trade and other receivables and contract assets

	As at 31/10/2020	As at 31/01/2020
	RM'000	RM'000
<b>Non-current</b>		
Trade receivables	42,090	39,154
Other receivables	61,595	43,406
Total non-current trade and other receivables	<u>103,685</u>	<u>82,560</u>
<b>Current</b>		
Trade receivables	847,446	878,328
Less: Provision for impairment	(39,880)	(39,880)
	<u>807,566</u>	<u>838,448</u>
Other receivables	793,183	618,779
Total current trade and other receivables	<u>1,600,749</u>	<u>1,457,227</u>
Contract assets	<u>1,625,275</u>	<u>1,200,397</u>
Total trade and other receivables and contract assets	<u>3,329,709</u>	<u>2,740,184</u>

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (as at 31 January 2020: 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

The oil and gas industry remains challenging and competitive as we approach the end of the year. However, the outlook gravitates towards encouraging recovery, albeit at a gradual pace, as seen in the recent improvement in global oil prices.

The continued execution of our growth strategy, together with cost optimisation and improvements in operational efficiencies, enabled the Group to sustain its profitability and growth momentum from previous quarters. Of the identified RM1.1 billion optimisation initiatives, approximately RM600 million worth have been implemented to date, with RM239 million realised. These initiatives included improvements in operations productivity, capex optimisation, supply chain optimisation and extensive reviews of commercial opportunities within existing contracts.

The Group's orderbook stood at RM12.5 billion with cumulative announced contract wins of RM2.2 billion to-date in FY2021. The Group continues to pursue new opportunities globally. This is evident from the recent notable awards in Qatar for the provision of engineering, procurement, supply, construction, installation and pre-commissioning of pipelines in the Al-Khalij field; the provision of engineering, procurement, construction, transportation and installation and hook-up and commissioning for additional Andalas pipeline by Carigali-PTTEPI Operating Company Sdn. Bhd. in the Malaysia-Thailand Joint Development Area (MTJDA), and tender assist drilling rig "Sapura Berani" by Total in Congo. With a more encouraging outlook gradually building up, the Group is confident in its ability to continue securing new contracts.

Within the renewables sector, we have successfully installed the first monopile for an offshore wind farm in the Taiwan Strait. This milestone further attests our technical capabilities and the versatility of our strategic assets.

Within our E&P business, the Upstream Gas Sales Agreement Key Terms for the SK408 – Jerun field have been mutually agreed. This milestone demonstrates the Group's continuous commitment to deliver long term value to its stakeholders.

As part of the Group's capital management plan to strengthen its financial position, the Group is currently undergoing a refinancing exercise of its existing borrowings. This exercise is expected to be completed by end of January 2021.

The Board is committed to navigate forward through the challenging environment and is cautiously confident that the Group will deliver an improved and sustainable performance for the financial year.

## 18. (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. Earning/(loss) per share

Basic/Diluted	Individual Quarter		Cumulative Quarter	
	Three months to 31/10/2020	31/10/2019	Nine months to 31/10/2020	31/10/2019
Profit/(loss) attributable to owners of the Parent (RM'000)	17,205	(100,891)	55,156	(326,299)
Weighted average number of ordinary shares in issue excluding shares held under trust ('000):				
- Basic	15,971,804	15,942,435	15,971,804	15,938,894
Effects of dilution:				
- Options under ESOS	1,747	182,794	1,747	182,794
- Diluted	15,973,551	16,125,229	15,973,551	16,121,688
Earning/(loss) per shares (sen)				
- Basic	0.11	(0.63)	0.35	(2.05)
- Diluted	0.11	(0.63)	0.35	(2.05)

Rights issue of RCPS-i and warrants of 2,396,862,035 units and 998,692,020 units respectively, and 586,388,264 options under the ESOS granted on 12 April 2019 have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

### By Order of the Board

Azni Ariffin (LS 0008791)  
Company Secretary

Seri Kembangan, Selangor Darul Ehsan  
21 December 2020