

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2020

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/01/2020</b> RM'000	Preceding year corresponding quarter <b>31/01/2019</b> RM'000	Twelve months to <b>31/01/2020</b> RM'000	Twelve months to <b>31/01/2019</b> RM'000
<b>Continuing operations</b>				
Revenue	1,111,894	1,485,071	6,449,155	4,568,439
Other operating income	13,886	10,868	111,588	24,325
Operating expenses	(1,774,054)	(1,685,617)	(6,861,712)	(4,301,886)
<b>Operating (loss)/profit from continuing operations</b>	<b>(648,274)</b>	<b>(189,678)</b>	<b>(300,969)</b>	<b>290,878</b>
Depreciation and amortisation	(134,538)	(171,047)	(524,631)	(682,538)
Finance income	6,985	4,816	19,028	26,542
Finance costs	(147,178)	(256,042)	(664,557)	(979,381)
Gain on disposal of property, plant and equipment	413	-	19,970	-
Net foreign exchange (loss)/gain	(2,934)	(126,900)	28,755	(51,074)
Share of (loss)/profit from associates and joint ventures	(57,111)	61,386	154,950	340,937
<b>Loss before taxation and impairments from continuing operations</b>	<b>(982,637)</b>	<b>(677,465)</b>	<b>(1,267,454)</b>	<b>(1,054,636)</b>
Provision for impairment on goodwill on consolidation	(3,043,430)	(108,374)	(3,043,430)	(108,374)
Provision for impairment on property, plant and equipment	(240,910)	(1,411,890)	(240,910)	(1,411,890)
<b>Loss before taxation and after impairments from continuing operations</b>	<b>(4,266,977)</b>	<b>(2,197,729)</b>	<b>(4,551,794)</b>	<b>(2,574,900)</b>
Taxation	30,246	(35,208)	(12,789)	(142,748)
<b>Loss after taxation from continuing operations</b>	<b>(4,236,731)</b>	<b>(2,232,937)</b>	<b>(4,564,583)</b>	<b>(2,717,648)</b>
<b>Discontinued operations</b>				
Profit after taxation from discontinued operations	-	66,752	-	257,316
Gain on disposal of 50% equity stake in a subsidiary	-	2,663,699	-	2,663,699
	-	2,730,451	-	2,921,015
<b>(Loss)/profit after taxation</b>	<b>(4,236,731)</b>	<b>497,514</b>	<b>(4,564,583)</b>	<b>203,367</b>
Attributable to:				
Owners of the Parent:				
- Continuing operations	(4,234,508)	(2,230,025)	(4,560,806)	(2,713,466)
- Discontinued operations	-	2,730,451	-	2,921,015
	(4,234,508)	500,426	(4,560,806)	207,549
Non-controlling interests	(2,223)	(2,912)	(3,777)	(4,182)
	<b>(4,236,731)</b>	<b>497,514</b>	<b>(4,564,583)</b>	<b>203,367</b>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2020

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/01/2020</b>	Preceding year corresponding quarter <b>31/01/2019</b>	Twelve months to <b>31/01/2020</b>	Twelve months to <b>31/01/2019</b>
<b>Earnings per share from continuing operations (sen)</b>				
- Basic	(26.51)	(35.43)	(28.60)	(44.91)
- Diluted	(26.23)	(35.13)	(28.29)	(44.80)
<b>Earnings per share from discontinued operations (sen)</b>				
- Basic	-	43.38	-	48.34
- Diluted	-	43.01	-	48.23

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2020

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/01/2020</b> RM'000	Preceding year corresponding quarter <b>31/01/2019</b> RM'000	Twelve months to <b>31/01/2020</b> RM'000	Twelve months to <b>31/01/2019</b> RM'000
(Loss)/profit after taxation	<b>(4,236,731)</b>	<b>497,514</b>	<b>(4,564,583)</b>	<b>203,367</b>
<b>Other comprehensive income/(loss):</b>				
<b><u>Continuing operations</u></b>				
<b><i>Items that may be reclassified to statement of profit or loss in subsequent periods:</i></b>				
Foreign currency translation differences	(134,574)	(45,088)	(57,106)	191,373
Cash flow hedge:				
- Changes in fair value of derivatives	(103,813)	60,967	(155,729)	(88,056)
- Foreign exchange gain/(loss) on hedged items	80,765	(57,157)	137,310	129,420
Share of other comprehensive income/(loss) of associates and joint ventures:				
- Foreign currency translation differences	(99,624)	(49,253)	(14,293)	26,308
- Changes in fair value of derivatives	(3,660)	(31,581)	(41,371)	697
Total comprehensive (loss)/income	<u>(4,497,637)</u>	<u>375,402</u>	<u>(4,695,772)</u>	<u>463,109</u>
Attributable to:				
Owners of the Parent	(4,495,563)	378,371	(4,691,743)	467,332
Non-controlling interests	<u>(2,074)</u>	<u>(2,969)</u>	<u>(4,029)</u>	<u>(4,223)</u>
Total comprehensive (loss)/income	<u>(4,497,637)</u>	<u>375,402</u>	<u>(4,695,772)</u>	<u>463,109</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 FOURTH QUARTER ENDED 31 JANUARY 2020

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>UNAUDITED</b> As at end of current financial year <b>31/01/2020</b> RM'000	<b>AUDITED</b> As at end of preceding financial year <b>31/01/2019</b> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,621,205	10,024,809
Goodwill on consolidation	4,933,780	7,983,049
Other intangible assets	13,993	14,081
Investment in associates and joint ventures	3,981,342	4,023,794
Right-of-use assets	22,101	-
Deferred tax assets	96,295	37,311
Derivative assets	18,778	174,507
Trade and other receivables	49,123	11,374
	<u>18,736,617</u>	<u>22,268,925</u>
<b>Current assets</b>		
Inventories	385,952	354,447
Trade and other receivables	1,802,285	1,704,349
Contract assets	1,060,272	1,065,377
Tax recoverable	168,778	84,772
Cash and cash equivalents	772,374	8,098,397
	<u>4,189,661</u>	<u>11,307,342</u>
<b>TOTAL ASSETS</b>	<b><u>22,926,278</u></b>	<b><u>33,576,267</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)	(66,812)
Warrants reserve	109,110	109,110
Other reserves	1,703,428	1,764,292
(Accumulated losses)/retained profits	(4,473,221)	213,684
	<u>9,182,521</u>	<u>13,875,065</u>
<b>Non-controlling interests</b>	<u>(7,853)</u>	<u>(3,824)</u>
<b>Total equity</b>	<u>9,174,668</u>	<u>13,871,241</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 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 year <b>31/01/2020</b> RM'000	As at end of preceding financial year <b>31/01/2019</b> RM'000
<b>Non-current liabilities</b>		
Borrowings	7,110,429	11,146,926
Other payables	72,532	104,848
Lease liabilities	9,148	-
Deferred tax liabilities	42,722	71,810
	<u>7,234,831</u>	<u>11,323,584</u>
<b>Current liabilities</b>		
Borrowings	3,145,939	5,838,910
Trade and other payables	2,893,944	2,288,710
Contract liabilities	142,567	92,811
Lease liabilities	13,771	-
Provision	202,390	94,866
Provision for tax	118,168	66,145
	<u>6,516,779</u>	<u>8,381,442</u>
<b>TOTAL LIABILITIES</b>	<u>13,751,610</u>	<u>19,705,026</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>22,926,278</b></u>	<u><b>33,576,267</b></u>
<b>Net assets per share (RM)</b>	<u><b>0.57</b></u>	<u><b>0.87</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 FOURTH QUARTER ENDED 31 JANUARY 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 RM'000	RCPS-i RM'000	Shares held under trust RM'000	Warrants reserve RM'000	Other reserves RM'000	Retained profits/ (Accumulated losses) RM'000			Total RM'000
<b>Twelve months to 31 January 2020 (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 loss</b>	-	-	-	-	(130,937)	(4,560,806)	(4,691,743)	(4,029)	(4,695,772)
<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	-	-	-	-	-	(79,896)	(79,896)	-	(79,896)
Shares transferred under LTIP	-	-	50,507	-	-	(46,203)	4,304	-	4,304
Disposal of shares held under trust	-	-	4,718	-	-	-	4,718	-	4,718
<b>Total transactions with owners</b>	-	-	55,225	-	70,073	(126,099)	(801)	-	(801)
At 31 January 2020	10,872,078	982,713	(11,587)	109,110	1,703,428	(4,473,221)	9,182,521	(7,853)	9,174,668

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 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			RM'000	RM'000
	Share capital	RCPS-i	Shares held under trust	Warrants reserve	Other reserves	Retained profits				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Twelve months to 31 January 2019 (Audited)</b>										
At 1 February 2018	8,066,410		(114,942)	-	1,443,619	54,879	9,449,966	399	9,450,365	
<b>Total comprehensive income/(loss)</b>	-	-	-	-	259,783	207,549	467,332	(4,223)	463,109	
<b>Transactions with owners:</b>										
Rights issue of shares with warrants	2,883,753	-	-	112,325	-	-	2,996,078	-	2,996,078	
Rights issue of RCPS-i	-	982,713	-	-	-	-	982,713	-	982,713	
Share issuance expenses	(78,085)	-	-	(3,215)	-	-	(81,300)	-	(81,300)	
Purchase of shares held under trust	-	-	(14,350)	-	-	-	(14,350)	-	(14,350)	
Shares transferred under LTIP	-	-	62,480	-	-	(48,744)	13,736	-	13,736	
Fair value of share options granted under ESOS	-	-	-	-	60,890	-	60,890	-	60,890	
<b>Total transactions with owners</b>	<b>2,805,668</b>	<b>982,713</b>	<b>48,130</b>	<b>109,110</b>	<b>60,890</b>	<b>(48,744)</b>	<b>3,957,767</b>	<b>-</b>	<b>3,957,767</b>	
At 31 January 2019	10,872,078	982,713	(66,812)	109,110	1,764,292	213,684	13,875,065	(3,824)	13,871,241	

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 FOURTH QUARTER ENDED 31 JANUARY 2020

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>UNAUDITED</b> Twelve months to <b>31/01/2020</b> RM'000	<b>AUDITED</b> Twelve months to <b>31/01/2019</b> RM'000
<b>Cash flows from operating activities:</b>		
Loss before taxation from continuing operations	(4,551,794)	(2,574,900)
Profit before taxation from discontinued operations	-	2,976,261
<b>(Loss)/profit before taxation</b>	<b>(4,551,794)</b>	<b>401,361</b>
Adjustments	4,229,877	496,245
Operating (loss)/profit before working capital changes	(321,917)	897,606
Changes in working capital	476,393	(376,762)
<b>Cash generated from operations</b>	<b>154,476</b>	<b>520,844</b>
Taxation paid	(71,664)	(154,661)
<b>Net cash generated from operating activities</b>	<b>82,812</b>	<b>366,183</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(343,554)	(254,838)
Proceeds from disposal of property, plant and equipment	33,122	909
Dividend received from a joint venture	25,408	8,396
Net settlement of claim from previous acquisition of subsidiaries	87,656	-
Repayment of advances from joint venture	99,390	131,174
Purchase of expenditure on oil and gas properties	-	(319,783)
Payment of deferred consideration	-	(303,614)
Proceeds from disposal of 50% equity stake in a subsidiary	-	3,582,595
Other items	17,615	22,413
<b>Net cash (used in)/generated from investing activities</b>	<b>(80,363)</b>	<b>2,867,252</b>
<b>Cash flows from financing activities</b>		
Finance costs paid	(564,672)	(850,985)
Net repayment of revolving credit, term loans and Islamic Facility	(6,806,252)	-
Net repayment of lease liabilities	(7,902)	-
Proceed from settlement of derivative assets	136,764	-
Dividend paid on ordinary shares	(79,896)	-
Net repayment of hire purchase and finance lease creditors	(964)	(5,312)
Purchase of shares held under trust	-	(14,350)
Issuance of right issues and RCPS-i, net of issuance expenses	-	3,903,447
<b>Net cash (used in)/generated from financing activities</b>	<b>(7,322,922)</b>	<b>3,032,800</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,320,473)</b>	<b>6,266,235</b>
Effect of exchange rate translation	(5,550)	115,927
Cash and cash equivalents at beginning of year	8,098,397	1,716,235
<b>Cash and cash equivalents at end of year</b>	<b>772,374</b>	<b>8,098,397</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 year ended 31 January 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 year ended 31 January 2020 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2019.

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 2019 except for the following:

On 1 February 2019, 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 2019:**

Amendments to MFRS 9: Prepayment Features with Negative Compensation

MFRS 16: Leases

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015-2017 Cycle

IC Interpretation 23: Uncertainty over Income Tax Treatments

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

The adoption of the above standards and interpretations did not have a significant impact on the financial statements in the period of application except as discussed below:

#### **MFRS 16: Leases**

MFRS 16 replaced MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees are required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors continued to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

**1. Basis of preparation (cont'd.)**

**MFRS 16: Leases (cont'd.)**

The standard affected primarily the accounting for the Group's non-cancellable operating leases. The Group recognised right-of-use assets and corresponding liabilities by applying the modified retrospective approach and not restate comparative amounts for the year prior to initial adoption. Right-of-use assets is measured at an amount equal to the lease liability amount on the date of transition.

In summary, upon the adoption of MFRS 16, the Group recognised the following balances as at 1 February 2019.

<b>As at 1 February 2019</b>	<b>Assets/ (Liabilities) RM'000</b>
Rights-of-use assets	27,556
Lease liabilities	<u>(27,556)</u>

In the statement of profit or loss, expenses which were previously recognised as lease expenses are now replaced by interest expense on lease liabilities (included within the finance costs line) and depreciation of right-of-use assets. In the statement of cash flow, lease payments for the principal portion are now classified under financing activities compared to operating activities in the past.

**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.

**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 year, 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 year, other than as disclosed in these condensed consolidated statement of profit or loss.

**5. Debt and equity securities**

In the quarter under review, the trustee appointed by the Company disposed 18,745,250 units of shares held under trust at an average price of RM0.25 in the open market for a total consideration of RM4.7 million.

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 January 2020.

**6. Subsequent events**

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

## 7. Changes in the composition of the Group

In the previous financial year, the Group entered into an Agreement with Austria's OMV Aktiengesellschaft ("OMV AG") to form a strategic partnership through SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV"), a joint venture company owned by the Group and OMV AG incorporated to hold the entire equity interest of Sapura Upstream Sdn. Bhd. and its subsidiaries ("Sapura Upstream Group"). On 31 January 2019, the strategic partnership with OMV AG has been completed following the fulfilment of all agreed conditions required for the closing of the transaction. Consequently, the Group recognised SapuraOMV as a 50% owned associate company by applying the equity accounting method. The Group recognised the cost of investment in SapuraOMV as an asset based on 50% of the fair value of SapuraOMV.

### 7.1 Discontinued operations of the previous financial year

Following the completion of strategic partnership with OMV AG, the financial results of the Sapura Upstream Group in the previous financial year has been reclassified as discontinued operations.

The comparative condensed consolidated statement of profit or loss has been re-presented to show the discontinued operations separately from the continuing operations, in accordance with the requirement of MFRS 5: Non-current assets held for sale and discontinued operations.

In presenting the discontinued operations, the Group continues to apply MFRS 10 which requires the elimination of the intra-group transactions.

#### Unaudited statements of profit or loss disclosures

The results of Sapura Upstream Group and its related eliminations for individual quarter and cumulative quarter are as follows:

	Individual Quarter		Cumulative Quarter	
	Three months to 31/01/2020	Three months to 31/01/2019	Twelve months to 31/01/2020	Twelve months to 31/01/2019
	RM'000	RM'000	RM'000	RM'000
<b>Discontinued operations</b>				
Revenue	-	202,529	-	936,038
Operating expenses	-	(82,986)	-	(425,373)
Profit from operations	-	119,543	-	510,665
Depreciation and amortisation	-	(68,213)	-	(242,158)
Finance income	-	129	-	1,474
Finance costs *	-	(5,456)	-	(22,482)
Net foreign exchange gain	-	36,979	-	65,063
<b>Profit before taxation from discontinued operations</b>	-	82,982	-	312,562
Taxation	-	(16,230)	-	(55,246)
<b>Profit from discontinued operations, net of tax</b>	-	66,752	-	257,316
<b>Represented by:</b>				
Profit after tax	-	66,752	-	257,316
Gain on disposal of 50% equity stake in a subsidiary	-	2,663,699	-	2,663,699
<b>Profit from discontinued operations, net of tax</b>	-	2,730,451	-	2,921,015

\* Exclude intercompany interest expense

## 7. Changes in the composition of the Group (cont'd.)

### 7.1 Discontinued operations of the previous financial year (cont'd.)

#### Unaudited statements of profit or loss disclosures (cont'd.)

The results of Sapura Upstream Group and its related eliminations for individual quarter and cumulative quarter are as follows (cont'd.):

	Individual Quarter		Cumulative Quarter	
	Three months to 31/01/2020 RM'000	Three months to 31/01/2019 RM'000	Twelve months to 31/01/2020 RM'000	Twelve months to 31/01/2019 RM'000
<b>Reconciliation against segment information (Note 16.1 and Note 16.2)</b>				
Profit before taxation from discontinued operations - as above	-	82,982	-	312,562
Less: Intercompany elimination ^	-	(72,239)	-	(223,950)
Profit before taxation from discontinued operations - segment information	-	10,743	-	88,612

^ Include non-operational foreign exchange gain

### 7.2 Disposal of 50% equity stake of a subsidiary

The disposal of 50% equity stake of a subsidiary had the following effects on the unaudited financial position and performance of the Group as at the end of the previous financial year:

	<b>RM'000</b>
	<b>31/01/2019</b>
<b>Gain on disposal of Sapura Upstream Group</b>	
OMV Exploration & Production GmbH ("OMV E&P") cash subscription price	2,208,060
Add: Fair value of retained 50% equity in SapuraOMV	2,208,060
	<u>4,416,120</u>
Less: Sapura Upstream Group's total net assets as at 31 January 2019	(1,711,530)
Gain on disposal of Sapura Upstream Group	2,704,590
Less: Transaction estimated expenses	(40,891)
Net gain on disposal of Sapura Upstream Group	<u>2,663,699</u>
<b>Cash inflow arising from the disposal:</b>	
OMV E&P cash subscription price	2,208,060
Settlement of debt for Sapura Upstream Group	1,431,150
Total cash proceeds	<u>3,639,210</u>
Cash and cash equivalent of subsidiary disposed	(56,615)
Net cash inflow on disposal	<u>3,582,595</u>

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

## 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 RM833.5 million (31 January 2019: RM713.9 million).
- (b) On 31 January 2019, 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) Tax positions for the Group are subject to income tax audits and disputes in various tax jurisdictions. One of its subsidiaries, Sapura Drilling Berani Limited ("SDBL"), is currently engaged in an on-going discussion with tax authorities regarding the resolution of tax matters for previous years' tax assessments. SDBL has submitted various documents and evidences to prove that all taxes have been settled correctly in the disputed years. SDBL, with the advice of an appointed tax advisor, is of the opinion that there are strong defences over the disputed claims.
- (d) Other than as described above and Note 14 (b), there were no other changes in contingent liabilities in the current financial year.

## 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 January 2020 is as follows:

<b>Approved and contracted for:</b>	<b>31/01/2020</b> RM'000
Group	<u>397,483</u>

## 10. Taxation

Taxation comprises of the following:

	Individual Quarter		Cumulative Quarter	
	Three months to 31/01/2020 RM'000	Three months to 31/01/2019 RM'000	Twelve months to 31/01/2020 RM'000	Twelve months to 31/01/2019 RM'000
<b>Continuing operations</b>				
Current taxation:				
Malaysian taxation	4,524	(1,165)	27,893	36,292
Foreign taxation	4,908	19,659	70,177	103,216
Deferred taxation	(39,678)	16,714	(85,281)	3,240
	<u>(30,246)</u>	<u>35,208</u>	<u>12,789</u>	<u>142,748</u>
<b>Discontinued operations</b>				
Malaysian taxation	-	25,294	-	56,348
Deferred taxation	-	(9,064)	-	(1,102)
	<u>-</u>	<u>16,230</u>	<u>-</u>	<u>55,246</u>
	<u>(30,246)</u>	<u>51,438</u>	<u>12,789</u>	<u>197,994</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 but 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 January 2020</b>						
<b>Secured</b>						
Hire purchase	-	274	-	-	-	274
<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>1,766,646</u>	<u>3,856,458</u>	<u>3,253,971</u>	<u>5,235,751</u>	<u>5,020,617</u>
<b>Total</b>		<u>3,145,939</u>		<u>7,110,429</u>		<u>10,256,368</u>

## 12. Borrowings (cont'd.)

	Short term borrowings		Long term borrowings		Total borrowings	
	USD	RM	USD	RM	USD	RM
	denomination	denomination	denomination	denomination	denomination	denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at</b>						
<b>31 January 2019</b>						
<b>Secured</b>						
Hire purchase	-	1,059	-	178	-	1,237
<b>Unsecured</b>						
Revolving credits	805,533	952,100	-	-	805,533	952,100
Term loans	4,080,218	-	3,120,869	-	7,201,087	-
Islamic Facility	-	-	1,612,977	1,874,705	1,612,977	1,874,705
Sukuk Programme	-	-	1,119,980	3,418,217	1,119,980	3,418,217
	<u>4,885,751</u>	<u>953,159</u>	<u>5,853,826</u>	<u>5,293,100</u>	<u>10,739,577</u>	<u>6,246,259</u>
<b>Total</b>		<u>5,838,910</u>		<u>11,146,926</u>		<u>16,985,836</u>

The Group is in the midst of a refinancing exercise which is expected to be completed by Q4 FY2021.

## 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 January 2020		As at 31 January 2019	
	Notional Value	Assets Fair Value	Notional Value	Assets Fair Value
	RM'000	RM'000	RM'000	RM'000
5 years Islamic Cross-Currency Swap	<u>2,704,606</u>	<u>18,778</u>	<u>2,704,606</u>	<u>174,507</u>

In December 2019, the Group has terminated certain existing hedge instruments and entered into new hedge instruments on the same day. As a result, the Group has recognised proceed from derivative settlement of RM136.8 million in current financial year.

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).

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 the counsel in charge for this matter, Messrs Dua Associates to file an appeal against the Award dated 30 November 2019. It has also engaged an independent counsel to provide a second opinion on the merits of challenging the said Award.

SESSB has been advised by its solicitors, that SESSB has reasonably strong grounds to appeal against the arbitral tribunal's decision.

##### (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.

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

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

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 have 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 27th and 28 February 2020 and the continued hearing is scheduled on 1 June 2020.

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

##### (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.

Being at an early stage of the arbitration, the arbitration tribunal comprising 3 arbitrators is currently still being constituted.

## 15. Review of Group Performance

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

	Individual Quarter		Changes %
	31/01/2020 RM'000	31/01/2019 RM'000	
Revenue from continuing operations	1,111,894	1,485,071	(25.1)
Operating loss from continuing operations	(648,274)	(189,678)	(>100.0)
Loss before taxation and after impairment from continuing operations	(4,266,977)	(2,197,729)	(94.2)
(Loss)/profit after taxation:			
- Continuing operations	(4,236,731)	(2,232,937)	(89.7)
- Discontinued operations	-	2,730,451	(100.0)
(Loss)/profit attributable to owners of the Parent:			
- Continuing operations	(4,234,508)	(2,230,025)	(89.9)
- Discontinued operations	-	2,730,451	(100.0)

The Group revenue from continuing operations of RM1,111.9 million was 25.1% lower than RM1,485.1 million in the corresponding quarter of the preceding year ("Q4 FY2019"), mainly attributable to the lower revenue from Engineering and Construction ("E&C") business segment.

In the current quarter, the Group recorded a loss before taxation and after impairment from continuing operations of RM4,266.9 million which was higher by 94.2% compared to RM2,197.7 million in Q4 FY2019.

In the current quarter, the Group has made a provision for impairment on goodwill on consolidation of RM3,043.4 million (Q4 FY2019: RM108.4 million) and a provision for impairment on property, plant and equipment of RM240.9 million (Q4 FY2019: RM1,411.9 million). The impairments were necessary due to the prolonged recovery expected in the industry. An additional provision of RM438.8 million was recognised in anticipation of delays and prolonged durations to current projects arising from restricted movement and lockdown measures in multiple jurisdictions brought about by the COVID-19 global pandemic, as well as taking into consideration current market conditions.

Included in Q4 FY2019 profit before tax after impairment from discontinued operations is the gain on disposal of 50% equity stake in a subsidiary of RM2,663.7 million.

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

### 15.2 Current year vs. corresponding preceding year

	Cumulative Quarter Twelve months to		Changes %
	31/01/2020 RM'000	31/01/2019 RM'000	
Revenue from continuing operations	6,449,155	4,568,439	41.2
Operating (loss)/profit from continuing operations	(300,969)	290,878	(>100.0)
Loss before taxation and after impairment from continuing operations	(4,551,794)	(2,574,900)	(76.8)
(Loss)/profit after taxation:			
- Continuing operations	(4,564,583)	(2,717,648)	(68.0)
- Discontinued operations	-	2,921,015	(100.0)
(Loss)/profit attributable to owners of the Parent:			
- Continuing operations	(4,560,806)	(2,713,466)	(68.1)
- Discontinued operations	-	2,921,015	(100.0)

The Group revenue from continuing operations of RM6,449.2 million was 41.2% higher than the corresponding preceding year ("corresponding year") of RM4,568.4 million, primarily due to the higher revenue from E&C business segment.

In the current year, the Group recorded a loss before taxation and after impairment from continuing operations of RM4,551.8 million which was higher by 76.8% compared to RM2,574.9 million in the corresponding year.

In the current year, the Group has made a provision for impairment on goodwill on consolidation of RM3,043.4 million (Corresponding year: RM108.4 million) and a provision for impairment on property, plant and equipment of RM240.9 million (Corresponding year: RM1,411.9 million). The impairments were necessary due to the prolonged recovery expected in the industry. An additional provision of RM438.8 million was recognised in anticipation of delays and prolonged durations to current projects arising from restricted movement and lockdown measures in multiple jurisdictions brought about by the COVID-19 global pandemic, as well as taking into consideration current market conditions.

Included in the corresponding year profit before tax after impairment from discontinued operations is the gain on disposal of 50% equity stake in a subsidiary of RM2,663.7 million.

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

### 15.3 Current quarter vs. immediate preceding quarter

	Individual Quarter		Changes %
	31/01/2020 RM'000	31/10/2019 RM'000	
<b>Continuing operations</b>			
Revenue	1,111,894	1,777,401	(37.4)
Operating (loss)/profit	(648,274)	90,802	(>100.0)
Loss before taxation and after impairment	(4,266,977)	(113,237)	(>100.0)
Loss after taxation	(4,236,731)	(101,968)	(>100.0)
Loss attributable to owners of the Parent	<u>(4,234,508)</u>	<u>(100,891)</u>	<u>(&gt;100.0)</u>

The Group revenue of RM1,111.9 million was 37.4% lower than the immediate preceding quarter ("Q3 FY2020") of RM1,777.4 million, primarily due to the lower revenue from E&C business segment.

In the current quarter, the Group recorded a loss before taxation and after impairment from continuing operations of RM4,266.9 million which was higher by RM4,153.7 million compared to RM113.2 million in Q3 FY2020.

In the current quarter, the Group has made a provision for impairment on goodwill on consolidation of RM3,043.4 million (Q3 FY2020: Nil) and a provision for impairment on property, plant and equipment of RM240.9 million (Q3 FY2020: Nil). The impairments were necessary due to the prolonged recovery expected in the industry. An additional provision of RM438.8 million was recognised in anticipation of delays and prolonged durations to current projects arising from restricted movement and lockdown measures in multiple jurisdictions brought about by the COVID-19 global pandemic, as well as taking into consideration current market conditions.

## 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

	<b>Three months to 31/01/2020</b>	
	<b>Revenue</b>	<b>Operating loss</b>
	RM'000	RM'000
<b><u>Continuing operations</u></b>		
E&C	859,661	(2,016,640)
Drilling	253,193	(2,020,893)
E&P	-	(78,810)
	<u>1,112,854</u>	<u>(4,116,343)</u>
Corporate expenses and eliminations	(960)	(150,634)
<b>Group revenue / loss before taxation, after impairments</b>	<b><u>1,111,894</u></b>	<b><u>(4,266,977)</u></b>

### Reconciliation between condensed consolidated statement of profit or loss and segment operating loss for continuing operations

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Three months to	Three months to	Twelve months to	Twelve months to
	<b>31/01/2020</b>	<b>31/01/2019</b>	<b>31/01/2020</b>	<b>31/01/2019</b>
	RM'000	RM'000	RM'000	RM'000
Loss before taxation and after impairments from continuing operations	(4,266,977)	(2,197,729)	(4,551,794)	(2,574,900)
Add: Intercompany elimination	-	72,239	-	223,950
<b>Loss before taxation (as per Note 16.1 and 16.2)</b>	<b><u>(4,266,977)</u></b>	<b><u>(2,125,490)</u></b>	<b><u>(4,551,794)</u></b>	<b><u>(2,350,950)</u></b>

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

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

	Revenue			Operating (loss)/profit		
	Three months to			Three months to		
	31/01/2020	31/01/2019	Changes	31/01/2020	31/01/2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Continuing operations</b>						
<b>Business Segments:</b>						
E&C	859,661	1,259,981	(31.8)	(2,016,640)	(624,444)	(>100.0)
Drilling	253,193	250,016	1.3	(2,020,893)	(1,092,387)	(85.0)
E&P	-	-	-	(78,810)	(1,068)	(>100.0)
	<u>1,112,854</u>	<u>1,509,997</u>		<u>(4,116,343)</u>	<u>(1,717,899)</u>	
Corporate expenses and eliminations	(960)	(24,926)	96.1	(150,634)	(407,591)	63.0
	<u>(960)</u>	<u>(24,926)</u>		<u>(150,634)</u>	<u>(407,591)</u>	
<b>Group revenue/loss before taxation, after impairment</b>	<b><u>1,111,894</u></b>	<b><u>1,485,071</u></b>	<b>(25.1)</b>	<b><u>(4,266,977)</u></b>	<b><u>(2,125,490)</u></b>	<b>(&gt;100.0)</b>
<b>Discontinued operations</b>						
E&P	-	202,529	(100.0)	-	10,743	(100.0)
Gain on disposal of 50% equity stake in a subsidiary	-	-	-	-	2,663,699	(100.0)
	<u>-</u>	<u>202,529</u>		<u>-</u>	<u>2,674,442</u>	
	<b><u>1,111,894</u></b>	<b><u>1,687,600</u></b>	<b>(34.1)</b>	<b><u>(4,266,977)</u></b>	<b><u>548,952</u></b>	<b>(&gt;100.0)</b>

Note: Sapura Exploration & Production (Sabah) Inc. and the share of profit from SapuraOMV have been recorded under the E&P business segment of continuing operations in the current quarter.

#### Continuing operations

##### Business Segments:

##### Engineering and Construction

The segment recorded revenue of RM859.7 million, which was 31.8% lower than the revenue of RM1,260.0 million in Q4 FY2019, in line with the lower activities during the current quarter.

The segment recorded a loss before taxation, after impairments for the current quarter of RM2,016.6 million which was higher by RM1,392.2 million compared to loss before taxation of RM624.4 million in Q4 FY2019.

Included in the current quarter segment loss before taxation, after impairments is a provision for impairment on goodwill of consolidation of RM1,055.0 million (Q4 FY2019: RM54.3 million) and a provision for impairment on property, plant and equipment of RM206.4 million (Q4 FY2019: RM394.1 million). The impairments were necessary due to the prolonged recovery expected in the industry. An additional provision of RM438.8 million was recognised in anticipation of delays and prolonged durations to current projects arising from restricted movement and lockdown measures in multiple jurisdictions brought about by the COVID-19 global pandemic, as well as taking into consideration current market conditions.

Excluding the impairments, the segment recorded loss before taxation of RM755.2 million, which was higher by RM579.2 million compared to loss before taxation of RM176.0 million in Q4 FY2019, in line with the lower revenue.

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

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

#### Continuing operations (cont'd.)

##### Business Segments (cont'd.):

##### Drilling

The segment revenue for the current quarter of RM253.2 million was marginally higher by 1.3% compared to the revenue of RM250.0 million in Q4 FY2019.

The segment recorded a loss before taxation, after impairments of RM2,020.9 million, which was higher by RM928.5 million compared to the loss before taxation of RM1,092.4 million in Q4 FY2019.

Included in the current quarter segment loss before taxation, after impairments is a provision for impairment on goodwill of consolidation of RM1,988.4 million (Q4 FY2019: Nil) and a provision for impairment on property, plant and equipment of RM34.5 million (Q4 FY2019: RM1,017.8 million). The impairments were necessary due to the prolonged recovery expected in the industry.

Excluding the impairments, the segment recorded profit before taxation of RM2.0 million, which was higher by RM76.6 million compared the segment recorded loss before taxation of RM74.6 million in Q4 FY2019 due to favourable impact from lower depreciation cost in the current quarter as a result of assets impairment exercise in Q4 FY2019.

##### Exploration and Production

In the current quarter, the segment incurred a loss of RM78.8 million mainly due to the write off of an unsuccessful exploration well as well as higher depletion, depreciation and amortisation of expenditure on oil and gas properties. During the quarter, the segment reported higher production following the start-up of the operated SK408 Larak gas field.

#### Discontinued operations

##### Exploration and Production

In Q4 FY2019, the segment recorded revenue of RM202.5 million and a profit before taxation of RM10.7 million but none in the current quarter subsequent to the disposal of 50% equity stake in Sapura Upstream Group in Q4 FY2019.

Included in Q4 FY2019 segment profit before tax is the gain on disposal of 50% equity stake in a subsidiary of RM2,663.7 million.

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

### 16.2 Current year vs. corresponding preceding year

	Revenue			Operating profit/(loss)		
	Twelve months to			Twelve months to		
	31/01/2020	31/01/2019	Changes	31/01/2020	31/01/2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Continuing operations</b>						
<b>Business Segments:</b>						
E&C	5,511,165	3,664,951	50.4	(1,925,326)	(568,895)	(>100.0)
Drilling	941,431	933,456	0.9	(2,155,642)	(1,231,028)	(75.1)
E&P	-	-	-	(77,826)	(5,066)	(>100.0)
	<u>6,452,596</u>	<u>4,598,407</u>		<u>(4,158,794)</u>	<u>(1,804,989)</u>	
Corporate expenses and eliminations	(3,441)	(29,968)	88.5	(393,000)	(545,961)	28.0
	<u>(3,441)</u>	<u>(29,968)</u>		<u>(393,000)</u>	<u>(545,961)</u>	
<b>Group revenue/loss before taxation, after impairment</b>	<b><u>6,449,155</u></b>	<b><u>4,568,439</u></b>	<b>41.2</b>	<b><u>(4,551,794)</u></b>	<b><u>(2,350,950)</u></b>	<b>(93.6)</b>
<b>Discontinued operations</b>						
E&P	-	936,038	(100.0)	-	88,612	(100.0)
Gain on disposal of 50% equity stake in a subsidiary	-	-	-	-	2,663,699	(100.0)
	<u>-</u>	<u>936,038</u>		<u>-</u>	<u>2,752,311</u>	
	<b><u>6,449,155</u></b>	<b><u>5,504,477</u></b>	<b>17.2</b>	<b><u>(4,551,794)</u></b>	<b><u>401,361</u></b>	<b>(&gt;100.0)</b>

Note: Sapura Exploration & Production (Sabah) Inc. and the share of profit from SapuraOMV have been recorded under the E&P business segment of continuing operations in the current year.

#### Continuing operations

##### Business Segments:

##### Engineering and Construction

The segment revenue for the current year of RM5,511.2 million was 50.4% higher compared to the corresponding year, in line with higher activities during the current year.

The segment reported a loss before taxation, after impairments for the current year of RM1,925.3 million which was higher by RM1,356.4 million compared to RM568.9 million in the corresponding year.

Included in the current year segment loss before taxation, after impairments is a provision for impairment on goodwill on consolidation of RM1,055.0 million (Corresponding year: RM54.3 million) a provision for impairment on property, plant and equipment of RM206.4 million (Corresponding year: RM394.1 million). The impairments were necessary due to the prolonged recovery expected in the industry. An additional provision of RM438.8 million was recognised in anticipation of delays and prolonged durations to current projects arising from restricted movement and lockdown measures in multiple jurisdictions brought about by the COVID-19 global pandemic, as well as taking into consideration current market conditions.

Excluding the impairments, the segment recorded loss before taxation of RM663.9 million which was lower by RM543.4 million compared to loss before taxation of RM120.5 million in corresponding year due to lower project margins and lower share of profit from associates and joint ventures.

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

### 16.2 Current year vs. corresponding preceding year (cont'd.)

#### Continuing operations (cont'd.)

##### Business Segments (cont'd.):

###### Drilling

The segment revenue for the current year of RM941.4 million was marginally higher by 0.9% compared to the corresponding year.

The segment recorded a loss before taxation, after impairments for the current year of RM2,155.6 million which was higher by RM924.6 million compared to RM1,231.0 million in the corresponding year.

Included in the current year segment loss before taxation, after impairments is a provision for impairment on goodwill on consolidation of RM1,988.4 mil (Corresponding year: Nil), a provision for impairment on property, plant and equipment of RM34.5 million (FY2019: RM1,017.8 million). The impairments were necessary due to the prolonged recovery expected in the industry.

Excluding the impairments, the segment recorded loss before taxation of RM132.7 million, which was lower by RM80.5 million compared the segment recorded loss before taxation of RM213.2 million in FY2019 due to favourable impact from lower depreciation cost in the current year as a result of assets impairment exercise in Q4 FY2019.

###### Exploration and Production

In the current year, the segment incurred of RM77.8 million mainly due to the write off of an unsuccessful exploration well as well as higher depletion, depreciation and amortisation of expenditure on oil and gas properties. During the year, the segment reported higher production following the start-up of the operated SK408 Larak gas field.

#### Discontinued operations

##### Exploration and Production

In the corresponding year, the segment recorded revenue of RM936.0 million and a profit before taxation of RM88.6 million but none in the current year subsequent to the disposal of 50% equity stake in Sapura Upstream Group in Q4 FY2019.

Included in corresponding year profit before tax is the gain on disposal of 50% equity stake in a subsidiary of RM2,663.7 million.

## 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 31/01/2020	As at 31/01/2019
	RM'000	RM'000
<b>Non-current</b>		
Trade receivables	5,718	11,374
Other receivables	43,405	-
Total non-current trade and other receivables	<u>49,123</u>	<u>11,374</u>
<b>Current</b>		
Trade receivables	1,032,326	965,940
Less: Provision for impairment	(38,172)	(38,172)
	<u>994,154</u>	<u>927,768</u>
Other receivables	808,131	776,581
Total current trade and other receivables	<u>1,802,285</u>	<u>1,704,349</u>
Contract assets	<u>1,060,272</u>	<u>1,065,377</u>
Total trade and other receivables and contract assets	<u>2,911,680</u>	<u>2,781,100</u>

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (as at 31 January 2019: 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 & gas industry is bracing for the full impact of the COVID-19 global pandemic. The drop in demand arising from the global lockdowns coupled with the inability of producing nations to agree on production cuts has led to significant downward pressure in oil prices. Low oil prices and continued uncertainty on its medium term outlook has prompted clients to be more conservative in future investments and spending. Many companies have announced reductions in capex spending resulting in deferrals or cancellations of announced projects.

Having weathered the previous downturn, the Group has in place an agile strategy designed for the cyclical nature of the industry with strategies to improve execution capabilities. The Group is well-positioned to withstand current challenges and be able to capture opportunities when the market recovers.

The Group's orderbook currently stands at RM13.5 billion. The Group remains focused on pursuing new opportunities in various regions including the Middle East, Africa and Americas.

The Group has also made a provision for impairment on goodwill and assets of RM3.3 billion for the E&C and Drilling segments due to an expected prolonged recovery resulting from the current effects of the low oil prices and COVID-19 global pandemic.

The refinancing exercise currently undertaken by the Group and expected to be completed by Q4 FY2021 will enhance our financial position.

The Board anticipates the challenging environment to remain in the short to medium term. The Group is committed to navigating through the downturn by effective implementation of key initiatives to optimise cost and improve operational efficiencies.

**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 tax exempt (single-tier) special dividend for financial year ended 31 January 2019 of 0.5 sen per ordinary share, which was declared on 25 March 2019 amounting to RM80.0 million was paid on 24 June 2019.

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

**20. Earnings per share**

Basic/Diluted	Individual Quarter		Cumulative Quarter	
	Three months to 31/01/2020	31/01/2019	Twelve months to 31/01/2020	31/01/2019
(Loss)/profit attributable to owners of the Parent (RM'000)				
- Continuing operations	(4,234,508)	(2,230,025)	(4,560,806)	(2,713,466)
- Discontinued operations	-	2,730,451	-	2,921,015
	<u>(4,234,508)</u>	<u>500,426</u>	<u>(4,560,806)</u>	<u>207,549</u>

**20. Earnings per share (cont'd.)**

<b>Basic/Diluted (cont'd.)</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three months to 31/01/2020</b>	<b>31/01/2019</b>	<b>Twelve months to 31/01/2020</b>	<b>31/01/2019</b>
Weighted average number of ordinary shares in issue excluding shares held under trust ('000):				
- Basic	15,971,804	6,294,091	15,947,122	6,042,519
Effects of dilution:				
- Options under ESOS	172,059	54,463	172,059	13,728
- Diluted	16,143,863	6,348,554	16,119,181	6,056,247
Earning per shares from continuing operations (sen)				
- Basic	(26.51)	(35.43)	(28.60)	(44.91)
- Diluted	(26.23)	(35.13)	(28.29)	(44.80)
Earning per shares from discontinued operations (sen)				
- Basic	-	43.38	-	48.34
- Diluted	-	43.01	-	48.23

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  
29 April 2020