

NAVIGATING FORWARD



ANNUAL REPORT 20
'20

A reflection of our perseverance and determination in charting our future. Our relentless pursuit for growth reflects our tenacious spirit amidst the changing operating landscape.



Scan this QR code to view the 2020 SAPURA ENERGY Annual Report

RATIONALE

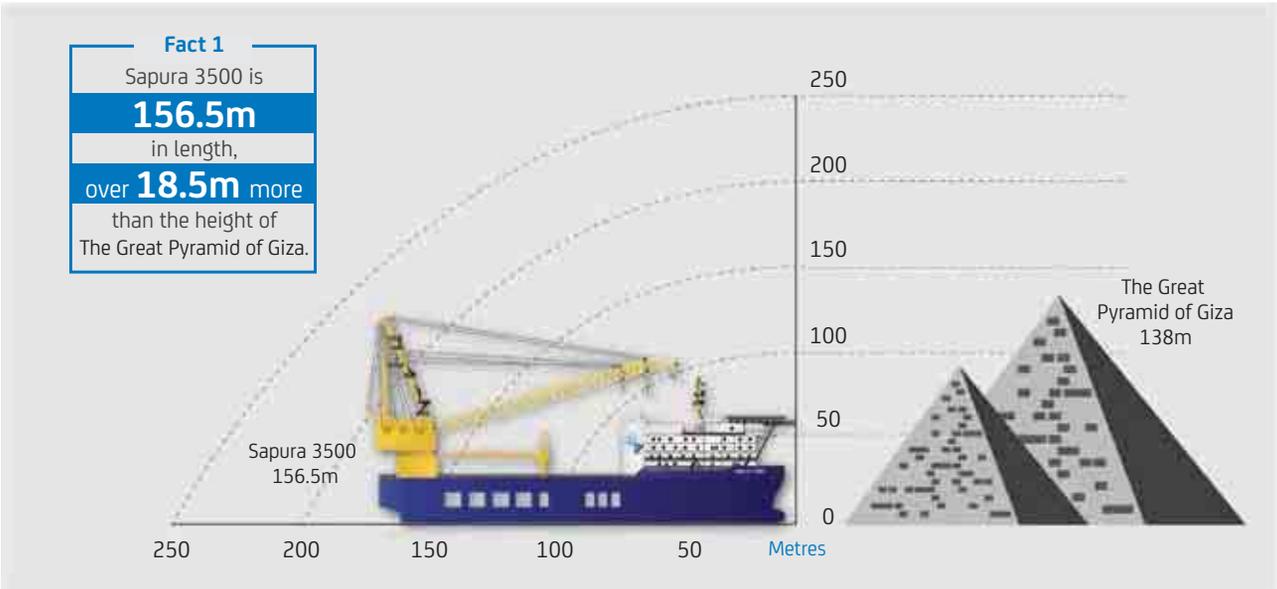
Navigating forward amidst uncertainties.

Sapura Energy’s fundamental resilience and agile strategy will help us steer through a highly cyclical oil and gas industry. We remain positive and firm in our efforts to turnaround the company, through a comprehensive plan that ensures lean and efficient operations, supported by a high performing workforce. These initiatives place us one step ahead in managing the uncertainties of the current climate.



SAPURA 3500

Sapura 3500 is our self-propelled Heavy Lift Pipe Laying vessel, capable of pipe laying in deep and shallow waters.



CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

Thank you for your confidence and continuous interest in Sapura Energy Berhad ("Sapura Energy"). On behalf of the Board of Directors, it is my pleasure to invite you to join our Ninth Annual General Meeting which will be held on Thursday, 30 July 2020 at 10.00 a.m. to be conducted on fully virtual basis. Enclosed herewith is a copy of the Annual Report 2020 and Audited Financial Statements of Sapura Energy for the financial year ended 31 January 2020 which also contains the Notice and Administrative Notes pertaining to the upcoming Ninth Annual General Meeting for your reference.

The Annual Report 2020 and Audited Financial Statements provide a comprehensive statement of our strategic direction, latest undertakings, achievements and awards, corporate responsibilities and initiatives, as well as Sapura Energy's ("the Company") financial disclosure for the shareholders' attention and review. These documents can also be accessed at our corporate website at www.sapuraenergy.com.

At the Ninth Annual General Meeting, 8 Ordinary Resolutions are proposed for consideration by the shareholders. The purpose and reasons for each resolution are explained under the Explanatory Notes of the Notice of the Postponed Annual General Meeting ("Explanatory Notes"). I hope that you will find the brief explanation helpful in making an informed decision.

At the Ninth Annual General Meeting, the Board is recommending for the re-election of the retiring Directors who being eligible offer themselves for re-election in accordance with the following Articles of the Company's Constitution:

- a) Article 80 expressly states that in every subsequent Annual General Meeting ("AGM"), at least one-third (1/3) of the Directors for the time being shall retire from office and the retiring Directors shall be eligible to seek for re-election. The Directors standing for re-election under Article 80 at the Ninth Annual General Meeting, are as follows:
 1. Dato' Shahrman Shamsuddin; and
 2. Datuk Ramlan Abdul Rashid.

- b) Article 85 expressly stipulates that any newly appointed Director shall hold office until the next following AGM of the Company at which the Director is due for retirement under this Article, when he/she shall retire but shall then be eligible for re-election. The Directors standing for re-election under Article 85 at the Ninth Annual General Meeting, are as follows:
 1. Dato' Mohammad Azlan Abdullah;
 2. Syed Ali Syed Salem Alsagoff; and
 3. Lim Tiang Siew.



I also believe that you should be able to comprehend the rest of the agenda/proposed resolutions which include, amongst others, the presentations of the Audited Financial Statements, the proposed payment of Directors' remuneration to the Non-Executive Directors of Sapura Energy, re-appointment of the auditors and authority for Directors to allot and issue shares under Sections 75 and 76 of the Companies Act 2016, whereby brief explanations are also provided under the Explanatory Notes for your understanding.

Your Directors are of the view that all the proposed resolutions as set out in the Notice of the Postponed Annual General Meeting are in the best interest of the Company and its shareholders, and further recommend for you to vote in favour of all resolutions.

Due to the Coronavirus disease 2019 ("COVID-19") outbreak and concern for the well-being and safety of our shareholders, you are required to attend the Ninth Annual General Meeting remotely using the Remote Participation and Voting platform as described in the Administrative Notes, which has been distributed to all shareholders together with the Notice of the Postponed Annual General Meeting of the Company.

I look forward to the Ninth Annual General Meeting to share with you the latest updates and activities concerning the Company.

Yours sincerely,

Tan Sri Datuk Amar (Dr.) Hamid Bugo
Chairman



**Terima Kasih,
Dato' Hamzah!**

The People of Sapura Energy would like to express our heartfelt gratitude to our former Chairman, Yang Berbahagia Dato' Hamzah Bakar for his valuable insights and guidance throughout his tenure.

Dato' Hamzah joined the Board of SapuraCrest Petroleum on 4 July 2003, and was later appointed Chairman of Sapura Energy Berhad on 9 December 2011. His vast experience as senior leadership in PETRONAS was instrumental in steering the growth of Sapura Energy into the major oil and gas company it is today. Dato' Hamzah's wisdom and faith in the company helped us to remain resilient and confident. The strong foundation he helped lay shall serve us in good stead as we progress in the next phase of our growth.

We have missed Dato' Hamzah's calm demeanor and fatherly presence at our employee gatherings and shareholder meetings; and we wish him the very best in his retirement.

Once again, from the bottom of our hearts – thank you, Dato' Hamzah.

From The People of Sapura Energy Berhad



- About Our Report
- Chairman's Letter to Shareholders
- Tribute to Dato' Hamzah

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**NINTH ANNUAL
GENERAL MEETING
OF SAPURA ENERGY
BERHAD**

30 July 2020
Thursday
10.00 a.m.

Broadcast Venue at
Multi-Purpose Hall, Ground Floor,
Sapura@Mines, No. 7, Jalan Tasik,
The Mines Resort City,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia



SECTION ONE:

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OUR VISION

To be the best entrepreneurially led, technically competent and most trusted global oil and gas company in the eyes of our customers, shareholders and most importantly, our empowered people.

WHO WE ARE

Sapura Energy Berhad is a global integrated oil and gas services and solutions provider operating across the entire upstream value chain. As a fully-fledged upstream player, the Group's spectrum of capabilities cover exploration, development, production, rejuvenation, as well as decommissioning and abandonment stages of the value chain.

With a highly skilled and technically-capable multinational workforce, strategic world-class assets, and strong project management capabilities, the Group today has a global presence in over 20 countries.



Global footprint across **5** continents, over **20** countries

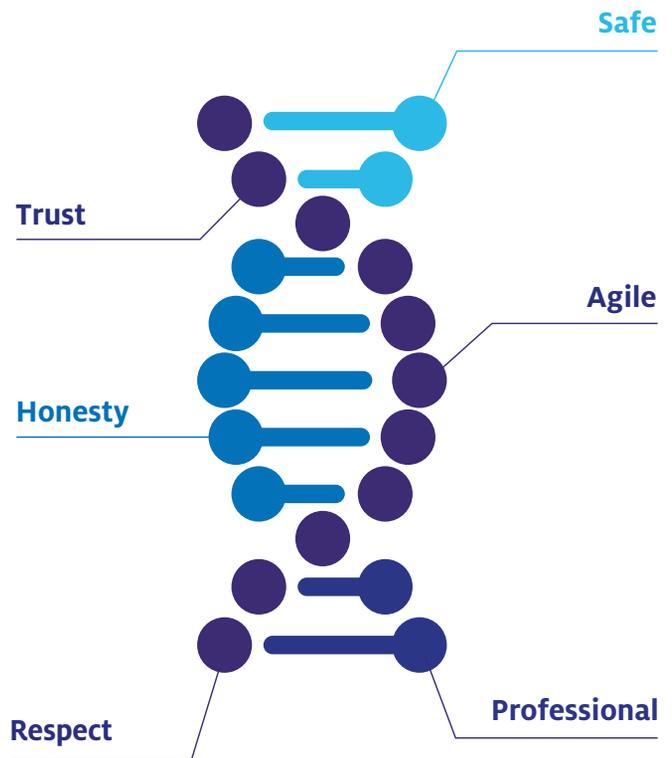
10 key global operating centres

11,200 multinational workforce



OUR CORE VALUES

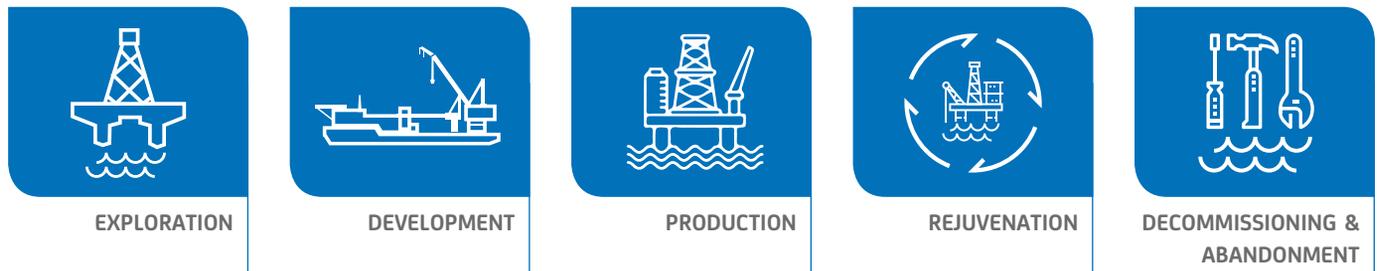
We will be guided by our honesty, trust and respect to achieve our business objectives. We will continue to be safe, agile and professional in meeting our stakeholders' expectations.



AWARDS

2013 & 2014	2014	2015	2015	2019
Fabulous 50 listing by Forbes Asia	Asia's Overall Best Managed Company in Natural Resources by FinanceAsia	New Upstream Player of the Year award by The Oil & Gas Year	Marginal Oil Fields Development Company of the Year award by Frost & Sullivan	APAC Company of the Year (Energy Services, Offshore and Marine) by Energy Council

OUR VALUE CHAIN



OUR COMPETITIVE ADVANTAGE

<p>IN-HOUSE CAPABILITIES IN ENGINEERING AND PROJECT MANAGEMENT</p>	<p>CUSTOMISED AND FIT-FOR-PURPOSE SOLUTIONS ACROSS THE ENTIRE UPSTREAM VALUE CHAIN</p>
<p>EXPERIENCED LEADERSHIP TEAM</p>	<p>OWNED AND OPERATED WORLD-CLASS ASSETS</p>



FACTS AT A GLANCE



ENGINEERING AND CONSTRUCTION



Sapura Energy’s Engineering and Construction business provides end-to-end turnkey Engineering, Procurement, Construction, Installation and Commissioning (“EPCIC”) solutions for the oil and gas industry. Supported by a highly capable and technically-competent in-house engineering team, strategic assets and project management expertise, we deliver high quality services across the full EPCIC spectrum.

2 Major Fabrication Yard	6 Pipe-lay Vessels	3 Survey Vessels	1 Floatover Launch Barge
1 Minor Fabrication Yard	1 Subsea Construction Vessel	2 Diving Support Vessels	4 Accommodation Boats & Barges
6 Derrick Lay Vessels	42 ROVs	2 Anchor Handling Tug Supply Vessels	1 Turbine Maintenance Centre



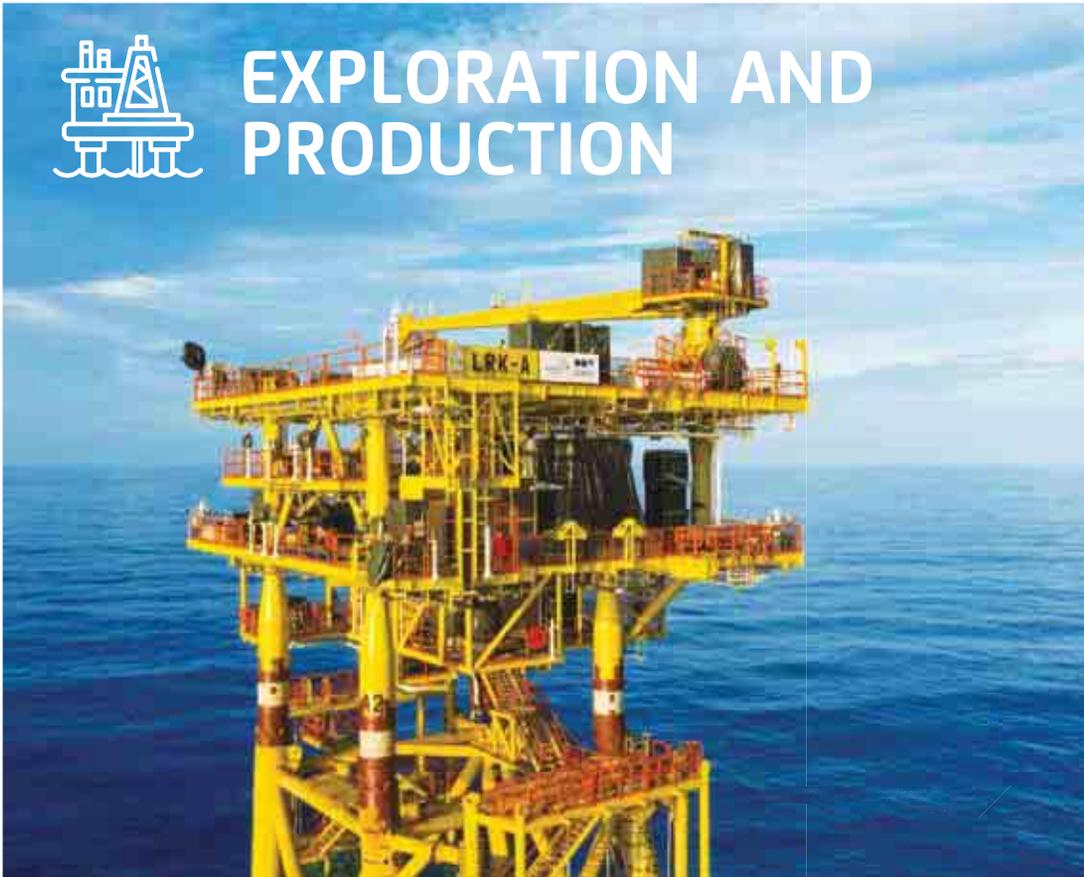
DRILLING



With close to five decades of experience in tender-assisted drilling operations, Sapura Energy's Drilling segment is the world's leading tender rig owner and operator. We have the world's largest fleet of tender-assisted drilling rigs. As the pioneer in the tender drilling industry, our mission is to provide the safest operations paired with sustainable technical solutions for the most efficient and cost-effective delivery for our clients' development drilling programme.

7 | Semi-Submersible
Tender-Assisted Rigs

8 | Tender-Assisted Rigs
Barge Type



EXPLORATION AND PRODUCTION

Combining creativity, technical expertise and entrepreneurial focus, our Exploration and Production segment provides the exploration, development and production solutions to extract returns from even the smallest and most challenging fields.

8 | Production
Sharing
Contracts

9 | Exploration
Permits

OUR GLOBAL FOOTPRINT



Our Locations



Operations & Maintenance



Engineering



Drilling



Installation of Pipelines & Facilities



Fabrication



Geotechnical / Geophysical Survey



Exploration & Production



Marine, Diving & ROV Services

This global footprint is based on the United Nations' issued map.

The designations employed and the presentations of the material on this map do not imply the expression of any opinion whatsoever on the part of Sapura Energy Berhad or its subsidiaries ("the Group") concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Every effort is made to ensure this map is free of errors but there is no warranty that the map or its features are either spatially or temporally accurate or fit for a particular use. This map is provided without any warranty of any kind whatsoever, either expressed or implied.



HEALTH, SAFETY AND ENVIRONMENT

Our values provide the framework for how we behave and what our people, our clients, our shareholders and the greater community at large can expect from us; they define us in every respect.

Of these values, the high standards that we constantly strive for in Health, Safety and Environment (“HSE”) remain a first and foremost aspect of our operations across the entire value chain that is Sapura Energy Berhad (“Sapura Energy”) and its subsidiaries (“the Group”).

Keeping our employees safe is our ultimate responsibility as an employer. Safety goes beyond compliance and a license to operate – it is about our key values and a genuine care for all on our work sites.

The environments in which we operate are dynamic, our work is complex and demanding, and these factors expose our people to many potential hazards that naturally present risk, all of which must be rigorously controlled in a disciplined manner through safety leadership of the highest order and with uncompromising integrity.

Notwithstanding the nature & breadth of our work on land and at sea, a harm-free workplace remains our objective every day and everywhere that we operate. We will continue in our endeavours to further strengthen the safety culture and leadership among our employees, to accomplish this objective.

Across our operations and within these workplaces, nobody should ever be in doubt of how to perform a task safely. We are working hard to remove complexity, reduce administration and innovate new



solutions to digitalise and make our work processes more efficient, transparent and accessible. We want to make it simple for our people to be safe and to always be out of harm’s way.

We will continue to work strategically and innovatively with safety, focusing on strengthening the capacity of our employees, as well as using new technology to make our systems simpler, smarter and more fit for purpose.

Our fundamental operational mandate of ‘Stop unsafe work’ gives everyone, offshore and onshore, the right and the obligation to stop any job that he or she deems unsafe. Anchoring these safety behaviours into the DNA of our work culture brings benefit to each employee’s personal safety and that of their colleagues and our contractors, as well as the safety of our customers and other third parties at our diverse operating locations.

We remain committed to the shared objective of improving the overall safety performance of the industry, achieved through close cooperation and transparent experience transfer with industry peers and government stakeholders. This collaboration enables not only an open sharing of lessons learnt to prevent harm elsewhere, but also the sharing and adoption of HSE best-practices and initiatives across our industry, which drives a collective continuous improvement across our business and operating environment.

We are honoured to have been accorded with the following awards and milestone recognitions during 2019 by our clients and national OHS associations for our various HSE achievements:

Recipient	Achievement	Awarding Entity
Sapura Technology Solutions Sdn. Bhd.	RAPID Petronas UPT P27 Project – Focus Recognition Award – Project Management Team – HSE Performance Recognition	RAPID PETRONAS UPT P27
Sapura Engineering & Construction (India) Private Limited	Mumbai Port Trust (“MBPT”) Project – Golden Peacock OHS Awards	Institute of Directors, India
Sapura Offshore Sdn. Bhd.	Sapura Energy Operation Base – Pasir Gudang: 2018 Gold Class – Occupational Safety and Health Award	Malaysian Society for Occupational Safety & Health
Sapura Fabrication Sdn. Bhd.	Gorek Project – 3 Focus Recognition Awards – Project Management Team – 500,000, 750,000 & 1 Million Safe Manhours	PETRONAS
	Larak & Bakong Project – Focus Recognition – Project Management Team – 750,000 Safe Manhours	PETRONAS
Sapura Drilling Asia Sdn. Bhd.	Sapura T9 – Gold Annual Winner – ExxonMobil Catch of the Week (“COTW”) Award	ExxonMobil Global Houston
	Sapura Berani – Rig Performance Champion for Quarter 2 2019	PETRONAS Carigali Sdn. Bhd.
Sapura Geosciences Sdn. Bhd.	PFLNG – Relocation Project – Project Completion & 700,000 Safe Manhours without LTI	PETRONAS Carigali Sdn. Bhd.
	Focus Recognition for Completion of Soil Investigation On Time & Safely	PETRONAS Carigali Sdn. Bhd.
	Special HSE Initiatives Award	PETRONAS Carigali Sdn. Bhd.
Sapura Pinewell Sdn. Bhd.	SK316 NC3 MRU – Best Project HSE Award – Offshore Execution Phase	PETRONAS

The SEB Group’s business unit ISO Certifications are strictly maintained and provided for an external verification that we do what we say we do, to meet our clients’ needs and to protect our people and the environment:

ISO 9001:2015 (Quality)

- Sapura Energy Australia Pty. Ltd.
- Sapura Energy Mexicana, S.A.P.I. de C.V.
- Total Marine Technology Pty. Ltd.
- Sapura Fabrication Sdn. Bhd.
- Sapura Offshore Sdn. Bhd.
- Sapura Drilling Asia Sdn. Bhd.
- Sapura Subsea Services Sdn. Bhd.
- Sapura Pinewell Sdn. Bhd.
- Sapura GeoSciences Sdn. Bhd.
- Sapura Technology Solutions Sdn. Bhd.
- Sapura Engineering Sdn. Bhd.

ISO 14001:2015 (Environmental)

- Sapura Energy Australia Pty. Ltd.
- Sapura Energy Mexicana, S.A.P.I. de C.V.
- Total Marine Technology Pty. Ltd.
- Sapura Fabrication Sdn. Bhd.
- Sapura Offshore Sdn. Bhd.
- Sapura Drilling Asia Sdn. Bhd.
- Sapura Subsea Services Sdn. Bhd.

ISO 45001:2018 (OHS)

- Total Marine Technology Pty. Ltd.

AS/NZS 4801:2001 (OHS)

- Sapura Energy Australia Pty. Ltd.

OHSAS 18001:2007 (OHS)

- Sapura Energy Australia Pty. Ltd.
- Sapura Energy Mexicana, S.A.P.I. de C.V.
- Sapura Fabrication Sdn. Bhd.
- Sapura Offshore Sdn. Bhd.
- Sapura Drilling Asia Sdn. Bhd.
- Sapura Subsea Services Sdn. Bhd.
- Sapura Pinewell Sdn. Bhd.

SECTION TWO:

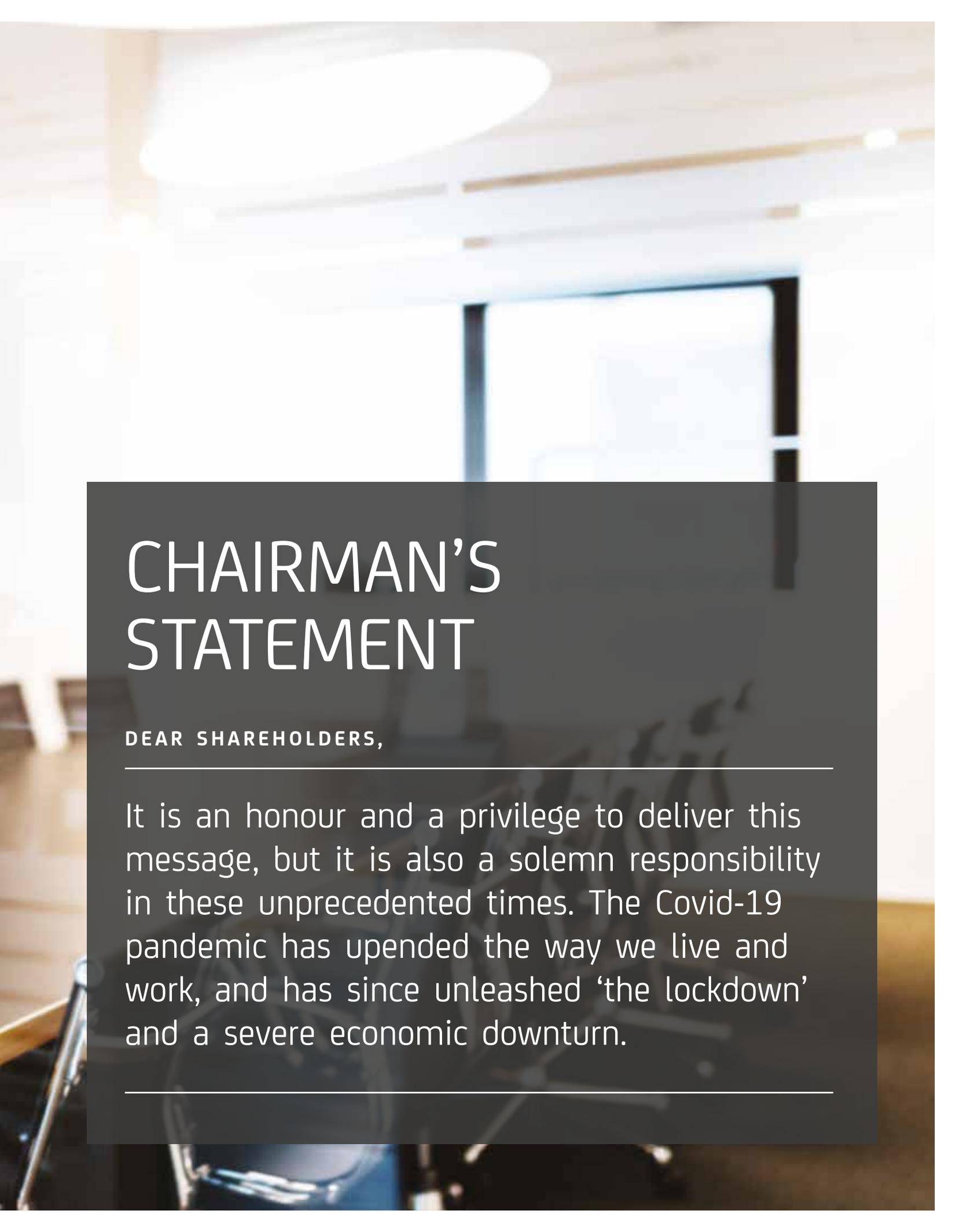
KEY MESSAGES

- 18 Chairman's Statement
- 24 President and Group Chief Executive Officer's Review









CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

It is an honour and a privilege to deliver this message, but it is also a solemn responsibility in these unprecedented times. The Covid-19 pandemic has upended the way we live and work, and has since unleashed 'the lockdown' and a severe economic downturn.

CHAIRMAN'S STATEMENT (CONT'D.)

Nonetheless, we would like to reassure our staff, shareholders, suppliers, partners and investors of our strong commitment to both prioritising and strengthening our operations as well as investing in resources to safeguard shareholders' interests so that we can charge ahead with our growth aspirations.

I was appointed your Chairman in June 2020 after joining the Board as a director in February 2012. As a successor to Dato' Hamzah Bakar and Encik Abdul Jalil Abdul Rasheed, I recognise the tremendous value of their leadership in catalysing Sapura Energy's progress. Amidst an increasingly challenging operating environment and testing times ahead, our Board will endeavour to further strengthen the growth foundation that had been built by my predecessors.

OPERATING LANDSCAPE

Globally, the year 2019 witnessed subdued oil prices, restrained production in an effort to control supply, and growing investor concerns on the implications of energy transitions in the middle of mounting social and environmental risks associated with the industry.

Subsequently, the first quarter of 2020 saw a free-fall of oil prices, weakened by a declining global demand due to COVID-19.

The pandemic has continued to weigh on demand and supply-chain operations, rendering 'business as usual' almost impossible. Disruptions are inevitable and these will have a huge bearing on the industry, especially on contracting companies, Sapura Energy included.

We have a presence in over 20 countries, with different operating landscapes presenting different challenges and approaches. As a contracting company, our focus has been and will be to improve our efficiencies through strategic planning, milestone achievements and constant improvement of our business practices.

These measures, coupled with efficient capital management, are particularly crucial now after we fell short of our financial targets during the reporting year, resulting in another normalised annual loss. We acknowledge the challenges faced by the Company, and we are determined to turn around our operations while putting in place a viable and sustainable business model.



The current ‘black swan’ situation, which has turned improbable events into reality, has also forced us to look at the existing operating environment as a catalyst for change and innovation. The crisis has imposed the need for companies to be more cost-efficient, improve project management systems without compromising health and safety standards, and innovate new technological solutions that will enhance performance. As our business is about delivering projects on budget and on schedule, we must constantly revisit our processes to make them better, and ensure that we are watertight in terms of cost, procurement and risk management.

In short, while responding to the current challenges, we recognise the need to look ahead and focus on future-proof strategies that will provide a degree of immunity to our business and our people against future crises.

STRATEGIC PRIORITIES

Sapura Energy has faced various operational challenges over the last few years, which have mandated that we strategically review our current operations, rethink the ways in which we can become a more efficient company and define the future that we want to create. We cannot continue to operate in the same form that we are today; we must make painful decisions and restructure to become lean, with higher proportion of our income generated by recurring businesses to reduce earnings volatility.

To this end, the Board has instructed management to define a strategy that will improve the implementation of our priorities: refinancing, project management, procurement, people and asset monetisation.

During the reporting year, our major shareholder, Permodalan Nasional Berhad (“PNB”), re-designated Sapura Energy as a strategic investment company. The partnership will enable Sapura Energy to successfully execute and implement its strategic priorities, with PNB providing support, as Sapura Energy will be able to tap into PNB’s wide resources and networks.

GOVERNANCE

A successful implementation of our strategic priorities requires strong governance, continuous investment in talent development and integration of sustainable practices into our operations.

We have continued to improve and refresh the skills matrix of our board of directors to provide management the necessary support and guidance. We welcomed Dato’ Mohammad Azlan Abdullah, Tuan Syed Ali Syed Salem Alsagoff and Mr. Lim Tiang Siew to the Board. Dato’ Mohammad Azlan has vast experience in accounting and infrastructure projects, and has also been appointed a member of the Board Audit Committee. Tuan Syed Ali has extensive industry knowledge, and has also joined the Board Risk Management Committee. Mr. Lim has over forty years’ experience covering auditing, accounting, corporate finance and advisory, corporate governance and compliance, and has also been designated a member of the Audit Committee. We are confident that the Board and the Company will benefit from their expertise.

The Board has steered management to take a more granular approach in defining and measuring the success of each project as well as overall performance. This will strengthen our accountability in cooperating with various stakeholders and improve the quality of our reporting. Execution of projects is key, and we must be able to identify challenges and adapt quickly to changing circumstances, without compromising the governance aspect.

The Board has also initiated work on improving our succession planning process, which is crucial at both Board and management levels. We aim to define at least three levels under each of the key positions which will, if necessitated by circumstances, have available replacements for designation. Furthermore, by integrating high-potential and skilled staff into the succession planning process, we will improve the efficiency of our operations and ensure that we have experienced people ready to be shaped as future leaders of the Company. Our business is all about the people, but we must also recognise that knowledge must be institutionalised, and having fresh perspectives and input from a new breed of leaders is crucial in overcoming challenges we face in the industry.

SUSTAINABILITY

We acknowledge the growing expectations from investors and other stakeholders for us to adopt clean technologies, reduce emissions, and deliver climate and community solutions.

Using the United Nations’ Sustainable Development Goals as a guide, Sapura Energy’s sustainability agenda is based on three pillars:

- 1) Ensuring business sustainability
- 2) Ensuring no harm to our people and environment
- 3) Nurturing and developing our talent

CHAIRMAN'S STATEMENT (CONT'D.)

These pillars emphasise the economic as well as environmental, social and governance (“ESG”) aspects of our business.

Operationalisation of the sustainability agenda encompasses various initiatives that aim to improve the health and safety of our staff, protect the environment, promote greater usage of technology and invest in talent development as we future-proof our business. We strive to ensure that Sapura Energy has robust processes that will allow us to better identify and mitigate risks, improve our ESG performance, and quickly adapt and respond to the fast-evolving operating landscape. As in every framework, the success is in its execution and this is where the Board will ensure that there is continuous robust assessment.

Giving back is a critical element that connects us to communities. While we endeavour to return to profitability, we must also be mindful of our social responsibilities. We look forward to further investing in the communities where we operate to generate long-term systemic benefits.

RISK MANAGEMENT

Given the current situation, it is not possible realistically to predict the industry’s operational landscape in the immediate future. Malaysia is an oil-producing country with a large number of players, some in overlapping segments with similar assets. With low oil prices continuing, we must accept that industry consolidation will happen and the number of viable industry players will reduce. The global disruption will leave its mark significantly and, in the next five years, we will see changes in relevant policies and regulations pertaining to the domestic oil and gas industry. While waiting for the dust to settle, the industry is searching for the new normal.

We must keep these perspectives in mind when formulating risk management strategies and making decisions about our operations. For instance, in view of Covid-19, we have taken proactive steps to mitigate risks, including the activation of the Emergency Crisis Centre and business continuity plan, ramping up of our information-technology readiness and support for onshore and offshore staff, and preservation of our legal and contractual rights. As we adjust to disruptions and strengthen our future-emergency preparedness, some of these steps may become permanent features, rather than short-term responses.





MOVING FORWARD

We strive to strike a balance between proven entrepreneurial experience and strong institutional foundation that will ensure commitment and consistency in the performance of our operations, and future-proofing of our business. The powerful combination of entrepreneurship and institution will be our guiding spirit in building a company that is resilient in any environment, and turning some of the most pressing challenges of our time into opportunities.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to convey our gratitude to Dato' Hamzah Bakar. His long service and distinguished legacy set high standards, not just for us at Sapura Energy, but also our industry. Our appreciation also goes to Encik Abdul Jalil Abdul Rasheed for his guidance and contributions.

I would like to thank Datin Paduka Kartini Hj Abdul Manaf, who stepped down from the Board in December 2019, for her services to the Board. I would also like to thank Ms. Gee Siew Yoong, who resigned from the Board in May 2020 due to the six-year limitation on board tenure imposed by PNB, for her invaluable contributions especially as the Chairman of Audit Committee. She has generously shared her vast knowledge and experience with the Board as well as the staff.

Additionally, we would like to extend our appreciation to the government of Malaysia, PETRONAS, all our partners and clients, and investment community for trusting us and supporting our journey.

A special appreciation goes to our shareholders, who have been supportive through thick and thin. Most importantly, to management and staff, we thank you for your dedication, cooperation and trust.

It is indeed a solemn responsibility, but we firmly believe that, despite the shifting macro environment and operating landscape, Sapura Energy has exceptional experience, valuable assets and outstanding talent to weather many challenging cycles and come out a winner.

Yours sincerely,

Tan Sri Datuk Amar (Dr.) Hamid Bugo
Chairman





PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

DEAR VALUED SHAREHOLDERS,

The annual report you are reading was prepared as Malaysia and the rest of the world continued to battle one of the greatest health threats of our generation. COVID-19 highlighted in sharp relief our ultimate priority, namely the safety and wellbeing of our community. Our hearts go out to everyone impacted by the pandemic, particularly the healthcare workers and first responders who were our last line of defence against the coronavirus.

PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D.)

On the same note of gratitude, allow me the opportunity to pay tribute to our former Chairman Dato' Hamzah Bakar. Under his guidance and oversight, Sapura Energy grew from a humble diving contractor to a major oil and gas organisation operating in all four corners of the world. Together with Dato' Hamzah, we built Sapura Energy into an international business able to compete against much more established players in the global landscape. Our deepest appreciation to the peerless Admiral of our ships.

The company proved its fundamental strength when it weathered the recent downturn in the oil and gas sector. The experience spurred us to build a resilient and agile company able to withstand the cyclical nature of the industry. In Financial Year 2020 we continued to ensure that long-term growth potential is translated into sustainable profitability, based on these strategic priorities:

- leveraging on our agility to expand global reach and utilising our assets to diversify into adjacent markets,
- executing comprehensive initiatives to maintain lean and efficient operations supported by a high-performing workforce; and
- improving our financial strength.

I am happy to report meaningful progress in our plans, which will serve us well as we face the coming storm.

EXPANDING GLOBAL REACH, DIVERSIFYING INTO ADJACENT MARKETS

In the year under review, the energy sector saw a cautious rebound in global investments after several years of declines. The relative stability enabled us to continue our growth trajectory and strengthen global presence.

Our deliberate move to enhance capabilities in engineering, procurement, construction, installation and commissioning reaped returns in FY2020.

The **Engineering and Construction** segment was our biggest contributor to revenue, recording a turnover of RM5.5 billion as it saw a significant increase in EPCIC works globally. We also diversified our services into target adjacent markets, utilising existing assets in alternative energy and infrastructure developments.

Our **Drilling** segment benefited from increased oil and gas project sanctions, leading to additional tender assist rigs in operations. Meanwhile our **Exploration and Production** business, operated through SapuraOMV, doubled its production rate as the SK408 block came onstream.

These strategic outcomes are discussed in greater detail in the Management Discussion and Analysis section of this Annual Report.

OUR ROAD TO PROFITABILITY – STRENGTHENING PEOPLE, PROCESSES AND SAFETY PERFORMANCE

Over the past six years, there had been several external shocks to the oil market. We made a turnover of RM6.4 billion and a loss of RM4.6 billion for our financial year end January 2020, including RM3.3 billion impairments within the loss.

One of the vital objectives of a major oil and gas services and solutions provider is to achieve profitability and maintain a sustainable business. These goals remain and we will continue to work towards achieving them. Challenging times for the industry and difficult market conditions require us to reduce costs and restructure parts of our business.

We remain positive and firm in our efforts to turnaround the company and have put in place strategic initiatives to ensure profitability will be achieved in the near future.

In FY2020, we executed a comprehensive plan to ensure lean and efficient operations supported by a high-performing workforce, resolving the growing pains associated with the Group's rapid expansion in the preceding years. This important transformational focus aims to:

- maintain a consistent standard of safety and operational performance,
- enhance visibility and control for early intervention of issues,
- optimise cost efficiency across operations; and
- build bench strength for business sustainability.

These initiatives, which began in mid-2019, will put us one step ahead in managing the uncertainties of the current climate.

Safety continues to be our priority, and this was most evident in our Drilling and E&P businesses, which ended the year with zero lost time injury. We operationalised lessons learnt from incidents and the subsequent root cause analysis, to help us close gaps and ensure everyone goes home safely. Each of our business units strictly maintain their ISO Certifications as external verification of our commitment to the safety of our people and protection of the environment.

To enhance productivity, reduce costs, maintain control and measure performance, we took these following steps, among others:

Project Management and Control Operating Model ("PMCOM")

Sapura Energy grew from a small diving contractor to an organisation operating in all four corners of the world, within a very short period of time. As a result, project management teams may operate differently from one another as they cater to different clients in different parts of the world.



To standardise performance and enhance the strength of our project management foundation, we consolidated project delivery best practices into a standard PMCOM. Its full adoption by our operations globally helps ensure we have one lean operating model to deliver projects in a safe, cost-effective and consistent manner. It provides visibility to issues for priority action, clearly defines roles and accountabilities, and sets the standard to measure effectiveness both in the way we plan and the way we execute. Operating according to the “Sapura Energy way” ensures we continue to consistently deliver the best value-adds for our clients.

Operational Dashboard

The digitalisation of the operational dashboard addresses performance issues and efficiency, providing immediate visibility to what we achieve on a daily basis. Through this digitalisation journey, manhours, costs and errors will be reduced, translating to better reporting and creating clear decision making avenue. This will also strengthen the knowledge management in Sapura Energy where all the key data are digitalised and centralised.

Key performance indicators (“KPI”) such as Performance, Productivity, Safety and Quality are measured and tracked in real time. As we operate a magnitude of large and complex projects, absolute clarity and efficiency in the way we execute is crucial. Constant monitoring of daily metrics enables us to register opportunities for improvement and helps us recognise emerging issues for early intervention. The operational dashboard records and incorporates overall project statistics, from start to finish.

The PMCOM and operational dashboard work coherently along with the many different departments in our organisation, including Human Resource. Productivity and KPIs of individuals are measured via adherence to the PMCOM and dashboard processes to ensure complete integration of these initiatives into our operations.

Supply Chain Management Transformation

The transformation of supply chain management will improve capital efficiency and drive sustainable savings, as third party spend is a major portion of our cost. This included the launch of a digital integrated sourcing and procurement platform enabling cost optimisation, transparency and compliance as well as process efficiency.

Project SPADE, which stands for Sourcing and Procurement Adopting Digital Evolution, leverages on technology and digital applications to enhance spend analysis, assist strategic sourcing, improve contract management and supplier performance, and increase efficiencies for the procure-to-pay process.

In FY2021, SPADE will be embedded into all our operations centres across the globe, involving teams in the Supply Chain, Finance, Legal and other functions contributing to the procurement process.

PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D.)

Nurturing People to Achieve Our Vision

Sapura Energy's true north is 'to create indigenous technical platforms through entrepreneurship that propagates technical competence, resulting in sustainable profits'. To achieve this vision, we needed to sustain a high-performing workforce and preserve organisational capabilities, by nurturing talent and developing leaders.

A large part of this year's progress stems from these efforts, which began with establishing a strong foundation of the Sapura DNA in our people.

We revisited the Sapura purpose and values, translating them into a tangible work culture for our employees. We raised the standard of performance management, with clear links to behavioural competencies, operating models, accountabilities and key performance indicators. My leadership team and I hosted numerous culture-shaping sessions at all levels of the organisation, uniting us toward a common goal of building a company based on honesty, trust, respect, safety, agility and professionalism.

At the same time, we began work on ensuring a pipeline of talent and bench strengths for business sustainability. We enhanced the rigor of talent development to help employees improve skills and advance their careers; while at the same time securing the core technical and leadership capabilities essential to our company's growth.

During the reporting year, we invested approximately RM9.5 million in knowledge and capacity building for our people. Employees benefitted from on-the-job learning opportunities, including international assignments where possible. In FY2020, 49 employees, the majority of whom are Malaysians, were deployed internationally in tandem with the global expansion of our operations.

Sapura Energy also launched the sponsorship of six high-potential Malaysian candidates for enrolment in the Masters in Business Administration programme with our partner, Asia School of Business, a Bank Negara Malaysia and MIT Sloan Collaboration. The 22-month part-time programme enables our employees to gain the MBA accreditation without disrupting their careers, with the added advantage of real-life application of their learning.

FINANCIAL PERFORMANCE

Even before the global pandemic, we have made efforts to strengthen our business through prudent cost controls, debt reduction and strong revenues.

A healthy order book, currently valued at RM13.5 billion, drove revenue growth in FY2020. Sapura Energy's revenue for the year under review stood at RM6.4 billion compared to RM4.6 billion in the previous financial year. On the back of this turnover, the Group recorded a loss-after-tax of RM4.6 billion.

The Group decided to recognise a RM3.3 billion provision for impairment on goodwill and property, plant and equipment as a prudent measure, given the prolonged recovery expected in the oil and gas industry. In addition, a provision of RM438.8 million was recognised in anticipation of extended delays towards completion of current projects arising from the COVID-19 global pandemic and taking into consideration current market conditions.

The loss was also reflective of tight profit margins in FY2020, exacerbated by rising costs in procurement and vendor services.



As part of the Group's planned capital management program, Sapura Energy raised RM7.6 billion last year to pare down its borrowings while a refinancing exercise is currently underway.

The exercise, which is expected to be completed in FY2021, will enhance the Group's financial position, address short-term liquidity challenges and maintain our competitiveness. Cost optimisation across our operations will further improve the bottom-line. As a stronger and leaner company, we are well-placed to capture opportunities when the market recovers.

NAVIGATING FORWARD AMIDST THE TURBULENCE

The story on global recovery is still evolving and we will continue to monitor the economic impact of the COVID-19 pandemic. Foremost on our mind in FY2021 is safeguarding the well-being of our employees and the people within our area of operations. We are taking all necessary measures to ensure a safe work environment at all our offices, fabrication yards and vessels, by implementing strict workflows and guidelines relating to COVID-19 prevention across all operations.

In the larger perspective, the outlook for oil prices will continue to be uncertain, largely driven by the double jeopardy of a slowdown in demand and unabated supply from producers. Accordingly, the oilfield services & equipment ("OFSE") and exploration & production ("E&P") markets will likely remain volatile, especially in areas driven by capital expenditures linked to commodity cycles.

However, the picture is not completely bleak. The oil and gas market outlook vary significantly by regions, with Middle East and South America growing the most over the long term. Low oil prices may have delayed sanction in some projects, but gas developments in South East Asia, Middle East and West Africa are expected to continue. Deepwater and brownfield projects are expected to withstand fluctuating oil prices. While carbon fuel will still account for a significant portion of global energy demand, renewables is fast becoming a contender, with its share growing from five percent today to fifteen percent in 2040.

Sapura Energy remains optimistic about our ability to navigate the turbulence. Since the 2014 downturn, Sapura Energy adopted an agile strategy meant to steer us through a highly cyclical industry. Our strategic growth priorities remain:

- Utilising strategic assets to acquire capabilities across the value chain
- Establishing global presence
- Diversification of revenue streams into adjacent markets.

Ownership of strategic assets provide sustainable competitive advantage and long-term value for our business, helping us strengthen core markets in Asia and expand in the Middle East, Africa and the Americas. We will continue to bid for more renewables, decommissioning, marine terminal, and large volume EPCIC projects, while keeping our options to scale back based on demand. We will leverage on existing relationships to create opportunistic collaborations for better market penetration, cost competitiveness and risk mitigation.

Internally, we will continue to progress our transformational focus on operational profitability through cost optimisation, improved efficiency and a high performing workforce. At the same time, we will take financial steps to secure sufficient liquidity and capital to fund our growth and withstand shocks during the downturn.

ACKNOWLEDGEMENTS

On behalf of Sapura Energy, I would like to record my appreciation to all our stakeholders who collectively created value for the business. Thank you to the Sapura Energy management team and employees for their dedication and energy in driving growth for the company. I wish to convey my gratitude to our shareholders, clients, partners and business associates for their continued confidence in our ability to deliver. We also wish to thank our Board of Directors for their counsel and corporate oversight.

To conclude, may I once again refer to our mentor, Dato' Hamzah. As he bid farewell to the employees and the leadership team at a celebration event earlier this year, he turned to us and raised his hand in a Vulcan greeting. "Live long and prosper", was his parting reminder. With Sapura Energy embarking on a journey into uncharted waters, these are certainly words to carry us through and emerge stronger.

Tan Sri Dato' Seri Shahril Shamsuddin
President and Group Chief Executive Officer

SECTION THREE:

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OUR OPERATING ENVIRONMENT AND OUTLOOK

In the year under review, the oil and gas sector saw cautious rebound in global investments after several years of decline. Global oil prices held steady in FY2020, providing the stability for key investment decisions to be made. Oil and gas producers announced notable discoveries and approved major project sanctions and start-ups.

FY2021 will be a year of cautious optimism while the industry faces another downturn as the COVID-19 pandemic dampens consumption and slows down the global economy.

The post-pandemic new normal will also introduce operational challenges, for which oil and gas companies must learn to adapt. However, stimulus measures initiated by numerous international governments could stimulate demand and mitigate an economic slump. Overall, market outlook for the oil and gas sector in FY2021 is bearish and will require concerted cooperation within the industry to curb oversupply in the short-term while making progress on medium and long-term strategies.

As Sapura Energy ventures into FY2021, our growth momentum in the past year may have to be readjusted to cushion the impact of various external headwinds.

In FY2020, Sapura Energy focused on leveraging strategic partnerships and through that, raising our capabilities for optimised production and market expansion, increasing asset utilisation and strengthening our market position as providers of tailored turnkey solutions, especially in offshore natural gas developments. To further diversify our revenue stream into the renewable energy sector, Sapura Energy secured a contract in the growing offshore windfarm market. We are confident that these efforts, and our diversified global presence, will pay off in building stability during uncertain times.



KEY RISKS AND MITIGATION

Sapura Energy is guided by a robust enterprise risk management framework that drives decision-making and protects the business. Our risk management process involves identification and assessment of risks and mitigation strategies to control those risks.

Below are the key Group risks identified for FY2020:

RISK	MITIGATION STRATEGIES
OIL PRICE FLUCTUATION	<ul style="list-style-type: none"> • Develop strategies responsive to the changing market conditions • Diversification of revenue into adjacent markets • Control overall cost factors and intensify production at strategic price points • Actively monitor the market situation and trends to mitigate risk exposure
ORDER BOOK REPLENISHMENT	<ul style="list-style-type: none"> • Provide technically-driven targeted solutions for clients • Improve competitive pitch in tender projects • Continuously engage and strengthen relationships with clients • Enhance marketing position to attract new clients
FINANCIAL RISK	<ul style="list-style-type: none"> • Constantly monitor cash flow and fulfil loan conditions • Communicate regularly with lenders • Prepare for possible fluctuations in interest rates by incorporating scenarios into budgets and reviewing periodically • Possible hedge against foreign currency volatility
OPERATIONAL RISK	<ul style="list-style-type: none"> • Streamline project execution and delivery through rollout of Project Management Control Operating Model • Digitalisation to deliver real time operational information and ensure early intervention • Regular review of project delivery • Build capabilities for expansion into new markets and more complex projects
TALENT RISK	<ul style="list-style-type: none"> • Increase staff capabilities through talent management initiatives • Provide career development opportunities, career mobility, and competitive remuneration packages • Focus recruitment to targeted skills and critical roles
SAFETY RISK	<ul style="list-style-type: none"> • Sustain a safety-first culture led by senior leadership throughout the organisation and among our clients, partners, and suppliers • Implement continuous improvement to our HSE best practices and renew certifications and training requirements • Consistently monitor safety and performance • Implement Root Cause Analysis from safety incidents to prevent recurrence

More details on our governance and risk management approach can be found in the Statement on Risk Management and Internal Control on pages 92 and 93 of this Annual Report.

OUR STRATEGIC PRIORITIES

Sapura Energy proved its resilience in the low oil price environment by delivering on secured projects, building an expanded customer base, and building its track record and reputation. The table below summarises our strategic focus and how these were progressed in FY2020.

These priorities, which served us well during the industry downturn, will remain relevant as we navigate through upcoming challenges and take advantage of ensuing opportunities.



Leverage on our agility to tap into opportunities globally

- Increased execution of EPCIC projects from global clients
- Won new bids based on track record and trusted partnerships with clients
- Enhanced presence in Middle East and Africa



Utilise strategic assets to diversify into adjacent markets

- Completed infrastructure works for Mumbai Port Trust
- First renewable energy project at Yunlin Offshore Wind Farm
- First platform rig/tender rig hybrid solution implemented in Angola on BBLT field



Execute Initiatives to Enhance Efficiency and Capabilities

- Global adoption of Project Management and Control Operating Model ("PMCOM")
- Digital transformation of supply chain management
- Strengthened high performing workforce and organisational capabilities



Improve Financial Strength

- Capital management program including refinancing exercise due to be completed in FY2021
- Raised RM7.6 billion, mainly to pare down borrowings

STRATEGIC PERFORMANCE REVIEW

A healthy order book, currently valued at RM13.5 billion, drove revenue growth in FY2020. Sapura Energy's revenue for the year under review stood at RM6.4 billion compared to RM4.6 billion in the previous financial year. On the back of this turnover, the Group recorded a loss-after-tax of RM4.6 billion.

The Group decided to recognise a RM3.3 billion impairment of goodwill and property, plant and equipment as a prudent measure, given the prolonged recovery expected in the oil and gas industry. A provision of RM438.8 million was also recognised in anticipation of extended delays towards completion of current projects arising from the COVID-19 global pandemic and taking into consideration current market conditions.

The loss was also reflective of tight profit margins in FY2020, exacerbated by rising costs in procurement and vendor services.

Engineering and Construction was our biggest contributor to revenue, recording a turnover of RM5.5 billion in FY2020. The business unit saw a significant increase in EPCIC works globally, including commencing construction on two major Central Processing Platforms ("CPP") at our Lumut Yard for Mubadala Petroleum's Pegaga field in Sarawak, Malaysia and ONGC's 98/2 project in India. We also marked our maiden entry into Egypt with the installation of subsea pipelines for the Gulf of Suez Petroleum Company ("GUPCO").

We built upon our trusted partnership with regional clients who demonstrated confidence in our delivery through new contracts. Hess Exploration and Production Malaysia awarded us the third consecutive EPCC+I contract for its North Malay Basin Full Field Development Phase 3, following successful execution of similar works for Phase 1 and Phase 2. Brunei Shell Petroleum ("BSP"), which has a long-standing relationship with us through Sapura Drilling, contracted Sapura Fabrication to provide EPCI works for its Salman development.

We also utilised strategic assets to diversify our services into target adjacent markets in renewable energy and infrastructure developments. As part of this effort, Sapura Energy won its first renewable energy project for Yunlin Offshore Wind Farm, Taiwan and completed a port infrastructure development for the Mumbai Port Trust, India.

Our Drilling segment recorded a full year revenue of RM941.4 million, with up to seven rigs in operations. The Drilling team drilled 96 wells equivalent to 915,503 feet deep and completed 27 rig moves. We continued to operate safely and professionally, achieving 99 percent average uptime across all rigs with a record two years of zero lost time injuries, achieved in the first quarter of FY2021.

Additionally, we demonstrated innovation with the reactivation of the Benguela-Belize Lobito-Tomboco ("BBLT") Platform Rig in Angola within less than 12 months, saving our client Cabinda Gulf Oil Company ("CABGOC") half the time needed and 20 percent less expenditure.

Our upstream Exploration and Production business, operated through SapuraOMV, marked a significant milestone in FY2020 when the Larak gas field, under the SK408 Production Sharing Contract achieved first gas. With full ramp-up of the first phase of SK408, comprising the Gorek, Larak and Bakong fields, SapuraOMV's production will increase to more than 30 kboe/d in FY2021, more than double its production rate in FY2020. Under a long-term agreement with PETRONAS, SapuraOMV and its SK408 partners will supply gas from these fields to the PETRONAS LNG complex in Bintulu.

This achievement will fortify our presence in the existing market, propelling us to become one of the most significant gas producers in the country and in the region.

STRATEGIC PERFORMANCE REVIEW (CONT'D.)



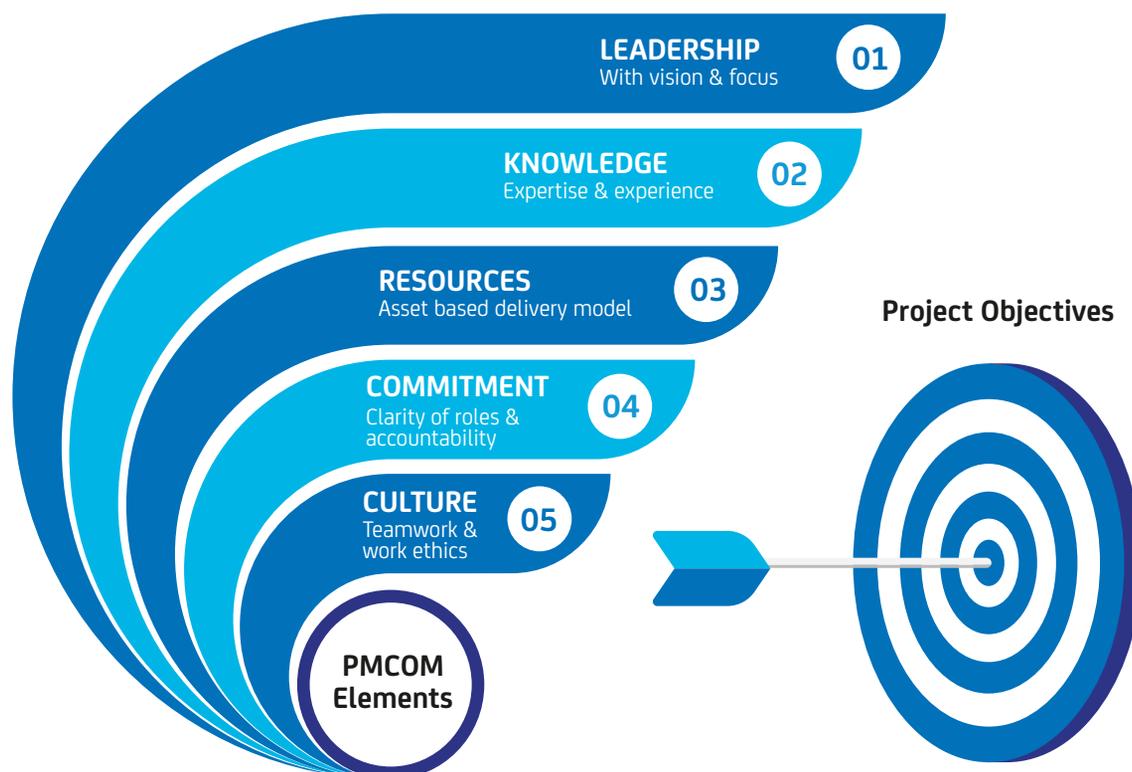
In FY2020 we also undertook several change initiatives to increase competitiveness in this challenging landscape. To enhance productivity, reduce costs, maintain control and measure performance, we took these following steps:

- Consolidated project delivery best practices into a standard PMCOM, which has been fully adopted by all our operations globally.
- Built an Engineering Common Operating Model (“ECOM”) to manage the maturity of our design, which saw a successful pilot test run at the BSP Salman project.
- Improved procurement to drive sustainable savings, including strategic sourcing and negotiations for secured projects as well as a digital transformation of our supply chain management.
- Improved efficiency and cost optimisation at our fabrication yards through clear accountabilities and key performance indicators, resource centralisation and manpower reduction.
- Enhanced talent management and performance management processes to nurture a high performing workforce and organisational capabilities, established on a strong foundation of the Sapura DNA.

These organisation-wide change initiatives are expected to strengthen our competitiveness and fortify our capabilities and bench strengths, ensuring business sustainability.

The Way We Work: The Sapura Energy Project Management and Control Operating Model (“PMCOM”)

As Sapura Energy continued its global expansion across new geographies, new clients and new expectations, it was imperative to operate based on a structured, cohesive and consistent execution and delivery model. This entails a Group-level set of procedures that specify how we manage our projects, mitigate risks and apply agile controls within and across all projects and regions.



One of the most important steps we took to achieve this was the implementation of the Sapura Energy PMCOM, comprising 13 Procedures and one set of Gate Review checklists, applicable to all Engineering & Construction (“E&C”) projects worldwide.

PMCOM is the vital link between Sapura Energy’s growth strategy and what we do to deliver on our commitments and value creation. It is a prescribed way for project teams to execute safe, successful projects that improve productivity and enhance profitability for our company. It encourages our project teams to work collaboratively with functional expertise in the Group, defines roles and responsibilities, and clarifies accountabilities and transitions between teams. It is designed to drive focused performance and technical excellence within a matrix project organisation, aligned like an orchestra, with the Project Manager as its conductor.

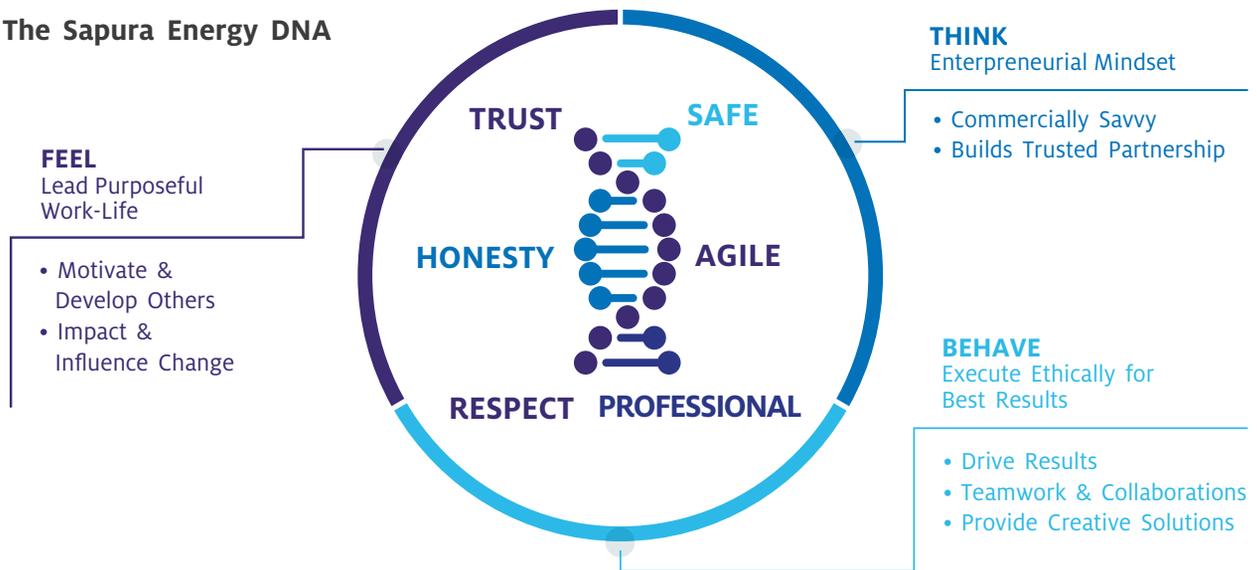
Beyond being a set of standards to adhere to, PMCOM also serves as a basis for continuous improvement. The Group-wide document allows us to define what is good and find ways to make it even better, as it outlines parameters within which project teams can demonstrate innovative ideas, business acumen and entrepreneurial leadership, resulting in value to both the company and our clients.

STRATEGIC PERFORMANCE REVIEW (CONT'D.)

Sapura DNA is the foundation to a high-performance culture at Sapura Energy

Achieving sustainable business growth requires the whole company to commit to a high-performance culture that can adapt to ongoing changes in a competitive environment. During its years of rapid expansion, Sapura Energy tapped the talents of some of the most dynamic and experienced people in the oil and gas industry. While their various backgrounds and work history enriched our talent pool, it was necessary to also ensure everyone subscribed to a common work culture, founded upon the values of the Sapura DNA. Strengthening employees' understanding of the Sapura DNA, linking it to clear expectations of behaviour, is the cornerstone of building a high-performance culture at Sapura Energy.

The Sapura Energy DNA



With this important goal in mind, a significant part of our effort in FY2020 centred on redefining the Sapura values of trust, honesty, respect; and the attributes of being safe, agile and professional. Through engagements and dialogue sessions between leaders and employees, we clarified how the Sapura DNA is reflected in the way a Sapura Energy team member feels, thinks and behaves. Our aim is to embed the Sapura DNA within our workforce and nurture a culture where people will sharpen their entrepreneurial mindset when faced with challenging situations; execute ethically for best results in carrying out their duties; and lead purposeful work-lives that extend their contributions to their teams, families and communities.

These values and attributes are then embedded into every facet of Sapura Energy's operations. They form the basis of our operating standards, are part of people's performance metrics and management process, and influence how we manage our stakeholders.

At the end of FY2020, we launched a series of performance management workshops to cascade our expectations and help our leaders and their teams align key performance indicators to the culture and behaviours based on the Sapura DNA.

Creating a high-performance culture also depends partly on the drive and motivations of individual employees. To help them achieve successful careers at Sapura Energy, we provided our people with the tools and platforms for their growth and development, including opportunities for formal learning, coaching and mentoring and most of all, through on-the-job experience. We believe that providing people with a rich on-the-job experience across our international operations will strengthen their capabilities to operate across cultures and borders. These efforts are discussed in greater detail on pages 124 to 129 of the Sustainability Report.



ENGINEERING AND CONSTRUCTION



BUSINESS REVIEW



In FY2020, our Engineering and Construction business contributed the biggest portion of revenue, which came on the heels of our efforts to expand geographically and enhance our capabilities to include diversifications into alternative energy and infrastructure developments.

ABOUT US

Sapura Energy's Engineering and Construction ("E&C") business delivers end-to-end Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") solutions of offshore facilities and subsea services. Our in-house capabilities also encompass brownfield modification, subsea repair and maintenance, light well intervention, marine support and decommissioning. We aim to provide high quality services across the full EPCIC spectrum, through our skilled and competent group of in-house engineering and project management professionals, modern fabrication facilities, state-of-the-art and versatile fleet of vessels.

OUR FINANCIAL PERFORMANCE

The segment revenue for the current year of RM5.5 billion was 50.4 percent higher compared to the corresponding year, due to significant increase of EPCIC work globally including two major Central Processing Platforms ("CPP") for Mubadala Petroleum's Pegaga field in Sarawak, Malaysia and ONGC's 98/2 project in India.

The segment, including share of profit from associates and joint ventures, reported a loss of RM1,912.4 million for the current year, compared to a loss of RM409.2 million in the previous year.

Included in the current year segment loss is an impairment of goodwill of RM1,055.0 million and a provision for impairment of property, plant and equipment of RM206.4 million. The impairments were necessary due to the prolonged recovery expected in the industry.

Excluding the impairments and including share of profit from associates and joint ventures, the segment recorded a loss of RM651.0 million, compared to a profit of RM93.3 million in the previous year. This was due to lower project margins leading to under-recovery of costs, lower share of profit from associates and joint ventures, and the additional provision of RM438.8 million recognised in anticipation of delays and prolonged durations to current projects arising from the COVID-19 global pandemic, as well as taking into consideration current market conditions.

AWARDS & RECOGNITION

- First renewable energy project at Yunlin Offshore Wind Farm, Taiwan. A strategic value proposition for the Group for diversifying capabilities and the use of existing strategic assets to support a growing renewable energy market

- Maiden entry into Egypt for Gulf of Suez Petroleum Company (“GUPCO”)
- Awarded deepwater project in Indonesia for the ENI Merakes Field
- Two major Central Processing Platform (“CPP”) EPCIC projects: Pegaga for Mubadala Petroleum and 98/2 for ONGC India fabricated and constructed at our Lumut yard
- Awarded third consecutive contract from Hess Exploration and Production Malaysia to undertake EPCC+I works for Full Field Development (“FFD”) Phase 3. The first 2 contracts, FFD Phase 1 and FFD Phase 2 have been successfully executed
- Conferred Silver Award for Upstream Category from Shell Malaysia
- Received HSE Award for the following:
 - o CEO SSHE Excellence Award single star from PTT Exploration and Production
 - o Best Project HSE Award – Offshore Execution Phase for SK316 NC3 MRU



Uplifting Jane

The Sapura Jane, one of our diving support vessels (“DSV”) went through a major upgrade for enhanced operational capability. The accommodation improvements included soundproofing the galley, enlarging the recreational room, adding client and engineering offices and a gym. On deck, the existing crane was removed and replaced with a new 150MT active heave-compensated (“AHC”) deep water crane. In addition, a permanent work class remotely operated vehicle (“ROV”) was installed.

These improvements provided our crew a better working environment and enabled the vessel to undertake deeper and more challenging offshore scopes.



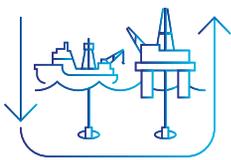
Foray into Renewables

Sapura Energy won its first renewable energy windfarm project for the transportation and installation of 80 monopile substructures (foundations) at the Yunlin Offshore Wind Farm, Taiwan. Located about 8 km off the West Coast of Taiwan at Yunlin County, the offshore wind farm has a total capacity of up to 640 MW.

DRILLING



BUSINESS REVIEW



The Drilling business recorded improved revenue as a result of increased asset utilisation with up to seven tender assist rigs in operations in FY2020. The segment demonstrated operational and safety excellence in the year under review, recording an average of 99 percent uptime and its second consecutive year of operations without any lost time incidents (“LTI”) for its entire fleet in March 2020.

The Drilling business again accumulated several accolades, including recognitions to Sapura T-9 and Sapura Berani, and a successful start-up in Angola by the Sapura Jaya team.

ABOUT US

As the world’s foremost tender rig owner and operator with close to 50 years of experience, our leadership in tender-assist drilling serves our clients with trusted expertise and time-tested solutions. Being a pioneer in the drilling business, we have a demonstrated background in providing safe and technically-sound services for our clients’ drilling programs. Our units can be deployed for development and production drilling campaigns in depths of 30 to 6,000 feet. This is supported by our ownership of the world’s largest fleet of tender-assist drilling rigs, including 8 tender barge rigs and 7 semi-submersible tender rigs.

OUR FINANCIAL PERFORMANCE

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

The segment reported a loss of RM1,900.6 million in the current year, which was higher by RM1,031.0 million compared to a loss of RM869.6 million in the previous year.

Included in the current year segment loss is a goodwill impairment of RM1,988.4 million and a provision for impairment of property, plant and equipment of RM34.5 million. These impairments were necessary due to the prolonged recovery expected in the industry.

Excluding the impairments, the segment recorded a profit of RM122.3 million, which was lower by RM25.9 million compared to a profit of RM148.2 million in FY2019. This was due to innovation and reactivation work of the BBLT Platform Rig in Angola with lower margin prior to an upcoming 2-year drilling campaign, higher reactivation costs for the commencement of charter hire for certain rigs, offset by the favourable impact of a lower depreciation charge in the current year arising from the impairment of assets in the previous year.

AWARDS & RECOGNITION

- Safety milestone: Zero Lost Time Injury in the entire drilling fleet for the second consecutive year, a notable safety achievement in the drilling industry
- Technical utilisation: 99 percent average uptime for all rigs in operations
- Work completed: Drilled 96 wells, equivalent to 915,000 feet deep. This was accomplished in addition to 47 wells successfully plugged and abandoned
- Sapura Jaya: Fast-tracked BBLT Platform Rig startup from 24 months to 12 months and helped client saved 20 percent spending
- Sapura Berani: Won PETRONAS' quarterly Rig Performance Champion award three times in a row for exemplary performances in Safety, People and Rig
- Sapura T9: Named ExxonMobil Gold Annual Winner



Innovative solutions led to cost savings for client in Angola

Our drilling team demonstrated innovative skills to complete the reactivation of the Benguela-Belize Lobito-Tomboco ("BBLT") Platform Rig in Angola in less than 12 months, saving our client Cabinda Gulf Oil Company ("CABGOC") half the time needed and 20 percent less expenditure to get the cold-stacked platform rig up and running.

The Sapura Jaya, a semi-submersible tender-assist drilling rig, was turned into an extended work area for the BBLT platform, allowing refurbishment of equipment for the platform rig to be carried out offshore on the vast deck space of the semi-tender instead of getting them done onshore.

The solution cut down logistics requirement tremendously. It reduced the lead time to refurbish equipment and kept the import and export needs to the minimum. Sapura Jaya also provided auxiliary support during the project such as accommodation for the reactivation crew, thus eliminating the need to mobilise additional accommodation barge.

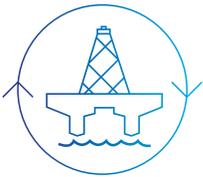
Upon the completion of platform rig reactivation, Sapura Jaya was then used as a prime-mover, providing power and pressure pumping for BBLT's drilling campaign.

EXPLORATION AND PRODUCTION



SapuraOMV Upstream is poised to become one of the largest natural gas suppliers in Malaysia, providing clean energy source to fuel the region's growth.

BUSINESS REVIEW



In FY2020, SapuraOMV Upstream charted a new growth trajectory and established itself as a significant oil and gas producer in the region, with a strong near-term growth profile supplying feedstock gas to meet Asia's growing LNG demand. The company reported higher production in FY2020, with approximately 4.7 million barrels of oil equivalent lifted by the fourth quarter. The increase in production was due to the successful start-up of its SK408 Production Sharing Contract ("PSC"), when the company achieved First Gas from the Larak field in December. SapuraOMV is currently producing at about 30 thousand barrels of oil equivalent per day, double its previous year production rate.

With a healthy funnel of development and production portfolios, particularly through the SK408 and SK310 PSCs, SapuraOMV Upstream is poised to become one of the largest natural gas suppliers in Malaysia, providing clean energy source to fuel the region's growth while supporting the nation's pledge to reduce greenhouse gas emissions.

SapuraOMV Upstream continued its excellent safety performance in FY2020, with its record of zero Lost Time Injury ("LTI") maintained since June 2017, and a Total Recordable Case Frequency ("TRCF") of 0.68. Its operations clocked about 2.94 million manhours during the year, while undertaking various high-risk activities such as fabrication, offshore transport and installation, and drilling. In December 2019, its Kemaman Supply Base marked ten years of safe operations with zero LTI.

SapuraOMV Upstream sustained its history of operational excellence in Malaysia, consistently outperforming production and cost targets. In FY2020, all of its operated assets achieved average upstream availability of more than 97% throughout the year.

Underpinning its long-term growth strategy of acquiring and developing assets globally, the company also demonstrates significant upside potential from its exploration opportunities in Mexico, Australia and New Zealand.

- Backed by a focused management team and visionary shareholders, SapuraOMV Upstream is on track to become one of the top Independent Oil and Gas Companies in the region.

ABOUT US

SapuraOMV Upstream Sdn Bhd, one of the largest independent E&P companies in South East Asia, was established in 2004 and was acquired by Sapura Energy in 2014. In February 2019, it became SapuraOMV Upstream, following a strategic partnership with OMV. The company owns interests in fifteen contract and license areas across Malaysia, Australia, New Zealand and Mexico, with acreage spanning over 15,000 square kilometres. It has five producing assets in Malaysia. Backed by an excellent track record in safety, speed to monetize discoveries, competitive solutions, and positive exploration outcomes, SapuraOMV Upstream is armed with creative problem-solving grounded in technical rigor. The company has a first-class management team based in Malaysia, with a long history of operational asset development and exploration success.

OUR FINANCIAL PERFORMANCE

In the current year, the segment incurred a loss of RM77.8 million, which includes the share of loss from an associate mainly due to the write-off of an unsuccessful exploration well, and higher depletion, depreciation and amortization 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.

AWARDS & RECOGNITION

- Platinum winner of 2019 Offshore Self-Regulation Excellence Award by PETRONAS and Department of Occupational Safety and Health, Malaysia
- First gas for Phase 1 SK408 safely achieved ahead of schedule
- Mexico Block 30 (Sureste basin) completed 3D seismic acquisition in FY2020



First Gas Achieved at SK408

SapuraOMV Upstream achieved first production from the SK408 Production Sharing Contract (PSC), following the start-up of its Larak gas field at the end of December 2019. The start-up, which was delivered on schedule and within budget, further strengthens the position of SapuraOMV Upstream as a significant supplier of natural gas in Malaysia.

The first phase of the SK408 development commercializes gas reserves from the Gorek, Larak and Bakong fields, to help meet growing gas demand in Asia.

In September 2019, SapuraOMV Upstream and its SK408 PSC partners, Sarawak Shell Berhad and PETRONAS Carigali, signed a full-term Upstream Gas Sales Agreement (UGSA) with PETRONAS for gas produced from the Gorek, Larak and Bakong fields to be supplied to the PETRONAS Liquefied Natural Gas (LNG) Complex in Bintulu.

The SK408 development is SapuraOMV Upstream's second major gas development project in East Malaysia, following the successful development and commencement of production from the SK310 B15 gas field in 2018.

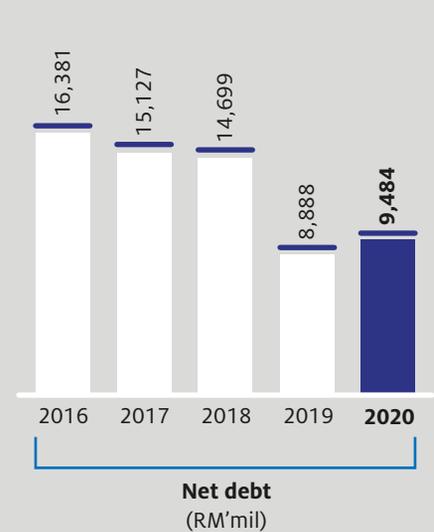
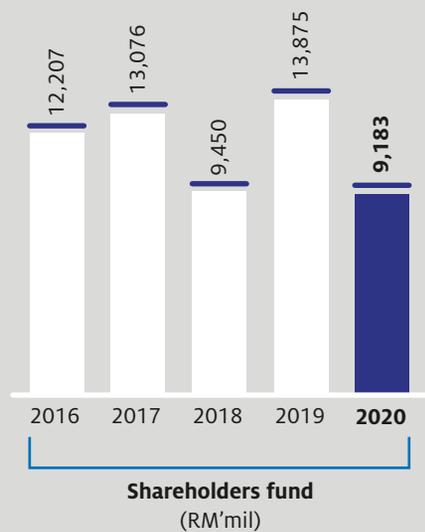
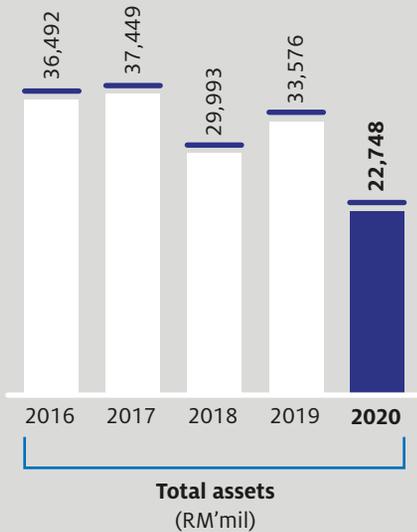
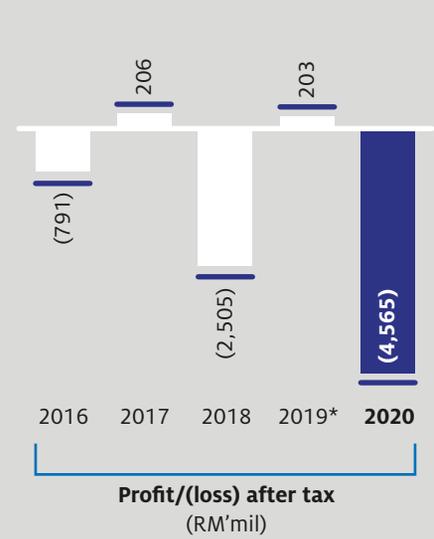
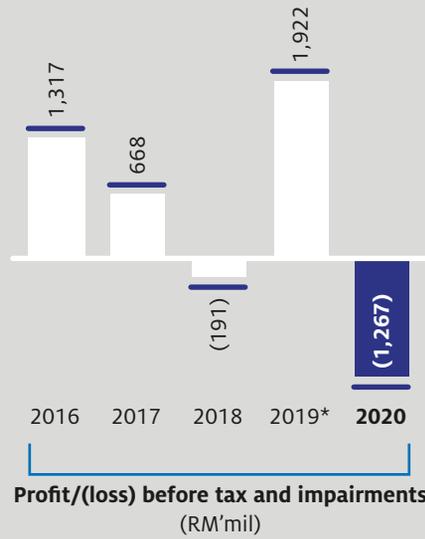
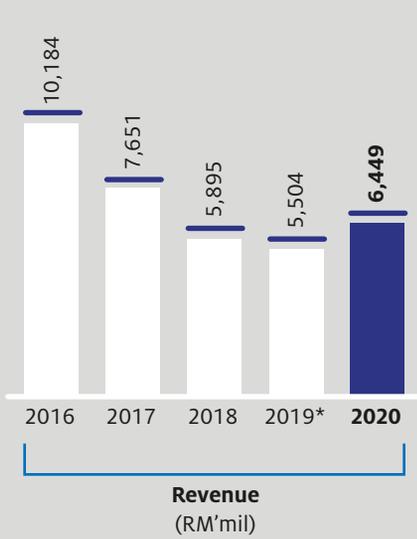


5-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial year ended 31 January	2016 RM'mil	2017 RM'mil	2018 RM'mil	2019* RM'mil	2020 RM'mil
Operating results					
Revenue	10,184	7,651	5,895	5,504	6,449
Profit/(loss) before tax and impairments	1,317	668	(191)	1,922	(1,267)
Profit/(loss) before tax	(713)	385	(2,324)	401	(4,552)
Profit/(loss) after tax	(791)	206	(2,505)	203	(4,565)
Key statement of financial position data					
Cash and cash equivalents	1,948	3,520	1,716	8,098	772
Total assets	36,492	37,449	29,993	33,576	22,748
Borrowings	18,329	18,647	16,415	16,986	10,256
Total liabilities	24,279	24,369	20,542	19,705	13,574
Shareholders fund	12,207	13,076	9,450	13,875	9,183
Basic earning per share (sen)	(13.25)	3.50	(42.10)	3.43	(28.60)
Net assets per share (RM)	2.04	2.19	1.59	0.87	0.57
Net debt to equity (times)	1.34	1.16	1.56	0.64	1.03

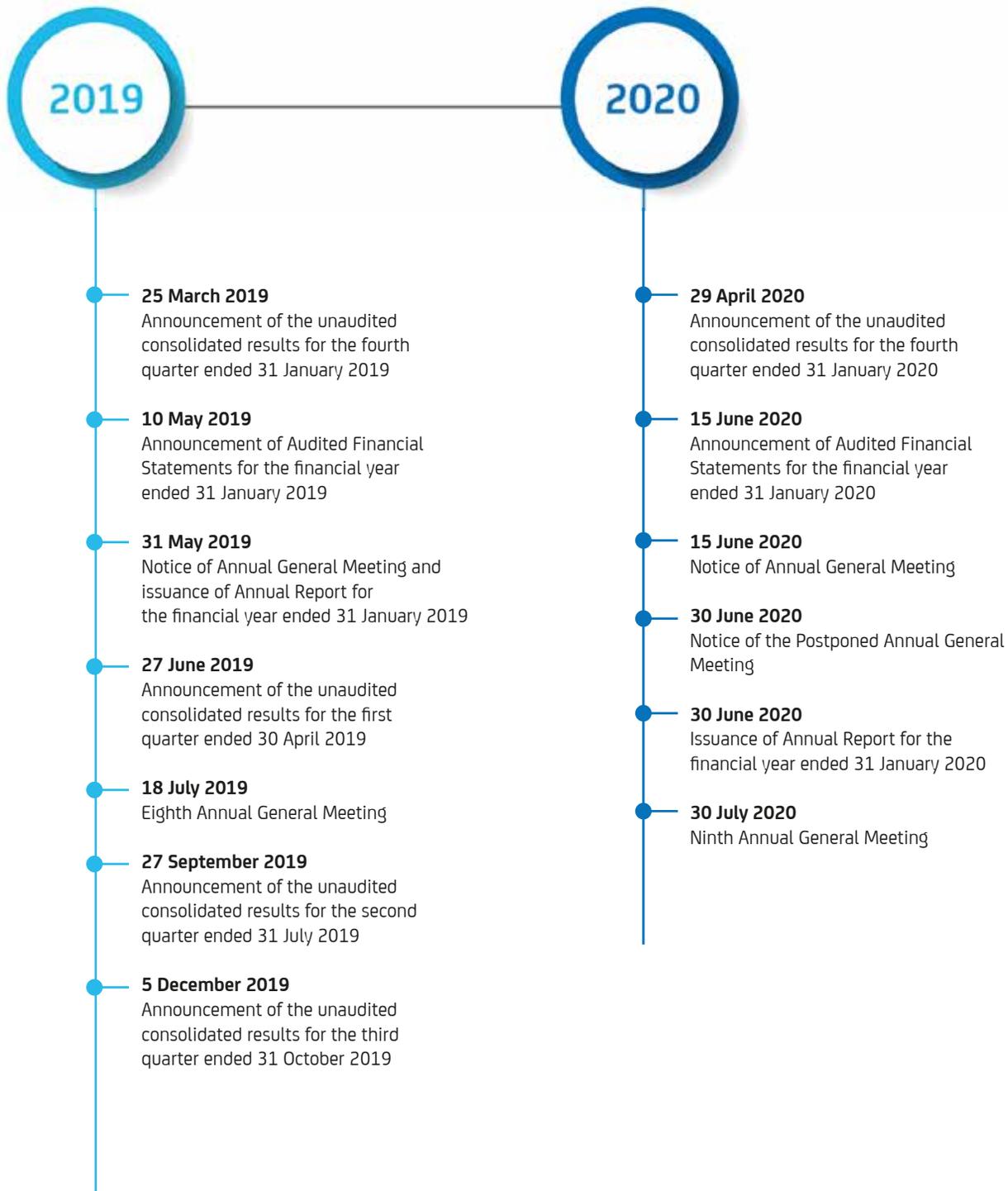
* Include discontinued operations

5-YEAR GROUP FINANCIAL SUMMARY



* Include discontinued operations

FINANCIAL CALENDAR



SECTION FOUR:

OUR LEADERSHIP

- 52 Corporate Information
- 54 Group Organisational Structure
- 56 Profile of Board of Directors
- 66 Executive Committee
- 67 Executive Committee Profile





CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Amar (Dr.) Hamid Bugo

Chairman

Independent Non-Executive Director

Tan Sri Dato' Seri Shahril Shamsuddin

President and Group Chief Executive Officer

Non-Independent Executive Director

Dato' Mohammad Azlan Abdullah

Non-Independent Non-Executive Director

Syed Ali Syed Salem Alsagoff

Non-Independent Non-Executive Director

Dato' Shahrizan Shamsuddin

Non-Independent Non-Executive Director

Datuk Muhamad Noor Hamid

Independent Non-Executive Director

Mohamed Rashdi Mohamed Ghazalli

Independent Non-Executive Director

Datuk Ramlan Abdul Rashid

Independent Non-Executive Director

Dato' Roslina Zainal

Independent Non-Executive Director

Lim Tiang Siew

Independent Non-Executive Director

BOARD AUDIT COMMITTEE

Datuk Muhamad Noor Hamid

(Chairman)

Tan Sri Datuk Amar (Dr.) Hamid Bugo

Mohamed Rashdi Mohamed Ghazalli

Dato' Mohammad Azlan Abdullah

Lim Tiang Siew

BOARD RISK MANAGEMENT COMMITTEE

Mohamed Rashdi Mohamed Ghazalli

(Chairman)

Datuk Ramlan Abdul Rashid

Dato' Roslina Zainal

Syed Ali Syed Salem Alsagoff

BOARD NOMINATION COMMITTEE

Tan Sri Datuk Amar (Dr.) Hamid Bugo

(Chairman)

Datuk Muhamad Noor Hamid

Datuk Ramlan Abdul Rashid

BOARD REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr.) Hamid Bugo

(Chairman)

Mohamed Rashdi Mohamed Ghazalli

Datuk Muhamad Noor Hamid

Datuk Ramlan Abdul Rashid

LONG-TERM INCENTIVE PLAN COMMITTEE

Datuk Ramlan Abdul Rashid
(Chairman)

Tan Sri Datuk Amar (Dr.) Hamid Bugo

Dato' Roslina Zainal

COMPANY SECRETARY

Azni Ariffin
(SSM Practicing Certificate No. 202008003324)
(LS 0008791)

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Tel : +603-7495 8000
Fax : +603-2095 9076/78

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670

REGISTERED OFFICE

Sapura@Mines
No. 7, Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia
Tel : +603-8659 8800
Fax : +603-8659 8848

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : SAPNRG

Stock Code : 5218

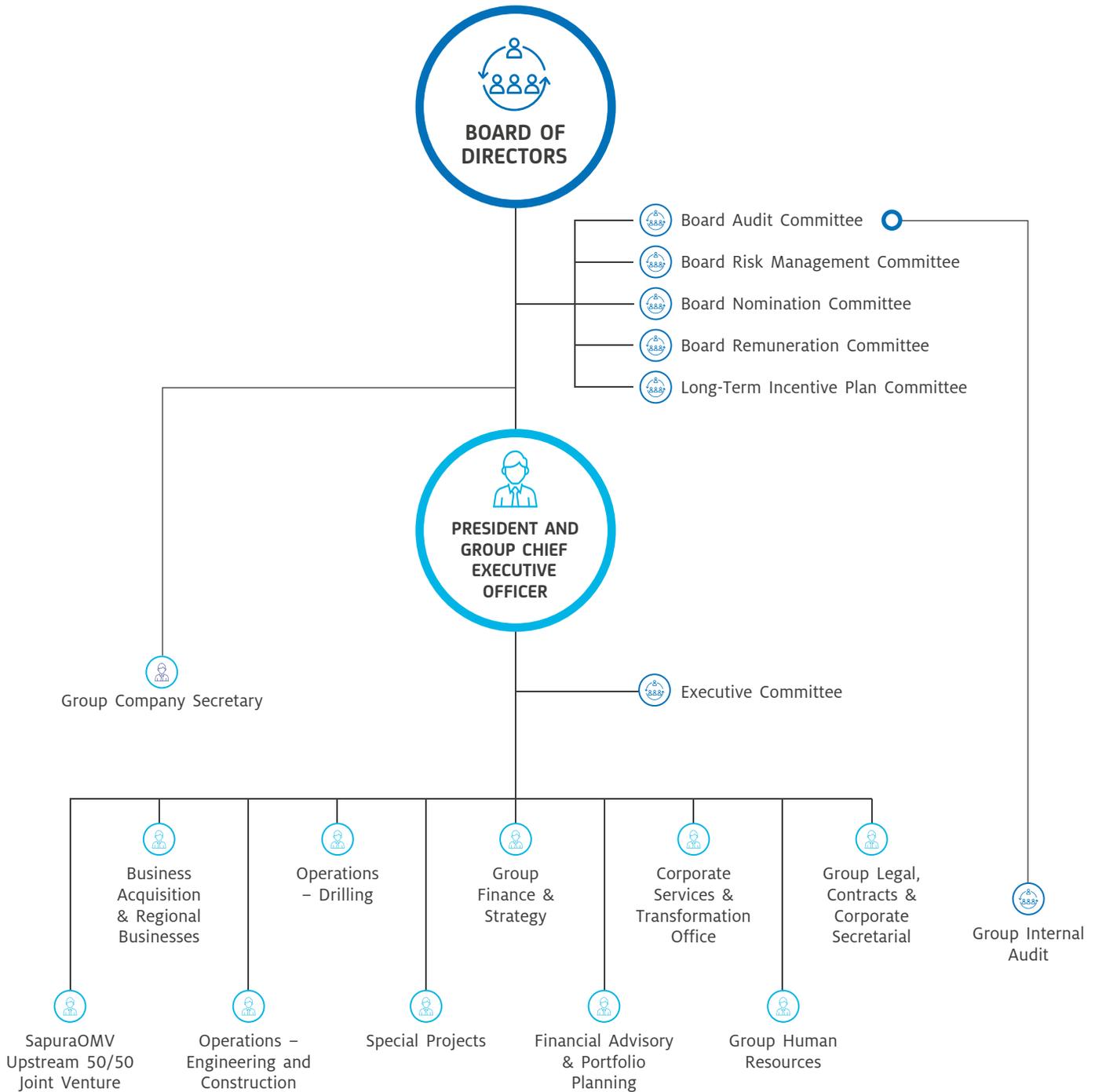
PRINCIPAL BANKERS

1. ABN AMRO Bank
2. AmBank Berhad
3. CIMB Bank Berhad
4. Citibank
5. Export-Import Bank of Malaysia Berhad
6. ING Bank
7. Malayan Banking Berhad
8. Mizuho Bank
9. First Abu Dhabi Bank
10. RHB Bank Berhad
11. Standard Chartered Bank
12. Sumitomo Mitsui Banking Corporation
13. MUFG Bank, Ltd
14. United Overseas Bank

COMPANY WEBSITE

www.sapuraenergy.com

GROUP ORGANISATIONAL STRUCTURE



- Note:**
- CEO of SapuraOMV Upstream Sdn. Bhd. is a nominee of Sapura Energy Berhad.
 - Health, Safety and Environment (“HSE”) and Supply Chain are embedded under Operations.
 - Corporate Communications and Digitalisation are embedded under Corporate Services.



PROFILE OF BOARD OF DIRECTORS



TAN SRI DATUK AMAR (DR.) HAMID BUGO

Chairman

Independent Non-Executive Director

Age/Gender/Nationality:

74/Male/Malaysian

Date of appointment:

- 27 February 2012 Independent Non-Executive Director
- 6 February 2013 Senior Independent Non-Executive Director
- 16 June 2020 Redesignated as Chairman of the Board

Board meeting attendance in FY2020:

7/7

Board Committee Memberships:

- Chairman, Board Nomination Committee
- Chairman, Board Remuneration Committee
- Member, Board Audit Committee
- Member, Long-Term Incentive Plan Committee

Directorship in Other Public Companies and Listed Issuers:

- Chairman, Sapura Resources Berhad
- Chairman, Petroleum Sarawak Berhad

Experience/Achievement and Occupation:

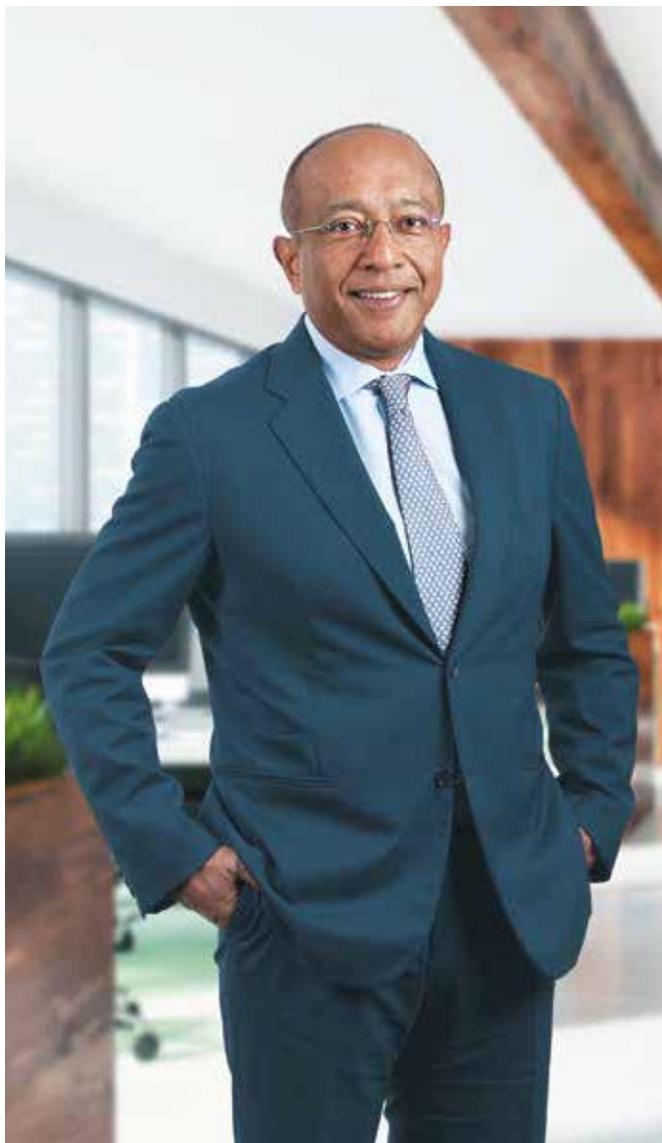
- Presently the Chairman of Yayasan Kemajuan Insan Sarawak, State Library Sarawak and also a President of Malaysian Institute of Management, Sarawak.
- Was a Director of SapuraCrest Petroleum prior to the merger between SapuraCrest Petroleum Group and Kencana Petroleum Group (2003-2012).
- Sat on the Board of Sime Darby Berhad Group (2010-2015), Malaysian Airline System Berhad (1992-2000), Malaysia LNG Sdn. Bhd. ("Malaysia LNG") (1992-2000), Employees Provident Fund Board (1992-2000), Universiti Malaysia Sarawak (1994-2000) and Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) (1992-2000).
- Served as the Administration Manager of Malaysia LNG (1979-1981), First General Manager of Land Custody and Development Authority, Sarawak (1981-1990), the Permanent Secretary of Ministry of Resource Planning, Sarawak (1991-1992), the State Secretary of Sarawak (1992-2000) and the First Managing Director of Sarawak Information Systems Sdn. Bhd. (1991-2000).
- Founding Chairman of Sarawak Biodiversity Centre and was actively involved in the listing of Mulu National Park as a World Heritage Site (1998-2000).
- Recipient of an Excellent Award from the American Association of Conservation Biology (2000).

Academic/Professional Qualifications:

- PhD (Honorary) Degree in Commerce, Lincoln University, New Zealand.
- Master and Bachelor of Arts in Economics, Canterbury University, New Zealand.
- Postgraduate Diploma in Teaching, Christchurch Teacher's College, New Zealand.
- Postgraduate Certificate in Business Studies, Harvard Institute of Development Studies, United States of America.

Declaration:

- Tan Sri Datuk Amar (Dr.) Hamid has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad ("SEB").
- Tan Sri Datuk Amar (Dr.) Hamid has no conflict of interest with SEB.
- Tan Sri Datuk Amar (Dr.) Hamid has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.



TAN SRI DATO' SERI SHAHRIL SHAMSUDDIN

President and Group Chief Executive Officer
Non-Independent Executive Director

Age/Gender/Nationality:

59/Male/Malaysian

Date of appointment:

9 December 2011

Board meeting attendance in FY2020:

7/7

Board Committee Memberships:

- Nil

Directorship in Other Public Companies and Listed Issuers:

- Director, Sapura Resources Berhad
- Chairman, Malaysian National Applied Research and Development Centre (MIMOS Berhad)

Experience/Achievement and Occupation:

- Presently the President and Group Chief Executive Officer of Sapura Energy and President and Group Executive Officer of Sapura Group.
- Chairman of SapuraOMV Upstream.
- Member of International Advisory Council of the Singapore Management University (SMU), Member of Asian Executive Board of Massachusetts Institute of Technology (MIT) Sloan, Board of Governors of Asia School of Business, Board of Trustee of the UTM Endowment Fund, Chairman of the Malaysia-Brazil Business Council, and Board member of the Perdana Leadership Foundation.
- Served as a Director of SapuraCrest Petroleum (2003 – January 2020).
- Recipient of the Legion d'Honneur by the Republic of France (2007).
- Named Malaysia's Entrepreneur of the Year by Ernst & Young (E&Y) (2009).
- Conferred an Honorary Doctorate in Technology Management by Universiti Teknologi Malaysia (2013).
- Conferred the rank of Honorary Brigadier General of the Territorial Army (2014) by the Malaysian Armed Forces.
- Winner of the Oil & Gas Year Malaysia's "Man of the Year Award" (2014).
- Honoured with the Order of Rio Branco by government of Brazil (2019).

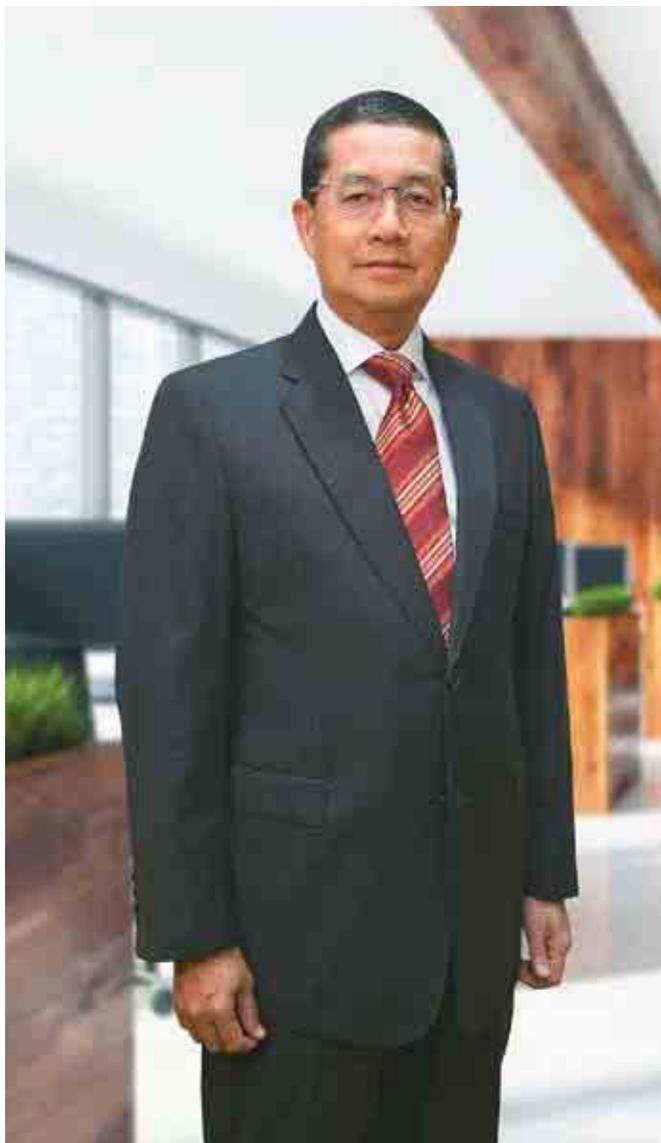
Academic/Professional Qualifications:

- Master of Science in Management of Technology, MIT Sloan School of Management, United States of America.
- Bachelor of Science in Industrial Technology, California Polytechnic State University, United States of America.

Declaration:

- Tan Sri Dato' Seri Shahril Shamsuddin and Dato' Shahril Shamsuddin, a Non-Independent Non-Executive Director, are brothers and they are also major shareholders of Sapura Energy Berhad ("SEB").
- Tan Sri Dato' Seri Shahril has no conflict of interest with SEB.
- Tan Sri Dato' Seri Shahril has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.

PROFILE OF BOARD OF DIRECTORS (CONT'D.)



DATO' MOHAMMAD AZLAN ABDULLAH
Non-Independent Non-Executive Director

Age/Gender/Nationality:
52/Male/Malaysian

Date of appointment:
1 October 2019

Board meeting attendance in FY2020:

2/2

Board Committee Memberships:

- Member, Board Audit Committee

Directorship in Other Public Companies and Listed Issuers:

- Nil

Experience/Achievement and Occupation:

- Presently the Group Chief Executive Officer of Projek Lintasan Kota Holdings Sdn. Bhd. (PROLINTAS) Group of Companies.
- Served as Chief Executive Officer ("CEO") of The New Straits Times Press (Malaysia) Berhad ("NSTP") (2012-2017).
- Was the Chief Operating Officer of NSTP (2011).
- Attended the Asean Senior Management Development Program by Harvard Business School Alumni Club Malaysia (2009).
- Joined as General Manager and become the CEO of Big Tree Outdoor Sdn. Bhd., the Malaysia's leading outdoor advertising company (2001-2011).
- Held the position of Senior Manager, President's Office of the Renong Group (Property Division) (1999-2001).
- Worked with Projek Lebuhraya Utara Selatan Bhd ("PLUS"), involved in the pre and post construction of the development of the North-South Expressway privatisation project (1992-1999).
- Started his career with Coopers and Lybrand, a public accounting firm (1991-1992).

Academic/Professional Qualifications:

- Bachelor of Business Degree (Accountancy), University of Tasmania, Australia.
- Fellow of the Certified Practising Accountant (CPA) Australia.
- Chartered Accountant, Malaysia Institute of Accountants (MIA).

Declaration:

- Dato' Mohammad Azlan has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad ("SEB").
- Nominee Director of Permodalan Nasional Berhad.
- Dato' Mohammad Azlan has no conflict of interest with SEB.
- Dato' Mohammad Azlan has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.



SYED ALI SYED SALEM ALSAGOFF

Non-Independent Non-Executive Director

Age/Gender/Nationality:

44/Male/Malaysian

Date of appointment:

1 February 2020

Board meeting attendance in FY2020:

Appointed on 1 February 2020

Board Committee Memberships:

- Member, Board Risk Management Committee

Directorship in Other Public Companies and Listed Issuers:

- Nil

Experience/Achievement and Occupation:

- Has more than 18 years of techno-commercial experience in oil & gas industry.
- Was a team leader of Baker Hughes Malaysia. He led a team of specialists in transformative collaboration with Petronas leveraging on low carbon technologies for energy transition and digital solutions to drive ownership costs efficiency improvements for greenfield projects and late life assets (2019/2020).
- Responsible as a country president, turning the domestic shipping business of Bumi Armada Indonesia JV into a full fledge Floating Production, Storage and Offloading (FPSO) business entity (May 2011 – December 2016).

Academic/Professional Qualifications:

- BA (Honours) in Accounting & Finance, Manchester Metropolitan University, United Kingdom.

Declaration:

- Tuan Syed Ali has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad (“SEB”).
- Nominee Director of Permodalan Nasional Berhad.
- Tuan Syed Ali has no conflict of interest with SEB.
- Tuan Syed Ali has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.

PROFILE OF BOARD OF DIRECTORS (CONT'D.)



DATO' SHAHRIMAN SHAMSUDDIN
Non-Independent Non-Executive Director

Age/Gender/Nationality:
51/Male/Malaysian

Date of appointment:
9 December 2011

Board meeting attendance in FY2020:

7/7

Board Committee Memberships:

- Nil

Directorship in Other Public Companies and Listed Issuers:

- Managing Director, Sapura Resources Berhad
- Executive Director, Sapura Industrial Berhad

Experience/Achievement and Occupation:

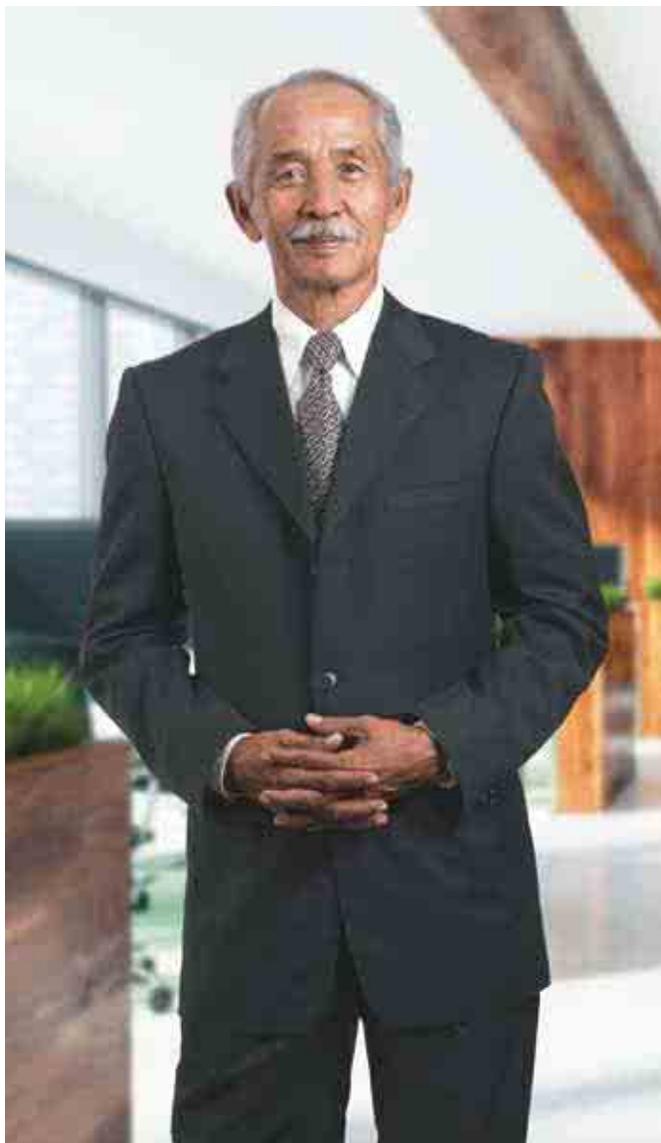
- Presently the Director of Sapura Technology Sdn. Bhd. and Sapura Holdings Sdn. Bhd.
- Served as a Non-Independent Non-Executive Director of SapuraCrest Petroleum prior to the merger between SapuraCrest Petroleum Group and Kencana Petroleum Group (2008-2012).
- Started his career with Sapura Group since 1991 and has held several key senior positions within the Group. He manages a diversified portfolio which includes aviation and property investment.

Academic/Professional Qualifications:

- Master of Science in Engineering Business Management from Warwick University, United Kingdom.
- Bachelor of Science in Industrial Technology from Purdue University, United States of America.

Declaration:

- Dato' Shahrman Shamsuddin and Tan Sri Dato' Seri Shahril Shamsuddin, a Non-Independent Executive Director, are brothers and they are also major shareholders of Sapura Energy Berhad ("SEB").
- Dato' Shahrman has no conflict of interest with SEB.
- Dato' Shahrman has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.



DATUK MUHAMAD NOOR HAMID
Independent Non-Executive Director

Age/Gender/Nationality:
68/Male/Malaysian

Date of appointment:
14 April 2015

Board meeting attendance in FY2020:

7/7

Board Committee Memberships:

- Chairman, Board Audit Committee
- Member, Board Nomination Committee
- Member, Board Remuneration Committee

Directorship in Other Public Companies and Listed Issuers:

- Nil

Experience/Achievement and Occupation:

- Has more than 30 years of direct working experience in the oil and gas industry ranging from project planning and implementation, operations, consultation and contracts, out of which 20 years of service was in PETRONAS and PETRONAS Gas Sdn. Bhd.
- Joined as Chief Operating Officer, appointed as Chief Executive Officer and became the Managing Director of Gas Malaysia Berhad (2003-2013).
- Responsible as the Chief Operating Officer of Projass Engineering Sdn. Bhd., a Class A Bumiputera construction company involved in oil and gas, power and infrastructure works (2000-2003).
- Served as the General Manager of Pipeline Division in OGP Technical Services Sdn. Bhd., a joint venture company between PETRONAS and Nova Corporation of Canada (1993-1999).
- Was the Head of the Pipeline Operation Division and Peninsular Gas Utilisation II project team of PETRONAS (1989-1992).

Academic/Professional Qualifications:

- Bachelor of Science (Honours) Degree in Mechanical Engineering, Sunderland Polytechnic, United Kingdom.
- Post Graduate Diploma in Natural Gas Engineering, Institute of Gas Technology in Chicago, Illinois, United States of America.
- Management Programme, Wharton Business School of Management, University of Pennsylvania, United States of America.

Declaration:

- Datuk Muhamad Noor has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad ("SEB").
- Datuk Muhamad Noor has no conflict of interest with SEB.
- Datuk Muhamad Noor has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.

PROFILE OF BOARD OF DIRECTORS (CONT'D.)



MOHAMED RASHDI MOHAMED GHAZALI

Independent Non-Executive Director

Age/Gender/Nationality:

63/Male/Malaysian

Date of appointment:

9 September 2011

Board meeting attendance in FY2020:

7/7

Board Committee Memberships:

- Chairman, Board Risk Management Committee
- Member, Board Audit Committee
- Member, Board Remuneration Committee

Directorship in Other Public Companies and Listed Issuers:

- Director, Tune Protect Group Berhad
- Director, BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Berhad)
- Director, Great Eastern Takaful Berhad

Experience/Achievement and Occupation:

- Served as Independent Non-Executive Director of SapuraCrest Petroleum, prior to the merger between SapuraCrest Petroleum Group and Kencana Petroleum Group (2003-2012).
- Worked in the telecommunications industry with Jabatan Telekom Malaysia (1979-1982).
- Joined Sapura Holdings Group as a founder member of its information technology business (1983-1989).
- IT and Management Consultant/Director with Coopers & Lybrand (1989-1998).
- Partner of PwC Consulting East Asia and IBM Consulting (1998-2005).
- Was IT and Consulting Advisor of PriceWaterhouseCoopers Malaysia (2006-2010).
- Vast experience in leading assignments in strategy and economics, business process improvement, information systems planning and IT project management across various industries.

Academic/Professional Qualifications:

- Bachelor of Science (Honours) in Computation, University of Manchester Institute of Science and Technology, United Kingdom.

Declaration:

- Encik Mohamed Rashdi has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad ("SEB").
- Encik Mohamed Rashdi has no conflict of interest with SEB.
- Encik Mohamed Rashdi has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.



DATUK RAMLAN ABDUL RASHID

Independent Non-Executive Director

Age/Gender/Nationality:

61/Male/Malaysian

Date of appointment:

23 September 2016

Board meeting attendance in FY2020:

7/7

Board Committee Memberships:

- Chairman, Long-Term Incentive Plan Committee
- Member, Board Risk Management Committee
- Member, Board Remuneration Committee
- Member, Board Nomination Committee

Directorship in Other Public Companies and Listed Issuers:

- Nil

Experience/Achievement and Occupation:

- Was a Director of NCB Holdings Berhad (2015-2016).
- Served as the Group Chief Operating Officer of MNRB Holdings Berhad ("MNRB") (2011-2014).
- Joined MNRB Retakaful as Deputy Chief Executive Officer/ Executive Vice President (2010-2011).
- Sat on the Board of the Malaysian Insurance Institute and Malaysian Life Reinsurance Group Berhad (2006-2007).
- Held the position of the Chief Executive Officer/Executive Director of Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Insurance Malaysia) (2002-2007).
- Held various key positions in MAA (1985-2002).

Academic/Professional Qualifications:

- Master of Arts in Actuarial Science, Ball State University, Indiana, United States of America.
- Bachelor of Science (Honours) in Mathematics, Universiti Sains Malaysia.
- Qualified Risk Director Program, Institute of Enterprise Risk Practitioners (IERP).
- Global Leadership Development Program, International Centre for Leadership in Finance (ICliff).

Declaration:

- Datuk Ramlan has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad ("SEB").
- Datuk Ramlan has no conflict of interest with SEB.
- Datuk Ramlan has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.

PROFILE OF BOARD OF DIRECTORS (CONT'D.)



DATO' ROSLINA ZAINAL

Independent Non-Executive Director

Age/Gender/Nationality:

58/Female/Malaysian

Date of appointment:

1 February 2019

Board meeting attendance in FY2020:

7/7

Board Committee Memberships:

- Member, Board Risk Management Committee
- Member, Long-Term Incentive Plan Committee

Directorship in Other Public Companies and Listed Issuers:

- Director, Tenaga Nasional Berhad

Experience/Achievement and Occupation:

- Presently a Director of Universiti Teknikal Malaysia Melaka and Chairman of UTeM Holdings Sdn. Bhd.
- She was previously a Director of TNB Fuel Services Sdn. Bhd., and Prai Power Sdn. Bhd. She was also a Senior Fellow of Khazanah Research & Investment Strategy at Khazanah Nasional Berhad.
- Has broad experience in the energy sector in the areas of Utility Economics, Regulation, Energy Procurement, Planning and Strategy.
- Served Lembaga Letrik Negara/Tenaga Nasional Berhad ("TNB") for 33 years in various divisions such as Distribution, Planning, Business Strategy, Regulations, Transmission and Corporate Planning (1985-2018).
- Held the position of the Vice President, Regulatory Economics and Planning Division of TNB (2009-2018).
- Was the Assistant Director of Economics Planning Unit of the Prime Minister's Office (1990-1992).

Academic/Professional Qualifications:

- Masters in Business Administration (MBA) from the University of New England, New South Wales, Australia.
- Bachelor of Science in Electrical Engineering from the Lakehead University, Thunder Bay, Canada.

Declaration:

- Dato' Roslina has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad ("SEB").
- Dato' Roslina has no conflict of interest with SEB.
- Dato' Roslina has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has she been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020.



LIM TIANG SIEW

Independent Non-Executive Director

Age/Gender/Nationality:

64/Male/Malaysian

Date of appointment:

3 June 2020

Board meeting attendance in FY2020:

Appointed on 3 June 2020

Board Committee Memberships:

- Member, Board Audit Committee

Directorship in Other Public Companies and Listed Issuers:

- MSIG Insurance (Malaysia) Berhad

Experience/Achievement and Occupation:

- Retired as the Group Chief Internal Auditor of CIMB Group, after serving 27 years in CIMB (1991-2018).
- Has more than 40 years of experience covering internal and external auditing, accounting, corporate finance and advisory, corporate governance and compliance.
- Mr. Lim Tiang Siew was a member of CIMB's top management team, and a member of all its major risk committees.
- He was an examiner for the Malaysian Institute of Certified Public Accountants professional examinations in respect of a particular subject before being appointed as a reviewer for the same subject, a position which he still holds until now (1990-present).
- He was appointed an Independent Director of MSIG Insurance (Malaysia) Berhad on 15 December 2018 and became Chairman of the Audit Committee on 1 March 2019.

Academic/Professional Qualifications:

- Member, Malaysian Institute of Certified Public Accountants.
- Chartered Accountant, Malaysian Institute of Accountants.

Declaration:

- Mr. Lim Tiang Siew has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad ("SEB").
- Mr. Lim Tiang Siew has no conflict of interest with SEB.
- Mr. Lim Tiang Siew has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies.

EXECUTIVE COMMITTEE



TAN SRI DATU' SERI SHAHRIL SHAMSUDDIN
 President and Group Chief Executive Officer
 Non-Independent Executive Director
 Chairman of SapuraOMV Upstream



DATUK KRIS AZMAN ABDULLAH
 Senior Vice President,
 Special Projects



MUHAMMAD ZAMRI JUSOH
 Chief Executive Officer,
 SapuraOMV Upstream



REZA ABDUL RAHIM
 Group Chief Financial Officer,
 Senior Vice President, Group Finance
 and Strategy



CHOW MEI MEI
 Senior Vice President,
 Financial Advisory and Portfolio
 Planning



AHMAD ZAKIRUDDIN MOHAMED
 Senior Vice President,
 Operations – Engineering &
 Construction and Group Supply Chain



RAPHAEL SIRI
 Senior Vice President,
 Drilling Business and Group
 Performance



VIVEK ARORA
 Senior Vice President,
 Business Acquisition & Regional
 Businesses



PUSPA HANITA ABDUL AZIZ
 Senior Vice President,
 Group Human Resources

EXECUTIVE COMMITTEE PROFILE

TAN SRI DATO'

SERI SHAHRIL SHAMSUDDIN

President and Group Chief Executive Officer
Non-Independent Executive Director
Chairman of SapuraOMV Upstream



Age

59 years

Nationality

Malaysian

Date of Appointment

9 December 2011

Tan Sri Shahril Shamsuddin is President and Group Chief Executive Officer of Sapura Energy. Since 2003, he has spearheaded the Group's transformation from a domestic-focused oil & gas contractor to a global integrated oil & gas services and solutions provider with operations across the entire upstream value chain.

Sapura Energy accolades under Shahril's stewardship

- Fabulous 50 listing by Forbes Asia (2013 and 2014)
- Asia's Overall Best Managed Company in Natural Resources by FinanceAsia (2014)
- New Upstream Player of the Year award by The Oil & Gas Year Malaysia (2015)
- Marginal Oil Fields Development Company of the Year award by Frost & Sullivan (2015)
- Best Pipe Layer Operator award by Petrobras (2018)
- APAC Company of the Year (Energy Services, Offshore and Marine) by Energy Council (2019)

Apart from his role at the helm of Sapura Energy, Shahril has been recognised for his contributions to the industry, particularly in promoting technology development.

Recognitions and accolades

- Recipient of Legion d'Honneur by the Republic of France (2007)
- Malaysia's Entrepreneur of the Year by Ernst & Young (2009)
- Conferred an Honorary Doctorate in Technology Management by Universiti Teknologi Malaysia (UTM) (2013)
- Man of the Year award by The Oil & Gas Year Malaysia (2014)
- Honoured with the Order of Rio Branco by the government of Brazil (2019)
- Conferred the rank of Honorary Brigadier General of the Territorial Army (2014) by the Malaysian Armed Forces

Memberships and contributions

- Member of Board of Trustees of the UTM Endowment Fund
- Member of International Advisory Council of the Singapore Management University (SMU)
- Asian Executive Board of the Sloan School of Management, Massachusetts Institute of Technology (MIT)
- Board of Governors of Asia School of Business, a collaboration between MIT Sloan and Bank Negara Malaysia
- Chairman of Malaysia-Brazil Business Council
- Board member of Perdana Leadership Foundation
- Director of Sapura Networks Sdn. Bhd.
- Chairman of Malaysian National Applied Research & Development Centre (MIMOS Berhad)

Shahril obtained an M.Sc. in Management of Technology from MIT Sloan and graduated from the California Polytechnic State University with a B.Sc. in Industrial Technology.

EXECUTIVE COMMITTEE PROFILE (CONT'D)

DATUK KRIS AZMAN ABDULLAH

Senior Vice President,
Special Projects



Age

56 years

Nationality

Malaysian

Date of Appointment

15 May 2012

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Datuk Kris Azman Abdullah is currently the Senior Vice President, Special Projects. He assumed this position in September, 2019 and is currently involved in ensuring operational excellence and delivery of various projects being undertaken by the Group. Prior to assuming this position, he was the Senior Vice President for Exploration and Production and Chief Executive Officer of SapuraOMV Upstream Sdn. Bhd. where he led a multi-disciplinary team that managed all exploration and production activities for Sapura Energy. This included formulating key growth strategies in further developing and growing the exploration and development business of the Group including regional expansion, management of the PSCs and partnerships in the development and production of greenfield, brownfield and marginal oil and gas fields.

He joined the Group with more than 20 years leadership experience in various capacities within the financial services industry from investment banking, stock broking and corporate restructuring.

Prior to joining the Group, he was the Executive Director of Issues and Investment Division at Securities Commission Malaysia where he was responsible for the regulatory oversight function as well as overall market development.

Datuk Kris currently sits on the Malaysia-Singapore Business Advisory Council and the Malaysia-Brazil Business Council.

Academic/Professional Qualifications:

- Corporate Finance (CF) designation from the Institute of Chartered Accountants in England and Wales (ICAEW)
- Bachelor of Art (Honours) in Accounting, Michigan State University, United States of America

MUHAMMAD ZAMRI JUSOH

Chief Executive Officer,
SapuraOMV Upstream



Age

53 years

Nationality

Malaysian

Date of Appointment

16 July 2019

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Muhammad Zamri Jusoh is currently the Chief Executive Officer at SapuraOMV Upstream. He assumed this position in July 2019 and provides overall leadership and direction in the development and implementation of the Company's strategic plans and policies. He is also responsible for directing and controlling different aspects of business operations and its global portfolios. He is accountable to the Board for the achievement of SapuraOMV Upstream's goals and objectives.

Zamri is also a member of SapuraOMV Upstream's Executive Management Committee and sits on the Board of various SapuraOMV Upstream subsidiaries.

Prior to joining SapuraOMV Upstream, Zamri was the Vice President of Malaysia Petroleum Management, PETRONAS with oversight of the overall policy and management of the domestic petroleum resources and development of the local oil & gas industry to ensure energy security for the country.

Zamri currently sits on the International Petroleum Technology Conference (IPTC) Executive Committee and APAC Energy Assembly 2020.

Academic/Professional Qualifications:

- Bachelor of Science, Mechanical Engineering from Polytechnic University, New York

REZA ABDUL RAHIM

Group Chief Financial Officer,
Senior Vice President, Group Finance and Strategy

**Age**

44 years

Nationality

Malaysian

Date of Appointment

15 May 2012

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Encik Reza Abdul Rahim was appointed as the Senior Vice President of the Offshore Construction and Subsea Services Division of Sapura Energy in 2012. In 2015, he was appointed as the Senior Vice President, Group Strategy and Regional Development prior to assuming his current position as the Group Chief Financial Officer/Senior Vice President, Group Finance and Strategy on 1 June 2016.

Prior to the merger of businesses between SapuraCrest Petroleum Group and Kencana Petroleum Group, Encik Reza was Acting Chief Executive Officer for Oil and Gas Construction Services of SapuraCrest Petroleum, Chief Executive Officer for Energy Ventures and Operations of SapuraCrest Petroleum and Group Chief Operating Officer of Sapura Group.

Encik Reza has experience in audit, financial management and corporate finance. Previously, he was Senior Vice President and Head of Group Corporate Finance at Axiata Group Berhad and prior to that he was Chief Financial Officer of Sapura Holdings Sdn. Bhd. and Group Financial Controller of Sapura Technology Berhad.

Academic/Professional Qualifications:

- Member of the Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of the Malaysian Institute of Accountants
- Master of Philosophy in Finance, University of Cambridge, United Kingdom
- Bachelor of Science in Accounting and Finance (First Class Honours), The London School of Economics and Political Science, United Kingdom

CHOW MEI MEI

Senior Vice President,
Financial Advisory and Portfolio Planning

**Age**

54 years

Nationality

Malaysian

Date of Appointment

15 May 2012

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Ms Chow Mei Mei is currently the Senior Vice President of Financial Advisory and Portfolio Planning of Sapura Energy.

Prior to this, she held the position of Senior Vice President, Group Strategy and Finance Division in 2015. She had also served Sapura Energy as its Senior Vice President, Group Strategy and Business Planning Division from 2012 to 2015.

Prior to the merger of businesses between SapuraCrest Petroleum Group and Kencana Petroleum Group, Ms Chow held the position of Executive Director of Group Treasury and Corporate Finance at Sapura Holdings Sdn. Bhd. as well as the Director of Treasury and Corporate Finance at SapuraCrest Petroleum.

Prior to joining the Sapura Group, Ms Chow had held several senior positions in Sime Darby Berhad's group of companies including Chief Financial Officer of the Energy and Utilities Division, Chief Financial Officer of the Motors Division, and Senior Manager and Head of Group Corporate Finance of Sime Darby Berhad.

Academic/Professional Qualifications:

- Member of the Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of the Chartered Institute of Marketing, United Kingdom
- Bachelor of Arts (Honours) in Business Studies, University of South Wales, United Kingdom

EXECUTIVE COMMITTEE PROFILE (CONT'D)

AHMAD ZAKIRUDDIN MOHAMED

Senior Vice President,
Operations – Engineering & Construction and
Group Supply Chain



Age

48 years

Nationality

Malaysian

Date of Appointment

1 January 2014

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Encik Ahmad Zakiruddin Mohamed is the Senior Vice President, Operations – Engineering & Construction and Group Supply Chain in Sapura Energy. He joined Sapura Energy in 2012 as Vice President, Strategic Business Support overseeing technical and operational strategic initiatives in the President and Group Chief Executive Officer's office.

Encik Zakiruddin started his career at Ranhill Bersekutu Sdn. Bhd. before moving to WS Atkins Consultants Limited, United Kingdom (UK) in 1999 as a mechanical engineer. He also worked in Detmarovice, Czech Republic under RMC Group PLC, UK before returning to Malaysia to rejoin the Ranhill group in 2002.

During the period of 2009 to 2012, Encik Zakiruddin was the Chief Executive Officer of Ranhill E&C Sdn. Bhd. and Amona Ranhill Consortium Sdn. Bhd. Encik Zakiruddin has 26 years of experience working in Malaysia, North Africa and Europe with exposure in a range of industries and sectors.

Academic/Professional Qualifications:

- Chartered Engineer (Engineering Council), United Kingdom
- Member of the Institute of Mechanical Engineers (MIMechE), United Kingdom
- Bachelor of Engineering (Honours) in Mechanical Engineering, University of Warwick, United Kingdom

RAPHAEL SIRI

Senior Vice President,
Drilling Business and Group Performance



Age

49 years

Nationality

French

Date of Appointment

1 May 2013

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Mr. Raphael Siri was appointed as the Senior Vice President of Sapura Drilling on 1 May 2013 following the acquisition of Seadrill Limited's Tender Rig business by Sapura Energy. He currently holds the title of Senior Vice President, Drilling Business and Group Performance.

Mr. Raphael Siri joined Seadrill Limited in 2011 after 16 years of operational and management experience in Drilling from major oil and gas companies like Schlumberger (Sedco Forex) and Pride International. His extensive experience covers different locations in Africa (including Algeria, Angola, Cameroon, Congo, Nigeria, South Africa), the USA (Houston, Texas) as well as Asia (Singapore, Kuala Lumpur).

He previously held the position of Director of Operations Preparations in 2011 before assuming the role of Senior Vice President, Asia Pacific of Seadrill Limited in 2013.

Academic/Professional Qualifications:

- Engineering Diploma in Applied Mathematics, Ecole Nationale Supérieure de Techniques Avancées, Paris, France
- Master in Applied Mathematic, Université de Nice Sophia Antipolis, Nice, France

VIVEK ARORA

Senior Vice President,
Business Acquisition & Regional Businesses

**Age**

51 years

Nationality

Indian

Date of Appointment

1 August 2012

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Mr. Vivek Arora is currently the Senior Vice President of Business Acquisition & Regional Businesses of Sapura Energy.

Mr. Arora has 28 years of experience in oil and gas offshore construction.

In 2007, Mr. Arora assumed the role of General Manager at TL Offshore Sdn. Bhd. (now known as Sapura Offshore Sdn. Bhd.) and was then appointed as the Chief Operating Officer of International Business at SapuraCrest Petroleum in 2010. Prior to his current position, he was appointed as the Vice President of Engineering and Construction – International at Sapura Energy from 2012 to 2014.

Academic/Professional Qualification:

- Bachelor of Engineering, Punjab University, India

PUSPA HANITA ABDUL AZIZ

Senior Vice President,
Group Human Resources

**Age**

52 years

Nationality

Malaysian

Date of Appointment

1 September 2019

Directorship in public companies and/or listed issuers:

- Nil

Working Experience:

Puspa Hanita Abd Aziz is currently the Senior Vice President of Group Human Resources of Sapura Energy.

Prior to her appointment, Puspa started her career with PETRONAS in 1991. She progressed through various managerial and leadership roles in HR, Group Corporate Strategy, Business Development and finally was appointed as the HR Director for Prince Court Medical Centre, Kuala Lumpur. Subsequently in 2010, Puspa setup and led her own independent HR Consultancy firm delivering advice and designing solutions for various HR scope which include HR Strategy, Leadership Assessment, Capability Development, Performance and Rewards Management. Within this context, she has worked with public listed companies, government agencies as well as local and international clients across various industries. Puspa is a Certified Coach and an experienced leadership assessor.

Academic/Professional Qualifications:

- Bachelor of Science in Economics from Salford University, England
- Master of Business Administration from the Strathclyde Graduate Business School, University of Strathclyde, Scotland
- Certified Solution-Focused Coach, Canadian Council of Professional Certification (CCPC Global)

Save for Tan Sri Dato' Seri Shahril's declaration which is on page 57, none of the Key Senior Management:

- Has any family relationship with any Director and/or major shareholder of the Company;
- Has any conflict of interest with the Company; and
- Has any conviction for offences within the past five years or has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2020

SECTION FIVE:

CORPORATE GOVERNANCE

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OUR VALUES
HONESTY
TRUST
RESPECT
SAFETY
AGILITY
PROFESSIONALISM

Sara
Energy



CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

Dear Shareholders,

As Chairman of the Board of Directors (“the Board”) of Sapura Energy Berhad (“the Company” or “Sapura Energy”), it is my responsibility to ensure that Sapura Energy has sound corporate governance practices and an effective Board.

We believe that good corporate governance improves long-term success and performance as well as serves as a commitment to open and transparent communications with stakeholders.

The Board of Sapura Energy is committed to ensuring that high standards of corporate governance are applied throughout Sapura Energy Group (“Group”) pursuant to the principles and recommendations stipulated in the Malaysian Code on Corporate Governance 2017 (“Code” or “MCCG 2017”) and Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”).

The Board is entrusted with the overall governance of the Group, the responsibility to exercise reasonable and proper care of the Group’s resources in the best interests of its shareholders as well as to safeguard its assets.

Through the Group’s Policies and Procedures as well as periodic audit reviews, the Board ensures that good governance is practised throughout the Group in all aspects of its business dealings, and that integrity and transparency are displayed with the objective of safeguarding shareholders’ investments and ultimately enhancing shareholders’ value. The Board is convinced that by doing so, will undoubtedly contribute towards the betterment of the Group’s overall performance.

On behalf of the Board, we are pleased to set out the Corporate Governance Overview Statement (“CG Overview Statement”), which summarises the application by the Group on the Principles of the Code for the financial year ended 31 January 2020 (“FY2020”). This CG Overview Statement is to be read together with Corporate Governance Report (“CG Report”) 2020 which is available on the Company’s website at www.sapuraenergy.com. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG 2017 during the financial year under review. This CG Overview Statement and the CG Report are prepared in compliance with the MMLR.

Tan Sri Datuk Amar (Dr.) Hamid Bugo
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Sapura Energy presents this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during FY2020.

The Board is resolute in upholding the highest standards of corporate governance in the conduct of its business. Good governance is vital for sustainable long-term performance, creating long-term economic value and continuous growth of the Company. Amidst a challenging operating and business environment, the Board continues to strive to enhance the Company’s corporate governance practices and processes to ensure that its competitive edge locally and regionally remains unabated.

The three (3) key Corporate Governance principles as set out in the MCCG 2017, are as follows:

<p>PRINCIPLE A:</p>	<p>PRINCIPLE B:</p>	<p>PRINCIPLE C:</p>
<p>Board Leadership and Effectiveness</p>	<p>Effective Audit and Risk Management</p>	<p>Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders</p>

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has the collective responsibility for the overall conduct and performance of the Group’s business by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board deliberated and approved the Group Business Plan and Budget for each financial year. The Board exercises due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied through compliance with the relevant rules and regulations as well as directives and guidelines. This is in addition to adopting the best practices in the Code and Corporate Governance Guide as well as acting in the best interests of the Group and its shareholders.

Roles and Responsibilities

The Board Charter provides guidance to the Board in discharging its roles, duties and responsibilities in line with the principles of good governance. The Board Charter has been made available on the Company’s website at www.sapuraenergy.com. The Board Charter also outlines the roles and responsibilities of the Board, the balance and composition of the Board, the authority of the Board and the schedule of matters reserved for the Board. It also touches upon matters pertaining to the establishment of Board Committees, processes and procedures for convening Board and Board Committees meetings, the Board’s assessment and review of its performance, compliance with ethical standards, the Board’s access to information and advice from the management, and declarations of conflict of interest.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

The principal responsibilities of the Board, amongst others, are as follows:

Review and adopt strategic business development plans for the Group

Oversee the conduct of the Group's businesses

Identify principal risks and to ensure the implementation of appropriate systems to manage these risks

Ensure succession planning

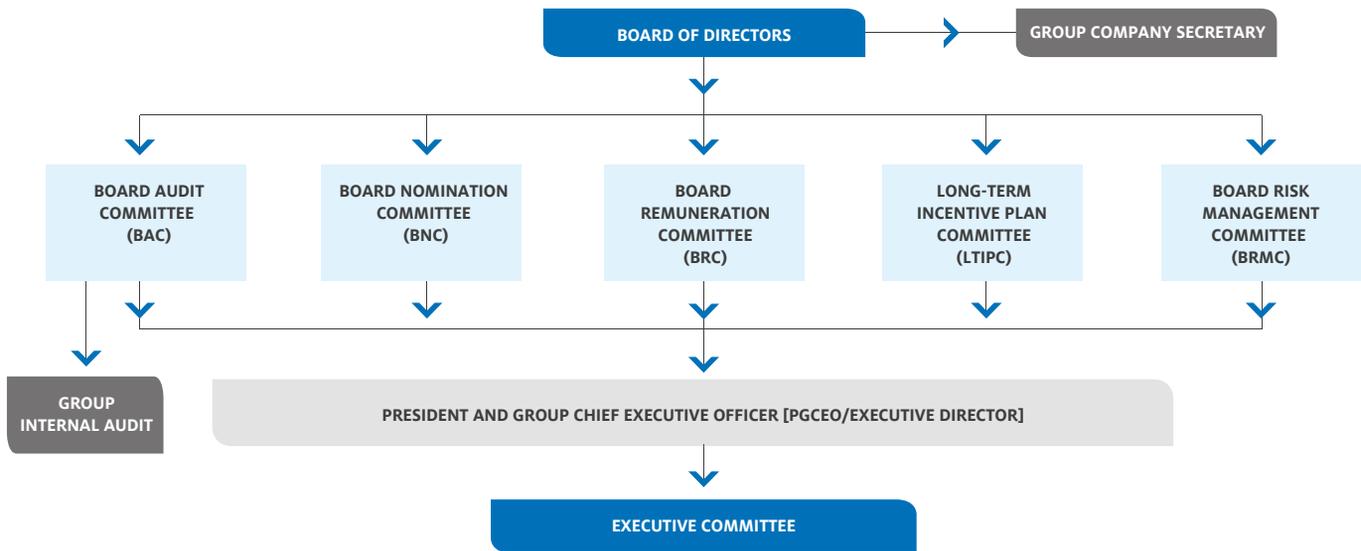
Oversee the development and implementation of investor relations programmes or the shareholders communication policy for the Group

Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

In addition to the matters reserved in the Board Charter, the Limits of Authority sets out the framework for corporate, commercial tender/bidding, finance, human resource, corporate communication, legal, information technology, banking and procurement that require Board's approval and delegation of powers to its Board Committees, the President and Group Chief Executive Officer ("PGCEO") as well as Management. Any non-compliance issues are brought to the attention of the Management, the Board Audit Committee ("BAC") and/or the Board for effective supervisory decision-making and proper governance.

The Non-Executive Directors whilst providing oversight over the Management do not participate in the day-to-day management of the Company. They do not engage in business dealings or other relationships with the Company (other than in situations permitted by applicable regulations) that could reasonably be perceived to materially interfere with their unfettered and independent judgement; engage pro-actively with Management and with both internal and external auditors; play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making; and monitor and provide an objective view on the performance of the PGCEO and Management in meeting agreed goals and objectives. Effective working of the Board is crucial to the long-term prospects and strategic aims of the Company. This is achieved through strong and open working relationships between the Directors.

The Board is committed to ensuring that there is a strong and effective system of corporate governance in place to support the successful execution of the Group strategy. In order to ensure orderly and effective discharge of the functions and responsibilities of the Board, the Board has in place a Governance Framework for the Group, where specific powers of the Board are delegated to the relevant Board Committees and the PGCEO, as depicted below:



Division of Roles and Responsibilities between the Chairman and the PGCEO

Consistent with Practice 1.3 of MCGG 2017, the positions of Chairman and PGCEO of the Company are held by different individuals. The distinct and separate roles of the Chairman, who heads the Board, and PGCEO, who leads the Senior Management, also ensures a balance of power and authority, which in turn ensures that no one individual has unfettered decision-making power.

The Chairman ensures appropriate procedures are in place to govern the Board’s operation, decisions are taken on a sound and well-informed basis including discussions on all strategic and critical issues, dissenting views can be freely expressed and discussed and leads efforts to address the Board’s developmental needs. Separation in the role of the Chairman and the PGCEO is imperative as both roles have different expectations and serve distinct primary audiences.

The Chairman’s main responsibility is to ensure effective conduct of the Board through the execution of the following key roles:

- (i) to build a high-performance Board by leading the evaluation of the Board’s performance and ensuring that succession planning is considered on an on-going basis;
- (ii) to manage Board meetings in order to achieve robust decision making by ensuring that accurate, timely and

clear information is provided to all Directors. The Chairman encourages participation and deliberation by the Board to tap the wisdom of all members and to promote consensus building as much as possible; and

- (iii) to facilitate the Board and Management interface as the conduit between the two parties.

An inherent safeguard is built in the position of the Chairman who is a Non-Independent Non-Executive Director through the Company’s application of Practice 4.1 of the MCGG 2017 which calls for a majority of the Board to comprise Independent Directors (indicating an element of independence) as well as the appointment of a Senior Independent Director. The Chairman has never assumed any executive position in the Group.

The PGCEO has the overall responsibility for the Group’s operational, business units and support services, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. In addition, the PGCEO by virtue of his position as a Board member, also functions as the intermediary between the Board and Management.

The Board believes that the Group’s unique set-up which rests on its capable, experienced and professional entrepreneur as PGCEO brings dynamism and leadership qualities to the Group, giving it a distinct ability to carry on its business as a going concern and to continue to grow the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board Committees

The Board, where appropriate, delegates specific responsibilities to its Board Committees with clearly defined Terms of Reference (“TOR”) primarily to assist in discharging its responsibilities. Although the Board has granted such discretionary authorities to these Committees to deliberate and decide on certain key and operational matters, the ultimate responsibility for the final decision on all matters lies with the entire Board.

BOARD AUDIT COMMITTEE (“BAC”)



Chairman

Datuk Muhamad Noor Hamid
Independent Non-Executive Director
(Re-designated on 21 May 2020)

Members

- Tan Sri Datuk Amar (Dr.) Hamid Bugo
Independent Non-Executive Director
- Mohamed Rashdi Mohamed Ghazali
Independent Non-Executive Director
- Dato’ Mohammad Azlan Abdullah
Non-Independent Non-Executive Director
(Appointed on 23 March 2020)
- Lim Tiang Siew
Independent Non-Executive Director
(Appointed on 3 June 2020)
- Gee Siew Yoong
Independent Non-Executive Director
(Resigned on 21 May 2020)

Key Functions

The primary objective of the BAC is to assist the Board in fulfilling its fiduciary and statutory duties relating to corporate accounting and reporting practices of the Company and Group; and enhancing internal control and corporate governance.

As the Board is ultimately responsible for the oversight of the Company, it is consistently kept informed by the BAC of its activities. In this connection, the BAC meeting is always held before a Board meeting to ensure that all critical issues, significant findings and irregularities are communicated to the Board on a timely basis.

The full details of the composition, TOR and summary of activities of the BAC during FY2020 are set out in the Report of the BAC on pages 94 to 96 of this Annual Report.

The BAC is governed by a written TOR which ensures it deals clearly within its authority and duties, which is available on the Company’s website at www.sapuraenergy.com.

Composition

Based on the TOR of BAC, it shall comprise not fewer than 3 members, all of whom are non-executive directors with the majority of them being Independent Directors. In compliance with Paragraph 15.10 of the MMLR, the Chairman of BAC is an Independent Non-Executive Director.

BOARD NOMINATION COMMITTEE (“BNC”)



Chairman

Tan Sri Datuk Amar (Dr.)
Hamid Bugo
Independent Non-Executive Director

Members

- Datuk Muhamad Noor Hamid
Independent Non-Executive Director
(Appointed on 1 February 2020)
- Datuk Ramlan Abdul Rashid
Independent Non-Executive Director
(Appointed on 21 May 2020)
- Gee Siew Yoong
Independent Non-Executive Director
(Resigned on 21 May 2020)
- Dato’ Hamzah Bakar
Non-Independent Non-Executive Director
(Resigned on 1 February 2020)

Key Functions

The principal objective of the BNC is to assist the Board in its responsibilities in the appointment of Board members. The BNC shall nominate suitable persons to the Board. The BNC shall also assess the performance of the Board members as a whole and as individuals as well as Board Committees on annual basis.

The BNC is governed by a written TOR which ensures it deals clearly within its authority and duties, which is available on the Company’s website at www.sapuraenergy.com.

Composition

Based on the TOR of BNC, it shall comprise at least 3 members, all of whom are Non-Executive Directors with majority of them being Independent Directors. The BNC currently comprises solely of Independent Non-Executive Directors. In compliance with Practice 4.7 of the MCGG 2017, the Chairman of BNC is an Independent Non-Executive Director.

BOARD RISK MANAGEMENT COMMITTEE (“BRMC”)



Chairman

Mohamed Rashdi Mohamed Ghazalli
Independent Non-Executive Director

Members

- Datuk Ramlan Abdul Rashid
Independent Non-Executive Director
- Dato’ Roslina Zainal
Independent Non-Executive Director
(Appointed on 1 February 2020)
- Syed Ali Syed Salem Alsagoff
Non-Independent Non-Executive Director
(Appointed on 23 March 2020)
- Datuk Muhamad Noor Hamid
Independent Non-Executive Director
(Resigned on 1 February 2020)

Key Functions

The Board assumes the ultimate responsibility over the effectiveness of the Group’s risk management practices by establishing a BRMC to oversee the assessment of processes relating to the Group’s risks and controls. The BRMC shall ensure that Management has implemented policies in ensuring that the Group’s risks are identified and evaluated and that control measures in place are adequate and properly functioning in addressing those risks.

The key responsibilities of the BRMC are to focus on the Group’s principal risks as well as to ensure the implementation of appropriate systems to identify and manage the risks that may threaten the business. Whilst these risks may be strategic in nature, the BRMC shall ensure that appropriate controls encompassing operational and compliance matters are in place and working as intended.

The BRMC is governed by a written TOR which ensures it deals clearly within its authority and duties, which is available on the Company’s website at www.sapuraenergy.com.

Composition

Based on the TOR of BRMC, it shall comprise not fewer than 3 members with majority of them being Non-Executive Directors. The BRMC currently comprises solely of Non-Executive Directors.

Details of the Risk Management Framework of the Group are set out in the Statement on Risk Management and Internal Control on pages 92 and 93 of this Annual Report.

BOARD REMUNERATION COMMITTEE (“BRC”)



Chairman

Tan Sri Datuk Amar (Dr.) Hamid Bugo
Independent Non-Executive Director
(Appointed on 16 June 2020)

Members

- Mohamed Rashdi Mohamed Ghazalli
Independent Non-Executive Director
- Datuk Muhamad Noor Hamid
Independent Non-Executive Director
- Datuk Ramlan Abdul Rashid
Independent Non-Executive Director
- Datin Paduka Kartini Hj Abdul Manaf
Non-Independent Non-Executive Director
(Appointed on 1 October 2019 and resigned on 31 December 2019)
- Dato’ Hamzah Bakar
Non-Independent Non-Executive Director
(Resigned on 1 February 2020)
- Abdul Jalil Abdul Rasheed
Non-Independent Non-Executive Director
(Appointed on 1 February 2020 and resigned on 15 June 2020)

Key Functions

The primary objective of the BRC is to assist the Board in assessing and recommending the remuneration packages of the PGCEO, Executive Director and Non-Executive Directors. The BRC also assists in reviewing and recommending the performance of the PGCEO and the proposal for any annual bonus pool and increment range for all employees including Senior Management.

The BRC is governed by its TOR which ensures it deals clearly within its authority and duties, which is available on the Company’s website at www.sapuraenergy.com.

Composition

Based on the TOR of BRC, it shall comprise at least 3 members of which not less than 2 members must be Non-Executive Directors. The BRC currently comprises solely of Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

LONG-TERM INCENTIVE PLAN COMMITTEE (“LTIPC”)



Chairman

Datuk Ramlan Abdul Rashid
Independent Non-Executive Director
(Re-designated on 1 February 2020)

Members

- Tan Sri Datuk Amar (Dr.) Hamid Bugo
Independent Non-Executive Director
- Dato’ Roslina Zainal
Independent Non-Executive Director
(Appointed on 21 May 2020)
- Gee Siew Yoong
Independent Non-Executive Director
(Appointed on 1 February 2020 and resigned on 21 May 2020)
- Dato’ Hamzah Bakar
Non-Independent Non-Executive Director
(Resigned on 1 February 2020)

Key Functions

The LTIPC assists the Board in administering the long-term incentive scheme and the Executive Share Option Scheme (“ESOS”).

The LTIPC is governed by a written TOR which ensures it deals clearly within its authority and duties, which is available on the Company’s website at www.sapuraenergy.com.

Composition

Based on the TOR of LTIPC, it shall comprise at least 3 members, all of whom are Non-Executive Director. The LTIPC currently comprises solely of Non-Executive Directors.

Senior Independent Non-Executive Director

For FY2020, Tan Sri Datuk Amar (Dr.) Hamid Bugo was the Senior Independent Non-Executive Director.

The Senior Independent Non-Executive Director, serves as a point of contact for shareholders and other stakeholders to voice their concerns relating to the affairs of the Group. He acts as an intermediary for other Directors when necessary and specifically serves as a conduit between the Independent Non-Executive Directors and Chairman on sensitive issues. The Senior Independent Director, in common with all Non-Executive Directors has the same legal responsibilities as any other Director.

Company Secretary

For FY2020, the Company appointed two (2) Company Secretaries, namely the Group Company Secretary and Joint Company Secretary who are responsible for advising the Board on issues relating to compliance with relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as the best practices of governance. The Company Secretaries are also responsible for advising the Board of their obligations and duties to disclose their interests in securities, any conflict of interests in transactions involving the Group, prohibition in dealing in securities and restrictions on disclosure of price-sensitive information.

The Board has unhindered access to the advice and services of the Company Secretaries who are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016. They are responsible for ensuring that Board meeting procedures are adhered to and are in compliance with the applicable rules and regulations.

The Company Secretaries constantly keep themselves abreast and educated on the changes and developments in statutory and regulatory requirements, corporate governance and sustainability through continuous education and training such as Bribery Offences, Corporate Governance, Bursa updates and trainings organised by The Malaysian Institute of Chartered Secretaries and Administrators and Companies Commission of Malaysia.

Board and Board Committee Meetings

Board meetings are scheduled in advance before the commencement of the new financial year to enable Directors to plan and accommodate the year's meetings into their schedules. The Board requires all members to devote sufficient time to effectively discharge their duties and to endeavour to attend meetings to the best of their ability.

Special Board meetings and Board Committees meetings are convened between the scheduled meetings to consider urgent proposals or matters that require expeditious decisions or deliberations by the Board and/or the Board Committees.

The Board has a regular annual schedule of matters that is tabled for their approval and/or notation which include reviews of operational and financial performances, significant issues and activities as well as opportunities relating to the Company and its Group. The Board is furnished with information in an appropriate form and of a quality that enables it to discharge its duties relating to all matters that require its attention and decision-making in a timely manner. Proposals comprising comprehensive and balanced financial and non-financial information are encapsulated in the Board papers covering, amongst others, strategies, reviews of operational and financial performances as well as significant performance and issues, all of which enable the Board to examine both the quantitative and qualitative aspects of the business. Board meetings are convened immediately following the finalisation of the Company's quarterly and annual results for the Board's review and approval, prior to announcement to Bursa Securities.

The agenda and supporting papers for Board and Board Committees are distributed in advance to all Board and Board Committees respectively, in order to allow sufficient time for appropriate review to facilitate full discussion at the meetings. The agenda of meetings that include, amongst others, comprehensive management reports, minutes of meetings, project or investment proposals and supporting documents, are targeted for dissemination to the respective members at least three (3) working days prior to the meetings. However, Board papers that are deemed urgent may still be submitted to the Company Secretary for tabling at the meetings subject to the approvals of the Chairman and the PGCEO. Information is prepared and delivered in a manner to ensure clear and adequate presentations of the subject matter.

All issues raised, discussions, deliberations, decisions and conclusions, including dissenting views made at Board and Board Committees meetings, along with clear actions to be taken by parties responsible, are recorded in the minutes of meetings. Where the Board is considering a matter in which a Director has an interest, the relevant Director must immediately disclose the nature of his/her interest and abstain from participating in any discussion or decision making on the subject matter.

Whenever necessary, Senior Management and/or external advisors are invited to attend Board and Board Committees meetings to provide clarification on agenda items relating to their areas of responsibility, and to brief and provide clarifications and details on recommendation so as to enable the Board and/or the Board Committees to arrive at considered and informed decisions. In discharging its duties, the Board shall also obtain independent professional advice, from time to time and if necessary, at the Company's expense.

Minutes of meetings are duly recorded and thereafter, confirmed at the subsequent meetings of the Board and Board Committees. The minutes of Board Committee meetings are tabled at the subsequent Board meeting for notation by the Board. The Chairman of the respective Board Committees would also provide a report at the subsequent Board meeting of key issues or matters discussed and recommended by the respective Board Committees. All Directors have the right to make further enquires as and when deemed necessary.

In terms of time commitment, all members of the Board currently hold not more than five (5) directorships in listed companies in line with the maximum limit as set out under Paragraph 15.06 of the MMLR. The Board is satisfied that each member of the Board has spent sufficient time on all Board matters, as evidenced by their attendance record at the Board and Board Committees meetings, hence ensuring a timely and orderly decision-making process for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

Directors had shown full commitment to their duties and responsibilities and this was reflected by their attendance at Board meetings held during the financial year. The Board met seven (7) times during FY2020. Details of attendance of the Directors are as follows:

Directors	Designation	Attendance	Percentage
Tan Sri Datuk Amar (Dr.) Hamid Bugo	Chairman, Independent Non-Executive Director	7/7	100%
Tan Sri Dato' Seri Shahril Shamsuddin	PGCEO, Non-Independent Executive Director	7/7	100%
Dato' Shahrizan Shamsuddin	Non-Independent Non-Executive Director	7/7	100%
Datuk Muhamad Noor Hamid	Independent Non-Executive Director	7/7	100%
Mohamed Rashdi Mohamed Ghazalli	Independent Non-Executive Director	7/7	100%
Datuk Ramlan Abdul Rashid	Independent Non-Executive Director	7/7	100%
Dato' Roslina Zainal	Independent Non-Executive Director	7/7	100%
Dato' Mohammad Azlan Abdullah (Appointed on 1 October 2019)	Non-Independent Non-Executive Director	2/2	100%
Syed Ali Syed Salem Alsagoff (Appointed on 1 February 2020)	Non-Independent Non-Executive Director	Not applicable	Not applicable
Lim Tiang Siew (Appointed on 3 June 2020)	Independent Non-Executive Director	Not applicable	Not applicable
Datin Paduka Kartini Hj Abdul Manaf (Appointed on 24 April 2019 and resigned on 31 December 2019)	Non-Independent Non-Executive Director	4/4	100%
Dato' Hamzah Bakar (Resigned on 1 February 2020)	Chairman, Non-Independent Non-Executive Director	7/7	100%
Gee Siew Yoong (Resigned on 21 May 2020)	Independent Non-Executive Director	6/7	86%
Abdul Jalil Abdul Rasheed (Appointed on 1 January 2020, re-designated as Chairman on 1 February 2020 and resigned on 15 June 2020)	Chairman, Non-Independent Non-Executive Director	1/1	100%

The attendance of members at the Board Committee meetings held during FY2020 is as detailed below:

Director	BAC	BNC	BRC	LTIPC	BRMC
Non-Independent Non-Executive	Attendance				
Dato' Hamzah Bakar ¹		4/4	2/2	2/2	
Abdul Jalil Abdul Rasheed ²			Not applicable		
Datin Paduka Kartini Hj Abdul Manaf ³			Not applicable		
Dato' Mohammad Azlan Abdullah ⁴	Not applicable				
Syed Ali Syed Salem Alsagoff ⁵					Not applicable
Independent Non-Executive	Attendance				
Tan Sri Datuk Amar (Dr.) Hamid Bugo ⁶	10/11	4/4	Not applicable	2/2	
Datuk Muhamad Noor Hamid ⁷	11/11	Not applicable	2/2		4/4
Mohamed Rashdi Mohamed Ghazalli	10/11		2/2		4/4
Datuk Ramlan Abdul Rashid ⁸		Not applicable	2/2	2/2	4/4
Dato' Roslina Zainal ⁹				Not applicable	Not applicable
Lim Tiang Siew ¹⁰	Not applicable				
Gee Siew Yoong ¹¹	10/11	4/4		Not applicable	
Number of meetings held in FY2020	11	4	2	2	4

Notes:

- Resigned as Chairman of BRC and LTIPC and Member of BNC with effect from 1 February 2020.
- Appointed as Chairman of BRC with effect from 1 February 2020 and resigned with effect from 15 June 2020.
- Appointed as Member of BRC with effect from 1 October 2019 and resigned as Member of BRC with effect from 31 December 2019.
- Appointed as Member of BAC with effect from 23 March 2020.
- Appointed as Member of BRMC with effect from 23 March 2020.
- Appointed as Chairman of BRC with effect from 16 June 2020.
- Appointed as Member of BNC with effect from 1 February 2020 and redesignated as Chairman of BAC with effect from 21 May 2020.
- Appointed as Member of BNC with effect from 21 May 2020.
- Appointed as Member of BRMC with effect from 1 February 2020 and appointed as Member of LTIPC with effect from 21 May 2020.
- Appointed as Member of BAC with effect from 3 June 2020.
- Appointed as Member of LTIPC with effect from 1 February 2020 and resigned as Chairman of BAC, Member of BNC and LTIPC with effect from 21 May 2020.

Continuous Professional Development

As required by the MMLR, for FY2020 all Board members had attended the Mandatory Accreditation Programme (MAP) as Directors of listed issuers.

In addition, the Directors are advised on their legal obligations and other duties as directors of a listed issuer upon their appointment. The Group Company Secretary will provide the relevant corporate governance information of the Company to new Directors upon their appointment. The newly appointed Directors will receive a comprehensive induction briefing designed to provide a general understanding of the Group's businesses and operations, including the major risks faced within the environment of the Company's business.

The Board is encouraged to attend education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge on a regular basis and to keep abreast with new developments in the business environment. The Board identifies the training needs of the Board as a whole while the individual Directors are given a free hand to identify their own training needs, taking into consideration their memberships on the boards of other companies as well.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The training programmes attended by Members of the Board during FY2020 are as follows:

Skill Sets	Trainings
Regulatory/Legal	Mandatory Accreditation Programme for Directors of Public Listed Companies The Spirit of the Malaysia Agreement 1963 (MA63) in Our Constitution by Emeritus Professor Datuk Dr Shad Saleem Faruqi
Leadership	PNB Leadership Forum 2019 PNB Corporate Summit 2019 PNB Corporate Summit 2019 – Rebooting Corporate Malaysia Resilient Leadership Yayasan Tun Ismail Mohamed Ali (YTI) Memorial Lecture 2019 Khazanah Megatrends Forum 2019 – Building Our Collective Brain
Accounting/ Auditing	MFRS 16 Workshop Mastering the Principles of Deferred Taxation: From Fundamental to Complex Transactions and Events 2019 CPA Congress
Insurance	Directors & Officers Liability Insurance 7th Asia Insurance Brokers' Summit Fintech Implications for Insurance Companies
Sustainability Skills – Social & Environmental	Official Visit by YB Minister of Communications and Multimedia Malaysia to Telco Network Operation Center (NOC TM, Cyberjaya) Working Visit to Large Scale Solar (LSS) Project Learning from Plants for Green Engineering by Professor Ille Gebeshuber Together for SDGs: Financing the SDGs: Malaysia Private Sector Role in Bridging the Gap from Goals to Actions YBM KKMM Visit to Menara TM (YB Gobind)
Governance/ Integrity	MACC Corporate Liability Training A Boardroom Colloquium on Innovation Governance ICDM International Directors Summit 2019 Corporate Liability Talk Director's Duties and Responsibilities International Directors Summit 2019 – The Trust Compass: Resetting the Course National Integrity Plan by Dr Mohd Nizam Mohd Ali Engagement Session with the Institutional Investors Council Malaysia (IICM) Corporate Liability Section 17A
International/ Multinational	World Road Conference, Abu Dhabi
Oil & Gas	20th Asia Oil & Gas Conference Oil & Gas Training Industry OGA 2019
Risk Management	Risk Management in Technology
Finance/Banking	Capital Market Development Programme

Integrity and Ethics

The Board strives to adhere to the highest ethical standards in discharging its responsibilities and continues to promote integrity and ethical conduct among its employees in all aspects of the Group's business operations, including confidentiality of information, conflicts of interest, as well as Health, Safety and Environment ("HSE") performance, amongst others.

Code of Ethical Conduct

The Group has in place a Code of Ethical Conduct that sets the tone on how the Group's business is conducted globally that applies to all members of the organisation. The Group aims to act responsibly, accountably and with transparency in all areas of operation. The areas covered by the Code of Ethical Conduct are anti-corruption and bribery, gifts and hospitality, conflict of interest, fair competition, whistleblowing and sanctions for violations.

The Code of Ethical Conduct is available at www.sapuraenergy.ethicspoint.com.

Anti-Bribery and Corruption Policy Statement

The Group conducts all its business in an honest and ethical manner and takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Group is also committed in upholding all laws relevant to countering bribery and corruption in Malaysia and all other jurisdictions in which it operates. This is accessible to the employees or other stakeholders at www.sapuraenergy.ethicspoint.com.

Whistleblowing Policy

The Group is committed to maintaining an open working environment, honest communication are the expectation and not the exception. The Group has launched a Whistleblowing helpline, which is accessible to the employees or other stakeholders at www.sapuraenergy.ethicspoint.com.

Insider Trading

In line with the MMLR and the relevant provisions of the Capital Markets & Services Act 2007, the Board, key management personnel and principal officers of the Group are prohibited from trading in securities or any kind of properties based on price-sensitive information and knowledge which have not been publicly announced.

Notices on closed periods for trading in shares of Sapura Energy are circulated to the Board, key management personnel and principal officers who are deemed privy to any price-sensitive information and knowledge in advance of, whenever the closed period is applicable.

II. BOARD COMPOSITION

Independent Director and its Tenure

For FY2020, the Board comprised six (6) Independent Directors and five (5) Non-Independent Directors. Independent Directors form a majority of the Board, thus fulfilling the application of the Practice 4.1 of the MCGG 2017 and the requirement under the MMLR that at least one third (1/3) of the Board members are Independent Directors. This ensures that minority shareholders' interests are adequately represented.

The Independent Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined for all stakeholders of the Group. For FY2020, the tenure of all Independent Directors does not exceed a cumulative term limit of nine (9) years.

Diversity

Diversity in the Board's composition is essential to facilitate good decision-making as this enables different insights and perspectives to be harnessed. This diversity criteria may include competencies, skills, knowledge, experience, ethnicity, gender, age and educational background. The Group's Board Diversity Policy seeks to be inclusive and eradicate any form of discrimination, may it be on the basis of gender, age, ethnicity or other factors. The Board Diversity Policy is accessible on the Company's official website at www.sapuraenergy.com.

In terms of diversity in skills, experience and competencies, the Board comprises members with various professional backgrounds and expertise from the fields of oil & gas, engineering, financial, investment, insurance, information technology, accounting, management, economics, business and public administration, all of whom bring in-depth and diverse experiences, expertise and perspectives to the Group's operations to ultimately enhance shareholders' value for the long-term.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

On gender diversity, during FY2020 (up to 31 December 2019), the Company met the requirement of thirty percent (30%) women representation on the Board. With the resignation of two (2) women Director on 31 December 2019 and 21 May 2020, the women representation on the Board is currently reduced to ten percent (10%). The BNC and the Board are actively looking for potential candidates to achieve thirty percent (30%) women representation on the Board. However, the ultimate decision on the selection of the candidate shall be based on: (i) merit and contribution of the candidate which is expected to bring to the Company; and (ii) the skill gap required at the particular time.

Collectively, the Board brings a wide spectrum of business acumen, skills and perspectives necessary for the decision-making process. The diversity and depth of knowledge offered by the Board, especially its Executive Director, reflect the commitment of the Group to ensure effective leadership and control of the Group. The Non-Executive Directors provide considerable depth of knowledge collectively gained from their vast experience in a variety of public and private companies. They also possess the necessary calibre, credibility, skills and experience to bring sound judgement to matters of strategy, performance, resources and governance.

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group. This has also brought informed and independent judgement to the Group's strategy and performance so as to ensure that the highest standards of conduct and integrity are always at the core of the Group.

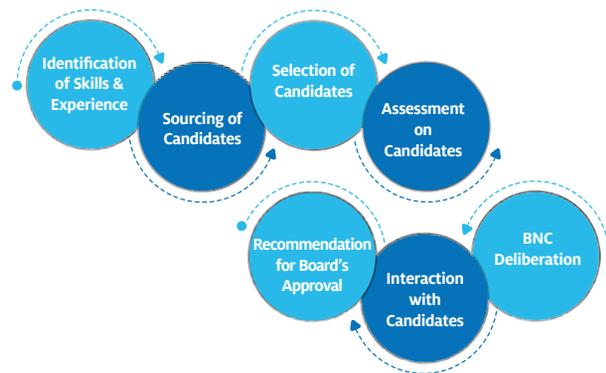
The profile of each Director is provided on pages 56 to 65 of this Annual Report.

Diversity is also applicable to the appointment of Senior Management and the Group's workforce. The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the Group. The Group is committed to leveraging the diverse backgrounds in terms of gender, ethnicity, nationality, age, experiences and perspectives of our workforce to provide good customer service to an equally diverse customer base. The Group's commitment to recognising the importance of diversity extends to all areas of our business including recruitment, skills enhancement, appointment to roles, retention of employees and training and development. On the Management front, out of seven (7) Senior Management positions, there are two (2) women that

make up approximately twenty-nine percent (29%) women representation in Senior Management. There is also diversity in ethnic and cultural background amongst the Senior Management.

Board Appointment Process

The appointment of a new member to the Board is subject to the following process:



Board Assessment

The BNC assists the Board in assessing the effectiveness of the Board as a whole, the Board Committees, independence of Independent Directors as well as the performance and training needs of each Director, on annual basis.

The results of the assessments conducted for FY2020 indicated that the Board, Board Committees and the individual Directors had performed within expectation and were able to discharge their functions and duties effectively. The Board is also satisfied with the results of the assessment on the Independent Directors and is of the view that all Independent Directors are independent of management and free of any interest, position, association or other relationship that might materially influence the Independent Director's capacity to bring an independent judgement and to act in the best interest of the Group and its stakeholders. Key areas of focus for the training needs of Directors have been identified based on the board assessment undertaken by the Board.

The BNC is also responsible for recommending Directors for re-election at the Annual General Meeting. In accordance with the Constitution of the Company, all newly appointed Directors are subject to re-election by the shareholders at the first annual general meeting following their appointments. Additionally, at least one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall be subject to

retirement by rotation at least once every three (3) years, and shall be eligible for re-election. The retiring Directors would be those who have been longest in office since their last election. This provides shareholders the opportunity to evaluate the performance of the Directors and promote effective Board members.

Directors subject to retirement by rotation pursuant to the Constitution are initially considered by the BNC, taking into consideration their required mix of skills, competencies, experience and other qualities required before they are recommended for re-election by shareholders.

Independence of Independent Directors

The Board has a set of criteria in assessing the independence and performance of Directors.

The BNC annually reviews and assesses the level of independence of the Independent Directors of the Board in line with the MMLR. The BNC will also consider the individual Director's ability to exercise independent judgement and to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all stakeholders' interests.

For the period under review, none of the six (6) Independent Directors have served the Board for more than nine (9) years and the BNC has assessed and concluded that all the Independent Directors continue to demonstrate, conduct and behave in a manner indicative of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company.

Activities undertaken by the BNC during FY2020 are as follows:

Review the retirement and recommend re-election of Directors at the Eighth Annual General Meeting

Review the Annual Assessment of the Effectiveness of Board of Directors and Board Committees as well as Performance of Individual Board Members for the Financial Year Ended 31 January

Review and recommend the proposed Appointment of Non-Independent Non-Executive Directors

Overview on the adoption of Step Up Practice 4.3 of the Malaysian Code on Corporate Governance 2017

Proposed Changes of Chairman of the Board and Chairman/ Members of Board Committees

On the appointment of Non-Executive Directors, the Board had during FY2020 appointed two (2) women Director resulting in thirty percent (30%) women representation on the Board up to 31 December 2019. The Board approved the adoption of limitation of tenure of Independent Director up to nine (9) years with effect from 29 January 2020.

The future priorities for the Board are to focus on Board mix skills, training, succession plan and appointment of potential candidate to achieve thirty percent (30%) women representation on the Board.

III. BOARD REMUNERATION

Board Remuneration Policies and Procedures

The level of Directors' remuneration is comparable in order to attract and retain Directors of such calibre to provide the necessary skills and experience as required and to commensurate with the responsibilities for the effective management and operations of the Group. All Non-Executive Directors are paid additional fees for added responsibilities undertaken such as a Director acting as Chairman of a Board Committee and membership of Board Committees.

The remuneration of the Non-Executive Directors, which is subject to the approval of the shareholders at the annual general meetings, is recommended by BRC to the Board as a whole to ensure that it is aligned to the market and to the Directors' duties and responsibilities.

The Board, through the BRC, annually reviews the performance of the Executive Director as a prelude to determining his annual remuneration, bonus and other benefits. In discharging this duty, the BRC evaluates the performance of the Executive Director against the objectives set by the Board, thereby linking their remuneration to performance.

The basic salary of the Executive Director is fixed for the duration of his contract. Any revision to the basic salary will be reviewed and recommended by the BRC for the approval of the Board, taking into consideration, amongst others, individual performance, inflation price index and information from independent sources on the rates of salary of similar positions in other comparable companies within the industry. The Executive Director is not entitled to Directors' fees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Details of the Directors' remuneration (both Executive and Non-Executive) for FY2020 are as follows:

Group	Company					Subsidiary	Total RM'000
	Salaries and other emoluments RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Benefits- in-kind RM'000	Fees RM'000	
Executive Director							
Tan Sri Dato' Seri Shahril Shamsuddin	8,040	-	-	1,206	351	-	9,597
	8,040	-	-	1,206	351	-	9,597
Non-Executive Directors							
Tan Sri Datuk Amar (Dr.) Hamid Bugo	-	567	-	-	-	8	575
Dato' Mohammad Azlan Abdullah ¹	-	114	-	-	3	-	117
Syed Ali Syed Salem Alsagoff ²	-	-	-	-	-	-	-
Dato' Shahrizan Shamsuddin	-	342	-	-	-	-	342
Mohamed Rashdi Mohamed Ghazalli	-	567	-	-	5	8	580
Datuk Muhamad Noor Hamid	-	509	-	-	4	-	513
Datuk Ramlan Abdul Rashid	-	491	-	-	5	-	496
Dato' Roslina Zainal	-	342	-	-	-	-	342
Lim Tiang Siew ³	-	-	-	-	-	-	-
Datin Paduka Kartini Hj Abdul Manaf ⁴	-	247 [#]	-	-	-	-	247
Dato' Hamzah Bakar ⁵	40	950	-	-	14	45	1,049
Gee Siew Yoong ⁶	-	527	-	-	6	-	533
Abdul Jalil Abdul Rasheed ⁷	-	29 [#]	-	-	-	-	29
	40	4,685	-	-	37	61	4,823

The fee was paid to the organisation that the Director represents.

Notes:

- Appointed as Non-Independent Non-Executive Director with effect from 1 October 2019.
- Appointed as Non-Independent Non-Executive Director with effect from 1 February 2020.
- Appointed as Independent Non-Executive Director with effect from 3 June 2020.
- Appointed as Non-Independent Non-Executive Director with effect from 24 April 2019 and Resigned as Non-Independent Non-Executive Director with effect from 31 December 2019.
- Resigned as Chairman, Non-Independent Non-Executive Director with effect from 1 February 2020.
- Resigned as Independent Non-Executive Director with effect from 21 May 2020.
- Appointed as Non-Independent Non-Executive Director with effect from 1 January 2020, Re-designation as Chairman, Non-Independent Non-Executive Director with effect from 1 February 2020 and Resigned with effect from 15 June 2020.

Long-Term Incentive Programme (LTIP) scheme

No LTIP shares were granted for FY2020. The amount vested to a director for the current financial year was RM6.8 million which relates to the LTIP shares granted in the financial year ended 31 January 2017.

Options granted to Executive Director under the Executive Share Option Scheme

Pursuant to the Extraordinary General Meeting (“EGM”) held on 29 November 2018, the shareholders of the Company approved the establishment of the Executive Share Option Scheme (“ESOS”) and the offer and grant to Tan Sri Dato’ Seri Shahril Shamsuddin, being the Executive Director and PGCEO of the Company, options to subscribe for up to five percent (5%) of the issued ordinary shares of the Company from time to time during the ESOS period.

On 14 December 2018, Tan Sri Dato’ Seri Shahril Shamsuddin was offered and granted 299,607,754 options, being five percent (5%) of the then issued ordinary shares of the Company, at the exercise price of RM0.31.

By-Laws Adjustments to Granted ESOS

Pursuant to the completion of the Rights Issue exercise on 29 January 2019, this resulted in increase in the number of issued ordinary shares of Sapura Energy from 5,992,155,087 to 15,979,080,232, and thus the total number of options granted on 14 December 2018 and its exercise price have been adjusted in accordance with the By-Laws governing the ESOS. The adjustment resulted in an additional 132,853,591 options being granted to Tan Sri Dato’ Seri Shahril Shamsuddin, and the exercise price of the options was revised to RM0.22.

Further ESOS Grant Resulting from Enlarged Number of Issued Ordinary Shares Post-Rights Issue

Pursuant to the shareholders’ approval to grant up to ten percent (10%) of the total number of Sapura Energy ordinary shares in issue and to grant Tan Sri Dato’ Seri Shahril Shamsuddin to subscribe for up to five percent (5%) of the total number of Sapura Energy ordinary shares in issue, as a consequence of the enlarged number of issued ordinary shares post the Rights Issue, a further offer of 366,492,667 options had been made to Tan Sri Dato’ Seri Shahril Shamsuddin on 12 April 2019 at an exercise price of RM0.39.

Weighted Average Price of All Options Granted

Following the further grant of options on 12 April 2019, the weighted average exercise price of the options granted to-date is RM0.30.

ESOS Conditions

As part of the ESOS conditions, Tan Sri Dato’ Seri Shahril Shamsuddin is prohibited from selling, transferring or assigning any new ordinary shares in the Company obtained through the exercise of the ESOS within three (3) years from the date of offer.

Details of the options granted to PGCEO/Executive Director, Tan Sri Dato’ Seri Shahril Shamsuddin under the ESOS as at the date of Annual Report are set out under the Additional Compliance Information on page 97 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. EFFECTIVENESS OF AUDIT COMMITTEE

The Board is assisted by the BAC in reviewing the information on annual audited financial statements and announcements on unaudited quarterly financial results to be disclosed to shareholders. This ensures the accuracy, adequacy and completeness of the information thereof as well as compliance with the applicable financial reporting standards.

The Board takes responsibility for presenting balanced and meaningful assessments of the financial performance and prospects of the Group. The financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved Financial Reporting Standards in Malaysia which give a true and fair view of the affairs of the Company and the Group.

None of the members are former key audit partners of the external auditors of the Group. The TOR of BAC does not allow a former key audit partner to be appointed as a member of the BAC unless a cooling-off period of at least two (2) years has been observed. For FY2020, BAC comprised solely of Independent Directors. The Chairman of the BAC is not the Chairman of the Board.

A statement on directors’ responsibilities in preparing the financial statements is set out on page 98 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Group Internal Audit

The Group Internal Audit (“GIA”) reports to the BAC, and the GIA has the principal responsibility for undertaking a regular and systematic review of the systems and internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

The internal audit function of the Company is premised on the requirements of an independent and objective function. The GIA’s direct reporting line to the BAC enables it to be independent of Management so as to exercise objectivity.

Both Internal Audit and the external auditors provide integral support to the BAC by acting as a sounding board.

The activities performed by the GIA are set out in the Report of the BAC on page 96 of this Annual Report.

External Auditors

The external auditors, Ernst & Young PLT, report to the BAC their findings each year. In doing so, the Group has established a transparent arrangement to meet the professional requirements by the auditors. The BAC also reviews the results of the annual audit, the audit report and management letters, including Management’s responses thereon with the auditors. Two (2) private sessions between the auditors and the BAC, in the absence of the Management team, were held during the period under review.

The suitability and independence of external auditors are annually reviewed and monitored by the BAC. The BAC has a set of criteria in assessing the suitability and independence of the external auditors. Written assurance from the external auditors is also sought in confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Having evaluated Ernst & Young PLT’s performance, independence and suitability, the BAC recommended the re-appointment of Ernst & Young PLT as external auditors of the Company for the ensuing financial year, to the Board. The Board at its meeting held on 3 June 2020 approved the recommendation for the shareholders’ approval at the Ninth Annual General Meeting of the Company to be held on 30 July 2020.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control on pages 92 and 93 of this report.

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of an effective communication channel between the Board, stakeholders, institutional investors and the investing public at large, both locally and internationally, with the objective of providing as much as possible a clear and complete picture of the Group’s performance and position. The Company’s Annual Report remains the primary channel of communication with the stakeholders.

In this respect, the Group is fully committed to maintaining a high standard for the dissemination of relevant and material information relating to developments within the Group. In the absence of a Group Corporate Disclosure Policy, there are, however, proper internal procedures and processes established to govern the release of information to the public. Evaluation of the timeliness, accuracy and quality of the information to be disclosed is guided by the Corporate Disclosure Guide issued by Bursa Securities.

Analyst Briefings on Quarterly Results

Sapura Energy conducts media and analyst briefings and/or conferences on quarterly results chaired by the PGCEO immediately after announcement of the quarterly results to Bursa Securities. The briefings provide a platform for analysts and media to receive a balanced and complete view of the Group’s performance and the issues faced.

Investor Meetings

The Investor Relations Department of the Group has frequent one-on-one and group meetings with analysts, investors and potential investors throughout the year to provide constant communication with the investment community. Reasonable access to the Senior Management ensures analysts and investors are able to engage with key executives within the Group. Dissemination of information during the briefings is confined to permissible disclosure within the MMLR that will further enhance the understanding of the Group’s operations and activities.

Corporate Website

The corporate website of Sapura Energy at www.sapuraenergy.com provides quick access to information on the Group. Information on the website includes amongst others, the Group's corporate profile, Board profiles, announcements to Bursa Securities, press releases, share information, financial results, TOR of Board Committees and corporate news. The Company's website is regularly updated to provide current and comprehensive information about the Group.

Annual Report

The Company's Annual Report provides comprehensive coverage of the Group's operations and financial performance. An online version of the Annual Report is available on the Company's website.

Media Coverage

Media coverage of the Group and its business activities is initiated proactively at regular intervals to provide wider publicity and to improve the general understanding of the Group's business among investors and the public.

II. CONDUCT OF GENERAL MEETINGS

General meetings are the principal forum for dialogues with shareholders. During general meetings, the question and answer session is open to all shareholders present. The Board, Senior Management of the Group, as well as the Group's auditors are present to respond to issues raised during general meetings.

At Annual General Meeting, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. Shareholders are also informed of the rules, including the voting procedures that govern the Annual General Meetings.

At the Eighth Annual General Meeting of the Company held on 18 July 2019, all Directors were present and introduced to the shareholders of the Company. During the Annual General Meeting, shareholders had actively taken the opportunity to raise questions on the agenda items of the Annual General Meeting as well as on the current development of the Group. The Directors and Senior Management responded to all the questions raised and provided clarification as required by the shareholders. To ensure transparency, the Board also provided

shareholders the Company's responses to questions submitted in advance by the Minority Shareholders Watch Group by distributing the replies before the commencement of the meeting.

The notice for the Eighth Annual General Meeting was given on 31 May 2019 which provided to shareholders more than 28 days notice prior to the meeting. Shareholders who were unable to attend were allowed to appoint proxies to attend and vote on their behalf.

Pursuant to Paragraph 8.29A of the MMLR, all resolutions set out in the Notice of the Postponed Annual General Meeting will be put to vote on a poll. An Independent Scrutineer will be appointed to validate the votes cast at the Ninth Annual General Meeting.

STATEMENT BY THE BOARD ON COMPLIANCE

The Board considers the Company has complied and applied the Principles of the MCCG 2017 in the financial year ended 31 January 2020 except for the following:

- a) **Practice 4.5**
 - For Large Companies, the Board must have at least 30 percent women directors.
- b) **Practice 7.2**
 - The remuneration of top five key Senior Management.
- c) **Practice 11.2**
 - Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework.
- d) **Practice 12.3**
 - To facilitate voting in absentia.

The departures of the above Practices will be addressed in the Corporate Governance Report.

This CG Overview Statement is made in accordance with a resolution passed by the Board on 3 June 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Sapura Energy Berhad acknowledges its responsibilities in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness at the Group.

The Board ensures the framework and related systems address and manage the Group's key areas of risk within an acceptable risk level to increase the likelihood of the Group's business objectives being achieved. The internal control system is designed to manage risks, and provides reasonable but not absolute assurance against any material misstatement or loss.

Roles & Responsibilities of the Board and Management for Risk Management and Internal Control

In carrying out its oversight roles and responsibilities, the Board has set the tone and direction for embedding an effective risk management and internal control environment at all level across the Group's activities. Key policies and procedures have been established accordingly.

Management of the Group is accountable for providing assurance to the Board that risk management policies and internal control systems are implemented effectively and monitored adequately. The Board receives such assurance from the Senior Vice President of Drilling Business and Group Performance, who leads the risk function of the Group, as well as from the President and Group Chief Executive Officer ("PGCEO") and the Group Chief Financial Officer/Senior Vice President of Group Finance and Strategy.

During the financial year under review, the Board actively reviewed the risk management framework, processes and responsibilities via established tools which highlight the implementation of Group compliance procedures, the mitigation of business-related risks and continuous oversight of the Group's financial position. This allowed for reasonable assurance that all identified risks were monitored and managed within a tolerable level.

Based on the assurance provided and routine reviews, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

The disclosures in this statement, however, does not cover associate companies of the Group. The Group's interest are safeguarded through representations on the board of the respective associate companies.

Key Processes of Risk Management and Internal Control

The Board Risk Management Committee ("BRMC") oversees the assessment of processes relating to the Group's risk management and internal control system and ensures Management has implemented and follows a robust risk management framework.



Such framework, operationalised by each of the senior management within their areas of responsibilities, has a primary objective to assess, eliminate or mitigate, monitor and report the risks within each area of the Group as well as to ensure consolidation and coordination at Group-wide level.

It also provides regular reviews and reporting opportunities, and the most noticeable of these are as follows:

- (a) Reporting of key risks to the Board of Directors through the BRMC on a quarterly basis;
- (b) Reporting of key risks to the PGCEO as part of monthly business review meetings;
- (c) Reviewing key risks within each operating segment at least on a monthly basis; and
- (d) Continuous engagements with the business and corporate support functions to nurture a pro-active risk management culture, embedded within the organisation.

Group Internal Audit

Group Internal Audit (“GIA”) reports to the Board Audit Committee (“BAC”). The main roles and responsibilities of GIA is to provide independent and objective assurance designed to add value and improve the businesses and work activities of the Group. GIA discharged its role by recommending systematic and disciplined approaches to evaluate and improve the effectiveness of risk management, governance and internal control processes.

During the financial year, audits were performed on the Group’s subsidiaries, joint-venture business and corporate support functions of which the scope, timing and frequency were based on the level of risks assessed. These audits were carried out based on the Internal Audit Plan which were reviewed and approved by the BAC.

GIA also followed-up with Management on the implementation of the agreed action plans highlighted in the internal audit reports and thereafter reported the status to the BAC.

Further activities of the GIA are outlined in the Report of the BAC on page 96 of this Annual Report.

Review of Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control (“Statement”) and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, nor is the Statement factually inaccurate.

The Statement is made in accordance with a resolution passed by the Board on 3 June 2020.

REPORT OF BOARD AUDIT COMMITTEE

The Board of Directors of Sapura Energy Berhad (“Sapura Energy”) is pleased to present the report of the Board Audit Committee (“BAC”) (“Report”) including a summary of the activities of the BAC and the internal audit function for the financial year ended 31 January 2020 (“FY2020”).

COMPOSITION

During the FY2020, the BAC comprised four (4) members, all of whom were Independent Non-Executive Directors. As at the date of the Annual Report, the BAC comprised five (5) members due to changes to the composition of the BAC as follows:

Member	Designation
Datuk Muhamad Noor Hamid (Chairman) <i>(Re-designated with effect from 21 May 2020)</i>	Independent Non-Executive Director
Tan Sri Datuk Amar (Dr.) Hamid Bugo	Independent Non-Executive Director
Mohamed Rashdi Mohamed Ghazalli	Independent Non-Executive Director
Dato’ Mohammad Azlan Abdullah <i>(Appointed with effect from 23 March 2020)</i>	Non-Independent Non-Executive Director
Lim Tiang Siew <i>(Appointed with effect from 3 June 2020)</i>	Independent Non-Executive Director
Gee Siew Yoong (Chairman) <i>(Resigned with effect from 21 May 2020)</i>	Independent Non-Executive Director

The composition of the BAC fulfils the requirements of Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”).

The BAC Chairman, Datuk Muhamad Noor Hamid, is an Independent Non-Executive Director and Dato’ Mohammad Azlan Abdullah as well as Mr. Lim Tiang Siew are members of the Malaysian Institute of Accountants. Accordingly, Paragraphs 15.09(c)(i) and 15.10 of the MMLR have been complied with.

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

In performing its duties and discharging its responsibilities, the BAC is guided by a Terms of Reference (“TOR”). The BAC TOR is available on the website of Sapura Energy at www.sapuraenergy.com.

On 15 April 2020, the Board, through the Board Nomination Committee, assessed the performance of the BAC and its members through an annual Assessment of Board Committee’s Performance Evaluation. The Board is satisfied that the BAC and its members discharged their functions, duties and responsibilities in accordance with the BAC’s TOR, and that Sapura Energy is complying with the requirements of Paragraph 15.20 of the MMLR.

MEETINGS

A total of eleven (11) meetings were held during FY2020. The details of attendance of each member are as follows:

Member	Attendance	Percentage
Datuk Muhamad Noor Hamid (Chairman) <i>(Re-designated with effect from 21 May 2020)</i>	11/11	100%
Tan Sri Datuk Amar (Dr.) Hamid Bugo	10/11	91%
Mohamed Rashdi Mohamed Ghazalli	10/11	91%
Dato' Mohammad Azlan Abdullah <i>(Appointed with effect from 23 March 2020)</i>	Not applicable	Not applicable
Lim Tiang Siew <i>(Appointed with effect from 3 June 2020)</i>	Not applicable	Not applicable
Gee Siew Yoong (Chairman) <i>(Resigned with effect from 21 May 2020)</i>	10/11	91%

The Group Chief Financial Officer/Senior Vice President of Group Finance and Strategy ("GCFO") was invited to all BAC meetings to facilitate direct communication and to deliberate the financial results of the Group. The Group Chief Internal Auditor was invited for deliberation of internal control and governance matters arising from Internal Audit Reports while the attendance of other Management staff was by invitation depending on the matters deliberated by the BAC. This provided a platform for direct interaction between members of the BAC and Management.

The external auditors were engaged to conduct a limited review of quarterly financial results of the Group before these were presented to the BAC for review and recommendation for the Board's approval and adoption.

The Chairman of the BAC presented reports to the Board highlighting key issues discussed in BAC meetings.

The Secretary of the BAC meetings recorded the deliberations by the members at the meetings with regard to issues discussed and the outcome of these discussions. The minutes of each BAC meeting was tabled for confirmation at the subsequent BAC meeting and thereafter be presented to the Board for notation.

ATTENDANCE OF PROFESSIONAL DEVELOPMENT COURSES

All BAC members are aware of the need to continuously develop and increase their knowledge in the areas of accounting and auditing standards, practices and rules, given the changes and developments in these areas from time to time. In line with this and Practice 8.5 under Principle B of Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the BAC members have made continuous efforts in keeping themselves abreast of relevant developments by attending courses and other programs related to financial and reporting standards, practices and rules during the financial year.

The trainings attended by members of the BAC during the financial year are disclosed in the Corporate Governance Overview Statement included in this Annual Report.

SUMMARY OF ACTIVITIES OF THE BOARD AUDIT COMMITTEE

Over the course of FY2020, the BAC undertook the following activities:

Financial Reporting

- Reviewed and discussed the unaudited quarterly consolidated financial results and the annual audited consolidated financial statements, as well as the performance of the Group before recommending the same for approval by the Board. In reviewing the financial reporting of the Group, the BAC discussed and made enquiries on, amongst others:
 - Changes in or implementation of significant accounting policies;
 - Significant matters highlighted including financial reporting issues, significant judgement made by Management, significant and unusual events or transactions, and how these matters be addressed; and
 - Compliance with accounting standards and other regulatory and legal requirements.

Internal Audit

- Reviewed and approved the Group Internal Audit Plan ("Audit Plan") presented by the Group Chief Internal Auditor to ensure adequate scope and coverage;
- Deliberated major and critical findings including Management's responses, mitigation action plans and deadlines for closures presented in the internal audit reports prepared by the Group Chief Internal Auditor;
- Reviewed the implementation status of agreed action plans to ensure all key risks and controls have been addressed; and
- Assessed the resource requirements of internal audit and evaluate the adequacy and effectiveness of the internal audit function.

REPORT OF BOARD AUDIT COMMITTEE (CONT'D.)

External Audit

- Discussed with the external auditors before the audit commences, the Audit Plan, nature and scope of the audit;
- Held two (2) private discussions with the external auditors on 2 May 2019 and 3 December 2019 without the presence of Management and the Company Secretary to discuss the areas of audit concern;
- Discussed the external auditor's reviews of the quarterly financial results and financial statements of the Group;
- Discussed and deliberated on the significant audit and accounting matters identified during the statutory audit of the Group;
- Reviewed the independence, suitability, objectivity and effectiveness of the external auditors and services provided. In this respect, the BAC has received written assurance from the external auditors that in accordance with the requirements of all professional and regulatory requirements, they remained independent throughout the conduct of the audit engagement for FY2020; and
- Considered and recommended to the Board for re-appointment of the external auditors and the fees payable to them in respect of the Board's submission to the shareholders for approval at the Company's Annual General Meeting.

Related Party Transactions

- Reviewed and deliberated on all related party transactions to be entered into by the Company and its subsidiaries and subsequently made its recommendations for the Board's consideration.

In forming its recommendation, the BAC takes into consideration whether the proposed related party transactions are:

- in the best interests of the Group;
- fair, reasonable and on normal commercial terms; and
- not detrimental to the interests of our minority shareholders.

Annual Report

- Reviewed Report of the BAC, Statement on Risk Management and Internal Control, Additional Compliance Information and Corporate Governance disclosures, Audited Financial Statements of the Group for inclusion in the Annual Report prior to recommending the same for consideration and approval of the Board.

INTERNAL AUDIT FUNCTION

Internal auditing is an independent and objective assurance activity designed to add value and improve the Group's operations. It actively facilitates the Group to accomplish its objectives by bringing a

systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes within the Group.

The internal audit function of the Group was carried out in-house and is headed by Encik Mohd Khairul Nizam Alias, a Certified Internal Auditor and Chartered Member of The Institute of Internal Auditors Malaysia.

He is supported by a team of full time internal auditors with relevant experience and qualifications i.e. certified internal auditors, certified information systems auditor, professional accountants, engineers and post graduate. Further information on the resources, objectivity and independence of the internal auditors are provided in the Corporate Governance Report in accordance with Practice 10.2 of the MCCG.

During FY2020, the following activities were carried out:

- Prepared and presented the Audit Plan which included budget and human capital planning for the review and approval by the BAC;
- Performed annual risk profiling on all companies including joint venture companies within the Group and thereafter, based on available resources, formed the basis of the Audit Plan for the Group;
- Based on the Audit Plan which had been approved by the BAC:
 - Performed compliance review on policies and procedures, limits of authority and other statutory and regulatory requirements within the Group; and
 - Reviewed the adequacy and effectiveness of policies and procedures, internal controls, risk management and governance activities to provide suitable recommendations to Management for implementation within the Group.
- Prepared audit reports and sought Management's responses on controls tested, action plan(s) with specific timeline in regard to rectification of deficiencies identified in the existing internal control systems and thereafter, incorporated the pertinent information into the final reports which were then circulated to the BAC;
- Presented audit reports during the BAC meetings for deliberation;
- Reviewed the implementation status of agreed action plans and updated the BAC on the status; and
- Performed special reviews.

The total cost incurred by Group Internal Audit in discharging function and responsibilities during FY2020 was approximately RM3.5 million (FY2019: RM3.8 million).

ADDITIONAL COMPLIANCE INFORMATION

PURSUANT TO PARAGRAPH 9.25 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“MMLR”)

1. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors, Ernst & Young PLT and its affiliated companies for the services rendered to Sapura Energy Berhad (“Sapura Energy” or “the Company”) and the Group for the financial year ended 31 January 2020 (“FY2020”) are as follows:

	Company (RM'000)	Group (RM'000)
Audit fees	185	3,717
Non-Audit fees		
– Review of interim financial statements, review of Production Sharing Contracts and Statement on Risk Management and Internal Control	786	850
– Implementation of new accounting standards and other technical advice	–	21
Total	971	4,588

2. LIST OF PROPERTIES

The Company does not own any material properties during FY2020 as defined in the MMLR.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving the Board and major shareholders' interests during FY2020 save as disclosed in Note 40(a) to the financial statements as set out on pages 242 and 243 of this Annual Report.

4. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year ended 31 January 2020. All the proceeds raised in the previous financial year of (a) approximately RM4.0 billion from the rights issue of shares with warrants and rights issue of Islamic Redeemable Convertible Preference Shares (“RCPS-i”), which was completed on 29 January 2019 and; (b) the total cash proceeds of USD890 million (equivalent to approximately RM3.6 billion) from the transactions which were completed on 31 January 2019 relating to the strategic partnership between the Company and OMV AG, have been fully utilised during FY2020.

5. EXECUTIVE SHARE OPTION SCHEME (“ESOS”)

(a) Brief details on the total number of options granted, exercised and outstanding since the establishment of the ESOS on 13 December 2018 and up to the financial year ended 31 January 2020 are set out below:

Description	Number of options	
	Grand Total	Executive Director
Granted as at 31 January 2019	691,938,153	432,461,345
Granted during financial year ended 31 January 2020	586,388,264	366,492,667
Exercised	–	–
Outstanding	1,278,326,417	798,954,012

(b) Pursuant to the Company's ESOS By-Laws, the maximum allowable allocation to the Executive Director and Senior Management is up to 10 percent of the total number of issued ordinary shares of the Company. The actual share options granted to Executive Director and Senior Management as a percentage of the maximum allowable allocation during FY2020 is 36.7 percent and since commencement of the ESOS up to 31 January 2020 is 80 percent.

(c) The Non-Executive Directors are not eligible to participate in the ESOS.

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE AUDITED FINANCIAL STATEMENTS

The Companies Act 2016 (“Act”) requires the Board of Directors (“Board”) to prepare financial statements which give a true and fair view of the state of affairs together with the results and cash flows of the Group and the Company for each financial year.

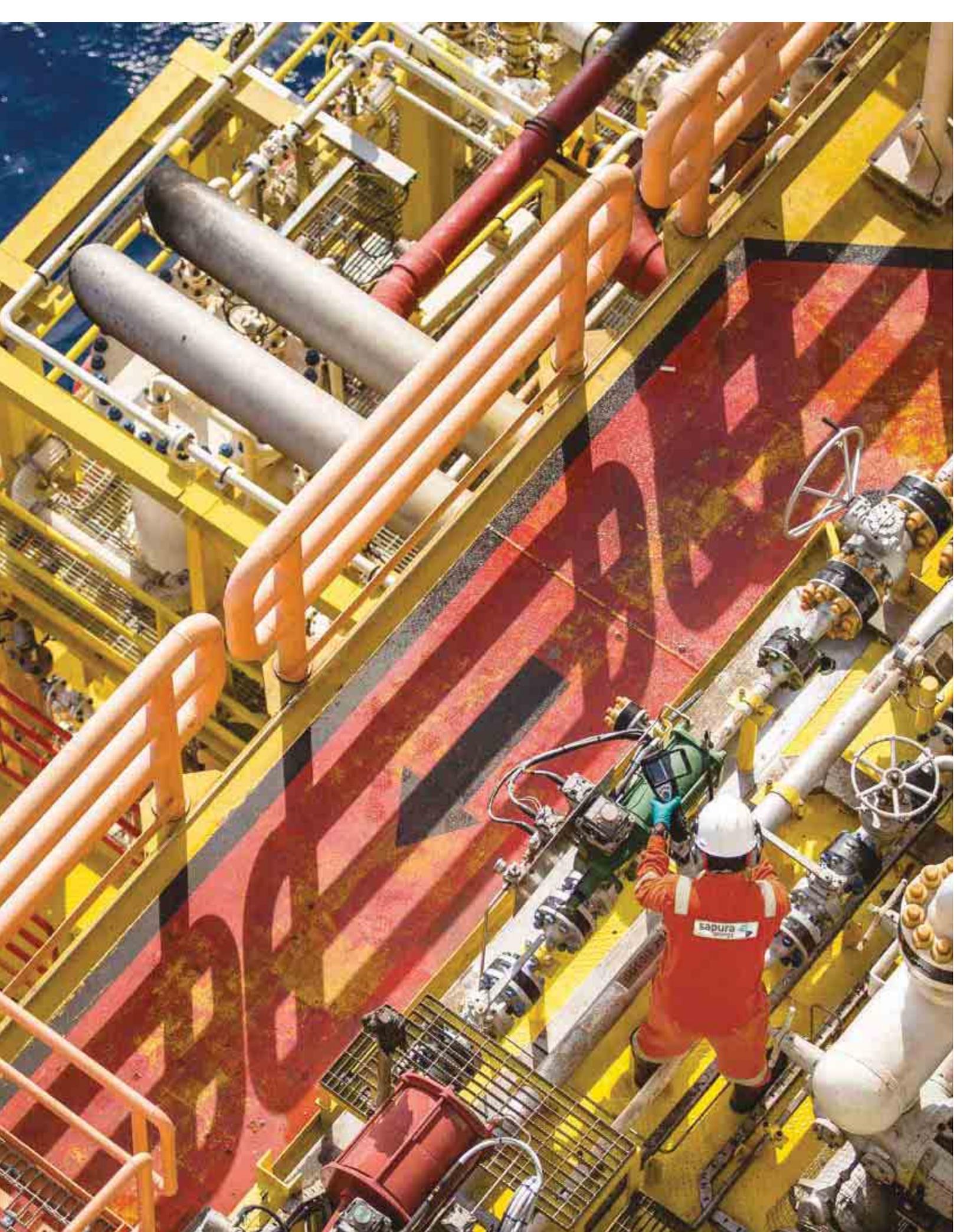
As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 January 2020 (“FY2020”) have been prepared in accordance with the applicable approved Malaysia Financial Reporting Standards issued by the Malaysian Accounting Standards Board and provisions of the Act.

In preparing the financial statements for FY2020 set out on pages 146 to 272 of this Annual Report, the Board considers that the Group and the Company have adopted and consistently applied appropriate accounting policies, supported by reasonable and prudent judgement and estimates. The Board also acknowledges that the Group and the Company have prepared the financial statements on a going concern basis.

The Board has the responsibility for ensuring that the Group and the Company maintain accounting records that disclose the financial position of the Group and the Company with reasonable accuracy which enable them to ensure that the financial statements are in compliance with the Act.

The Board also has the overall responsibility to take such steps that are reasonably available for them to safeguard the assets of the Group and the Company as well as to prevent and detect fraud in addition to other irregularities.

This Statement of Directors' Responsibility is made in accordance with a resolution passed by the Board on 3 June 2020.





SECTION SIX:

OUR ECONOMIC, ENVIRONMENT AND SOCIAL JOURNEY (“EES”)

- 102 Sustainability Reporting
- 103 Leadership Commitment
- 105 Sustainability at Sapura Energy
- 108 Sapura Energy Sustainability Goals and Materiality Topics
- 140 Calendar of Events





SUSTAINABILITY REPORTING

SCOPE OF DISCLOSURES

This report presents Sapura Energy Group's Economic, Environmental and Social ("EES") performance, as well as its positive impact on relevant industries, economy and society. For the past three years we have been striving to continuously improve the quality of our reporting to better communicate how we manage and address our material matters towards creating long-term value for all our stakeholders. As we move forward, we aim to broaden and deepen the scope of our annual reporting to reflect Sapura Energy's increasing commitment towards our sustainability agenda.

Sustainability Report 2020 ("FY2020") addresses topics that are material to our key business segments: Engineering and Construction ("E&C"); Drilling; Exploration and Production ("E&P"). It also documents our broad strategies, initiatives, and areas of impact for our three sustainability goals: 1) Ensuring Business Sustainability; 2) Ensuring No Harm to Our People and Environment; 3) Nurturing and Developing Our Talent.

REPORTING PERIOD AND BOUNDARY

This report exclusively covers the sustainability performance of Sapura Energy. All information covered in this report is for the period from 1 February 2019 to 31 January 2020, unless stated otherwise. We have included data from previous years, where possible, for comparability and status of our progress.

For comparability, we have included disclosures for more than one year where possible. Our aspiration is to improve the quality of reporting by including a minimum of two-year data for all material disclosures. In FY2020, we have not undergone any external assurance for the sustainability report. This Sustainability Report is available to all stakeholders in hard copy on request and can also be downloaded from our corporate website at www.sapuraenergy.com.

REPORTING STANDARDS AND GUIDELINES

Our sustainability disclosures were prepared 'In Accordance' with the following:

- Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting
- Global Reporting Initiative ("GRI") Sustainability Reporting Standards: Core Option

In adhering to these guidelines, we applied the following principles of sustainability reporting:

- **Stakeholders' Inclusiveness** – Conveying our response to stakeholders' reasonable expectations and interests.
- **Sustainability Context** – Presenting our performance in the broader context of sustainability.
- **Materiality** – Reflecting our significant economic, environmental and social impacts.
- **Completeness** – Covering and presenting all sustainability topics in order to enable stakeholders to assess the organisation's performance in the reporting period.

FEEDBACK AND COMMENTS

We welcome comments and suggestions from our readers on our sustainability efforts as well as the contents of this report. Please address your constructive comments, queries and suggestions to: corpcomms@sapuraenergy.com.

LEADERSHIP COMMITMENT



Message from President and Group Chief Executive Officer **Tan Sri Dato' Seri Shahril Shamsuddin**

At Sapura Energy, we are committed to creating value through environmental stewardship, safety and strong stakeholder relationships. As part of our effort to drive positive change, we make business decisions that support the oil and gas industry's role in energy transition, which fits into the broader picture of sustainable development, reflected through the United Nations Sustainable Development Goals ("SDGs").

The SDGs address the most urgent economic, social, and environmental challenges of this generation. Like the rest of the world, the Group's immediate concern is to protect the health and safety of our people against the spread of COVID-19; and manage the ensuing impact of the pandemic.

We implemented strict protocols and precautionary measures to ensure a safe working environment for employees, contractors and clients, and provided support where we can to the communities where we operate. Most importantly, we continued to provide essential oil and gas services and resources that the world needed during this unprecedented time.

On a larger scale, the pandemic underlines our responsibility to support a future-proof and sustainable global recovery. Even before the onset of COVID-19, Sapura Energy had implemented various initiatives to pave the way for our sustainable future.

LEADERSHIP COMMITMENT (CONT'D.)

In line with the Sustainable Development Goal of clean and affordable energy, we took deliberate steps to build capabilities in these areas. In 2019, we diversified into renewable energy, the fastest growing energy segment, by winning our first offshore wind farm project for Yunlin Offshore Wind Farm, Taiwan.

We focused on natural gas as the ‘transition fuel’ to bridge our reliance on hydrocarbons and the adoption of renewables, with a major portion of our activities in engineering and construction, and exploration and production, supporting the development of natural gas assets around the globe. Of the 46 projects we executed in FY2020, more than half were related to gas production. Within our exploration and production portfolio, gas contributed 45 percent of our net production in FY2020 and this figure is expected to increase to 80 percent in FY2021, showing growth prominence in this low carbon energy source.

In our operations, we continuously assessed the impact of our activities on people and the environment through the way we safely execute projects, source materials, deploy technologies, develop our people and engage with stakeholders.

Safety remains our priority. Sapura T-18, our tender-assist drilling barge, successfully achieved zero lost time incidents (“LTI”) for five consecutive years, while our East Piatu A platform reached one million man-hours without LTI. Meanwhile, Sapura Fabrication Joint-Venture was recognised for its outstanding Health, Safety and Environment (“HSE”) performance when it was awarded the PETRONAS Best Project HSE Award for the Offshore Execution Phase Category.

We developed project capabilities and innovative solutions to help clients progress environmental stewardship. Our participation in PETRONAS’ earliest rig-to-reef decommissioning project in offshore Sarawak helped to preserve Malaysia’s marine biodiversity. In FY2021, we will utilise this experience to assist Chevron Thailand Exploration and Production Ltd. (“CTEP”) decommission seven offshore jackets and convert them into artificial reefs.

We also nurtured a ‘Go Green’ mindset among employees, discouraging the use of disposables and single-use plastics at the workplace, and discontinuing supply chain purchase of bottled mineral water. These changes were prompted by employees themselves, who hopefully inspired other colleagues to embrace sustainable and responsible practices.

In FY2020, we implemented the online Incident Reporting System, Synergi Life (DNV), to better capture and track safety and environmental metrics. The system is accessible across all operating locations and provides transparent visibility of events, investigation outcomes and lessons learned for sharing. This contributes to improved benchmarking in occupational safety and environmental risk management; and helps us identify performance gaps and areas for improvement.

Investing in the learning and development of employees is also part of our contribution to the Sustainable Development Goals. A large part of the year was spent engaging our people and revisiting the Sapura values of trust, honesty and respect; safety, agility and professionalism; to explain how these are reflected in work ethics and behaviour, as aligned to the company’s purpose.

We spent RM9.5 million in knowledge and capacity building for our people, as employees benefitted from formal training and on-the-job learning opportunities, including international assignments where possible. Sapura Energy also launched the sponsorship of six high-potential Malaysian candidates for enrolment in the Masters in Business Administration programme with our partner, Asia School of Business, a Bank Negara Malaysia-MIT Sloan Collaboration.

Our aim to empower people through education extends to the community, with Sapura Drilling offering a full-time scholarship for Master of Science (MSc) in Drilling Engineering at Universiti Teknologi PETRONAS (“UTP”). The Sapura Drilling leadership is also part of UTP’s Industry Advisory Panel for their Petroleum Engineering Programme.

Balancing the need for energy and sustainability requirements is a challenging task that requires not just a set of relevant policies, regulatory support and innovation, but also genuine collaboration on a global and national scale.

I would like to take this opportunity to thank all our stakeholders who have been our partners in this sustainable journey, as we endeavour to create the legacy of a clean, safe and sustainable world for our children and grandchildren.

Tan Sri Dato’ Seri Shahril Shamsuddin
President and Group Chief Executive Officer

SUSTAINABILITY AT SAPURA ENERGY

At the heart of our sustainability agenda is the intent to create value for all stakeholders. This means prioritising social and environmental factors alongside economic profits. For our industry, this is complicated by safety and environmental risks due to the nature of our operations.

Bursa Malaysia recommends organisations to take a forward looking approach to sustainability and adopt a long-term mindset, for business and value creation. At Sapura Energy, sustainability entails doing business ethically and responsibly while mitigating negative impacts from our operations. Our long-term sustainability approach aims to manage our Economic, Environmental and Social (“EES”) risks and opportunities to create a net positive impact in the long run.



Our core values and principles are the foundation for incorporating sustainability into our strategies, business processes, decision-making criteria and core operations. These principles are to be entrepreneurially led, technically competent and most trusted contractor in the eyes of our customers, shareholders and most importantly, our empowered people. Our six (6) core values of honesty, trust, respect, safe, agile, and professional are elaborated in detail on page 38. Together, these principles and values govern the way we engage with our stakeholders to create sustainable value.

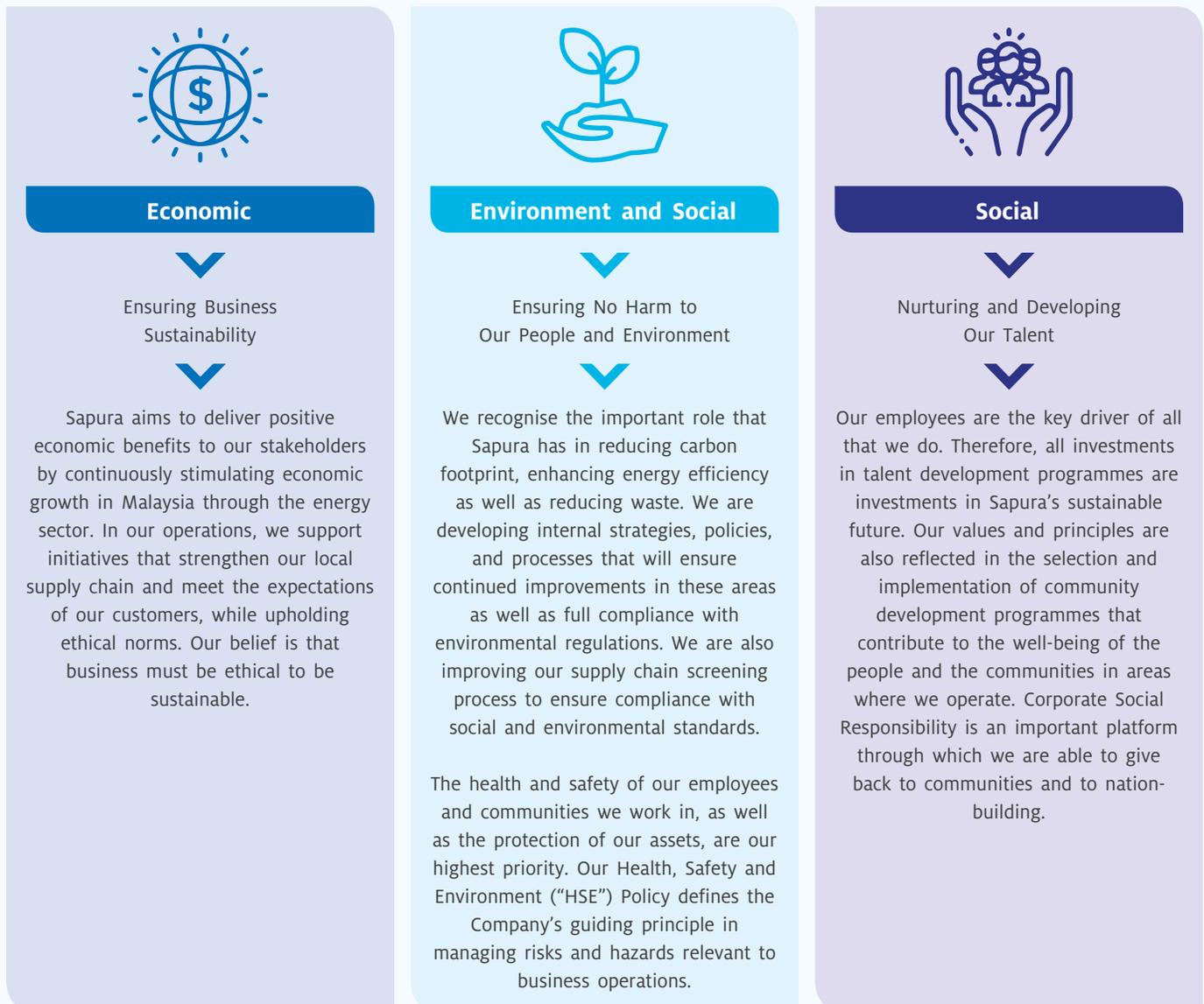
SUSTAINABILITY AT SAPURA ENERGY (CONT'D.)

OUR SUSTAINABILITY FRAMEWORK

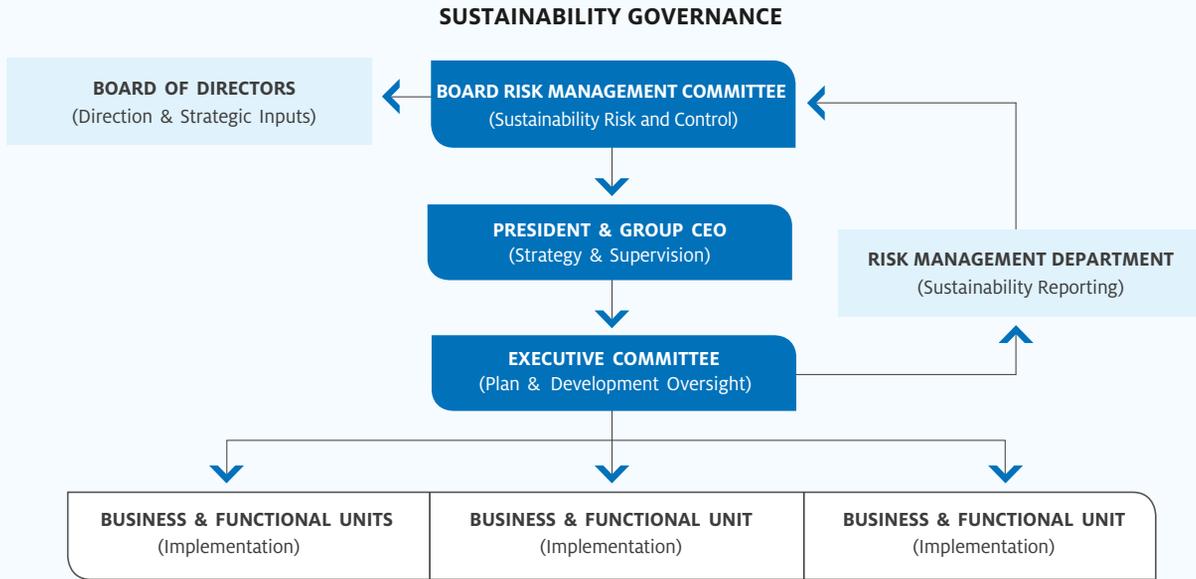
Our three (3) sustainability goals are framed by economic, environmental, and social (“EES”) factors: 1) Ensuring Business Sustainability; 2) Ensuring No Harm to Our People and Environment; 3) Nurturing and Developing Our Talent. These goals are inextricably intertwined. Business sustainability relies on our ability to comply with regulations to protect the environment and staff. Damage such as spills and HSE issues have serious consequences for the business and our industry, both from a regulatory and reputational standpoint.

One of the most significant ways we can effect impact is directly through our network of staff who number in the thousands. Our responsibility towards them goes beyond providing learning and development opportunities to include caring for their overall well-being, which in turn has a positive correlation with Group performance. FY2020 in particular, saw many health-focused initiatives for staff. HSE awareness among staff is also crucial for reaching our goals of ensuring no harm to our people and environment as well as ensuring business sustainability.

Sapura Energy Berhad Sustainability Framework



OUR SUSTAINABILITY GOVERNANCE



Our sustainability governance was designed to enhance Sapura Energy’s commitment to make sustainability an integral part of strategic management and business planning. It also ensures efficient implementation of sustainable practices across all operations to have a positive influence on the economic, environmental and social development of our company and the communities we work in.

With this understanding, overall accountability for sustainability at Sapura Energy is placed under the responsibility of the highest committees in the Group.

So, on behalf of the board of directors, the Board Risk Management Committee (“BRMC”) oversees the direction and implementation of our sustainability strategy and its governance structure. Various business and functional units implementing sustainability practices report to the Executive Committee and BRMC. With a view to create value for our stakeholders, our BRMC discusses on a quarterly basis all sustainability-related highlights and ongoing initiatives, reviewing any issues and measures to ensure they are adequately addressed.



SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS

ENSURING BUSINESS SUSTAINABILITY

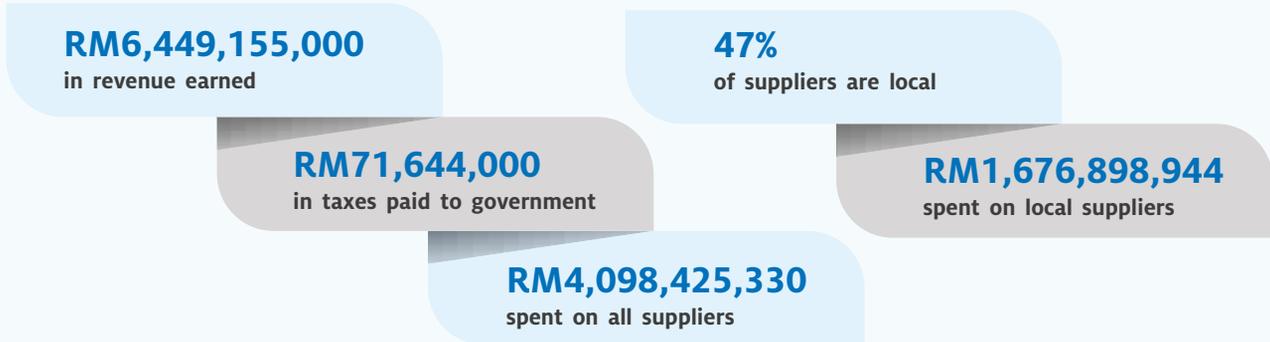
Sapura Energy is continuously investing effort in incorporating sustainability practices into our core business operations. We recognise that commercial viability is intertwined with sustainability, especially in a highly-scrutinised and regulated industry as ours. Hence, we are gradually integrating relevant environmental, social, ethical and governance requirements across all divisions within the Group. Our focus areas in ensuring business sustainability are economic performance and value creation, ethical business practices, and supply chain management.

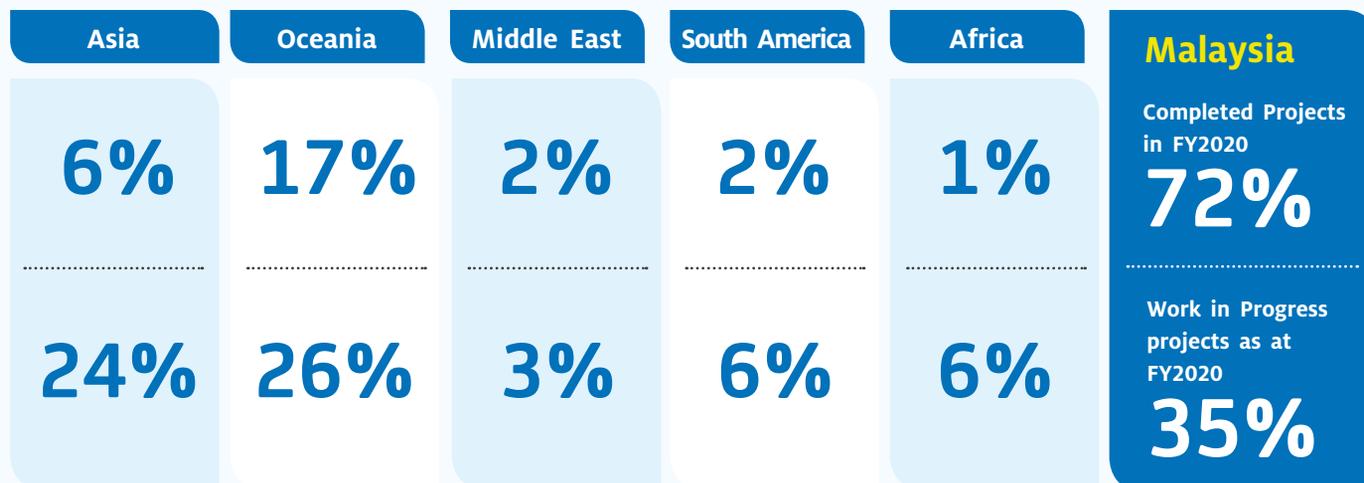
1. Economic Performance and Value Creation

The oil and gas industry is a major contributor to Malaysia’s economy, accounting for 20 percent of Malaysia’s national GDP, and is still expected to grow at five percent annually despite market uncertainties (Source: British Malaysian Chamber of Commerce).

The measure of our contribution to the economy is in our support of our industry and surrounding industries, the opportunities and livelihoods that we are responsible for sustaining, and nation-building. These are captured in our economic value created and distributed below.

ECONOMIC VALUE CREATED AND DISTRIBUTED





As a result of heightened awareness toward the environmental footprint of energy production, Sapura Energy has ventured into renewable energy with the establishment of a wind farm in Yunlin, Taiwan. This notable expansion is a forward-looking attempt to prepare the Group for the inevitable energy transition that is already taking place globally. Amidst calls for cleaner, greener forms of energy from regulators, government, and civil society, the Yunlin wind farm is our first offshore wind farm project. In FY2020, we hired several key employees for the Yunlin wind farm operations, including an environmental engineer to manage the potential impact of the wind farm on Taiwan’s marine life offshore.

2. Ethical Business Practices

In order to achieve our vision of being safe, agile and professional, we have to uphold ethical norms and live up to the expectations of our stakeholders as well as be compliant with applicable laws in countries where we operate. We are committed to meeting the requirements of corporate liability established recently through Section 17A of the Malaysian Anti-Corruption Commission Act 2009. We truly believe that businesses must be ethical and compliant to remain sustainable. Sapura Energy focuses on following three pillars of ethical business to emphasise its commitment to ethics and integrity:

a. Ethics in Leadership

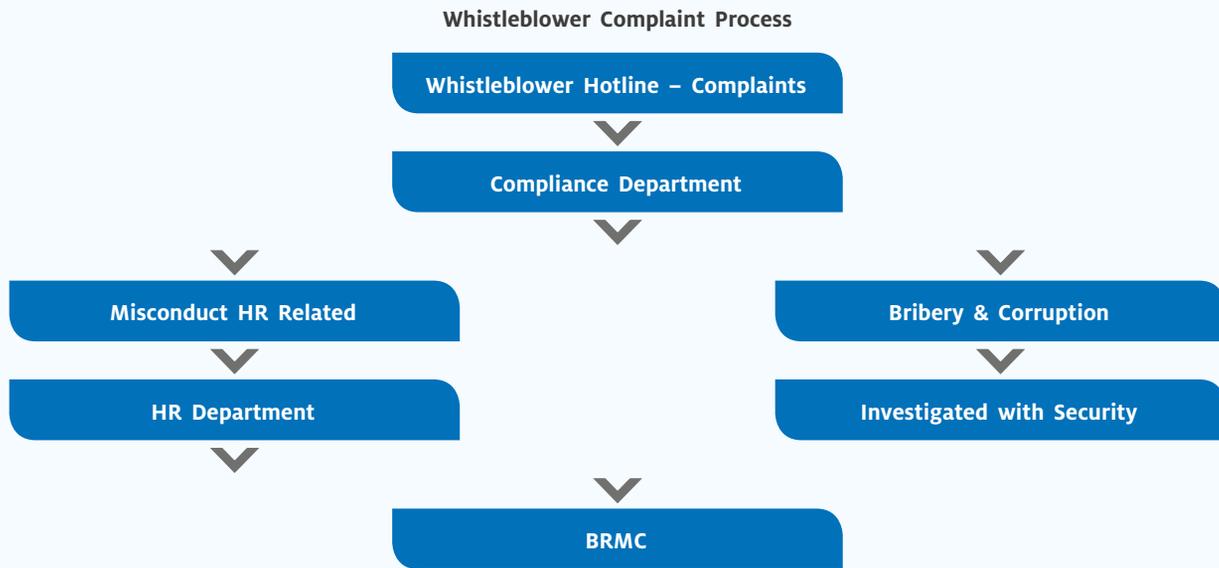
Our board of directors and management teams set the tone for how our company runs operations and what initiatives are beneficial for the organisation, its employees, partners, supply chain and other relevant stakeholders. Conducting business in an ethical manner from the top down creates stability within Sapura Energy and supports future value creation. Ethical leadership provides the impetus for those being led to follow suit, and it is therefore critical for integrity to be endorsed and embodied among higher levels of the organisation. Industry-standard practices are implemented to ensure the integrity of our leadership teams, including Board remuneration guidelines and screening of Board members during the hiring process.

b. Employee Ethics

We strive to create a culture of ‘doing the right thing’ through transparency and accountability. In our experience, a high standard of business ethics across all divisions and operations creates greater loyalty among employees and improves morale and performance. Having clearly defined ethical guiding principles enable our employees to engage with work in a way that is based on honesty and integrity. Our zero-tolerance approach to corruption and bribery is enforced through our Guidelines on Code of Ethical Conduct, supported by mandatory training for all employees on a regular basis.

**SAPURA ENERGY SUSTAINABILITY
GOALS AND MATERIALITY TOPICS (CONT'D.)**

Our employees are empowered with the freedom to report any misconduct through the Whistleblowing Helpline which was launched in 2018. The Helpline is accessible to employees, at www.sapuraenergy.ethicspoint.com.



- * Reports on whistleblower data and status is updated to BRMC;
- * Whistleblower Helpline response is updated;
- * Complainant as well as relevant Department is informed of the action.

All complaints from the Whistleblower Helpline are reviewed by the Compliance Officer, including consultation with the Vice President, Group Legal & Contracts and Corporate Secretarial. Most investigations are carried out in accordance with the complaint investigation process with the assistance of Security and Industrial Relations teams from Human Resources (HR). When misconduct covers HR related matters, the investigation is carried out by the HR department in accordance with HR processes and policies. Once investigations are concluded, the decision is shared with the Compliance Officer and the Whistleblower Helpline response is updated. Reports on whistleblower data and status are updated to BRMC regularly. This process applies to all levels of our management and operations.

c. Ethics Within Industry

Sapura Energy is dedicated to promoting good values and high professionalism among industry players in Malaysia and abroad. Maintaining our integrity and accountability reflects our company's decision to do the right and ethical thing. We abide strictly by anti-trust regulations to ensure a fair market. We also endeavour to provide equal opportunities to partners and vendors regardless of size.

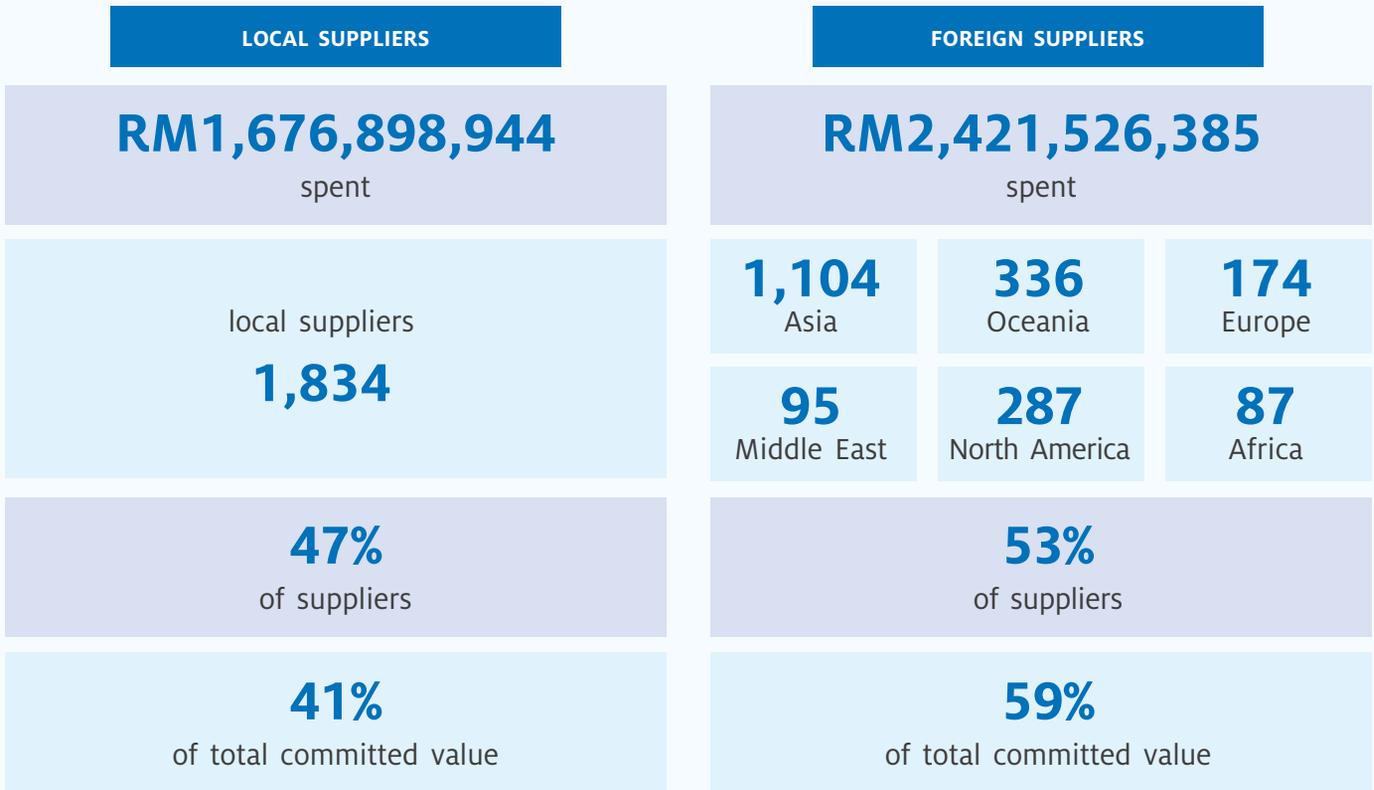
A set of corporate policies and practices to enhance governance such as the Code of Ethical Conduct Group Standard to avoid conflicts of interest and insider trading.

Further information on corporate governance at Sapura Energy is published in the Corporate Governance Overview Statement in this report.

3. Supply Chain Management

As an oil and gas player with sizeable operations in over 20 countries, we engage with thousands of suppliers every day. We are honoured that our global footprint is a catalyst for economic prosperity and social development.

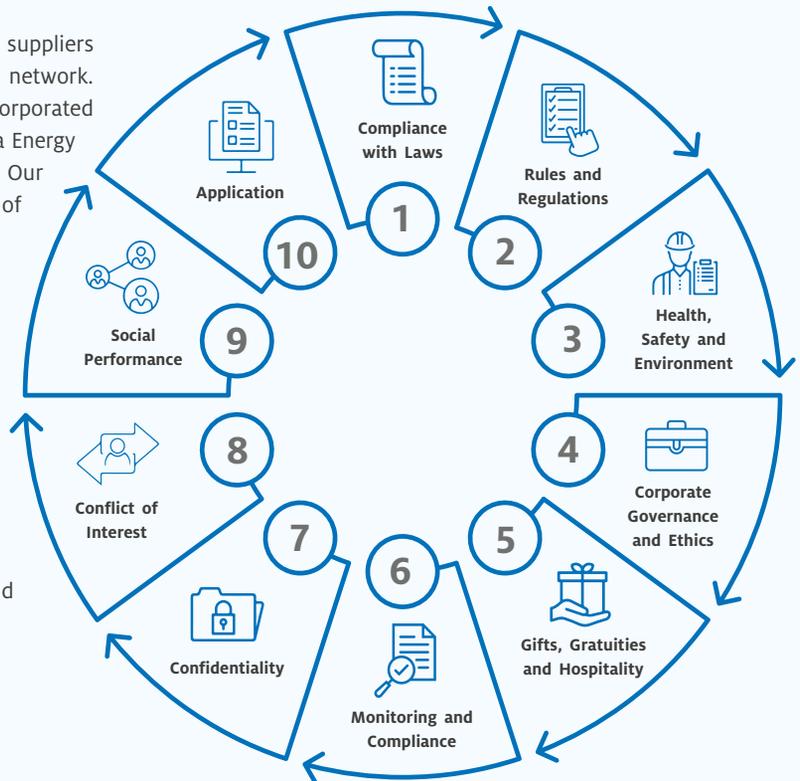
Our efforts to support the Malaysian economy during the reporting year resulted in cooperation with 1,834 local suppliers. A committed value of RM1,676,898,944 for the supply chain in Malaysia represents 40.92 percent of the value committed to vendors in all countries in which Sapura Energy runs its operations.



We understand that part of our responsibility towards our suppliers and customers includes the sustainability of our supply network. Our sustainability policies at the company level are incorporated into our procurement approach. Supplier selection at Sapura Energy is based on economic, social and environmental criteria. Our procurement process is guided by the Supplier Code of Conduct.

Suppliers are required to comply with Sapura Energy's Code of Conduct, which covers the aspects that are essential for the sustainability of our business operations (see chart).

The Code of Conduct not only ensures that suppliers act in accordance with Sapura Energy's standards and principles, it also provides fair and equal opportunities for suppliers based on established criteria. Additionally, suppliers are also required to sign an Anti-Bribery and Corruption pledge.



**SAPURA ENERGY SUSTAINABILITY
GOALS AND MATERIALITY TOPICS (CONT'D.)**



In order to ensure high-quality products and services produced by qualified suppliers that meet customers’ requirements, we are working with Achilles, one of the world’s leading supply chain risk management solution providers. This initiative, started in FY2020, will enhance the Group’s capacity to manage and mitigate supply chain risks.

As a result, our supply chain assessment reporting protocol covers the following areas:

1. Leadership and HSSE Culture
2. HSSE Policy and Strategic Objectives
3. Organisation, responsibilities, resources, standards and documentation
4. Risk Management
5. Planning and Procedures
6. Implementation and Performance Monitoring
7. HSE auditing and management review of HSE-MS
8. HSE management (additional features)
9. Quality Assurance
10. Social and Ethical Indicators

In July 2018, we signed a Memorandum of Understanding (“MOU”) with Petroliam Nasional Berhad (“PETRONAS”) for the implementation of the Vendor Development Programme (“VDP”) at Sapura Energy. This replicates PETRONAS’ earlier initiative, the VDP. During the reporting year, we focused on finalising the Standard Operating Procedures and guidelines for the VDPx and shortlisted four (4) vendors for the programme. We are currently working closely with PETRONAS to complete the VDPx programme.

Sapura Energy is committed to ensure competent suppliers support our organisation in delivering promises. We are continuously improving our supply chain management practices that focus on our products, facilities, vehicles and routes, to maximise customer value and gain a competitive advantage in the marketplace.



SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D)

ENSURING NO HARM TO OUR PEOPLE & ENVIRONMENT

At Sapura Energy, health, safety and environmental (“HSE”) practices are at the core of each business decision that affects our operations. By continuously improving the quality of HSE practices, we are preventing workplace injuries, illnesses, and deaths – as well as the suffering and financial hardship these events can cause for our workers, their families, the communities where we operate, the environment and our company.

Our HSE practices are in line with the Occupational Safety and Health Act 1994 in Malaysia, and relevant international association benchmarks as they focus on: workforce health and safety, emergency preparedness and environmental management.

1. Workforce Health and Safety

We believe that a safe workplace is sound business, so rather than being reactive and addressing problems only when they occur, we are committed to a proactive approach to managing health, safety and the environment by improving compliance with laws and regulations, engaging workers in addressing HSE issues and enhancing our social responsibility goals.

Our goal is to have zero (0) accidents, no harm to people, and no damage to the environment. To achieve these goals, our operations are carefully planned to identify potential hazards and manage risks at every stage. Tragically, despite precautions, we suffered three (3) fatalities in FY2020 at our operations sites in India, Egypt, and Malaysia. We are deeply saddened by this loss and are working closely with our operations workforce and contractors to improve safety measures and prevent further accidents.

Bearing in mind that risks are to be expected in our industry, Sapura Energy has in place a robust and comprehensive HSE Management System to identify, eliminate, mitigate and manage potential risks. Our HSE management approach covers Risk Management, Assessment and Risk Recording & Reporting Procedures – published and available to all employees via the online Total Management System (“TMS”) portal.

Our HSE Policies, Standards and Procedures are implemented across all operations. At a strategic level, the Sapura Energy HSE function is responsible for:

 <p>Effectively communicating and implementing the requirements as per the set standards</p>	 <p>Reviewing and assessing HSE incidents and related data</p>
 <p>Following-up of incident reports for significant cases</p>	 <p>Verifying and sharing legitimate lessons learned</p>

Sapura Energy's HSE efforts are embedded in our 16 lifesaving rules which function as guidelines for workplace behaviour:

<p>Work with valid Permit to Work (PTW) when required</p>	<p>Do not walk under a suspended load/lifting equipment, and respect barricades at all times</p>	<p>Protect yourself against a fall when working at heights, and always practice good fall prevention measures</p>	<p>Obtain authorisation before entering a confined space</p>
<p>Verify isolation before starting work</p>	<p>Wear your seat belt</p>	<p>While driving, do not use your phone and do not exceed speed limits</p>	<p>Follow a prescribed Journey Management Plan</p>
<p>Use the correct Personal Protective Equipment when required</p>	<p>No alcohol or drugs while working or driving</p>	<p>Conduct gas tests when required</p>	<p>Prevent dropped objects</p>
<p>Do not smoke outside designated areas or bring potential ignition sources into process areas without authorisation</p>	<p>Obtain authorisation before overriding or disabling safety critical equipment</p>	<p>Wear a personal floatation device when required</p>	<p>Obtain authorisation before starting excavation activities</p>

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)

During the reporting year, we focused on three main HSE areas: improvement of our reporting system; HSE audits; and awareness and capacity building.

Improving our reporting system

Sapura Energy uses the online Incident Reporting System, Synergi Life (DNV), which is accessible across all operating locations and provides transparent visibility of events, investigation outcomes and lessons learned for sharing. DNV was launched in the first quarter of 2019, specifically the Quality Incident and Non-Conformity Reporting modules.

Conducting HSE audits

We conducted 25 internal audits across the Group throughout the reporting year as part of our regular practice of monitoring HSE conditions. Furthermore, 12 external audits were conducted by ISO certification bodies.

The following are the type and number of HSE-related events as well as a review of our key safety performance indicators:

KEY SAFETY PERFORMANCE INDICATORS	FY2020
Lost Time Injury Frequency Rate ("LTIF")	0.39
Total Recordable Injury Frequency Rate ("TRIF")	0.99
Total Injury Frequency Rate ("TIF")	2.82

Raising awareness and building capacity

All employees are constantly reminded to enforce a 'stop unsafe work' culture, which empowers them to prioritise their health and safety by stopping any work deemed unsafe at any time. Further to that, training sessions were conducted to improve the level of HSE sensitivity within our organisation:

- 154 staff were trained in safety investigations and root-cause analysis ("RCA"). 29 internal auditors received training relevant to them.
- 56 other staff in operational disciplines were trained on project safety procedures, including job planning, briefing, execution, and debrief ("PBED") protocols.
- 16 trainers underwent hazard identification training as part of a Train-the-Trainer programme.

In FY2020 we achieved some remarkable HSE results of which we are very proud.

- **Zero Lost Time Incidents ("LTI")**

- Zero (0) Lost Time Injury in the entire drilling fleet for the second consecutive year, a notable safety achievement in the drilling industry.

- The East Piatu A ("EPA") platform reached one (1) million manhours without LTI, a testament to the Malaysian operation team's strong safety culture. The platform has maintained a clean safety record since it commenced oil production in 2011. The Malaysian Department of Occupational Health & Safety ("DOSH"), together with PETRONAS MPM, performed a Tier-3 Offshore Self-Regulation ("OSR") Audit on the platform's operations, and awarded the team an impressive 95 percent score.
- **Goal Zero Safety Incidents** – Our semi-tender assist drilling rig, Sapura Alliance currently on contract with Brunei Shell Petroleum ("BSP"), successfully reached the Goal Zero target for safety incidents for one full year since completing her upgrade and mobilisation from the Keppel Shipyard in Singapore. The Goal Zero is a target shared with BSP where measures are taken to ensure the asset and the crew are safe and free from incidents. Our drilling rig clocked up 425,000 manhours without any safety incidents to date. There has been a constant improvement of performance in all areas of operation, marking considerable progress made since our arrival in Brunei.

• Certifications

- Our wholly-owned subsidiary, Sapura Offshore received ISO certification with scope extension, which now entails Engineering, Procurement, Construction, Installation, Commissioning (“EPCIC”) and Decommissioning works for offshore facilities, expanding from its previous scope of only transportation and installation. This achievement is an example of our continuous efforts to improve, support business expansion, and adopt the highest standards of HSE across all aspects of our operations.

• Awards

- Sapura Fabrication Joint-Venture won the Petronas Best Project HSE Award for the Offshore Execution Phase Category for its outstanding Health, Safety and Environment (“HSE”) performance during the offshore execution phase of the Offshore Condensate Mercury Filtration project for NC3CP-A in Block Sk316, offshore Sarawak.
- The PETRONAS Project HSE Contractors’ Conference 2019 acknowledged companies who have delivered outstanding safety and health performance for works they have executed for PETRONAS. Our offshore Hook-up and Commissioning (“HUC”) Campaign began on 29 August 2019 and was completed on 5 October 2019. Various safety initiatives were put in place prior to work execution and the HUC Campaign was successfully completed with a solid HSE target of zero (0) lost time injury (“LTI”). The team performed execution works with a total of 189,709 manhours without LTI and continued to uphold strong HSE values in their efforts to complete the project safely, on time, and within the stipulated budget.
- One of the crew members of Sapura T-9 exercised strong safety leadership through his Stop-Work-Authority (“SWA”). Ngindang Anak Beti was awarded the Gold Winner of ExxonMobil’s global Catch of the Week (“COTW”) Observation & Intervention (“O&I”) Programme for Week 37. This action reinforced our core message to all employees, irrespective of their position or title, they are empowered to intervene when they see an unsafe act or working condition.

Industry Recognition for our HSE Practices and Performance

In recognition of our continuous commitment to uphold the highest industry safety standards without compromising on performance, our various companies were awarded the following recognitions.

RECIPIENT	ACHIEVEMENT	AWARDING ENTITY
Sapura Technology Solutions Sdn. Bhd.	RAPID Petronas UPT P27 Project – Focus Recognition award – Project Management Team – HSE Performance Recognition	RAPID Petronas UPT P27
Sapura Engineering & Construction (India) Private Limited	Mumbai Port Trust (“MBPT”) Project – Golden Peacock OHS Awards	Institute of Directors, India
Sapura Offshore Sdn. Bhd.	Sapura Energy Operation Base – Pasir Gudang: 2018 Gold Class – Occupational Safety and Health Award	Malaysian Society for Occupational Safety & Health
Sapura Fabrication Sdn. Bhd.	Gorek Project – 3 Focus Recognition awards – Project Management Team – 500,000, 750,000 and 1 million safe manhours	PETRONAS
	Larak & Bakong Project – Focus Recognition – Project Management Team – 750,000 safe manhours	PETRONAS
Sapura Drilling Asia Sdn. Bhd.	Sapura T9 – Gold Annual Winner – ExxonMobil Catch of the Week (“COTW”) award	ExxonMobil Global Houston
	Sapura Berani – Rig Performance Champion for Quarter 2 2019	Petronas Carigali Sdn. Bhd.
Sapura Geosciences Sdn. Bhd.	PFLNG – Relocation Project – Project completion and 700,000 safe manhours without LTI	Petronas Carigali Sdn. Bhd.
	Focus Recognition for Completion of Soil Investigation on time and safely	Petronas Carigali Sdn. Bhd.
	Special HSE Initiatives Award	Petronas Carigali Sdn. Bhd.
Sapura Pinewell Sdn. Bhd.	SK316 NC3 MRU – Best Project HSE Award – Offshore Execution Phase	PETRONAS

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)

Accreditation

We comply with recognised QHSE standards, which are continually updated and renewed to reflect the latest developments in the industry.

NAME OF ACCREDITATION & STANDARDS	LIST OF OUR SUBSIDIARIES COMPANY
ISO 9001:2015 (Quality)	<ul style="list-style-type: none"> • Sapura Energy Australia Pty. Ltd. • Sapura Energy Mexicana, S.A.P.I. de C.V. • Total Marine Technology Pty. Ltd. • Sapura Fabrication Sdn. Bhd. • Sapura Offshore Sdn. Bhd. • Sapura Drilling Asia Sdn. Bhd. • Sapura Subsea Services Sdn. Bhd. • Sapura Pinewell Sdn. Bhd. • Sapura GeoSciences Sdn. Bhd. • Sapura Technology Sdn. Bhd. (Sapura Project Solution & Sapura Digital Solution) • Sapura Engineering Sdn. Bhd.
ISO 14001:2015 (Environmental)	<ul style="list-style-type: none"> • Sapura Energy Australia Pty. Ltd. • Sapura Energy Mexicana, S.A.P.I. de C.V. • Total Marine Technology Pty. Ltd. • Sapura Fabrication Sdn. Bhd. • Sapura Offshore Sdn. Bhd. • Sapura Drilling Asia Sdn. Bhd. • Sapura Subsea Services Sdn. Bhd.
ISO 45001:2018 (OHS)	<ul style="list-style-type: none"> • Total Marine Technology Pty. Ltd.
AS/NZS 4801:2001 (OHS)	<ul style="list-style-type: none"> • Sapura Energy Australia Pty. Ltd.
OHSAS 18001:2007 (OHS)	<ul style="list-style-type: none"> • Sapura Energy Australia Pty. Ltd. • Sapura Energy Mexicana, S.A.P.I. de C.V. • Sapura Fabrication Sdn. Bhd. • Sapura Offshore Sdn. Bhd. • Sapura Drilling Asia Sdn. Bhd. • Sapura Subsea Services Sdn. Bhd. • Sapura Pinewell Sdn. Bhd.

COVID-19 Response

Following the global outbreak of the COVID-19, Sapura Energy has taken various precautionary measures recommended by the World Health Organisation (“WHO”) and the Malaysian Ministry of Health (“MOH”). The initiatives include cleaning and disinfecting workplaces; temperature screening at all entrances; providing hand sanitisers to employees and visitors at all our offices, fabrication yards and vessels. We will continue to take the necessary steps to ensure our employees remain healthy and safe. Additionally, we have also restricted non-essential travel and advocated self-quarantine to employees returning from high-risk countries. We have also shared the health and safety advisory on hygiene and safe food practices and encouraged employees to take precautions while travelling.

In addition, Business Impact Analysis and Business Continuity Plans (“BCPs”) for COVID-19 were developed by business units for scenarios specific to their business exposures and shared globally. Our BCPs were activated on 16th March. Monitoring of the COVID-19 public health situation is maintained and learnings from experience are used to continuously improve our business unit and Group BCPs.

Our Prevention and Mitigation Plan in response to the pandemic covers the following measures with the dual goals of ensuring zero disruption to operations and ensuring the safety of employees.

Prevention and Mitigation Plan



SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)

2. Emergency Preparedness

At Sapura Energy, we have a robust emergency preparedness and management strategy in place to safeguard our people, operations, assets, relationships, and reputation against any environmental or social risks. Guided by our Emergency and Crisis Management Standard, we continuously build relevant competencies to equip our people with the necessary tools and solutions to manage and mitigate risks. The Emergency and Crisis Management Standard outlines Emergency Response Procedures specific to each business unit.

Every year we invest effort in improving all four (4) phases of our emergency management: mitigation, preparedness, response and recovery. Our efforts include drills and training exercises to manage emergencies and/or threats such as natural disasters, fire, and major accidents. Jointly with our employees we discuss emergency scenarios, potential consequences, required actions, adequate written procedures, and required resources. These scenarios are captured in the various Emergency Response Plans specifically developed for our assets and facilities, governed by the business unit's Emergency Response Procedures. Emergency drills are regularly conducted to test the effectiveness of the response mechanisms both at facility sites and the onshore business unit Incident Management Team.

We set and measure targets for performance and improvement in our emergency capabilities against established standards, which are reviewed annually to ensure:

1. Sapura Energy's compliance with regulatory requirements
2. Lessons learnt through drills, observations, and incidents are incorporated into business unit Emergency Response Plans to continuously improve
3. Sapura Energy's capabilities to address and overcome environmental and social risks

Our approach to emergency response includes not just our employees and operations, but also vulnerable populations that live in communities close to our operations.

During the reporting year, improvements or updates were made to the following standards and Emergency Response Plans:

- HQ Emergency Response Plan
- Onshore Emergency Response Plan
- Offshore (Rigs and Vessels) Emergency Response Plan
- Enterprise Emergency Crisis Management
- Enterprise Business Continuity Plan
- Infectious Disease Outbreak Management Standard
- IT Disaster Recovery





3. Environmental Management

Our management systems and policies guide us to minimise the environmental impact of our projects and operations. Each workstream focuses on key environmental areas relevant to their operations, to set environmental performance objectives and to continuously improve our protection of the environment.

The governing principles embodied in our management system guide our efforts to achieve responsible and no-harm environmental impact. This ensures that business resilience and the expectations of our stakeholders and the communities are met.

In FY2019, our efforts were focused on identifying and implementing various environmental initiatives, including the use of low-sulphur fuel for pipe-lay vessels and project support vessels. In FY2020, our efforts focused on strengthening Group-wide environmental management by conducting and reviewing Environmental Impact Assessments, as well as identifying actions to address areas for improvement. Spills management and waste management was another focus of our environmental management. A total of 11 site audits were carried out to ensure compliance with all external and internal waste management standards subscribed to.

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)

Spills Management

Spills or leakages of substances in any form comes at a cost to the environment and our business. We define spills as an uncontrolled discharge of any solid or liquid into the environment. This covers various forms of discharge, including discharges that are not harmful to the environment but reveal a weakness in our work practices or barrier management that must be addressed to prevent harmful spills. We closely monitor our processes and equipment to prevent spills from our operations and we strive to achieve our target of zero (0) spills.

We have put in place Emergency Response Plans and Shipboard Marine Pollution Prevention Plans to respond to spill scenarios. Any spill incident is treated with the same level of seriousness and is subject to rigorous investigation to identify lessons learned and prevent recurrence.

Sapura Energy is a member of both the national and regional oil spill responding organisations, the Petroleum Industry Malaysia Mutual Aid Group and Oil Spill Response Limited, that provide oil spill preparedness, response and intervention services.

FY	QUARTER	TOTAL VOLUME OF LIQUID SPILL (LITER)
FY2020	Q1 (Feb – Apr)	303
FY2020	Q2 (May – Jul)	1030
FY2020	Q3 (Aug – Oct)	34
FY2020	Q4 (Nov – Jan)	23452

Hazardous Waste Management

As a by-product of our operations, hazardous waste needs to be handled and disposed of safely and appropriately. Licensed contractors collect, recycle and dispose of our hazardous waste in accordance with regulatory requirements. Employees tasked with handling this waste are trained and certified to ensure appropriate controls are in place and effective. In FY2020, business unit procedures for waste management were improved. We continue to comply with all regulatory requirements related to waste, as well as to improve our internal processes to monitor and reduce the amount of hazardous waste by implementing a waste minimisation programme. Hazardous wastes are segregated at source and highly recoverable wastes of value such as e-waste, hydrocarbon wastes, and reusable containers are sent to recovery facilities licensed by DOE for recycling.

FY	QUARTER	QUANTITY OF HAZARDOUS WASTE GENERATED (TONNE)
FY2020	Q1 (Feb – Apr)	483
FY2020	Q2 (May – Jul)	604
FY2020	Q3 (Aug – Oct)	632
FY2020	Q4 (Nov – Jan)	331

Environmental Training

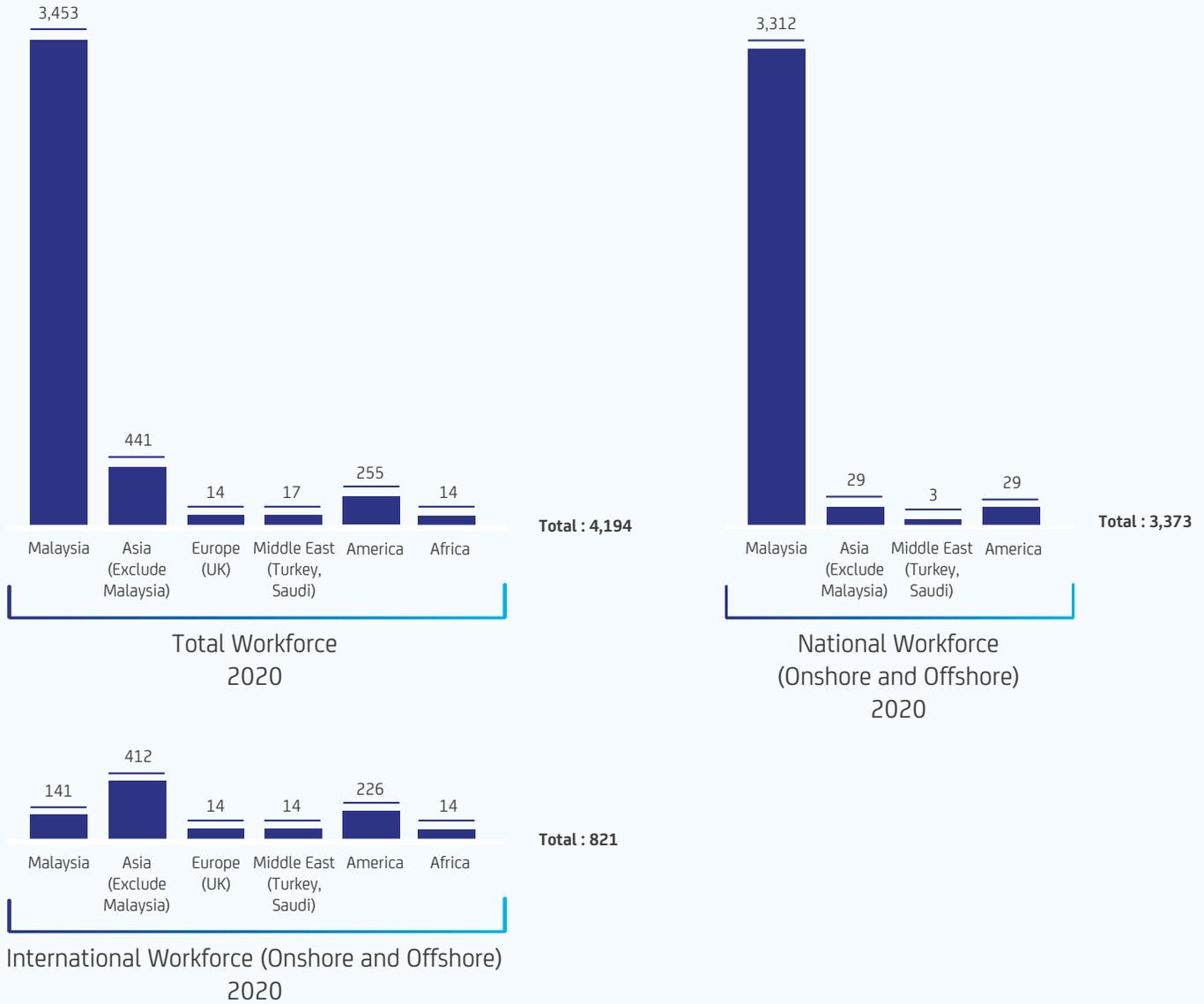
We are committed to continuously improve our environmental management performance and impact in the areas in which we operate. Process owners responsible for monitoring and managing environmental elements of our projects are provided with training on relevant internal procedures to enhance their skill sets and knowledge. In particular, we aim to increase the frequency of comprehensive environmental-related training for employees to develop their sense of ownership towards environmental management. Training focused on scheduled waste management, including pre-mobilisation training, spill management, and environmental aspect and impact identification.

Plastic Waste Reduction

Sapura Energy has kicked off the 'Go Green' initiative that encourages employees to bring their own containers to the Friday lunch distribution. This concept allows employees to decide on the portions to take away, which also helps to reduce food waste. The initiative is also slowly expanding as disposable forks and spoons will no longer be available at our operations, which will contribute to reduction of both waste and single-use plastics.



SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)



NURTURING & DEVELOPING OUR TALENT

1. Workforce

Sapura Energy’s vision is ‘to create indigenous technical platforms through entrepreneurship that propagates technical competence, resulting in sustainable profits’. That objective was created more than 20 years ago when our President and Group CEO, Tan Sri Shahril, assumed the helm of Sapura Group. The company had not wavered from this course since.

Following that deeply rooted vision, we are taking an active interest in nurturing talent and developing leaders. We provide on-the-job learning opportunities coupled with coaching and

formal training. We believe the emphasis on on-the-job learning broadens our employees’ experiences and sharpens their functional and people skills. Where possible, we provide international assignments to our employees. In FY2020, 49 employees were deployed internationally in tandem with our global expansion of operations across the full spectrum of the EPCIC value chain.

Sapura Energy provides employment for 4,194 persons across all countries where we have operations. A total of 80 percent of the workforce are local employees and 20 percent are international employees.

2. Diversity and Inclusion

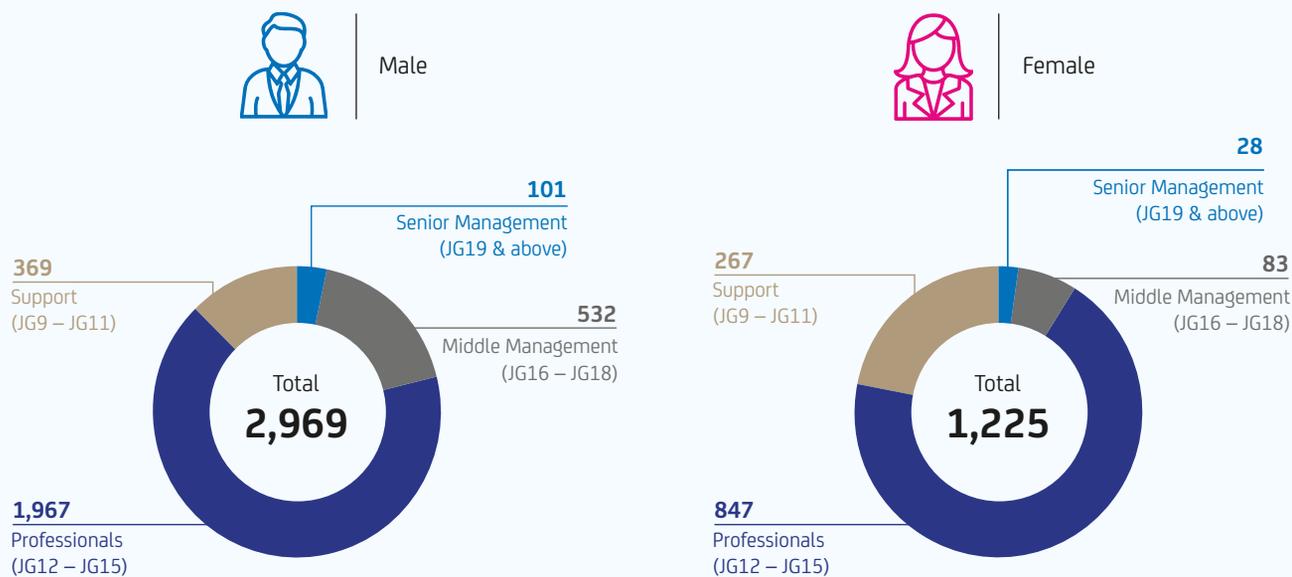
As a company with an international footprint, we attract talent from across the globe. Diversity is an asset for our organisation, as employees bring their unique skill set and experience to the job. There are 32 nationalities working globally for the Group, providing an enriched environment for learning and sharing of ideas.

As many as 30 percent of our Malaysia-based workforce are women, covering various professional corporate and engineering roles. The largest age group of our workforce is between 31 to 40 years old, while 70 percent of the workforce are under 40 years old.

Employees by Age Group

AGE GROUP	MALE	FEMALE	GRAND TOTAL
20 – 30 years	647	390	1,037
31 – 40 years	1,330	542	1,872
41 – 50 years	623	229	852
51 – 54 years	158	41	199
55 – 60 years	146	19	165
> 60 years	65	4	69
Grand Total	2,969	1,225	4,194

Gender Composition by Employee Positions



SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D)

3. Talent Management

We are focused on identifying future market needs in our industries, mapping our skill gaps, and developing and honing these skills. In creating value for our stakeholders and specifically our employees, Sapura Energy is equally dedicated to developing technical knowledge as well as value-added skills such as leadership, mentoring, and communication skills. Cross-functional learning is encouraged through our Teach-In programmes, leveraging in-house experts to deliver Sapura Energy-centric learning such as ‘Finance for Non-Finance’ and ‘Engineering for Non-Engineers’.

During the reporting year, we invested approximately RM9.5 million in various types of knowledge and capacity building training for our employees for a total in excess of 86,000 training hours.



OVERALL COST (RM)	HOURS
RM9.5 Million	86,540

We remain dedicated to creating a productive workplace at Sapura Energy and investing in our people, who are our greatest assets. Our key responsibilities are to provide a cohesive environment and equal opportunities for learning, as well as to contribute to both individual and organisational growth.

In FY2020, Sapura Energy supported various graduate talent development programmes such as the Young Engineer Development Programme and Institute of Chartered Accountants in England and Wales (“ICAEW”) Development Programme. Sapura Energy also launched its first sponsorship of six (6) high-potential candidates for a Part-time Masters in Business Administration with our partner, Asia School of Business, a Bank Negara Malaysia and MIT Sloan collaboration. The 22-month part-time programme enables our employees to gain the MBA accreditation while ensuring that there are no disruptions to operations.

Talent Management Programmes

NO.	DESCRIPTION	DETAILS	PARTICIPANTS
1.	Young Engineer Development Programme Continuous Programme	Rotating young engineers to experience critical functions covering Engineering, Procurement, Construction, Installation and Commissioning.	11 (3 females, 8 males)
2.	ICAEW Development Programme Continuous Programme	Providing on-the-job work experience that correlates with ICAEW professional requirements.	5 (4 females, 1 male)
3.	Teach-In Learning Sessions Continuous Programme	Leveraging in-house expertise to deliver Sapura Energy's approach to various learning modules including Basic Finance, Engineering, Industrial Relations, and HSE. Sessions are also intended to encourage the culture of continuous learning and to inculcate exposure across all areas of expertise within the Group.	30 sessions attended by 1,092 employees in FY2020
4.	Participation in Asia School of Business (BNM-MIT Sloan collaboration) Part-time MBA programme Continuous programme	Offering part-time Masters in Business Administration programme opportunity for high-potential employees across Sapura Energy offices worldwide.	6 (2 females, 4 males)
5.	Internship Programme Continuous programme	Providing opportunities for students to gain on-the-job experience and exposure in the oil and gas industry.	100 (49 female, 51 males)
6.	Technical Vocational Education Training Programme ("TVET") Continuous Programme	Providing technical skills internship and TVET programme at our Centre of Technical Competency in the Lumut Yard to young students for skills training.	121 (14 females, 107 males)

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)

4. Employee Engagement

At Sapura Energy, enhancing employee engagement is part of our business strategy and a critical driver of our business success. We engage with our employees to ensure retention and enhance productivity and loyalty.

Our employee engagement initiatives were focused through three (3) channels: townhall sessions; HR Open Day; and sports and festive events.

Townhall

Group townhalls are bi-annual events that facilitate open and transparent dialogue between the management and staff on company matters. In FY2020, two (2) townhall sessions were conducted on 29 November 2019 and 12 December 2020. An invitation was circulated to about 700 employees and the townhall was attended by 400 staff, an attendance rate of about 53 percent. Key topics discussed concern the company's overall performance, future strategies, employee-related initiatives, and business expansion plans.



HR Connect 2019

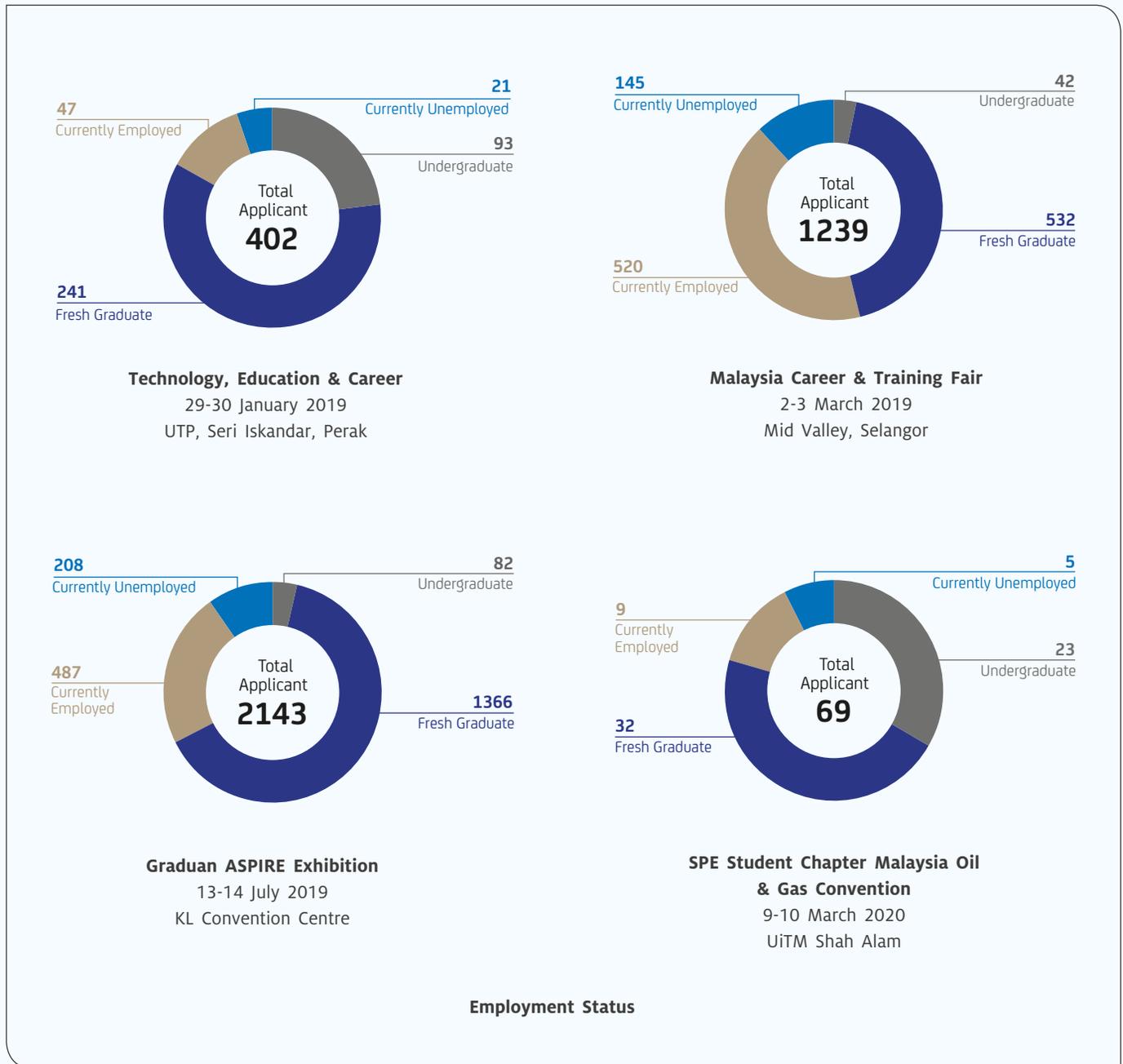
An HR Open Day, HR Connect 2019, was organised to improve understanding of the Group's HR initiatives. In a survey conducted during the one-day event, the HR Open Day was ranked by colleagues as an excellent platform to learn more about the services offered. On the spot services were available, such as filing of income tax, basic medical check-ups, and insurance discounts. External participants included the Inland Revenue Board of Malaysia (LHDN); Micare, our third-party medical service provider; and insurance companies including Takaful, Etiqa and CIMB. Our HR team also set up booths to address queries on HR-related matters and to provide more information on the various benefits offered by the Group.

Other employee engagement activities during the reporting year were Zumba classes; Chinese New Year celebration (21 February); iftar session (15 May); Hari Raya open house (1-2 July); Deepavali celebration (18 October); Sapura Energy bowling tournament (23 November). Read about more employee engagement initiatives on pages 134 to 139 of this Annual Report.

Talent Acquisition

Sapura Energy participated in the Malaysia Career & Training Fair (“MCTF”) 2019 which received overwhelming response with over 1,000 job applications and more than 150 students registering their interests for internship placements.

Career Fair



Employment Status

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)



Achievement

AWARDS

Sapura Energy Wins Best Employer Brand Award 2019 – We are proud to be awarded the Best Employer Brand Award under the oil and gas category, at the recent Malaysia Best Employer Brand Awards 2019 held in Kuala Lumpur. The award is a regional event held as a build-up to the Global Employer Brand Awards. Organised by the Employer Branding Institute (“EBI”), World HRD Congress and Star of the Industry Group, and endorsed by the Asian Confederation of Businesses, the award honours and recognises organisations that have effectively used strategic marketing communications in their efforts to attract, retain and develop the best talent. The EBI is a virtual organisation in which senior leaders in human resources from around the world gather to share best practices. The institute aims to highlight some of the finest organisations that believe in producing leaders who truly reflect and uphold values of their companies.

Sapura Energy was voted as one of the **Top 10 Most Preferred Employers** in Malaysia by graduates and working professionals in the GRADUAN BRAND Awards 2018 survey. This was announced during the GRADUAN ASPIRE Career Fair 2019, which was held from 13 to 14 July 2019 at the Kuala Lumpur Convention Centre. We are delighted that we ranked third in the Energy sector after Petroliaam Nasional Berhad (“PETRONAS”) and Shell, and voted ninth out of 50 listed organisations from various industries in Malaysia. This represents a positive improvement for Sapura Energy in the GRADUAN Brand Awards, compared to our tenth ranking in 2017 and 42nd in 2016. Such recognition is testament to our increasing employer brand awareness as a top global organisation among Malaysian talents. Through our Group Human Resources, we participated in both local and international career events to attract and nurture a diverse pool of talent, while continuously developing and engaging with our multinational workforce as an integral part of our diversity and inclusion agenda.



5. Corporate Social Responsibilities

Our Corporate Social Responsibility (“CSR”) activities are driven to build better communities within our company and the locations where we operate. Our CSR activities not only allow us to give back and create positive and sustainable changes to our communities, but also provides a platform for our staff to volunteer and foster camaraderie across departments and subsidiaries.

Our initiatives across four (4) focus areas, namely education, environment, community development, and employee engagement reflect of Sapura’s values of trust, honesty, respect, safety, innovation and leadership.



Education

Sapura Energy’s subsidiary, Sapura Drilling, has received a certificate of appreciation from the Universiti Teknologi PETRONAS (“UTP”) in recognition of our role in offering a full-time scholarship for Master of Science (MSc) in Drilling Engineering. Our aim is to develop in talented individual’s skills relevant to our business in order for them to support the Group’s growth ambition.

Sapura Drilling worked together with Yayasan Universiti Teknologi PETRONAS (“YUTP”) to jointly offer the postgraduate scholarship. The MSc Drilling Engineering is a 44 credit hours full-time programme, in which the candidate is required to complete the course within 18 to 36 months at UTP’s campus in Perak. The scholarship covers tuition fees, including allowances for living expenses, books and thesis writing, as well as a computer grant. UTP is the only institution of higher learning to offer such a programme in the Southeast Asia region.



Protecting and Conserving the Environment

Our 'Save the Turtles Programme' is our ongoing initiative aimed at promoting the conservation of sea turtles and the marine environment in Lumut where Sapura Energy has a major presence through its fabrication yard.

Our support for the Turtle Conservation and Information Centre in Segari helps to fund their effort to protect and improve the survival rate of the endangered species. This initiative also allowed us to strengthen our ties with the Department of Fisheries and local authorities.

We strengthened our engagement with the conservation team through our annual visit to the centre which involved our employees from the Lumut fabrication yard, KL offices and their families.

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)



6. Community Development

Making Dreams Come True

Sapura Energy has been working with Make-A-Wish Malaysia in the past few years to make dreams come true for children battling life-threatening medical conditions.

Make-A-Wish Malaysia is a non-profit organisation that grants wishes of these children to enrich the human experience with hope, strength and transformation. Our company encourages employees to volunteer for the organisation and help with its activities. The organisation guides our team of volunteers in realising a child’s dream. Through these activities, our volunteers were touched and inspired by the courage and strength of these children in dealing with adversity, and the commitment and tenacity of their family and the medical staff.

In the past year, our volunteers have realised the dreams of a few children including seven year-old Wazif, a leukemia patient. Wazif had dreams of becoming a train engineer when he grows up. Volunteers organised for Wazif and his family to tour the local train station where Wazif got his chance to learn the ropes of operating a train. The experience put a big smile on Wazif’s face. Volunteers also helped cheer up teenager Gautham Muniady, who is in palliative care in Lumut. Our volunteers, who are employees of Sapura Fabrication, arranged for the Havoc Brothers, Gautham’s favourite band, to pay him a surprise visit.

Caring for the Elderly

Sapura Energy, in collaboration with Yayasan Siti Sapura Husin, organised a couple of visits to Pusat Jagaan Siti Nor Aini, a residential care home for the elderly, in Kajang, Selangor in the past year.

In May 2019, our volunteers bought and delivered groceries and personal care items to the home to spread Aidil Fitri cheer. We paid the home another visit in January 2020 where we spent time with the elderly folks who enjoyed the briyani lunch we brought, which they considered a treat from their usual fare. The highlight of the visit was an impromptu singing session of classic Malay songs.

These visits not only allowed us to give back to the community, it also gave the volunteers from different departments an opportunity to bond and to reflect on the importance of looking after the elderly.





Fighting COVID-19

In support of the government's battle against the COVID-19 pandemic, Sapura Energy had contributed RM1 million to the Government-Linked Corporations ("GLC") and Government-Linked Investment Company ("GLIC") Disaster Response Network (GDRN) for the purchase of ventilators. The network's primary focus is to leverage on the members' organisational strengths to fund, procure and deliver medical supplies to public and institutional hospitals, including the much-needed Personal Protective Equipment ("PPEs") and ventilators.

Sapura Energy President and Group CEO Tan Sri Shahril Shamsuddin and his family made a contribution of RM1 million to The Edge COVID-19 Fund to purchase hospital equipment and support healthcare workers on the frontlines of the COVID-19 crisis. Tan Sri Shahril and family also made another RM1 million donation to the government's Tabung COVID-19 launched by Prime Minister Tan Sri Muhyiddin Yassin.

In addition, Sapura Energy collaborated with Yayasan Siti Sapura Husin to provide equipment, food and personal supplies to healthcare front-liners at the Serdang Hospital in Selangor, Sultanah Aminah Hospital in Johor Bahru and the police in Kuala Lumpur and Selangor.

At the onset of the pandemic, we created a COVID-19 microsite as a one-stop information center for employees during the Control Movement Order. The site contained essential advice regarding COVID-19 precautionary measures, new health and safety regulations and procedures; and travel updates.

The microsite was also an important medium to keep employees engaged and connected when they were working remotely from home. We encouraged user-submitted content to keep their spirits high. Employees shared their work-at-home experience and participated in fun-themed team meetings, including Silly Hat Day, Show Us Your Lunch, and Throwback Thursday.

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)



Employee Engagement

NO	DESCRIPTION	DETAILS
Employee engagement Activities		
1.	Chinese New Year 20 February 2019	An annual lunch to celebrate the Chinese New Year festivities with employees
2.	Fitness4Me 19 February – 29 April	HSSE's Healthy Fun Event to encourage employees to achieve a healthy and balanced lifestyle
3.	Hari Raya Open House 25 July 2019	An annual internal gathering with employees to celebrate Eid
4.	Defensive Driving Training 24 October & 6 November 2019	A training to share knowledge, train and assess drivers' competencies and to inculcate positive values
5.	Flu Vaccination programme November – December 2019	Awareness drive to ensure the safety of our employees are maintained and minimise exposure to the seasonal flu
6.	HSSE Forum 2-3 & 16-17 December 2019	An annual gathering of employees to engage employees on all on-going safety initiatives and to inculcate a safety-first culture amongst employees and contractors
7.	Year-end gathering 12 December 2019	An end of the year get-together social event for to improve employee rapport



Nurturing Unity and Togetherness

Merdeka parade

We took immense pride in putting our best foot forward at the Merdeka parade on 31 August in Putrajaya, in our first participation in this annual national event. We marched alongside PETRONAS and other corporations in the parade. Employees from different departments and ethnic backgrounds participated in the event. The parade saw us celebrating our diverse workforce and our true strength which lies in our unity in diversity – a value which Sapura Energy and Malaysia both readily embrace and cherish.



Ramadan Open House

Our annual Majlis Berbuka Puasa was made more joyful and meaningful when we hosted more than 100 children from three (3) orphanages – Yayasan Kasih Sayang, Negeri Sembilan; Rumah Amal Raudhatul Jannah, Banting; and Rumah Bakti Al-Kausar, Bangi.

We turned our lobby into an Aidilfitri bazaar where the children were treated to a shopping spree before breaking fast. Our bazaar was filled with happy and excited shoppers as they went from rack to rack picking out their perfect Raya outfits. To cap off the evening, the children were given duit raya.

Jointly hosted by Sapura Energy and Sapura Group, and in collaboration with Yayasan Siti Sapura Husin, representatives from PERKIM, the Muslim Welfare Organisation of Malaysia, also attended the event along with 1,000 guests and employees including our Founder, Sapura Energy Chairman, Sapura Energy PGCEO and senior management team.

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)

Promoting Healthy Lifestyle

Orchid Run & Ride 2019 – With the theme of ‘Taking Steps to Energise Lives’, Sapura Energy supported the event by participating in all three (3) available categories: 12km Competitive Run, 5km Fun Run, 8km Fun Ride. The event was held on 6 October 2019 at Plaza Persiaran KLCC and was organised by Persatuan Isteri-Isteri Kakitangan dan Wanita PETRONAS (PETRONITA) in collaboration with Petroliam Nasional Berhad (“PETRONAS”).



Advocating for Fitness

At Sapura Energy, we take pride in ensuring our people are not only safe but are healthy and fit. Weekly Zumba classes are held while the cycling and futsal enthusiasts get together often for rides and some competitive matches. In this past year, we have also organised a two-months Fitness4me programme where employees committed to exercise and healthy eating regimes to achieve their ideal weight. The programme which ran from 19 February to 25 April 2019 not only resulted in weight loss but saw some healthy competition and bonding among staff.



Blood Donation Drive – Sapura Energy organised a blood donation drive in an effort to give back to the health of the society and to encourage the spirit of volunteerism. 150 bags of blood were collected in 2019, meeting the National Blood Centre’s target for the first time and surpassing previous years’ results of 105 blood bags in 2018 and 98 blood bags in 2017.





Providing Defensive Driving Training

We organised defensive driving training periodically for our staff to ensure that they practice astute judgment when behind the wheels. Participants learned ways to reduce risk of collision by anticipating dangerous situations. As part of the training, participants were able to assess their own competency as drivers and have a new view of what safe driving really entails.



Promoting Flu Vaccination

The Flu Vaccination programme is part of HSSE’s health and safety campaign to encourage employees to get themselves vaccinated annually. HSSE organised special clinic days between the months of November 2019 – January 2020 at several of Sapura Energy’s offices in Kuala Lumpur, Kerteh Airport and Miri Airport for staff to get their yearly vaccination.

SAPURA ENERGY SUSTAINABILITY GOALS AND MATERIALITY TOPICS (CONT'D.)



Competing for HSSE Excellence

The SapuraOMV HSSE Forum brought together over 170 employees from offices in KL, Perth, Kemaman Supply Base and Asia Supply Base for some serious learning sessions and fun.

The offshore platform and supply base teams battled it out for the Best Presentation on Safe Work Rules, which was jointly won by the East Belumut and East Piatu platforms. The competition intensified at the much anticipated ‘HSSE Race’, where the participants pitted their creativity, endurance, wit and general knowledge against each other.

The highlights of the forum were the presentation of the Recognition and Achievement awards to deserving teams that have shown safety leadership at the office, supply bases, and on our offshore platforms throughout the year.

Jumriani Salleh from Asia Supply Base and Hisyam Muhammad from Kemaman Supply Base won the You See You Act (USUA) award for their actions in preventing accidents from occurring at their workplace. The company’s Safe Work Rules 2020 was also launched at this forum.

Sports and Recreation

MOGFS C Futsal Tournament 2019 – The fifth (5th) instalment of the Malaysian Oil and Gas Services Council (“MOGFS C”) Futsal Tournament event brought players from the local oil and gas industry together to compete for the championship title. A total of eight (8) Kuala Lumpur-based teams participated, including representatives from our Lumut-based team with a total of seven (7) team members. Sapura Energy was placed second runner up in the event, held on 2 November 2019 at Sports Planet Ampang, Kompleks Sukan Ampang, Kuala Lumpur.





Bursa Bull Charge 2019 – Bursa Bull Charge, a fundraising charity run organised by Bursa Malaysia Berhad, was held on 14 November 2019. This event was organised to promote financial literacy and entrepreneurship and to provide financial assistance to vulnerable, marginalised, underprivileged and underrepresented groups. Sapura Energy was represented by four (4) runners in the 5km Corporate Challenge.

Bowling Tournament 2019 – A total of 34 teams of four (4) players each competed in our annual bowling tournament at IOI City Mall, Putrajaya on 23 November 2019. This annual event was to promote camaraderie among employees. Team Kak Su emerged winner with 1,587 points. The runner-ups were Team Dragon Ball with 1,540 points, followed by Team Peritus 2 and Team FAAH with total scores of 1,528 and 1,525 respectively.



Futsal Carnival 2019 – More than 200 players forming a total of 31 teams from various offices participated in our annual futsal tournament at Sports Planet Ampang on 7 December 2019. This was the seventh (7th) instalment organised to promote work-life balance for employees. Team Peritus, consisting of colleagues based in the Klang Valley, was crowned champion in the Premier Cup category, while Team Blue Eyes Anchovies from Lumut claimed the first prize in the Super Cup category.

CALENDAR OF EVENTS

> FEBRUARY 2019 – MAY 2019



21 February | Chinese New Year Celebration



10 April | HR Connects 2019 (HR Open Day)



15 May | Sapura Energy & Sapura Group Iftar Session



14 March | Blood Donation Drive



26-28 March | International Petroleum Technology Conference 2019 (IPTC 2019), Beijing, China



27 May | Visit to Care Home for Elderly People

> JUNE 2020 – JULY 2019



18-20 June | The 17th Asian Oil, Gas & Petrochemical Engineering Exhibition (OGA 2019)



1-2 July | Hari Raya Open House Celebration 2019



24-25 June | 20th Asia Oil & Gas Conference (AOGC 2019)



13-14 July | Graduan Aspire 2019



18 July | Annual General Meeting 2019

CALENDAR OF EVENTS (CONT'D)

> AUGUST 2019 – OCTOBER 2019



1 August | Empowering Women in Engineering and Technology Conference



24 August | MOGSC Bowling Tournament 2019



6 October | Orchid Run & Ride 2019



31 August | Merdeka Parade 2019



18 October | Deepavali Celebration



6 September | SK408 UGSA Signing Ceremony

> NOVEMBER 2019 – DECEMBER 2019



2 November | MOGSC Futsal Tournament 2019



9 November | Save the Turtles 2019



14 November | Bursa Bull Charge 2019



23 November | Sapura Energy Bowling Tournament 2019



25-28 November | Materials Performance Welding Technologies Conference 2019



7 December | Sapura Energy Futsal Carnival 2019



13 December | PNB's Corporate Visit to Sapura@Mines

SECTION SEVEN:

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are as described in Note 45 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(4,564,583)	(3,922,224)
Loss attributable to:		
Owners of the Parent	(4,560,806)	(3,922,224)
Non-controlling interests	(3,777)	-
	(4,564,583)	(3,922,224)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

DIVIDENDS

In respect of the financial year ended 31 January 2019 and as reported in the directors' report of that year, the tax exempt (single-tier) special dividend of 0.5 sen per ordinary share on 15,979,080,232 ordinary shares, was declared on 25 March 2019 and paid on 24 June 2019.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Abdul Jalil bin Abdul Rasheed (Appointed on 1 January 2020)

Tan Sri Dato' Seri Shahril bin Shamsuddin *

Tan Sri Datuk Amar (Dr.) Tommy bin Bugo @ Hamid bin Bugo *

Dato' Mohammad Azlan bin Abdullah (Appointed on 1 October 2019)

Syed Ali bin Syed Salem Alsagoff (Appointed on 1 February 2020)

Dato' Shahrizan bin Shamsuddin

Mohamed Rashdi bin Mohamed Ghazalli *

Datuk Muhamad Noor bin Hamid

Datuk Ramlan bin Abdul Rashid

Dato' Roslina binti Zainal (Appointed on 1 February 2019)

Lim Tiang Siew (Appointed on 3 June 2020)

Gee Siew Yoong (Resigned on 21 May 2020)

Dato' Hamzah bin Bakar (Resigned on 1 February 2020)

Datin Paduka Kartini binti Hj Abdul Manaf (Appointed on 24 April 2019 and resigned on 31 December 2019)

* Director of the Company and certain subsidiary(ies).

DIRECTORS (CONT'D.)

The list of the directors of the Company's subsidiary/(ies) since the beginning of the financial year to the date of this report, excluding directors who are also directors of the Company:

Ahmad Zakiruddin bin Mohamed
 Awang Mohammad bin Haji Brahim
 Biren Kumar Dash
 Blair Andrew Lucas
 Bundit Kittitanarux
 Chiang Wai Ming
 Chow Mei Mei
 Datuk Kris Azman bin Abdullah
 John Michael Golden
 Johannes Franciscus Maria Stinenbosch
 Kedar Lagvankar
 Louay Louis Laham
 Mariah binti Mohamad Said
 Md Yusoff bin Mohamad Noor
 Metis Wong Kuan Lee
 Mohamad Nasri bin Mehat
 Mohd Saiman bin Abdullah
 Nelson Anderson Cheong Boon Guan
 New Cheng Swee
 Noordin bin Sulaiman
 Paul Standon Colley
 Paulette Lopes
 Phanindhar Chivukula
 Raphael Michel Francois Yves Siri
 Ravisankar Venkata Mamidanna
 Reza bin Abdul Rahim
 Richard Rowland Leetham
 Rita Lydia Hartono
 Sirlene Santos Brêtas de Noronha
 Suhaimi bin Ismail
 Ungku Suleiman bin Ungku Abdul Aziz
 Vincent Pierre Allegre
 Vivek Arora

Appointed since the beginning of the financial year to the date of this report:

Abbas bin Ariff (Appointed on 10 January 2020)
 Anthony James Willis (Appointed on 28 February 2020)
 Benoit Marie, Carayol (Appointed on 23 January 2020)
 Luke Anthony Byrne (Appointed on 12 March 2019)
 Melson Barry-Gene Dale (Appointed on 27 April 2020)
 Mohammad Nazmi bin Kamaruddin (Appointed on 31 January 2020)
 Muhd Nazif bin Muhamad (Appointed on 10 January 2020)
 Na'imah binti Mohd Noor (Appointed on 31 January 2020)
 Nik Aisyah Amirah binti Mansor (Appointed on 7 February 2020)
 Nik Azli bin Abu Zahar (Appointed on 26 February 2020)

DIRECTORS' REPORT (CONT'D.)

DIRECTORS (CONT'D.)

Resigned/ceased/deceased since the beginning of the financial year to the date of this report:

Jobelino Vitoriano Locateli (Deceased on 17 February 2020)
 Komathi A/P Balakrishnan (Resigned on 12 July 2019)
 Lim Kok Keong (Resigned on 31 January 2020)
 Norzaidi bin Mohd Zahidin ^ (Ceased on 12 July 2019)
 Rais bin Imran (Appointed on 12 July 2019 and resigned on 10 February 2020)
 Rose binti Mat (Resigned on 11 February 2020)
 Sazlyna binti Sapiee (Appointed 1 July 2019 and resigned on 28 February 2020)
 Thavakumar A/L Kandiahpillai (Resigned on 31 January 2020)

^ Ceased from alternate director of the subsidiaries

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the Long Term Incentive Plan ("LTIP") and the Executive Share Option Scheme ("ESOS"), as disclosed in Note 29 and Note 37 to the financial statements.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

The directors and officers of the Group and of the Company are covered by Directors and Officers Liability Insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium charged during the financial year amounted to RM209,890.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors of the Company in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			As at 31.1.2020 '000
	As at 1.2.2019 '000	Acquired '000	Sold '000	
The Company				
Indirect interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	2,648,150	–	600,000	2,048,150
Dato' Shahrizan bin Shamsuddin	2,648,150	–	600,000	2,048,150
Mohamed Rashdi bin Mohamed Ghazalli	131	–	–	131
Tan Sri Datuk Amar (Dr.) Tommy bin Bugo @ Hamid bin Bugo	275	–	–	275

DIRECTORS' INTERESTS (CONT'D.)

According to the register of directors' shareholdings, the interests of directors of the Company in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows (cont'd.):

The Company	Number of ordinary shares			As at 31.1.2020 '000
	As at 1.2.2019 '000	Acquired '000	Sold '000	
Direct interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	169,165	-	-	169,165
Tan Sri Datuk Amar (Dr.) Tommy bin Bugo @ Hamid bin Bugo	1,578	-	-	1,578
Dato' Shahrman bin Shamsuddin	506	-	-	506
Mohamed Rashdi bin Mohamed Ghazalli	411	-	-	411

The Company	Number of Islamic redeemable convertible preference shares ("RCPS-i")			As at 31.1.2020 '000
	As at 1.2.2019 '000	Acquired '000	Sold '000	
Indirect interest				
Mohamed Rashdi bin Mohamed Ghazalli	20	-	-	20
Direct interest				
Mohamed Rashdi bin Mohamed Ghazalli	39	-	-	39
Tan Sri Datuk Amar (Dr.) Tommy bin Bugo @ Hamid bin Bugo	78	-	-	78

The Company	Number of warrants			As at 31.1.2020 '000
	As at 1.2.2019 '000	Acquired '000	Sold '000	
Indirect interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	164,061	-	-	164,061
Dato' Shahrman bin Shamsuddin	164,061	-	-	164,061
Mohamed Rashdi bin Mohamed Ghazalli	8	-	-	8
Direct interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	13,135	-	-	13,135
Mohamed Rashdi bin Mohamed Ghazalli	31	-	-	31
Tan Sri Datuk Amar (Dr.) Tommy bin Bugo @ Hamid bin Bugo	99	-	-	99

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' INTERESTS (CONT'D.)

According to the register of directors' shareholdings, the interests of directors of the Company in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows (cont'd.):

	Number of options over ordinary shares under ESOS			
	As at 1.2.2019 '000	Granted '000	Exercised '000	As at 31.1.2020 '000
The Company				
Tan Sri Dato' Seri Shahril bin Shamsuddin	432,461	366,493	–	798,954

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

SHARES HELD UNDER TRUST

In the current financial year, the trustee appointed by the Company disposed 18,745,250 units of shares held under trust in the open market at an average price of RM0.25 per share.

As at 31 January 2020, a total undistributed balance of 7,276,350 units of the Company's issued ordinary shares were held under trust at carrying amount of RM11,587,000. In the current financial year, LTIP shares were fully vested. Further details are disclosed in Note 29 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME

In the previous financial year, at an extraordinary general meeting held on 29 November 2018, shareholders approved the establishment of the ESOS and the By-Laws for the granting of options to eligible executive directors and senior management to subscribe for new ordinary shares of the Company.

The LTIP committee which governs the ESOS, comprises directors appointed and duly authorised by the Board in accordance with the By-Laws.

On 12 April 2019, the Company offered and granted 586,388,264 options at an exercise price of RM0.39. These options will expire on 10 April 2026 and is immediately exercisable upon granting. The salient features and other terms of the ESOS are disclosed in Note 37 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off bad debts and making of provision for impairment on receivables and satisfied themselves that there were no known bad debts and that adequate provision for impairment had been made for receivables; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for impairment on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year, except for those disclosed in Note 39 to the financial statements.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of a subsequent event is disclosed in Note 48 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2020.

Abdul Jalil bin Abdul Rasheed

Tan Sri Dato' Seri Shahril bin Shamsuddin

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Abdul Jalil bin Abdul Rasheed and Tan Sri Dato' Seri Shahril bin Shamsuddin, being two of the directors of Sapura Energy Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 157 to 272 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2020.

Abdul Jalil bin Abdul Rasheed

Tan Sri Dato' Seri Shahril bin Shamsuddin

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Reza bin Abdul Rahim, being the officer primarily responsible for the financial management of Sapura Energy Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 157 to 272 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Reza bin Abdul Rahim
at Kuala Lumpur in the Federal Territory
on 3 June 2020

Reza bin Abdul Rahim
MIA 22950

Before me,

Kapt. (B) Jasni bin Yusoff

No: W465
Lot 1.08, Tingkat 1,
Bangunan KWSP, Jalan Raja Laut,
50350 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SAPURA ENERGY BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sapura Energy Berhad, which comprise the statements of financial position as at 31 January 2020 of the Group and of the Company, statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 157 to 272.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 January 2020, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and other ethical responsibility

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and

we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Impairment assessment of goodwill on consolidation and property, plant and equipment ("PPE")

In accordance with MFRS 136: *Impairment of Assets*, the Group is required to perform annual impairment test of cash generating units ("CGUs") or groups of CGUs to which goodwill has been allocated and whenever there is an indication that the PPE may be impaired by comparing the carrying amount with its recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU").

The Group has allocated its goodwill to the Engineering & Construction ("E&C") and Drilling business segments. In relation to PPE, management has identified them to be tested for impairment in view of the continued challenges within the oil and gas industry.

The Group estimated the recoverable amounts of its CGUs or groups of CGUs to which the goodwill and PPE are allocated, based on the VIU method. For the vessels, management has also considered its recoverable amount based on the FVLCD method.

The recoverable amount based on the VIU of the CGUs or groups of CGUs involves estimating the future cash inflows and outflows that will be derived from these CGUs and discounting them at appropriate rates. The amount and timing of the cash flow in the projections are dependent on the key assumptions made, which in turn are affected by expected future market and economic conditions. The key assumptions made in relation to the PPE and goodwill on consolidation are disclosed in Note 15 and Note 16 to the financial statements respectively.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

TO THE MEMBERS OF SAPURA ENERGY BERHAD
(INCORPORATED IN MALAYSIA)

Key Audit Matters (cont'd.)

(a) Impairment assessment of goodwill on consolidation and property, plant and equipment ("PPE") (cont'd.)

We considered this as an area of audit focus due to the magnitude of the carrying values of these assets. Estimating the VIU involves significant judgement and substantial audit effort is required in the assessment of possible variations in the assumptions used by management in deriving the recoverable amounts of the respective CGUs or groups of CGUs.

In addressing the matters above, we have amongst others performed the following audit procedures:

- (i) Obtained an understanding of the relevant processes and internal controls over estimating the recoverable amount of the CGUs or groups of CGUs.
- (ii) Evaluated the key assumptions used by management in the cash flow projections on whether they are reasonable by comparing to past actual outcomes.
- (iii) Corroborated the key assumptions with industry analysts' views, management's plans and existing contracts, where applicable.
- (iv) Evaluated the discount rates, long-term growth rates and the methodology used in deriving the present value of the cash flows, with the support of our valuation specialists.
- (v) Performed sensitivity analysis on the key inputs to understand the impact that alternative assumptions would have had on the overall carrying value.
- (vi) Assessed the adequacy of the disclosures made in the financial statements.

Recoverable amounts based on FVLCD were obtained from independent valuers appointed by management. In relation to this, amongst others, we:

- (i) Considered the independence, reputation and expertise of the valuers.
- (ii) Obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of vessels and assessed whether such methodology is consistent with those used in the industry.

(b) Revenue from construction contracts recognised on percentage of completion method

Revenue from construction contracts (Note 3 to the financial statements) contributed approximately 70% of the Group's revenue from continuing operations. To measure progress over time, the Group applied the input method which is based on the percentage-of-completion ("POC"). POC is determined by the proportion of cost incurred for work performed to date over the estimated total contract cost. The use of POC requires management to exercise significant judgement in estimating the costs to complete.

In estimating the costs to complete, management considered the completeness and accuracy of its costs estimation including its obligations in respect of contract variations, claims and cost contingencies. It also involved appropriately identifying, estimating and providing for contracts with foreseeable losses. The costs to complete can vary with market conditions and unforeseen events during the contract period.

In addressing the matter above, we have performed amongst others the following audit procedures:

- (i) Obtained an understanding of the processes and internal controls over the accuracy and timing of revenue recognised in the financial statements, including the process to estimate the total contract cost, profit margin and POC of the projects.
- (ii) Agreed the price and work scopes for the significant contracts with customer to the total revenue amount included in the respective POC calculations.
- (iii) Evaluated the assumptions applied in the POC calculations of significant projects, including estimates of the total contract cost and variation orders ('VOs'), by examining documentary evidence and considered the historical accuracy of management's forecasts for similar projects.
- (iv) Discussed the basis for the recognition of VOs and estimation of total cost of significant projects with management, cost controllers and project managers.
- (v) Assessed the consistency of management's estimates on the project's profit margin, by comparing to management's initial budget and past actual outcomes derived from similar projects.

Key Audit Matters (cont'd.)

(b) Revenue from construction contracts recognised on percentage of completion method (cont'd.)

In addressing the matter above, we have performed amongst others the following audit procedures (cont'd.):

- (vi) Assessed the adequacy of provision for foreseeable losses made for ongoing contracts, where applicable
- (vii) Reperformed the calculations of the revenue and profit based on the POC method and where applicable, considered the implications of any changes in estimates.
- (viii) Evaluated the presentation and disclosures of construction contracts in the financial statements, including significant accounting policies.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report and the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2020 Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing ("ISA"), we exercise professional judgement and maintain professional skepticism throughout the planning and performance of the audit. We also:

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

INDEPENDENT AUDITORS' REPORT (CONT'D.)

TO THE MEMBERS OF SAPURA ENERGY BERHAD
(INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

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

Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim

No. 02607/12/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
3 June 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations					
Revenue	3	6,449,155	4,568,439	141,679	161,603
Cost of sales	4	(6,941,516)	(4,336,769)	–	–
Gross (loss)/profit		(492,361)	231,670	141,679	161,603
Other income	5	187,923	65,469	96,088	1,780,938
Administrative expenses		(329,283)	(496,846)	(68,946)	(310,695)
Other expenses		(124,126)	(216,485)	–	–
		(757,847)	(416,192)	168,821	1,631,846
Provision for impairment	6	(3,284,340)	(1,520,264)	(3,938,540)	(1,143,416)
Finance costs	7	(664,557)	(979,381)	(145,780)	(146,429)
Share of profit from associates and joint ventures		154,950	340,937	–	–
(Loss)/profit before taxation from continuing operations	8	(4,551,794)	(2,574,900)	(3,915,499)	342,001
Income tax expense	11	(12,789)	(142,748)	(6,725)	(17,553)
(Loss)/profit after taxation from continuing operations		(4,564,583)	(2,717,648)	(3,922,224)	324,448
Discontinued operations					
Profit after taxation from discontinued operations		–	257,316	–	–
Gain on disposal of 50% equity stake in a subsidiary		–	2,663,699	–	–
Profit after taxation from discontinued operations, including gain on disposal	12	–	2,921,015	–	–
(Loss)/profit after taxation		(4,564,583)	203,367	(3,922,224)	324,448
(Loss)/profit attributable to:					
Owners of the Parent					
– Continuing operations		(4,560,806)	(2,713,466)	(3,922,224)	324,448
– Discontinued operations		–	2,921,015	–	–
		(4,560,806)	207,549	(3,922,224)	324,448
Non-controlling interests		(3,777)	(4,182)	–	–
		(4,564,583)	203,367	(3,922,224)	324,448
Loss per share attributable to owners of the Parent from continuing operations (sen per share)					
	13				
Basic		(28.60)	(44.91)	–	–
Diluted		(28.60)	(44.91)	–	–
Earnings per share attributable to owners of the Parent from discontinued operations (sen per share)					
	13				
Basic		–	48.34	–	–
Diluted		–	48.23	–	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/profit after taxation	(4,564,583)	203,367	(3,922,224)	324,448
Other comprehensive (loss)/income:				
Continuing operations				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation differences	(57,106)	331,099	-	-
Net changes in cash flow hedge	(21,158)	41,364	-	-
Share of other comprehensive (loss)/income of associates and joint ventures				
- Foreign currency translation differences	(14,293)	743	-	-
- Net changes in cash flow hedge	(41,371)	697	-	-
<i>Item that has been reclassified to profit or loss in current year:</i>				
Amortisation of cumulative changes in relation to previous hedge instruments	2,739	-	-	-
Transfer of exchange differences arising upon disposal of 50% equity stake in a subsidiary	-	(114,161)	-	-
Total other comprehensive (loss)/income	(131,189)	259,742	-	-
Total comprehensive (loss)/income for the year	(4,695,772)	463,109	(3,922,224)	324,448
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	(4,691,743)	467,332	(3,922,224)	324,448
Non-controlling interests	(4,029)	(4,223)	-	-
	(4,695,772)	463,109	(3,922,224)	324,448

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	9,638,931	10,024,809	21,037	19,379
Intangible assets	16	4,947,773	7,997,130	–	–
Investment in subsidiaries	17	–	–	12,627,236	12,550,668
Investment in associates	18	2,147,935	2,222,954	–	–
Investment in joint ventures	19	1,833,407	1,800,840	–	–
Deferred tax assets	20	96,295	37,311	13,305	19,145
Derivative assets	21	18,778	174,507	–	–
Trade and other receivables	24	82,560	11,374	–	–
Amounts due from subsidiaries	23	–	–	56,101	199,902
		18,765,679	22,268,925	12,717,679	12,789,094
Current assets					
Inventories	22	383,888	354,447	–	–
Amounts due from subsidiaries	23	–	–	763,103	3,033,017
Trade and other receivables	24	1,457,227	1,588,964	47,042	45,383
Contract assets	25	1,200,397	1,180,762	–	–
Tax recoverable		168,778	84,772	24,355	23,184
Cash and cash equivalents	26	772,374	8,098,397	18,133	26,459
		3,982,664	11,307,342	852,633	3,128,043
Total assets		22,748,343	33,576,267	13,570,312	15,917,137

**CONSOLIDATED AND SEPARATE
STATEMENTS OF FINANCIAL POSITION (CONT'D.)**
AS AT 31 JANUARY 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	27	10,872,078	10,872,078	10,872,078	10,872,078
RCPS-i	28	982,713	982,713	982,713	982,713
Shares held under trust	29	(11,587)	(66,812)	(11,587)	(66,812)
Warrants reserve	30	109,110	109,110	109,110	109,110
Other reserves	31	1,703,428	1,764,292	130,963	60,890
(Accumulated losses)/retained profits		(4,473,221)	213,684	(3,034,670)	1,013,653
		9,182,521	13,875,065	9,048,607	12,971,632
Non-controlling interests		(7,853)	(3,824)	-	-
Total equity		9,174,668	13,871,241	9,048,607	12,971,632
Non-current liabilities					
Borrowings	32	7,110,429	11,146,748	-	-
Amount due to a subsidiary	33	-	-	3,767,595	2,000,483
Contract liabilities	25	72,532	104,848	-	-
Other payable	34	10,000	-	10,000	-
Lease liabilities	36	9,148	-	-	-
Deferred tax liabilities	20	42,722	71,810	-	-
		7,244,831	11,323,406	3,777,595	2,000,483
Current liabilities					
Amount due to subsidiaries	33	-	-	646,548	642,256
Borrowings	32	3,145,665	5,837,851	-	-
Trade and other payables	34	2,503,550	2,259,405	97,562	302,766
Contract liabilities	25	199,436	123,353	-	-
Provisions	35	348,254	94,866	-	-
Lease liabilities	36	13,771	-	-	-
Provision for tax		118,168	66,145	-	-
		6,328,844	8,381,620	744,110	945,022
Total liabilities		13,573,675	19,705,026	4,521,705	2,945,505
Total equity and liabilities		22,748,343	33,576,267	13,570,312	15,917,137

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

	Attributable to the owners of the Parent								
	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/ losses RM'000	Total equity attributable to owners of the Parent RM'000	Non- controlling interests RM'000	Total equity RM'000
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
Total comprehensive loss	-	-	-	-	(130,937)	(4,560,806)	(4,691,743)	(4,029)	(4,695,772)
	10,872,078	982,713	(66,812)	109,110	1,633,355	(4,347,122)	9,183,322	(7,853)	9,175,469
Transactions with owners:									
Fair value of share options granted under ESOS	-	-	-	-	70,073	-	70,073	-	70,073
Dividend on ordinary shares (Note 14)	-	-	-	-	-	(79,896)	(79,896)	-	(79,896)
Shares transferred under LTIP	-	-	25,375	-	-	(21,070)	4,305	-	4,305
Disposal of shares held under trust	-	-	29,850	-	-	(25,133)	4,717	-	4,717
Total transactions with owners	-	-	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

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

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

	←----- Attributable to the owners of the Parent ----->						←----- 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 RM'000	Total equity attributable to owners of the Parent RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 February 2018	8,066,410	-	(114,942)	-	1,443,619	54,879	9,449,966	399	9,450,365
Total comprehensive income/ (loss)	-	-	-	-	259,783	207,549	467,332	(4,223)	463,109
	8,066,410	-	(114,942)	-	1,703,402	262,428	9,917,298	(3,824)	9,913,474
Transactions with owners:									
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
Total transactions with owners	2,805,668	982,713	48,130	109,110	60,890	(48,744)	3,957,767	-	3,957,767
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 accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

	Non-distributable				Distributable		Total equity RM'000
	Share capital RM'000	RCPS-i RM'000	Shares held under trust RM'000	Warrants reserve RM'000	Other reserves RM'000	Retained profits/ losses) RM'000	
At 1 February 2019	10,872,078	982,713	(66,812)	109,110	60,890	1,013,653	12,971,632
Total comprehensive loss	-	-	-	-	-	(3,922,224)	(3,922,224)
	10,872,078	982,713	(66,812)	109,110	60,890	(2,908,571)	9,049,408
Transactions with owners:							
Dividend on ordinary shares (Note 14)	-	-	-	-	-	(79,896)	(79,896)
Shares transferred under LTIP	-	-	25,375	-	-	(21,070)	4,305
Disposal of shares held under trust	-	-	29,850	-	-	(25,133)	4,717
Fair value of share options granted under ESOS	-	-	-	-	70,073	-	70,073
Total transactions with owners	-	-	55,225	-	70,073	(126,099)	(801)
At 31 January 2020	10,872,078	982,713	(11,587)	109,110	130,963	(3,034,670)	9,048,607

	Non-distributable				Distributable		Total equity RM'000
	Share capital RM'000	RCPS-i RM'000	Shares held under trust RM'000	Warrants reserve RM'000	Other reserves RM'000	Retained profits RM'000	
At 1 February 2018	8,066,410	-	(114,942)	-	-	737,949	8,689,417
Total comprehensive income	-	-	-	-	-	324,448	324,448
	8,066,410	-	(114,942)	-	-	1,062,397	9,013,865
Transactions with owners:							
Rights issue of shares with warrants	2,883,753	-	-	112,325	-	-	2,996,078
Rights issue of RCPS-i	-	982,713	-	-	-	-	982,713
Share issuance expenses	(78,085)	-	-	(3,215)	-	-	(81,300)
Purchase of shares held under trust	-	-	(14,350)	-	-	-	(14,350)
Shares transferred under LTIP	-	-	62,480	-	-	(48,744)	13,736
Fair value of share options granted under ESOS	-	-	-	-	60,890	-	60,890
Total transactions with owners	2,805,668	982,713	48,130	109,110	60,890	(48,744)	3,957,767
At 31 January 2019	10,872,078	982,713	(66,812)	109,110	60,890	1,013,653	12,971,632

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

	2020 RM'000	2019 RM'000
Cash flows from operating activities		
Loss before taxation from continuing operations	(4,551,794)	(2,574,900)
Profit before taxation from discontinued operations	–	2,976,261
(Loss)/profit before taxation	(4,551,794)	401,361
Adjustments for:		
Amortisation of intangible assets	3,782	7,797
Amortisation of expenditure on oil and gas properties	–	240,273
Depreciation of property, plant and equipment	521,137	676,617
Net gain on disposal of property, plant and equipment	(19,970)	(909)
Share of profit from associates and joint ventures	(154,950)	(340,937)
Provision for impairment on:		
– Goodwill	3,043,430	108,374
– Property, plant and equipment	240,910	1,411,890
LTIP expense	9,205	28,091
Gain on disposal of 50% equity stake in a subsidiary	–	(2,663,699)
Fair value of share options granted under ESOS	70,073	60,890
Inventories written off	813	5,357
Property, plant and equipment written off	913	–
Net settlement of claim from previous acquisition of subsidiaries	(87,656)	–
Net unrealised foreign exchange gain	(37,336)	(11,345)
Finance costs	664,557	1,001,863
Interest income	(19,028)	(28,017)
Operating (loss)/profit before working capital changes	(315,914)	897,606
Increase in inventories	(32,549)	(37,397)
Increase in trade and other receivables	(178,260)	(504,768)
Increase in trade and other payables	626,652	120,544
Changes in balances with joint ventures and associates	67,902	39,547
Cash generated from operating activities	167,831	515,532
Taxes paid	(71,664)	(154,661)
Net cash generated from operating activities	96,167	360,871

	2020 RM'000	2019 RM'000
Cash flows from investing activities		
Repayment of advances from joint ventures	99,390	131,174
Proceeds from disposal of property, plant and equipment	32,851	909
Purchase of property, plant and equipment	(345,525)	(254,838)
Purchase of expenditure on oil and gas properties	–	(319,783)
Purchase of intangible asset	(5,675)	–
Net settlement of claim from previous acquisition of subsidiaries	87,656	–
Interest received	19,028	22,413
Dividends received from joint venture	25,408	8,396
Payment of deferred consideration	–	(303,614)
Net proceeds from disposal of 50% equity stake in a subsidiary (Note 12(ii))	–	3,582,595
Net cash (used in)/generated from investing activities	(86,867)	2,867,252
Cash flows from financing activities		
Net repayment of revolving credit, trade financing, term loans, Islamic Facility and Sukuk Programme (Note 32(c))	(6,806,252)	–
Repayment of lease liabilities (Note 36)	(12,528)	–
Finance costs paid	(564,672)	(850,985)
Dividend paid on ordinary shares	(79,896)	–
Proceed from settlement of derivative assets (Note 21)	136,764	–
Net proceeds from rights issue of shares with warrants and RCPS-i	–	3,903,447
Purchase of shares held under trust	–	(14,350)
Net cash (used in)/generated from financing activities	(7,326,584)	3,038,112
Net (decrease)/increase in cash and cash equivalents	(7,317,284)	6,266,235
Effects of exchange rate changes	(8,739)	115,927
Cash and cash equivalents at beginning of the year	8,098,397	1,716,235
Cash and cash equivalents at end of the year (Note 26)	772,374	8,098,397

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

	2020 RM'000	2019 RM'000
Cash flows from operating activities		
(Loss)/profit before taxation	(3,915,499)	342,001
Adjustments for:		
Depreciation of plant and equipment	10,724	12,588
Net settlement of claim from previous acquisition of subsidiaries	(87,656)	–
Net unrealised foreign exchange gain	(290)	(24,443)
Provision for impairment on investment in subsidiaries and amounts due from subsidiaries	3,938,540	1,143,416
Finance costs	145,780	146,429
Interest income	(8,142)	(8,569)
LTIP expense	5,777	16,441
Gain on disposal of 50% equity stake in a subsidiary	–	(1,747,915)
Fair value of share options granted under ESOS	56,935	46,809
Operating profit/(loss) before working capital changes	146,169	(73,243)
Net changes in balances with related companies	49,216	140,584
Decrease/(increase) in other receivables	3,058	(27,489)
Decrease in other payables	(200,091)	(17,196)
Cash (used in)/generated from operating activities	(1,648)	22,656
Taxes paid	(2,056)	(3,204)
Net cash (used in)/generated from operating activities	(3,704)	19,452
Cash flows from investing activities		
Net settlement of claim from previous acquisition of subsidiaries	87,656	–
Net proceeds from disposal of 50% equity stake in a subsidiary	–	2,208,060
Net changes in balances with related companies	–	(6,111,507)
Purchase of plant and equipment	(12,924)	(10,269)
Proceeds from disposal of plant and equipment	542	–
Net cash generated from/(used in) investing activities	75,274	(3,913,716)
Cash flows from financing activities		
Dividends paid on ordinary shares	(79,896)	–
Net proceeds from rights issue of shares with warrants and RCPS-i	–	3,903,447
Purchase of shares held under trust	–	(14,350)
Net cash (used in)/generated from financing activities	(79,896)	3,889,097
Net decrease in cash and cash equivalents	(8,326)	(5,167)
Cash and cash equivalents at beginning of the year	26,459	31,626
Cash and cash equivalents at end of the year (Note 26)	18,133	26,459

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

– 31 JANUARY 2020

1. CORPORATE INFORMATION

Sapura Energy Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at Sapura@Mines, No.7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are as described in Note 45.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

The financial statements have been prepared on the historical cost basis unless otherwise disclosed in the accounting policies below.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 February 2019, the Group and the Company adopted the following new and amended MFRSs:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16: Leases	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle – MFRS 3: Business Combinations	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle – MFRS 11: Joint Arrangements	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle – MFRS 112: Income Taxes	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle – MFRS 123: Borrowing Costs	1 January 2019
Amendments to MFRS 128: Long-Term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23: Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
– 31 JANUARY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

Adoption of the above amended standards did not have material effect on the financial performance or position of the Group and of the Company, except as discussed below:

MFRS 16: Leases

MFRS 16 will replace 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 will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be 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 will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 February 2019. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application. The Group and the Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets) and elected to apply the practical expedient not to apply the requirements of MFRS 16 for leases that ends within 12 months of the date of initial application and account for these leases the same as short-term lease. The Group and the Company have also applied paragraph C16 of MFRS 16 to not reassess sale and leaseback transaction entered into before the date of initial application.

The impact of changes to the statements of financial position of the Group and of the Company resulting from the adoption of MFRS 16 Leases as at 1 February 2019 are as follows:

	As at 31 January 2019 RM'000	Effect of MFRS 16 RM'000	As at 1 February 2019 RM'000
Group			
Non-current asset			
Property, plant and equipment (including right-of-use assets*)	10,024,809	33,847	10,058,656
Non-current liabilities			
Lease liabilities	–	(25,847)	(25,847)
Current liabilities			
Lease liabilities	–	(8,000)	(8,000)

* Included is the leasehold land that has been reclassified to right-of-use assets, as required under MFRS 16. Further details are disclosed in Note 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16: Leases (cont'd.)

The lease liabilities as at 1 February 2019 can be reconciled to the operating lease commitments as of 31 January 2019, as follows:

	Group RM'000	Company RM'000
Operating lease commitment as at 31 January 2019	21,079	9,556
Less: Commitment related to short-term lease	(15,052)	(9,556)
Less: Commitment related to low-value lease	(159)	–
Add: Lease payments for extension options certain to be exercised	28,423	–
Discounted using incremental borrowing rates at 1 February 2019	(444)	–
Lease liabilities as at 1 February 2019	33,847	–

The Group discounted lease payments using respective incremental borrowing rates at 1 February 2019 ranging from 5% to 6% per annum.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 7: Financial Instruments Disclosures	1 January 2020
Amendments to MFRS 9: Financial Instruments	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendment to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2022
Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128: Investments in Associates and Joint Venture – Sale of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above standards and interpretations are not expected to have material impact on the financial statements in the period of application.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
– 31 JANUARY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, are recognised in statement of profit or loss.

The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to statement of profit or loss or where applicable, transferred directly to retained profit. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in statement of profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.11(a).

Business combination involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- (ii) No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- (iii) No additional goodwill is recognised as a result of the combination.
- (iv) Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- (v) The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 JANUARY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

2.6 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after date of acquisition. When the Group's share of losses in the associate or joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits or losses resulting from transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9: *Financial Instruments* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136: *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use or fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in the statement of profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Investments in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRS applicable to the particular assets, liabilities, revenues and expenses.

2.8 Transaction with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.9 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in statement of profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to statement of profit or loss of the Group on disposal of the foreign operation.

When an entity's ownership interest in an associate or a joint venture is reduced, but the entity continues to apply the equity method, the entity reclassifies to profit or loss the proportion of gain or loss that has been previously recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit and loss upon the disposal of the related assets or liabilities.

**NOTES TO THE
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Foreign currency (cont'd.)

(b) Foreign currency transactions (cont'd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Dry docking costs which enhance the useful lives of the assets are capitalised when incurred and the remaining carrying amount of the cost during the previous dry docking, if any, is derecognised. The costs capitalised is amortised over a period of 60 months or the period until the next dry docking date, whichever is shorter.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold land (prior to MFRS 16 adoption)	1% – 2%
Buildings and structures	2%
Vessels and related dry docking, remotely operated vehicles (“ROVs”) and saturation diving system (“SAT system”)	4% – 20%
Tender assisted drilling rigs and related dry docking	3% – 20%
Plant and machinery, tools and implements	10% – 50%
Equipment, furniture and motor vehicles	10% – 50%

Freehold land has an unlimited useful life and therefore is not depreciated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Property, plant and equipment (cont'd.)

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognised.

Right-of-use ("ROU") assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The Group presents ROU assets as part of property, plant and equipment.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's Cash Generating Unit ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the CGU retained.

**NOTES TO THE
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Intangible assets (cont'd.)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Patents	10 years
Intellectual property rights	5 years
Software development costs	3 years
Customer contracts	Remaining contractual period

Other development cost is amortised over the period of expected sales from the related projects on a straight-line basis.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset that has a finite economic useful life may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal or its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGU.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Impairment of non-financial assets (cont'd.)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15. Refer to the accounting policies in revenue from contracts with customers in Note 2.22 (i).

In order for a financial asset to be classified and measured at amortised cost or fair value through Other Comprehensive Income ("OCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**NOTES TO THE
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(a) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s and the Company’s financial assets at amortised cost includes trade and other receivables (excluding prepayment), amounts due from subsidiaries and cash and cash equivalents.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Group and the Company had not irrevocably elected to classify at fair value through OCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(c) Financial assets at fair value through profit or loss (cont'd.)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's and the Company's statement of financial position) when:

- (a) The rights to receive cash flows from the asset have expired; or
- (b) The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
 - (i) The Group and the Company have transferred substantially all the risks and rewards of the asset, or
 - (ii) The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Where the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group or the Company continue to recognise the transferred asset to the extent of its continuing involvement.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Impairment of financial assets

The Group and the Company recognise a provision for impairment for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a provision for impairment is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a provision for impairment based on lifetime ECLs at each reporting date. The Group and the Company have established a process to monitor the recoverability of the receivables, based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment, if any.

The Group and the Company consider whether a financial asset is in default when contractual payments are more than 90 days past due. In certain cases, the Group and the Company may consider a financial asset to be in default when internal or external information indicate that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first-in-first-out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Provisions

(a) Onerous contract

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Provisions (cont'd.)

(a) Onerous contract (cont'd.)

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

(b) Provision for decommissioning and restoration costs

Decommissioning and restoration costs are recognised when the Group has the obligation to dismantle and remove a facility or an item of oil and gas properties and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements.

A corresponding item of expenditure on oil and gas properties of an amount equivalent to the provision is also created. The change in the present value of the provision for the expected costs due to the passage of time is included within finance costs.

Any change in the expected future cost, interest rate and inflation rate is reflected as an adjustment to the provision and the corresponding oil and gas properties.

(c) Other provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings and amounts due to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 JANUARY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Financial liabilities (cont'd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

(b) Financial liabilities at amortised cost

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing borrowings, trade and other payables, and amounts due to subsidiaries.

(c) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of ECL determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in statement of profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Financial liabilities (cont'd.)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in statement of profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 Employee benefits

(a) Short term benefit

Wages, salaries and bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated leave. Short term non-accumulating compensated leave such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statement of profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(c) Long Term Incentive Plan

Eligible executive directors and employees of the Group and of the Company receive remuneration in the form of shares as consideration for services rendered, subject to the approval of the LTIP Committee. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are vested. This cost is recognised in profit or loss over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired.

(d) Executive share option scheme ("ESOS")

ESOS, an equity-settled, share-based compensation plan, allows the Company's eligible executive directors and senior management ("Executives") to acquire ordinary shares of the Company. The total fair value of share options granted to Executives of the Company is recognised as an employee cost with a corresponding increase in the ESOS reserve within equity over the vesting period and taking into account the probability that the share options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options and awards were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to become exercisable on vesting date.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Employee benefits (cont'd.)

(d) Executive share option scheme (“ESOS”) (cont'd.)

At each reporting date, the Company revises its estimates of the number of options of the Company that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the ESOS reserve until the option is exercised, or until the option expires.

When the share options are exercised, the ESOS reserve relating to the exercised options is transferred to equity. When the share options or share awards are forfeited, the ESOS reserve relating to the forfeited share options is transferred to equity.

2.21 Leases

Accounting policies applied from 1 February 2019 onwards

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognise lease liabilities to make lease payments and right-of-use assets as disclosed in Note 2.10 representing the right to use the underlying assets.

(i) Lease liabilities

At the commencement date of the lease, the Group recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(ii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Leases (cont'd.)

Accounting policies applied from 1 February 2019 onwards (cont'd.)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as lease income.

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

Identifying and separating of lease and non-lease components of a contract and allocating contract consideration

For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

When applying MFRS 16, lessors are required to apply of MFRS 15 to allocate the consideration in the contract between the lease and non-lease components on a relative stand-alone selling price basis. In addition, lessors are required to apply MFRS 15 to allocate any subsequent changes in the consideration of the contract between the lease and non-lease components. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. When stand-alone selling prices are not directly observable, the lessor must estimate the stand-alone selling price.

Accounting policies applied until 31 January 2019

(c) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of profit or loss. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in statement of profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(d) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as lease income.

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

**NOTES TO THE
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group or the Company expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group or the Company satisfies a performance obligation by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Construction contracts

The Group's construction contracts include engineering, procurement, construction, installation and commissioning services ("EPCIC"), transportation and installation ("T&I"), fabrication and hook-up and commissioning works, which may last several years.

The Group determined that contracts of this nature have generally one performance obligation. In these contracts, the final product is highly customised to the specifications of the field and the customer's requirements as the customised products do not have an alternative use. The Group has an enforceable right to payment plus reasonable profit for performance completed to date.

Therefore, the customer obtains control of the asset over time, and thus revenue is recognised over time using an input measure (i.e., costs incurred to date relative to total estimated costs at completion) to measure progress. Under this method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

Contracts are often modified to account for changes in contract specifications and requirements. The Group considers contract modifications to exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Most of the Group's contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract.

The effect of a contract modification on the transaction price and the Group measures of progress for the performance obligation to which it relates is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

Certain contracts with the customer include performance bonuses, liquidated damages and provisional sums. These amounts which will be included in the transaction price of the contract provided they can be reasonably estimated and will not result in a significant reversal in the future.

Should the customer terminate a contract early, the Group may be entitled to shortfall commitment revenue on the contract. The Group recognises shortfall commitment revenue when payment from the customer is certain. At the inception of a contract, an estimate for shortfall commitment revenue is not recognised, as the Group expects the customer to use its services for the full term of the contract. As a result, determining when to recognise shortfall commitment revenue requires judgement to ensure that revenue is recognised when the performance obligation has been satisfied and collectability assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Revenue (cont'd.)

(i) Revenue from contracts with customers (cont'd.)

(a) Construction contracts (cont'd.)

Foreseeable losses for construction contracts

The requirements of MFRS 137 prescribe that a provision for onerous contract must be calculated on a least net cost basis, which includes unavoidable costs only and comparing these costs to the cost of cancelling a contract including any termination fees. The policy on provision for onerous contracts is in Note 2.17(a).

Contracts with significant procurement

In circumstances where there is significant procurement of materials for that contract, the Group assessed whether the procurement of items are specifically designed for the project and if so, would include the costs of such materials in the percentage-of-completion calculation. Non-customised procurement are excluded from percentage-of-completion calculation.

(b) Revenue from other services

Revenue from other services includes offshore support, geotechnical, maintenance and consultation services.

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring services to a customer, which is when the customer obtains control of the services. The Group principally satisfies its performance obligations over time.

The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time by recognising revenue in the amount that the Group has a right to invoice the customer, which corresponds directly with the value transferred to the customer for the performance completed to date.

The Group has elected to use the right-to-invoice practical expedient in certain service contracts where the Group invoices its customers on a per day basis that directly corresponds with the value received by the customer. As days are worked on the customer's contract, the Group satisfies its performance obligation to the customer and recognises revenue on a per day basis. When this practical expedient is used, the Group does not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes.

(c) Drilling related services

For drilling related services, the Group signs a contract drilling related services agreement with its customers.

The Group satisfies its performance obligations related to its contracts over time as the Group provides its services on a per billable day basis.

In relation to drilling related services contracts, the Group makes payments to vendor or related companies for the mobilisation of rigs prior to commencement of drilling services. Mobilisation cost are recognised as contract costs capitalised to fulfil a contract, and recognised on a straight-line basis over the period that the related drilling services are performed. Correspondingly, mobilisation fees are deferred and recognised on a straight-line basis over the period that the related drilling services are performed.

Demobilisation fees are recognised as and when the services are rendered, or at a point when it becomes known and certain that demobilisation fee can be charged to the customer.

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Revenue (cont'd.)

(i) Revenue from contracts with customers (cont'd.)

(d) Revenue from sale of crude oil and gas and its related products

For sale of crude oil and gas and its related products, revenue is recognised at the point in time when control of the asset is transferred to the customer.

(e) Contract balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts (contract assets), and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the consolidated statements of financial position.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets in Note 2.13.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the obligation under the contract.

(ii) Other revenue

(a) Leases

Lease income is recognised over the term of the lease on a straight-line basis.

(b) Interest income

Interest income is recognised on the accrual basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

(d) Intellectual property rights, trademarks and branding fees

Intellectual property rights, trademarks and branding fees are charged by the Company to subsidiaries for the use of the Company's intellectual property rights, trademarks and brand where the revenue is recognised on the accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside statement of profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

When assessing whether taxable profits will be available against which it can utilise a deductible temporary differences, the Group and the Company have taken into account the restrictions in the tax laws on certain sources of taxable profits which may not be available against the deductions on the reversal of that deductible temporary differences. If the law imposes no such restrictions, the Group and the Company assess a deductible temporary difference in combination with all of its other deductible temporary differences. However, if law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

**NOTES TO THE
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided for the chief operating decision-makers. The chief operating decision-makers are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

2.25 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Shares held under trust

When shares of the Company, that have not been cancelled, recognised as equity are purchased by the Company, the amount of consideration paid is recognised directly in equity. Purchased shares are classified as shares held under trust and presented as a deduction from total equity.

Shares transferred to the recipient under the LTIP scheme is measured at the weighted average cost of the shares on the date of transfer. The difference between the weighted average cost and the fair value of the shares transferred is recognised in equity.

2.27 Warrants

Warrants are classified as equity instrument and the value is allocated based on the closing price of the first trading day, if the warrant is listed, or estimated using option pricing models, if the warrant is not listed, and recognised in the warrant reserves.

The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group or of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.29 Expenditure on oil and gas properties

In the previous financial year, expenditure on oil and gas properties is stated at cost less accumulated amortisation, depreciation, depletion and any impairment. Expenditure on oil and gas properties comprise the following:

(a) Production Sharing Contract ("PSC")

(i) Oil and gas properties

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development well is capitalised within oil and gas properties.

Amortisation of producing oil and gas properties is computed based on the unit of production method using:

- (a) Total proved and probable reserve for capitalised acquisition costs; and
- (b) Total proved and probable developed reserves for capitalised exploration and development costs.

Costs used in the unit of production calculation comprise the net book amount of capitalised costs plus the estimated future field development costs. The production and reserve estimates used in the calculation are on an entitlements basis. Changes in the estimates of commercial reserves of future field development costs are dealt with prospectively.

Changes in the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in the accounting estimate.

Cost associated with production and general corporate activities are expensed in the period incurred.

(ii) Exploration and development expenditure

The Group follow the successful efforts method of accounting for the exploration and development expenditure.

(a) Exploration and evaluation expenditure

Costs directly associated with exploration wells, including acquisition costs and drilling costs, are initially capitalised until the results have been evaluated.

If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells, are likely to be capable of commercial development under prevailing economic conditions, the costs continue to be carried as exploration and evaluation assets. All such carried costs are reviewed at least once a year to determine whether the reserves found or appraised remain economically viable. When this is no longer the case, the costs are written off.

When a development plan is commercially viable and approved by the relevant authorities, the related exploration and evaluation costs are transferred to development in progress in expenditures on oil and gas properties.

**NOTES TO THE
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.29 Expenditure on oil and gas properties (cont'd.)

(a) Production Sharing Contract (“PSC”) (cont'd.)

(ii) Exploration and development expenditure (cont'd.)

(b) Development expenditure

Development expenditure comprises all costs incurred in bringing a field to commercial production and is capitalised as incurred. The amount capitalised includes attributable interests and other financing costs incurred on exploration and development before commencement of production.

Upon commencement of production, the exploration and development expenditure initially capitalised as development in progress are transferred to oil and gas properties.

2.30 Derivatives financial instruments and hedge accounting

Initial recognition and measurement

The Group uses derivative financial instruments, such as Islamic cross-currency swaps, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument;
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.30 Derivatives financial instruments and hedge accounting (cont'd.)

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flows hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses Islamic cross-currency swap contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to the derivative contracts is recognised in other operating income or expenses.

The Group designated all of the Islamic cross-currency swap contracts as hedging instrument. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss, except for the effective portion of cash flow hedges, which were recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.31 Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- i) Expected to be realised or intended to sold or consumed in normal operating cycle;
- ii) Held primarily for the purpose of trading;
- iii) Expected to be realised within 12 months after the reporting period; or
- iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.31 Current and non-current classification (cont'd.)

A liability is classified as current when:

- i) It is expected to be settled in normal operating cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is due to be settled within 12 months after reporting period; or
- iv) There is unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.32 Fair value measurement

The Group and the Company measure financial instruments such as derivative at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.32 Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's and the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.33 Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations that is at the lower of carrying amount and fair value less costs of disposal. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view to resale.

2.34 Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.34 Significant accounting judgements and estimates (cont'd.)

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Judgements made in applying accounting policies

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Treatment of contract variation

Included in the financial statements are values of change orders that have not yet been approved which are at various stages of process with the customers. In this respect, the values are estimated based on management's assessment and judgement as to the realisable amount.

The complexity of estimation process, risks and uncertainties will affect the amounts reported in the financial statements. Depending on the outcome of negotiations with customers, this could result in reduction/increase in attributable profits/losses.

Management is of the opinion that the change orders recognised in the financial statements represents the best estimate, with justifiable grounds for the claims submitted and favourable progress of discussions with the customers.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment

(a) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 16.

(b) Property, plant and equipment

Impairment test has been carried out based on variety of estimations, including value-in-use of the CGU of which the specific property, plant and equipment is allocated or fair value less costs of disposal. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows and also to determine the appropriate discount rate to calculate the present value of those cash flows.

The future cash flows are subject to change as new information become available and the changes may eventually affect the statement of profit or loss through impairment charges or reversal of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.34 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(i) Impairment (cont'd.)

(b) Property, plant and equipment (cont'd.)

In establishing the recoverable amount that is based on fair value less costs of disposal, the Group engaged independent external valuers to assess the fair value of the property, plant and equipment, adjusted for the condition of the specific assets. Further details are disclosed in Note 15.

(ii) Construction contracts

Where the performance obligations are satisfied over time, the Group recognises contract revenue in statement of profit or loss by using the input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation.

Significant judgement is required in determining the extent of the contract costs incurred, the estimated total contract revenue and costs, the recoverability of the contract costs as well as assessing potential deductions to revenue due to delays in delivery or other contractual penalties. In making these judgements, the Group evaluates based on past experience and historical information. Further details are disclosed in Note 25.

(iii) Provision for impairment of trade receivables and contract assets

For major oil and gas customers and national oil companies, the Group undergoes a specific review of the trade receivables and contract assets through an analysis of the customer's credit risk and the ageing of the receivable balances. Further details of how the credit risk is determined and managed is described in Note 41(d).

The information about the provision for impairment on the Group's trade receivables is disclosed in Note 24.

3. REVENUE

Disaggregation of revenue

The Group disaggregates revenue by type of services, geographic location and timing of transfer of services.

3.1 Type of services

The following tables represent revenue by type of services:

	Group	
	2020 RM'000	2019 RM'000
(i) Revenue from contracts with customers:		
Engineering and Construction		
Construction contracts	4,499,327	2,700,193
Offshore support, geotechnical, maintenance and consultation services	917,335	852,131
Drilling		
Drilling related services	607,502	114,767
	6,024,164	3,667,091

**NOTES TO THE
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3. REVENUE (CONT'D.)

3.1 Type of services (cont'd.)

The following tables represent revenue by type of services (cont'd.):

	Group	
	2020 RM'000	2019 RM'000
(ii) Lease:		
Drilling		
Charter of rigs	333,929	818,689
Engineering and Construction		
Charter of other assets	91,062	82,659
	424,991	901,348
	6,449,155	4,568,439

Upon adoption of MFRS 16, there is a change to the presentation and disclosure of lease and non lease income of the Group in Drilling segment, in relation to accounting policy in Note 2.21(b).

	Company	
	2020 RM'000	2019 RM'000
Revenue from contracts with customers:		
Management fees from subsidiaries	131,679	141,603
Intellectual property rights, trademarks and branding fees from subsidiaries	10,000	20,000
	141,679	161,603

3.2 Geographic location

The following tables represent revenue by geographic location:

31 January 2020	Engineering and Construction RM'000	Drilling RM'000	Total RM'000
Group			
Malaysia	2,184,178	276,326	2,460,504
Asia*	1,172,406	477,652	1,650,058
Americas	1,416,883	–	1,416,883
Middle East	367,876	–	367,876
Australia	304,073	–	304,073
Africa	28,887	187,453	216,340
Turkey	4,553	–	4,553
Others	28,868	–	28,868
Total revenue	5,507,724	941,431	6,449,155

3. REVENUE (CONT'D.)

3.2 Geographic location (cont'd.)

The following tables represent revenue by geographic location (cont'd.):

31 January 2019	Engineering and Construction RM'000	Drilling RM'000	Total RM'000
Group			
Malaysia	1,833,882	310,878	2,144,760
Asia*	669,905	600,596	1,270,501
Americas	608,205	–	608,205
Africa	153,111	21,982	175,093
Middle East	128,315	–	128,315
Australia	121,600	–	121,600
Turkey	90,024	–	90,024
Others	29,941	–	29,941
Total revenue	3,634,983	933,456	4,568,439

* Excluding Malaysia

Revenue for the Company is predominantly from Malaysia.

3.3 Timing of transfer of services

The Group recognises its revenue from contracts with customers predominantly over time.

3.4 Transaction price allocated to the remaining unsatisfied performance obligations

Remaining unsatisfied performance obligations (“RUPO”) represent the transaction price for goods and services for which the Group has a material right but work has not been performed. Transaction price of the RUPO includes the base transaction price, variable consideration and changes in transaction price. As a practical expedient, the RUPO does not include contracts for which the Group has recognised revenue at the amount to which the Group has the right to invoice for services performed or the performance obligation is part of a contract that has an original expected duration of one year or less.

As of 31 January 2020, the aggregate amounts of the transaction price allocated to the remaining unsatisfied performance obligations of the Group is RM4.86 billion (2019: RM6.37 billion). The Group is expecting to recognise the revenue over the next 36 months.

4. COST OF SALES

Cost of sales comprise costs related to construction contracts, drilling related services and other services recognised.

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5. OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income:				
– third parties	16,647	22,604	7	–
– joint ventures	2,381	3,939	–	–
– subsidiaries	–	–	8,135	8,569
Gain on disposal of property, plant and equipment	19,970	909	–	–
Foreign exchange differences:				
– net realised exchange gain	–	–	–	11
– net unrealised exchange gain	37,336	16,527	290	24,443
Net settlement of claim from previous acquisition of subsidiaries	87,656	–	87,656	–
Gain on disposal of 50% equity stake in a subsidiary	–	–	–	1,747,915
Miscellaneous income	23,933	21,490	–	–
	187,923	65,469	96,088	1,780,938

During the year, the Company has successfully reached an out of court settlement in the Company's favour of USD22.5 million (approximately RM91.8 million) with Encana Corporation, the major shareholder of Newfield International Holdings Inc., in relation to the final adjusted purchase price for Newfield Malaysia Holdings Inc., which the Company had acquired on 11 February 2014.

The Group and the Company has recognised a gain of RM87.7 million (net of with the transaction costs) in the statement of profit or loss as part of other income.

6. PROVISION FOR IMPAIRMENT

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Provision for impairment on:				
– property, plant and equipment (Note 15)	240,910	1,411,890	–	–
– goodwill (Note 16)	3,043,430	108,374	–	–
– investment in subsidiaries and amount due from subsidiaries (Note 17 and Note 23)	–	–	3,938,540	1,143,416
	3,284,340	1,520,264	3,938,540	1,143,416

7. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on borrowings	173,741	486,213	-	-
Profit sharing on Islamic financing	489,332	487,299	-	-
Interest on lease liabilities (Note 36)	1,484	-	-	-
Interest on deferred consideration	-	5,869	-	-
Interest expense on amounts due to a subsidiary	-	-	145,780	146,429
	664,557	979,381	145,780	146,429

8. (LOSS)/PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
This is arrived at after charging/(crediting):				
Employee benefits expense (Note 9)	1,389,224	1,233,585	589	125,336
Non-executive directors' remuneration (Note 10)	4,786	4,249	4,725	4,188
Auditors' remuneration:				
– Statutory audits:				
– Group auditors	3,717	3,731	185	185
– Other services:				
– Group auditors	871	1,024	786	941
– Corporate exercise:				
– Group auditors	-	1,555	-	1,555
Charter of vessels, barges and rigs and hire of equipment*	361,833	237,593	-	-
Depreciation of property, plant and equipment	521,137	674,733	10,724	12,588
Property, plant and equipment written off	913	-	-	-
Amortisation of intangible assets (Note 16)	3,782	7,797	-	-
Inventories written off	813	955	-	-
Rental of premises*	38,740	41,593	7,074	4,246
Foreign exchange differences:				
– net unrealised exchange gain	(37,336)	(16,527)	(290)	(24,443)
– net realised exchange loss/(gain)	8,581	67,602	83	(11)
Provision for foreseeable losses (Note 35)	348,254	94,866	-	-
Intellectual property rights, trademarks and branding fees (Note 40(a))	10,000	20,000	10,000	20,000

* Upon adoption of MFRS 16, these leases are short term assets, the Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

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9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	1,240,095	1,085,891	74,744	164,631
Social security contributions	10,664	4,395	113	117
Contributions to defined contribution plan	73,051	77,621	10,854	22,919
Fair value of share options granted under ESOS	70,073	60,890	56,935	46,809
Other benefits	101,414	82,081	1,979	1,632
	1,495,297	1,310,878	144,625	236,108
Overprovision in prior year	(106,073)	(77,293)	(144,036)	(110,772)
	1,389,224	1,233,585	589	125,336

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration as disclosed in Note 10, amounts relating to the LTIP charged out as disclosed in Note 29 and fair value of share options granted under the ESOS as disclosed in Note 37.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	9,246	8,511	9,246	8,511
Bonus	–	4,161	–	4,161
Benefits-in-kind	351	356	351	356
	9,597	13,028	9,597	13,028
Non-Executive:				
Fees ^	4,746	4,209	4,685	4,148
Other emoluments	40	40	40	40
Total remuneration (Note 8)	4,786	4,249	4,725	4,188
Benefits-in-kind	37	14	37	14
	4,823	4,263	4,762	4,202
	14,420	17,291	14,359	17,230
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	9,246	12,672	9,246	12,672
Total non-executive directors' remuneration	4,786	4,249	4,725	4,188
Total directors' remuneration	14,032	16,921	13,971	16,860

^ The fees for certain directors were paid to the organisation that the directors represent.

10. DIRECTORS' REMUNERATION (CONT'D.)

No LTIP shares were granted for the financial years ended 2020 and 2019. The amount vested to a director for the current financial year was RM6.8 million which relates to the LTIP shares granted in financial year ended 31 January 2017 (2019: RM19.9 million was vested in relation to LTIP shares granted to directors in financial years ended 31 January 2016 and 2017).

No ESOS has been exercised by the director in the current and previous financial years.

11. INCOME TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax:				
Malaysian income tax	39,299	53,602	885	-
Foreign tax	70,708	42,860	-	-
	110,007	96,462	885	-
(Over)/under provision in prior years:				
Malaysian income tax	(21,234)	24,278	-	(899)
Foreign tax	9,297	18,766	-	-
	(11,937)	43,044	-	(899)
	98,070	139,506	885	(899)
Deferred tax:				
Relating to origination of temporary differences	(71,958)	22,517	6,112	15,638
(Over)/under provision in prior years	(13,323)	(19,275)	(272)	2,814
	(85,281)	3,242	5,840	18,452
Total income tax expense	12,789	142,748	6,725	17,553

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

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

**NOTES TO THE
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11. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate expense to income tax expense, at the effective income tax rates of the Group and of the Company are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Loss before taxation from continuing operations	(4,551,794)	(2,574,900)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(1,092,431)	(617,976)
Effect of different tax rates in other countries and jurisdictions	534,956	352,906
Effect of income not subject to tax	(91,159)	(102,617)
Effect of double deduction of expenses and tax incentive	–	(792)
Effect of expenses not deductible for tax purposes	517,621	374,906
Effect of share of results of associates and joint ventures	(36,831)	(91,934)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(28,985)	(1,851)
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	234,878	206,337
(Over)/under provision of income tax in prior years	(11,937)	43,044
Over provision of deferred tax in prior years	(13,323)	(19,275)
Total income tax expense for the year	12,789	142,748
	Company	
	2020	2019
	RM'000	RM'000
(Loss)/profit before taxation	(3,915,499)	342,001
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(939,720)	82,080
Effect of income not subject to tax	(22,042)	(419,500)
Effect of expenses not deductible for tax purposes	968,759	353,058
Over provision of income tax in prior years	–	(899)
(Over)/under provision of deferred tax in prior years	(272)	2,814
Income tax expense for the year	6,725	17,553

12. DISCONTINUED OPERATIONS

In the previous financial year, on 9 November 2018, 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 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"), which was reported under the E&P segment.

As at 31 January 2019, the strategic partnership with OMV AG was 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 cash subscription price was USD540.0 million (RM2,208.1 million), subject to both parties' agreement on the adjustments based on the difference between the net debt and net working capital of Sapura Upstream Group as at 31 January 2020 compared to the amounts estimated in the closing preliminary statement prepared by the Group. As at the financial year ended 31 January 2020, the negotiation on the adjustments are still on-going. As part of the transaction, SapuraOMV entered into a facility agreement with OMV Exploration & Production GmbH ("OMV E&P") to settle its debt with the Group of USD350.0 million (RM1,431.2 million). Additionally, upon achieving certain conditions in the future, OMV AG will pay an additional consideration of up to USD85.0 million (RM347.6 million). This is dependent on the oil prices in 2019 to 2022, and the final investment decision taken on Block 30 in Mexico.

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

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

(i) The results of Sapura Upstream Group, net of related eliminations are as follows:

	2019
	RM'000
Statement of profit or loss disclosure:	
Revenue [^]	936,038
Cost of sales	(574,927)
Gross profit	361,111
Other income	71,720
Other expenses	(11,139)
Administrative expenses	(86,648)
	335,044
Finance costs	(22,482)
Profit before taxation from discontinued operations	312,562
Income tax expense	(56,349)
Deferred tax credit	1,103
Profit after taxation from discontinued operations	257,316
Gain on disposal of 50% equity stake in a subsidiary	2,663,699
Profit after taxation from discontinued operations, including gain on disposal	2,921,015

[^] Revenue comprise of sale of crude oil and gas and its related products. The revenue is recognised at a point in time.

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12. DISCONTINUED OPERATIONS (CONT'D.)

(i) The results of Sapura Upstream Group, net of related eliminations are as follows (cont'd.):

	2019 RM'000
Statement of cash flows disclosure:	
Net cash generated from operating activities	394,672
Net cash used in investing activities	(197,179)
Net cash generated from discontinued operations	197,493
Profit before taxation from discontinued operations:	
This is arrived at after charging/(crediting):	
Employee benefits expense	
– Wages and salaries	106,347
– Social security contributions	231
– Contributions to defined contribution plan	10,125
– Other benefits	21,886
Interest income – third parties	(1,474)
Finance cost – Accretion of decommissioning provision	22,482
Auditors' remuneration:	
– Statutory audits:	
– Group auditors	133
– Other services:	
– Group auditors	462
– Corporate exercise:	
– Group auditors	380
Depreciation of property, plant and equipment	1,884
Inventories written off	4,402
Rental of premises	6,744
Foreign exchange differences:	
– net unrealised exchange loss	5,182
– net realised exchange gain	(70,246)
Amortisation of expenditure on oil and gas properties	240,273

12. DISCONTINUED OPERATIONS (CONT'D.)

- (ii) The disposal of 50% equity stake in Sapura Upstream Group had the following effects on the financial position and performance of the Group as at the end of the previous financial year:

	2019 RM'000
Net assets disposed	
Property, plant and equipment	2,382
Expenditure on oil and gas properties	4,267,355
Deferred tax assets	68,563
Inventories	74,006
Trade and other receivables	331,447
Cash and bank balances	56,615
Deferred tax liabilities	(999,485)
Provision for decommissioning	(347,073)
Trade and other payables	(292,463)
Provision for taxation	(18,667)
Amount due to the Group	(1,431,150)
Net assets disposed	1,711,530
Gain on disposal of Sapura Upstream Group	
OMV E&P cash subscription price	2,208,060
Add: Fair value of retained 50% equity stake in SapuraOMV	2,208,060
	4,416,120
Less: Sapura Upstream Group's total net assets as at 31 January 2019	(1,711,530)
Less: Transaction expenses	(40,891)
Net gain on disposal of Sapura Upstream Group	2,663,699
Cash inflow arising from the disposal:	
OMV E&P cash subscription price	2,208,060
Settlement of amount due to the Group	1,431,150
Total cash proceeds received	3,639,210
Cash and bank balances of Sapura Upstream Group disposed	(56,615)
Net cash inflow from disposal of 50% equity stake in Sapura Upstream Group	3,582,595

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13. (LOSS)/EARNINGS PER SHARE

Basic/diluted (loss)/earnings per share are calculated by dividing (loss)/profit for the year attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the financial year, as follows:

	Group	
	2020	2019
In respect of financial year:		
(Loss)/profit for the year attributable to owners of the Parent (RM'000)		
– Continuing operations	(4,560,806)	(2,713,466)
– Discontinued operations	–	2,921,015
	(4,560,806)	207,549
Weighted average number of ordinary shares in issue ('000) *		
– Basic	15,947,122	6,042,519
Effects of dilution:		
ESOS	172,059	13,728
– Diluted	16,119,181	6,056,247
Loss per share from continuing operations (sen)		
– Basic	(28.60)	(44.91)
– Diluted	(28.60)	(44.91)
Earnings per share from discontinued operations (sen)		
– Basic	–	48.34
– Diluted	–	48.23

* Rights issue of RCPS-i and warrants of 2,396,862,035 units and 998,692,020 units respectively, as well as 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.

14. DIVIDENDS

	Group and Company	
	2020	2019
	RM'000	RM'000
Recognised during the financial year:		
Special dividends on ordinary shares:		
In respect of the financial year ended 31 January 2019		
Tax exempt (single-tier) special dividend of 0.5 sen per ordinary share, on 15,979,080,232 ordinary shares, was declared on 25 March 2019 and paid on 24 June 2019	79,896	–

15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and structures RM'000	Vessels and related dry docking, ROVs, and SAT system RM'000	Tender assisted drilling rigs and related dry docking RM'000	Plant and machinery, tools and implements RM'000	Equipment, furniture and motor vehicles RM'000	Tender assisted drilling rigs under construction RM'000	Right-of-use assets* RM'000	Total RM'000
At 31 January 2020										
Cost										
At 1 February 2019	4,568	137,750	414,620	5,663,690	11,261,385	803,444	324,348	1,322,309	-	19,932,114
Effects of adoption of MFRS 16	-	(137,750)	-	-	-	-	-	-	171,597	33,847
Adjusted at 1 February 2019	4,568	-	414,620	5,663,690	11,261,385	803,444	324,348	1,322,309	171,597	19,965,961
Additions	-	-	8,197	82,944	179,792	56,801	26,613	-	-	354,347
Disposals	(48)	-	(838)	(125,024)	(27,667)	(6,647)	(5,517)	-	(539)	(166,280)
Write-off	-	-	-	(142,676)	(8,178)	(95,168)	(6,779)	-	-	(252,801)
Reclassification	-	-	2,153	-	(3,182)	814	215	-	-	-
Exchange differences	-	-	(3)	(8,370)	(5,647)	(1,083)	(9,197)	(163)	(7)	(24,470)
At 31 January 2020	4,520	-	424,129	5,470,564	11,396,503	758,161	329,683	1,322,146	171,051	19,876,757
Accumulated depreciation and impairment										
At 1 February 2019	-	15,654	84,429	2,056,365	6,211,940	638,209	265,750	634,958	-	9,907,305
Effects of adoption of MFRS 16	-	(15,654)	-	-	-	-	-	-	15,654	-
Adjusted at 1 February 2019	-	-	84,429	2,056,365	6,211,940	638,209	265,750	634,958	15,654	9,907,305
Depreciation charge for the year	-	-	7,792	171,204	261,338	40,569	26,792	-	13,442	521,137
Impairment (Note 6)	-	-	-	204,746	34,529	1,635	-	-	-	240,910
Disposals	-	-	(333)	(114,001)	(27,635)	(6,647)	(4,691)	-	(92)	(153,399)
Write-off	-	-	-	(142,676)	(7,442)	(95,104)	(6,666)	-	-	(251,888)
Exchange differences	-	-	(4)	(10,993)	(6,529)	(333)	(8,218)	(78)	(84)	(26,239)
At 31 January 2020	-	-	91,884	2,164,645	6,466,201	578,329	272,967	634,880	28,920	10,237,826
Net carrying amount										
At 31 January 2020	4,520	-	332,245	3,305,919	4,930,302	179,832	56,716	687,266	142,131	9,638,931

* Represent leasehold land and buildings

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15. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and structures RM'000	Vessels and related dry docking, ROVs, and SAT system RM'000	Tender assisted drilling rigs and related dry docking RM'000	Plant and machinery, tools and implements RM'000	Equipment, furniture and motor vehicles RM'000	Tender assisted drilling rigs under construction RM'000	Total RM'000
At 31 January 2019									
Cost									
At 1 February 2018	4,568	137,750	377,595	5,418,161	10,833,478	741,914	334,568	1,246,717	19,094,751
Additions	-	-	37,025	29,204	30,578	14,405	24,264	12,145	147,621
Disposals	-	-	-	(21,984)	-	(230)	(4,312)	-	(26,526)
Write-off	-	-	-	-	-	(474)	(637)	-	(1,111)
Disposal of a subsidiary	-	-	-	-	-	-	(47,819)	-	(47,819)
Exchange differences	-	-	-	238,309	397,329	47,829	18,284	63,447	765,198
At 31 January 2019	4,568	137,750	414,620	5,663,690	11,261,385	803,444	324,348	1,322,309	19,932,114
Accumulated depreciation and impairment									
At 1 February 2018	-	14,034	77,286	1,453,932	4,782,118	529,922	268,967	513,759	7,640,018
Depreciation charge for the year	-	1,620	7,143	225,012	367,960	44,130	30,752	-	676,617
Impairment (Note 6)	-	-	-	394,085	924,175	-	-	93,630	1,411,890
Disposals	-	-	-	(21,984)	-	(230)	(4,312)	-	(26,526)
Write-off	-	-	-	-	-	(474)	(637)	-	(1,111)
Disposal of a subsidiary	-	-	-	-	-	-	(45,437)	-	(45,437)
Exchange differences	-	-	-	5,320	137,687	64,861	16,417	27,569	251,854
At 31 January 2019	-	15,654	84,429	2,056,365	6,211,940	638,209	265,750	634,958	9,907,305
Net carrying amount									
At 31 January 2019	4,568	122,096	330,191	3,607,325	5,049,445	165,235	58,598	687,351	10,024,809

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Equipment, furniture and motor vehicles RM'000
At 31 January 2020	
Cost	
At 1 February 2019	96,916
Additions	12,924
Disposal	(610)
At 31 January 2020	109,230
Accumulated depreciation	
At 1 February 2019	77,537
Depreciation charge for the year (Note 8)	10,724
Disposal	(68)
At 31 January 2020	88,193
Net carrying amount	
At 31 January 2020	21,037
At 31 January 2019	
Cost	
At 1 February 2018	86,647
Additions	10,269
At 31 January 2019	96,916
Accumulated depreciation	
At 1 February 2018	64,949
Depreciation charge for the year (Note 8)	12,588
At 31 January 2019	77,537
Net carrying amount	
At 31 January 2019	19,379

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15. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The Group has estimated the recoverable amount of its property, plant and equipment that are subject to impairment assessment during the financial year. The assessment has led to the recognition of impairment of RM240.9 million (2019: RM1,411.9 million) as disclosed in Note 6.

Included in the total impairment is an impairment loss of RM34.5 million on a tender assisted drilling rig and RM40.9 million on other assets with a recoverable amount of RM27.0 million and RM160.0 million respectively based on value-in-use. In determining the value-in-use of these assets, the future cash flows were discounted at a post-tax rate of 9.0% to 10.0% (2019: 9.0%).

Included in the total impairment is an impairment loss of RM165.5 million on 5 vessels and related dry docking with recoverable amounts of RM113.0 million. The recoverable amounts are determined based on fair value less cost of disposal. The valuation was performed by an independent valuer based on comparable vessels adjusted for the current condition of the assets. The fair value measurement is derived based on level 3 of the fair value hierarchy. Further details of fair value hierarchy are disclosed in Note 2.32.

- (b) Included in the Group's accumulated depreciation and impairment of property, plant and equipment are impairment losses carried forward of RM4,672.7 million (2019: RM4,431.8 million).

16. INTANGIBLE ASSETS

Group	Software development costs RM'000	Intellectual property right and patent RM'000	Other development costs RM'000	Customer contracts RM'000	Goodwill RM'000	Total RM'000
At 31 January 2020						
Cost						
At 1 February 2019	35,946	2,130	24,281	109,453	7,983,049	8,154,859
Additions	1,617	–	4,058	–	–	5,675
Impairment (Note 6)	–	–	–	–	(3,043,430)	(3,043,430)
Exchange differences	(4)	(67)	(2,105)	(10)	(5,843)	(8,029)
At 31 January 2020	37,559	2,063	26,234	109,443	4,933,776	5,109,075
Accumulated amortisation						
At 1 February 2019	35,946	2,130	11,100	108,553	–	157,729
Charge for the year (Note 8)	308	–	2,502	972	–	3,782
Exchange differences	(11)	(67)	(49)	(82)	–	(209)
At 31 January 2020	36,243	2,063	13,553	109,443	–	161,302
Net carrying amount						
At 31 January 2020	1,316	–	12,681	–	4,933,776	4,947,773

16. INTANGIBLE ASSETS (CONT'D.)

Group	Software development costs RM'000	Intellectual property right and patent RM'000	Other development costs RM'000	Customer contracts RM'000	Goodwill RM'000	Total RM'000
At 31 January 2019						
Cost						
At 1 February 2018	34,788	2,053	21,121	105,432	7,899,114	8,062,508
Impairment (Note 6)	–	–	–	–	(108,374)	(108,374)
Exchange differences	1,158	77	3,160	4,021	192,309	200,725
At 31 January 2019	35,946	2,130	24,281	109,453	7,983,049	8,154,859
Accumulated amortisation						
At 1 February 2018	34,788	2,053	8,454	98,333	–	143,628
Charge for the year (Note 8)	–	53	2,218	5,526	–	7,797
Exchange differences	1,158	24	428	4,694	–	6,304
At 31 January 2019	35,946	2,130	11,100	108,553	–	157,729
Net carrying amount						
At 31 January 2019	–	–	13,181	900	7,983,049	7,997,130

Included in the Group's intangible assets are accumulated impairment of RM3,151.8 million (2019: RM108.4 million).

Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	Group	
	2020 RM'000	2019 RM'000
Engineering and Construction ("E&C")	2,908,579	3,969,021
Drilling	2,025,197	4,014,028
	4,933,776	7,983,049

In the current financial year, the Group recognised an impairment loss on goodwill in Drilling segment of RM1,988.4 million (2019: RM nil) and E&C segment of RM1,055.0 million (2019: RM108.4 million) due to the prolonged recovery expected in the industry.

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16. INTANGIBLE ASSETS (CONT'D.)

Key assumptions used in value-in-use calculations

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections covering a 10-year period for the Drilling CGU and a 5 to 10-year period (2019: 5-year period) for the E&C CGUs.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Revenue growth

Management has taken into consideration the order book, the likelihood of securing work within the bid book and expectations of the day rates and utilisation rates in determining the revenue growth for the respective CGUs.

(ii) Forecasted margin

Gross margins are based on forecast margins of the order book, customer contract, management's expectation and past experience for new work. Impact of expected prolonged recovery to the industry has been considered.

(iii) Discount rate

The discount rate reflect specific risks relating to the relevant CGU. The post-tax discount rate used by the Group ranging from 9.0% to 10.0% (2019: 9.0%).

(iv) Terminal growth rate

Cash flow beyond the terminal period is extrapolated using the growth rate of 3.0% (2019: 3.0%).

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Cost of investment	17,213,457	13,036,727
Less: Accumulated impairment losses	(4,586,221)	(486,059)
	12,627,236	12,550,668

The details of the subsidiaries are set out in Note 45.

- (a) The Company increased its investment in certain subsidiaries amounting to RM4,163.5 million (2019: RM3,198.7 million) by way of capitalisation of certain amounts due from subsidiaries.
- (b) Included in the cost of investment is ESOS granted to eligible senior management of subsidiaries of RM13.1 million (2019: RM14.1 million).
- (c) As at 31 January 2020, certain subsidiaries have reported continuing operating losses and expected prolonged recovery of the oil and gas industry. These are indicators that the investment in these subsidiaries may be impaired. This resulted in impairment losses on its investment in subsidiaries of RM4,100.2 million (2019: RM142.7 million).

18. INVESTMENT IN ASSOCIATES

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	2,265,681	2,265,681
Share of post-acquisition reserves	(117,746)	(42,727)
	2,147,935	2,222,954

(i) Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(a) Held through Sapura Technology Solutions Sdn. Bhd.				
Geowell Sdn. Bhd.	Malaysia	Wireline and well completion services	30	30
Subang Properties Sdn. Bhd.	Malaysia	Dormant	36.2	36.2
(b) Held through SapuraCrest Ventures Sdn. Bhd.				
Labuan Shipyard & Engineering Sdn. Bhd.	Malaysia	Shipbuilding, ship repair, naval craft maintenance and oil and gas fabrication	50	50
(c) Held through Sapura Engineering Sdn. Bhd.				
Best Wide Engineering (M) Sdn. Bhd.	Malaysia	Undertaking engineering and technical works	30	30
Matrix Maintenance Sdn. Bhd.	Malaysia	Maintenance contractors for petrol chemical plants and general industries	30	30
(d) Held through Sapura Upstream Assets Sdn. Bhd.				
SapuraOMV Upstream Sdn. Bhd.	Malaysia	Investment holding	50	50

The financial statements of the above associates that are not coterminous with those of the Company are as follows:

	Financial year end
(i) Geowell Sdn. Bhd. ("Geowell")	31 December
(ii) Labuan Shipyard & Engineering Sdn. Bhd. ("LSE")	31 December
(iii) Matrix Maintenance Sdn. Bhd. ("Matrix")	31 December
(iv) Best Wide Engineering (M) Sdn. Bhd. ("BWE")	30 November
(v) SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV")	31 December

For the purpose of applying the equity method of accounting, the 12 months ended 31 January 2020 management accounts have been used.

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18. INVESTMENT IN ASSOCIATES (CONT'D.)

(ii) Information relating to the associates:

Summarised financial information of the Group's material associates comprising of SapuraOMV Upstream and its subsidiaries ("SapuraOMV Group") is set out below.

(a) Summarised statement of financial position and reconciliation to the carrying amount of the Group's interest in associates:

	2020	2019
	RM'000	RM'000
Current assets		
Cash and cash equivalents	119,880	55,987
Other current assets	621,547	340,585
Total current assets	741,427	396,572
Non-current assets		
Other non-current assets	8,048,207	7,682,004
Total assets	8,789,634	8,078,576
Current liabilities		
Other current liabilities	708,237	312,592
Non-current liabilities		
Borrowings	1,839,825	–
Other non-current liabilities	1,977,356	3,349,864
Total non-current liabilities	3,817,181	3,349,864
Total liabilities	4,525,418	3,662,456
Net assets	4,264,216	4,416,120
Interest in associates	50%	50%
Carrying value of interest in the associates	2,132,108	2,208,060

18. INVESTMENT IN ASSOCIATES (CONT'D.)

(ii) Information relating to the associates (cont'd.):

Summarised financial information of the Group's material associates comprising of SapuraOMV Upstream and its subsidiaries ("SapuraOMV Group") is set out below (cont'd.).

(b) Summarised statement of comprehensive income:

	2020 RM'000
Revenue	839,448
Operating expenses	(472,055)
Depreciation and amortisation	(286,608)
Interest income	1,701
Interest expense	(97,756)
Loss before tax	(15,270)
Income tax expense	(137,960)
Loss after tax	(153,230)
Other comprehensive income	1,326
Total comprehensive loss	(151,904)

There is no comparative statement of comprehensive income as the investment in SapuraOMV Group was established on 31 January 2019.

(c) Aggregate information of other associates that are not individually material

	2020 RM'000	2019 RM'000
Carrying value of interest in associates	15,827	14,894
Share of profit/(loss) before tax	933	(36,797)
Share of total comprehensive income/(loss)	933	(36,797)

19. INVESTMENT IN JOINT VENTURES

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	196,211	196,211
Share of post-acquisition reserves	1,320,627	1,171,862
	1,516,838	1,368,073
Shareholders' advances to joint ventures	316,569	432,767
	1,833,407	1,800,840

The shareholders' advances are unsecured, non-interest bearing and treated as deemed investment.

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19. INVESTMENT IN JOINT VENTURES (CONT'D.)

Details of the joint ventures are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(a) Held through Sapura Drilling Probadi Sdn. Bhd.				
Uzmal Oil Inc.	Uzbekistan	Oilfield production	50	50
(b) Held through Sapura Nautical Essence Sdn. Bhd.				
SapuraAcergy Sdn. Bhd.	Malaysia	Dormant	50	50
SapuraAcergy Assets Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	49	49
(c) Held through SapuraAcergy Sdn. Bhd.				
* SapuraAcergy (Australia) Pty. Ltd.	Australia	Dormant	50	50
(d) Held through Sapura Nautical Power Pte. Ltd.				
L&T Sapura Shipping Private Limited	India	Vessel owner and chartering	40	40
L&T Sapura Offshore Private Limited	India	Provision of engineering and installation services	40	40
(e) Held through Sapura Offshore Sdn. Bhd.				
Seabras Sapura Participações S.A.	Brazil	Investment holding	50	50
Seabras Sapura Holding, GmbH	Austria	Investment holding	50	50
(f) Held through Seabras Sapura Participações S.A.				
Sapura Navegação Marítima S.A.	Brazil	Vessel owner and chartering	50	50
(g) Held through Seabras Sapura Holding, GmbH				
Seabras Sapura PLSV Holding GmbH	Austria	Investment holding	50	50
(h) Held through Seabras Sapura PLSV Holding GmbH				
Seabras Sapura Holdco Ltd.	Bermuda	Investment holding	50	50
Sapura Diamante GmbH	Austria	Vessel owner and chartering	50	50
Sapura Topazio GmbH	Austria	Vessel owner and chartering	50	50
Sapura Onix GmbH	Austria	Vessel owner and chartering	50	50
Sapura Jade GmbH	Austria	Vessel owner and chartering	50	50
Sapura Rubi GmbH	Austria	Vessel owner and chartering	50	50

* Commenced liquidation since 1 February 2018

19. INVESTMENT IN JOINT VENTURES (CONT'D.)

Details of the joint ventures are as follows (cont'd.):

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(i) Held through Seabras Sapura Holdco Ltd.				
Seabras Sapura Talent Ltd.	Bermuda	Provision for manpower services	50	50
TL Offshore PLSV1 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV2 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV3 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV4 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV5 Ltd.	Bermuda	Dormant	50	50
(j) Held through Sapura Navegação Marítima S.A.				
Let's Log Serviços Intergrados de Logística Ltda.	Brazil	Management of general warehouses and deposits	50	50
(k) Held through Sapura Services Sdn. Bhd.				
Sapura GE Oil & Gas Services Sdn. Bhd.	Malaysia	Provision of repair and maintenance services and sales of parts to the energy sector	51	51

The annual financial statements of the above joint ventures that are not coterminous with those of the Company are as follows:

	Financial year end
(i) L&T Sapura Shipping Private Limited	31 March
(ii) L&T Sapura Offshore Private Limited	31 March
(iii) Seabras Sapura Holding, GmbH	31 December
(iv) Seabras Sapura Participações S.A.	31 December
(v) Seabras Sapura Talent Ltd.	31 December
(vi) Sapura Navegação Marítima S.A.	31 December
(vii) Seabras Sapura PLSV Holding GmbH	31 December
(viii) Sapura Diamante GmbH	31 December
(ix) Sapura Topazio GmbH	31 December
(x) Seabras Sapura Holdco Ltd.	31 December
(xi) Sapura Onix GmbH	31 December
(xii) Sapura Jade GmbH	31 December
(xiii) Sapura Rubi GmbH	31 December

For the purpose of applying the equity method of accounting, the 12 months ended 31 January 2020 management accounts have been used.

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19. INVESTMENT IN JOINT VENTURES (CONT'D.)

Information relating to the joint ventures:

(a) Summarised financial information of the Group's material joint ventures is set out below. The Group's material joint venture consist of the Brazilian E&C operation held through Seabras Sapura Holding, GmbH and Seabras Sapura Participações S.A. and its subsidiaries.

(i) Summarised statements of financial position and reconciliation to the carrying amount of the Group's interest in material joint venture:

	2020	2019
	RM'000	RM'000
Current assets		
Cash and cash equivalents [^]	618,989	867,390
Other current assets	291,045	295,109
Total current assets	910,034	1,162,499
Non-current assets		
Cash and cash equivalents	28,184	447
Other non-current assets	6,070,276	6,381,053
Total non-current assets	6,098,460	6,381,500
Total assets	7,008,494	7,543,999
Current liabilities		
Borrowings [#]	343,966	541,565
Other current liabilities	1,814,017	1,959,140
Total current liabilities	2,157,983	2,500,705
Non-current liabilities		
Borrowings [#]	2,052,756	2,605,444
Other non-current liabilities	22,230	–
Total non-current liabilities	2,074,986	2,605,444
Total liabilities	4,232,969	5,106,149
Net assets	2,775,525	2,437,850
Interest in joint ventures	50%	50%
Carrying value of interest in joint ventures	1,387,763	1,218,925
Shareholders' advances	316,943	432,767
Net carrying value of interest in joint ventures	1,704,706	1,651,692

[^] Included in the cash and cash equivalents are RM345.0 million (2019: RM427.4 million), pledged as security over the borrowings as at 31 January 2020.

[#] The borrowings are secured by the joint ventures' vessels.

19. INVESTMENT IN JOINT VENTURES (CONT'D.)

Information relating to the joint ventures (cont'd.):

(a) (ii) Summarised statements of comprehensive income:

	2020 RM'000	2019 RM'000
Revenue	1,763,511	1,907,359
Operating expenses	(699,337)	(606,036)
Depreciation and amortisation	(296,007)	(293,754)
Interest income	44,074	104,138
Interest expense	(309,685)	(321,418)
Profit before tax	502,556	790,289
Income tax expense	(41,901)	(42,533)
Profit after tax	460,655	747,756
Other comprehensive loss	(122,984)	(10,270)
Total comprehensive income	337,671	737,486

(b) Aggregate information of joint ventures that are not individually material:

	2020 RM'000	2019 RM'000
Carrying value of interest in joint ventures	128,701	149,148
Share of profit after tax	305	3,856
Share of total comprehensive income	5,338	10,431
Dividends paid during the year to the Group	25,408	8,396

20. DEFERRED TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 February 2019/2018	34,499	920,036	(19,145)	(37,597)
Recognised in the profit or loss	(85,281)	2,139	5,840	18,452
Disposal of a subsidiary	-	(930,922)	-	-
Exchange differences	(2,791)	43,246	-	-
At 31 January	(53,573)	34,499	(13,305)	(19,145)

Presented after appropriate offsetting as follows:

Deferred tax assets	(96,295)	(37,311)	(13,305)	(19,145)
Deferred tax liabilities	42,722	71,810	-	-
	(53,573)	34,499	(13,305)	(19,145)

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20. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 February 2019	134,409	4,261	138,670
Recognised in the profit or loss	(3,812)	33,044	29,232
Exchange differences	8,136	458	8,594
At 31 January 2020	138,733	37,763	176,496
At 1 February 2018	1,090,743	5,195	1,095,938
Recognised in the profit or loss	(604)	(1,892)	(2,496)
Disposal of a subsidiary (Note 12)	(999,485)	–	(999,485)
Exchange differences	43,755	958	44,713
At 31 January 2019	134,409	4,261	138,670

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions for liabilities RM'000	Others RM'000	Total RM'000
At 1 February 2019	(92,877)	804	(12,098)	(104,171)
Recognised in the profit or loss	(95,973)	(18,458)	(82)	(114,513)
Exchange differences	(11,184)	–	(201)	(11,385)
At 31 January 2020	(200,034)	(17,654)	(12,381)	(230,069)
At 1 February 2018	(143,832)	(24,886)	(7,184)	(175,902)
Recognised in the profit or loss	(21,007)	30,519	(4,877)	4,635
Disposal of a subsidiary (Note 12)	68,563	–	–	68,563
Exchange differences	3,399	(4,829)	(37)	(1,467)
At 31 January 2019	(92,877)	804	(12,098)	(104,171)

20. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 February 2019/31 January 2020	-
At 1 February 2018	1,604
Recognised in the profit or loss	(1,604)
At 31 January 2019	-

Deferred tax assets of the Company:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions for liabilities RM'000	Total RM'000
At 1 February 2019	(9,872)	(9,273)	(19,145)
Recognised in the profit or loss	1,611	4,229	5,840
At 31 January 2020	(8,261)	(5,044)	(13,305)
At 1 February 2018	(410)	(38,791)	(39,201)
Recognised in the profit or loss	(9,462)	29,518	20,056
At 31 January 2019	(9,872)	(9,273)	(19,145)

During the financial year, the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of the Group that have not been recognised as deferred tax assets amounted to RM3,349.7 million (2019: RM2,491.8 million).

The unutilised tax losses of the entities in the Group are available for offsetting against future taxable profits, subject to no substantial changes in shareholdings under Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax asset has not been recognised in respect of this item as the entity in the Group does not foresee its ability to utilise the business losses in near future.

Effective from year of assessment 2019 as announced in the Annual Budget 2019, the unutilised tax losses of the entities in the Group as at 31 January 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded.

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21. DERIVATIVES

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 derivatives outstanding at reporting date are as follows:

	Group			
	2020		2019	
	Notional Value RM'000	Assets Fair Value RM'000	Notional Value RM'000	Assets Fair Value RM'000
Islamic Cross-Currency Swap	2,704,606	18,778	2,704,606	174,507

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.

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 realised cash inflow of RM136.8 million from the settlement of these derivative contracts.

22. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
At cost		
Consumables, materials and spares	382,351	354,059
Work-in-progress	1,537	388
	383,888	354,447

The cost of inventories recognised as an expense during the financial year amounted to RM56.9 million (2019: RM50.6 million).

During the year, the Group has written off inventories totalling RM0.8 million (2019: RM1.0 million).

23. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Non-current assets		
Amounts due from subsidiaries	161,102	293,104
Less: Provision for impairment	(105,001)	(93,202)
	56,101	199,902
Current assets		
Amounts due from subsidiaries	1,946,095	4,389,430
Less: Provision for impairment	(1,182,992)	(1,356,413)
	763,103	3,033,017

Amounts due from subsidiaries are unsecured, interest free and repayable on demand except for RM124.2 million (2019: RM124.2 million) which is subject to interest rates ranging from 5.01% to 8.00% (2019: 6.09% to 8.00%) per annum.

The Company recognised a reversal of impairment loss on amounts due from its subsidiaries of RM161.6 million (2019: Impairment of RM1,000.7 million) in the current financial year.

Further details on related party transactions are disclosed in Note 40.

Other information on financial risks are disclosed in Note 41.

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current assets				
Trade and other receivables				
Amounts due from joint ventures	43,406	-	-	-
Retention sums	34,317	5,411	-	-
Third parties	4,837	5,963	-	-
	82,560	11,374	-	-

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24. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current assets				
Trade receivables				
Third parties	878,328	834,981	–	–
Retention sums	–	13,758	–	–
	878,328	848,739	–	–
Less: Provision for impairment third parties	(39,880)	(38,172)	–	–
	838,448	810,567	–	–
Other receivables				
Amounts due from:				
Related parties	3,775	316	3,775	316
Joint ventures and associates	358,240	422,992	17,771	17,827
	362,015	423,308	21,546	18,143
Deposits and prepayments	81,390	75,676	9,800	8,533
Sundry receivables	175,374	279,413	15,696	18,707
Other receivables	256,764	355,089	25,496	27,240
Total current trade and other receivables	1,457,227	1,588,964	47,042	45,383

(a) Trade receivables

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (2019: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group are retention sums from contract customers of RM34.3 million (2019: RM19.2 million). These retention sums from contract customers are unsecured, interest free and are expected to be collected in accordance with the terms of the respective contract agreements.

24. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables (excluding retention sums) is as follows:

	2020 RM'000	2019 RM'000
Neither past due nor impaired	333,453	429,375
1 to 30 days past due not impaired	317,933	169,067
31 to 60 days past due not impaired	66,290	57,381
61 to 90 days past due not impaired	14,749	60,148
91 to 120 days past due not impaired	51,248	16,815
More than 121 days past due not impaired	54,775	64,023
	504,995	367,434
Impaired	39,880	38,172
	878,328	834,981

Movement in provision for impairment of trade receivables based on lifetime ECL are as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 February 2019/2018	38,172	34,446
Exchange differences	1,708	3,726
At 31 January	39,880	38,172

(b) Sundry receivables

Sundry receivables, which include GST and VAT receivables, are unsecured, interest free and repayable on demand.

(c) Amounts due from joint ventures

Non-current assets

Amounts due from joint ventures are unsecured and interest free.

Current assets

Amounts due from joint ventures are unsecured, interest free and repayable on demand, except for RM105.9 million (2019: RM165.2 million) provided to certain joint ventures which is subject to interest rates ranging from 3.0% to 3.4% (2019: 3.0% to 3.4%) per annum.

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25. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020	2019
	RM'000	RM'000
Contract assets		
Current	1,200,397	1,180,762
Contract liabilities		
Non-current	(72,532)	(104,848)
Current	(199,436)	(123,353)
	(271,968)	(228,201)

	Group	
	2020	2019
	RM'000	RM'000
Revenue recognised which was included in construction contract liabilities at the beginning of the financial year	123,353	72,303
Revenue recognised from performance obligations satisfied in the previous periods	193	11,838

Comparative figures have been reclassified to conform with current year's presentation:

- (a) An amount of RM115.4 million has been reclassified from trade and other receivables to contract assets within current assets.
- (b) Amounts of RM30.5 million and RM104.8 million have been reclassified from trade and other payables to contract liabilities within current and non-current liabilities respectively.

The Group receives payments from customers based on a billing schedule, as established in the contracts. The contract asset relates to costs incurred in advance of scheduled billing. The contract liability relates to payments received in advance of performance under the contract. Changes in the contract asset and liabilities are due to the progress billings during the year and Group's performance under the contract.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	563,078	5,805,210	18,133	6,459
Deposits with licensed banks	209,296	2,293,187	–	20,000
Cash and cash equivalents	772,374	8,098,397	18,133	26,459

Other information on financial risks of cash and cash equivalents are disclosed in Note 42.

26. CASH AND CASH EQUIVALENTS (CONT'D.)

The range of the interest rate on deposit with licensed banks (per annum) and the range of remaining maturities as at the reporting date are as follows:

	Group		Company	
	2020	2019	2020	2019
Interest rate (%)	1.35 – 3.15	0.40 – 5.53	–	3.20
Maturities (days)	1 – 90	1 – 90	–	4

27. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2020	2019	2020	2019
	'000	'000	RM'000	RM'000
Issued and fully paid:				
Ordinary shares				
At 1 February 2019/2018	15,979,080	5,992,155	10,872,078	8,066,410
Rights issue of shares with warrants	–	9,986,925	–	2,883,753
Share issuance expenses	–	–	–	(78,085)
At 31 January	15,979,080	15,979,080	10,872,078	10,872,078

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Group's and the Company's assets.

In the previous financial year, the Company issued new ordinary shares of 9,986,925,145 rights shares at an issue price of RM0.30 per rights share together with 998,692,020 free detachable warrants.

The shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

28. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i")

In the previous financial year, the Company issued 2,396,862,035 RCPS-i at an issue price of RM0.41 per RCPS-i for a total of RM982,713,434. The RCPS-i is classified as an equity instrument.

	Group and Company			
	Number of shares		Amount	
	2020	2019	2020	2019
	'000	'000	RM'000	RM'000
RCPS-i				
At 1 February 2019/2018	2,396,862	–	982,713	–
Rights issue	–	2,396,862	–	982,713
At 31 January	2,396,862	2,396,862	982,713	982,713

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28. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS-i”) (CONT’D.)

The key features of the RCPS-i are as follows:

- (i) The RCPS-i shall be converted into new ordinary shares of the Company on the maturity date (i.e. 29 January 2024) without the payment of any consideration (cash or otherwise) and in accordance with the conversion ratio.
- (ii) The conversion ratio of the RCPS-i is one new ordinary share of the Company for every one RCPS-i held.
- (iii) The RCPS-i shall carry the right to receive preferential dividends, out of the distributable profits of the Company earned from the first day of the calendar month following the issue date, when declared and approved by the Board of the Company, at the expected preferential dividend rate of five percent (5%) per annum.
- (iv) The Company may at any time after the issue date, at its discretion, redeem wholly or in part on a pro rata basis the outstanding RCPS-i by giving not less than thirty (30) days’ notice in writing to the RCPS-i holders of its intention to do so, subject to compliance with the Companies Act 2016. The redemption price, payable in cash, shall be the aggregate of:
 - (a) The issue price of RCPS-i;
 - (b) Any preferential dividends declared but unpaid as at the redemption date;
 - (c) Any deferred dividends as at the redemption date; and
 - (d) A redemption adjustment that yields an effective return of ten percent (10%) per annum, computed based on the internal rate of return formula, from the issue date (i.e. 29 January 2019) and up to the redemption date, out of the distributable profits of the Company and after taking into account (a), (b) and (c) above and all preferential dividend declared and paid up to the redemption date.
- (v) The RCPS-i shall rank equally amongst themselves, and will rank ahead in point of priority to the holders of the ordinary shares of the Company and all other classes of shares (if any) in the Company, in respect of payment of dividends and payment out of the assets of the Company upon any liquidation, dissolution or winding up of the Company, provided always that the Board of the Company approves such payment of dividends and payment out of the assets of the Company on this basis and further affirms the priority of payment to the holders of the RCPS-i.

29. SHARES HELD UNDER TRUST

	Group and Company			
	Number of shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
At 1 February 2019/2018	41,956	39,878	66,812	114,942
Purchased during the year	–	41,314	–	14,350
Transferred during the year	(15,935)	(39,236)	(25,375)	(62,480)
Disposed during the year	(18,745)	–	(29,850)	–
At 31 January	7,276	41,956	11,587	66,812

29. SHARES HELD UNDER TRUST (CONT'D.)

The trustee appointed by the Company purchased its issued ordinary shares from the open market for the purpose of the share bonus scheme in relation to LTIP through its internally generated funds.

The amounts charged during the year to the Group's and the Company's employee benefits expense are RM9.2 million (2019: RM28.1 million) and RM5.8 million (2019: RM16.4 million) respectively.

The amounts charged during the year for key management personnel of the Group and of the Company are RM6.2 million (2019: RM19.4 million) and RM5.2 million (2019: RM15.4 million) respectively, as included in Note 41(b).

In the current financial year, the trustee appointed by the Company disposed 18,745,250 units (2019: purchased 41,314,200 units) of its issued ordinary shares in the open market at an average price of RM0.25 per share (2019: RM0.35 per share).

During the year, 15,934,600 units (2019: 39,236,000 units) of shares, at a weighted average cost of RM1.59 per share (2019: RM1.59 per share), were transferred to the eligible employees. The value of these shares is based on the share price at the date of transfer.

The main features of the LTIP scheme are as follows:

- (a) The LTIP scheme is intended for eligible executive directors and employees of the Group of which annual grants may be made to attract, retain and incentivise such key employees and executive directors for the long-term success and growth of the Group as well as to enhance shareholders' value.
- (b) The selected executive directors and employees must elect in writing to participate in the scheme.
- (c) The vesting of the new shares is over a period of 2 years (subsequent to grant date), provided that the recipient remains in the Group's employment.

The LTIP shares were fully vested as at 31 January 2020.

30. WARRANTS RESERVE

The warrants reserve represents the cumulative fair value of the warrants yet to be exercised.

The warrants are valid to be exercised for a period of 7 years from its issue date and ending on 23 January 2026 ("Exercise Period"). During the Exercise Period, each warrant shall entitle the registered holder to subscribe for one new ordinary share of the Company at an exercise price of RM0.49 per warrant in accordance with the provisions of the Deed Poll dated 6 December 2018. Any warrants not exercised will lapse thereafter and cease to be valid.

As at 31 January 2020, the entire 998,692,020 warrants remain unexercised.

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31. OTHER RESERVES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign currency translation reserve	1,580,724	1,651,871	–	–
Hedge reserve	(60,248)	(458)	–	–
Merger reserve	51,989	51,989	–	–
ESOS reserve	130,963	60,890	130,963	60,890
	1,703,428	1,764,292	130,963	60,890

	Group	
	2020 RM'000	2019 RM'000

The movements in the reserves are as follows:

Foreign currency translation reserve

At 1 February 2019/2018	1,651,871	1,434,149
Exchange differences on translation of foreign subsidiaries, joint ventures and associates	(71,147)	331,883
Transfer of exchange differences arising upon disposal of 50% equity stake in a subsidiary to profit or loss	–	(114,161)
At 31 January	1,580,724	1,651,871

Hedge reserve

At 1 February 2019/2018	(458)	(42,519)
Changes in fair value of derivatives held by a subsidiary and joint ventures	(197,100)	(87,359)
Foreign exchange gain on hedged items	134,571	129,420
Amount reclassified to profit or loss	2,739	–
At 31 January	(60,248)	(458)

	Group and Company	
	2020 RM'000	2019 RM'000
ESOS reserve		
At 1 February 2019/2018	60,890	–
Fair value of share options granted under ESOS	70,073	60,890
At 31 January	130,963	60,890

31. OTHER RESERVES (CONT'D.)

The nature and purpose of each category of reserve are as follows:

(a) Foreign currency translation reserve

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

In the previous financial year, a gain of RM114.2 million relating to realisation of the cumulative exchange difference arising from foreign currency translation of the disposal of 50% equity stake in a subsidiary has been recognised in the profit or loss.

(b) Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions. The hedge reserve includes the share of hedge reserve of a subsidiary and joint ventures.

During the financial year, the Group terminated an existing hedge instrument and entered into new hedge instruments on the same day. As a result, RM2.7 million has been recycled to profit or loss and the remaining cumulative balance in hedge reserves relating to previous instruments which will be recycled to profit or loss over the remaining term of the hedged items.

(c) Merger reserve

The merger reserve relates to the excess of the consideration paid over the share capital and reserves of Sapura Drilling Probadi Sdn. Bhd. in previous years.

The difference between the recorded carrying value of the investment in Sapura Drilling Probadi Sdn. Bhd. (that is the value of the shares of the Company issued as consideration) and the value of Sapura Drilling Probadi Sdn. Bhd.'s shares transferred to the Company had been reflected within equity as merger reserve in the consolidated financial statements.

(d) ESOS reserve

The ESOS reserve represents the equity-settled share options granted to the eligible executive directors and senior management as further discussed in Note 37.

The reserve is made up of the cumulative value of services received from the eligible executive directors and senior management recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

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32. BORROWINGS

	Group	
	2020	2019
	RM'000	RM'000
Short term borrowings		
Unsecured:		
Conventional borrowings		
Revolving credits	1,680,667	1,757,633
Trade financing	120,465	–
Term loans	–	4,080,218
	1,801,132	5,837,851
Islamic financings		
Islamic Facility	1,169,345	–
Sukuk	175,188	–
	1,344,533	–
	3,145,665	5,837,851
Long term borrowings		
Unsecured:		
Islamic financings		
Islamic Facility	–	3,487,682
Sukuk Programme	4,374,718	4,538,197
	4,374,718	8,025,879
Conventional borrowings		
Term loans	2,735,711	3,120,869
	7,110,429	11,146,748
Total borrowings		
Islamic financings		
Islamic Facility	1,169,345	3,487,682
Sukuk Programme	4,549,906	4,538,197
	5,719,251	8,025,879
Conventional borrowings		
Term loans	2,735,711	7,201,087
Trade financing	120,465	–
Revolving credits	1,680,667	1,757,633
	4,536,843	8,958,720
	10,256,094	16,984,599

32. BORROWINGS (CONT'D.)

	Group	
	2020	2019
	RM'000	RM'000
Maturity of borrowings:		
Within one year	3,145,665	5,837,851
More than 1 year and less than 2 years	86,874	2,854,563
More than 2 years and less than 5 years	7,023,555	8,292,185
	10,256,094	16,984,599

(a) The range of the interest rates and profit sharing (per annum) during the financial year for borrowings was as follows:

	Group	
	2020	2019
	%	%
Term loans, Islamic Facility and Sukuk Programme	3.81 to 6.85	3.95 to 6.85
Revolving credits and Trade financing	3.19 to 4.95	3.07 to 4.95

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

	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
As at 31 January 2020						
Unsecured						
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
	1,379,293	1,766,372	3,856,458	3,253,971	5,235,751	5,020,343
Total		3,145,665		7,110,429		10,256,094
As at 31 January 2019						
Unsecured						
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
	4,885,751	952,100	5,853,826	5,292,922	10,739,577	6,245,022
Total		5,837,851		11,146,748		16,984,599

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32. BORROWINGS (CONT'D.)

- (c) Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

A reconciliation of liabilities arising from financing activities is as follows:

	At 1.2.2019 RM'000	Net cash changes RM'000	Non-cash changes		At 31.1.2020 RM'000
			Amortisation of borrowing cost [^] RM'000	Foreign exchange movement RM'000	
Borrowings*	16,984,599	(6,806,252)	101,746	(23,999)	10,256,094

	At 1.2.2018 RM'000	Net cash changes RM'000	Non-cash changes		At 31.1.2019 RM'000
			Amortisation of borrowing cost [^] RM'000	Foreign exchange movement RM'000	
Borrowings*	16,408,734	–	89,477	486,388	16,984,599

* Term loans, revolving credits, trade financing, Islamic Facility and Sukuk Programme

[^] Charged to profit or loss

- (d) Other information relating to borrowings:
- (i) The Group is in the midst of a refinancing exercise which is expected to be completed by the fourth quarter of financial year ending 31 January 2021.
 - (ii) During the financial year, the Group utilised the proceeds from the rights issue and the disposal of 50% equity stake in Sapura Upstream Group to repay the short term and long term borrowings of approximately RM7.18 billion.
 - (iii) The key terms of the term loans, revolving credits, Islamic Facility and Sukuk Programme are as follows:
 - (a) Corporate guarantee from the Company and key subsidiaries;
 - (b) Negative pledge over existing assets including assets under construction;
 - (c) Debenture over STMC fixed and floating assets;
 - (d) First legal charge over certain bank accounts of the Company and STMC; and
 - (e) Compliance with the facilities' covenants.

Other information of financial risks are disclosed in Note 41.

33. AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Non-current liability		
Amount due to a subsidiary	3,767,595	2,000,483
Current liabilities		
Amounts due to subsidiaries	646,548	642,256

Amounts due to subsidiaries are unsecured, interest free and repayable on demand, except for a loan of RM3,767.6 million (2019: RM2,000.5 million) which is subject to interest rate of 2% (2019: 2%) per annum above the cost of funds and with final payment due on 11 March 2026.

Further details on related party transactions are disclosed in Note 40.

Other information on financial risks of amounts due to subsidiaries are disclosed in Note 41.

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liability				
Other payable (Note 40(a))	10,000	–	10,000	–
Current liabilities				
Trade payables				
Third parties	1,617,151	1,195,946	–	–
Other payables				
Staff costs	108,634	243,607	45,750	179,951
Accruals	517,143	497,689	24,303	22,224
Sundry payables	138,496	240,876	16,652	100,591
	764,273	982,172	86,705	302,766
Amount due to:				
Joint ventures	90,868	80,048	–	–
Associated companies	27,617	–	10,857	–
Related parties	3,641	1,239	–	–
	122,126	81,287	10,857	–
Total current trade and other payables	2,503,550	2,259,405	97,562	302,766

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34. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables – Third parties

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2019: 30 days to 90 days).

(b) Amounts due to joint ventures, associate companies and related parties

These amounts are unsecured, non-interest bearing and are repayable on demand.

35. PROVISIONS

The movement of provisions during the financial year are as follows:

Group	2020 RM'000	2019 RM'000
At 1 February 2019/2018	94,866	221,204
Changes in decommissioning liabilities	–	117,000
Utilised during the year	(94,866)	(25,372)
Accretion expense (Note 12)	–	22,482
Disposal of a subsidiary (Note 12)	–	(347,073)
Exchange differences	–	11,759
Recognised during the year in relation to onerous contracts, net (Note 8)	348,254	94,866
At 31 January	348,254	94,866

The provision recognised in relation to onerous contracts represents the foreseeable losses arising from certain construction contracts.

Included in the previous financial year is the provision of decommissioning liabilities for oil and gas properties which was subsequently reclassified as discontinued operations due to the disposal of 50% equity stake in Sapura Upstream Group.

36. LEASE LIABILITIES

Group	2020 RM'000
Non-current	
Lease liabilities	9,148
Current	
Lease liabilities	13,771
Total lease liabilities	22,919

36. LEASE LIABILITIES (CONT'D.)

The movement of lease liabilities during the year is as follows:

Group	2020 RM'000
Effects of MFRS 16 Leases as at 1 February 2019	33,847
Payments	(12,528)
Interest expense (Note 7)	1,484
Exchange differences	116
As at 31 December	22,919

The maturities of the lease liabilities as at 31 January 2020 are as follows:

Group	2020 RM'000
Within one year	13,771
More than 1 year but not later than 2 years	7,170
More than 2 years but not later than 5 years	1,978
	22,919

37. EXECUTIVE SHARE OPTION SCHEME

In the previous financial year, shareholders approved the establishment of the ESOS and By-Laws for the granting of options to the eligible executive directors and senior management to subscribe for new ordinary shares of the Company. The ESOS has been implemented effective from 13 December 2018.

Options are granted to the eligible executive directors and senior management employed on a full time basis at the discretion of the LTIP Committee.

The key features of the ESOS are as follows:

- (a) The maximum number of new ordinary shares of the Company which may be allotted and issued pursuant to the options that may be granted under the ESOS shall not in aggregate exceed ten percent (10%) of the total number of issued ordinary shares of the Company (excluding shares held under trust);
- (b) The maximum number of options that may be granted under the ESOS to any one eligible person shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration the position, performance and length of service of the eligible person in the Group, or such other factors which the LTIP Committee may in its absolute discretion deem fit, subject to the following:
 - (i) the eligible executive directors and senior management do not participate in the deliberation or discussion in respect of his/her own allocation; and
 - (ii) the number of new ordinary shares of the Company to be allocated to any eligible person who, either singly or collectively through persons connected with such eligible person, holds twenty percent (20%) or more of the total issued ordinary shares of the Company (excluding shares held under trust), does not exceed ten percent (10%) (or such percentage as allowable by the relevant authorities) of the total number of new ordinary shares of the Company to be issued under the ESOS.

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37. EXECUTIVE SHARE OPTION SCHEME (CONT'D.)

The key features of the ESOS are as follows (cont'd.):

- (c) The option exercise price shall be determined by the Board upon recommendation of the LTIP Committee to be the five (5) days weighted average market price of the ordinary shares of the Company, as quoted on Bursa Securities, immediately preceding the date of offer or with a premium or discount. In the event of a discount, the discount shall not be more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;
- (d) The ESOS shall be in force for a duration of seven (7) years from the effective date of implementation of the ESOS. The LTIP Committee may terminate the ESOS at any time during the duration of the ESOS subject to a notice period of at least thirty days being provided; and
- (e) The ESOS is immediately exercisable upon granting. However, the grantee must not sell, transfer or assign any new ordinary shares of the Company obtained through the exercise of the options offered to the person under the ESOS within three (3) years from the date of offer.

Movement of share options

The following table illustrates the number and exercise price of, and movements in, share options during the financial year:

	Group and Company Number	
	2020 '000	2019 '000
Outstanding and exercisable at 1 February 2019/2018	691,938	–
Granted on 14 December 2018 (“Tranche 1”)	–	479,372
Adjusted on 2 January 2019*	–	212,566
Granted on 12 April 2019 (“Tranche 2”)	586,388	–
Outstanding and exercisable at 31 January	1,278,326	691,938

* The exercise price has been adjusted to RM0.22 and additional options were issued on 2 January 2019 following the completion of the rights issue.

The remaining contractual life and expiry date for these options are as follows:

	Group and Company	
	Tranche 1	Tranche 2
Remaining contractual life	5.96 years	6.19 years
Exercise price	RM0.31	RM0.39
Granted date	14 December 2018	12 April 2019
Expiry date	12 December 2025	10 April 2026

Following the grant of options on 12 April 2019, the weighted average exercise price of the options granted to date is RM0.30.

37. EXECUTIVE SHARE OPTION SCHEME (CONT'D.)

Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at the grant date using a trinomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models are as follows:

	Group and Company	
	Tranche 1	Tranche 2
Dividend yield	1.52%	1.52%
Expected volatility	35.5%	37.8%
Risk-free interest rate (per annum)	3.80%	3.80%
Expected life of option	7 years	7 years

The expected life of the options is based on the ESOS duration and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period, similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

38. COMMITMENTS

Group	2020 RM'000	2019 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	397,483	437,839

39. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

The nominal value of the financial guarantee contracts given by the Group and the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured				
Financial guarantee contracts given to financial institutions for credit facilities and performance bonds granted to joint ventures and associate	833,506	713,852	-	-
	833,506	713,852	-	-
Unsecured				
Financial guarantee contracts given on behalf of subsidiaries	-	-	1,278,665	1,000,679
	833,506	713,852	1,278,665	1,000,679

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39. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES (CONT'D.)

The fair value of the financial guarantee contracts given to financial institutions for credit facilities granted to joint ventures are deemed immaterial as the value of the underlying collateral provided by the respective joint ventures is sufficient to cover the outstanding loan amounts. The credit facilities are secured by way of deposit pledged and legal charges over the vessels of the joint ventures.

Other contingent liabilities:

- (a) On 31 January 2019, SapuraOMV (an associate company of the Group) entered into a facility agreement with 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.
- (b) 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 financial years 2012 and 2013. SDBL has submitted various documents and evidences to prove that all taxes have been settled correctly in the disputed years.

In December 2019, tax court has finalised the verdict for financial year 2012 with a large proportion of the claims in favour of SDBL. SDBL has submitted an appeal to the Supreme Court in March 2020 for the remaining balances. For financial year 2013, the tax hearings are still on-going.

SDBL, with advise of an appointed tax advisor, is of the opinion that there are strong defences over the disputed claims for both financial years 2012 and 2013.

40. RELATED PARTY DISCLOSURES

(a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	(Income)/expense	
	2020 RM'000	2019 RM'000
Group		
(i) Transactions with companies connected to directors and current substantial shareholders		
(a) Intellectual property rights, trademarks and branding fees paid and payable (Note 8)		
Sapura Holdings Sdn. Bhd. [^]	10,000	20,000
(b) Rental of office premises paid and payable		
Sapura Resources Berhad	16,374	11,238

[^] The amount payable to Sapura Holdings Sdn. Bhd. in relation to the current financial year's intellectual property rights, trademarks and branding fees of RM10.0 million is due and payable in April 2021.

40. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related party transactions (cont'd.)

	(Income)/expense	
	2020 RM'000	2019 RM'000
Company		
(i) Transactions with companies connected to directors and current substantial shareholders		
(a) Intellectual property rights, trademarks and branding fees paid and payable (Note 8)		
Sapura Holdings Sdn. Bhd.^	10,000	20,000
(b) Rental of office premises paid and payable		
Sapura Resources Berhad	6,364	3,385
(ii) Transactions with subsidiaries		
(a) Management fees from subsidiaries	(131,679)	(141,603)
(b) Intellectual property rights, trademarks and branding fees from subsidiaries	(10,000)	(20,000)
(c) Interest charged to subsidiaries	(8,135)	(8,569)
(d) Interest charged by a subsidiary	145,780	146,429
(e) Shared service fees charged by a subsidiary	9,778	2,113

^ The amount payable to Sapura Holdings Sdn. Bhd. in relation to the current financial year's intellectual property rights, trademarks and branding fees of RM10.0 million is due and payable in April 2021.

The transactions above have been entered into in the normal course of business and on a negotiated basis.

(b) Compensation of key management personnel

The remuneration of the key management personnel, including directors, during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits and other emoluments	45,730	77,878	22,047	39,027
Contributions to defined contribution plan	6,341	3,649	5,450	2,552
Fair value of share options granted under ESOS	70,073	60,890	56,935	46,809
	122,144	142,417	84,432	88,388

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign currencies, liquidity and credit risks. The Group operates within clearly defined guidelines approved by the Board and the Group's policy is not to engage in speculative transactions.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group and of the Company will fluctuate because of changes in market interest rates.

The Group's and the Company's earnings are affected by changes in interest rates due to the changes in interest bearing financial assets and liabilities. The Group's exposure to interest rate risk arises primarily from its borrowings, whereas the Company's exposure to interest rate arises mainly from its amount due to a subsidiary which is subject to floating interest rates.

At the reporting date, approximately 87% (2019: 91%) of the Group's borrowings are at floating interest rates. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and of the Company's (loss)/profit before tax (through the impact on interest expense and profit sharing on floating rate loans and borrowings).

	2020		2019	
	Increase/ decrease in basis points	Effect on (loss)/profit before tax RM'000	Increase/ decrease in basis points	Effect on (loss)/profit before tax RM'000
Group				
– Ringgit Malaysia	+ 25	(6,345)	+ 25	(9,039)
– US Dollar	+ 25	(17,640)	+ 25	(30,716)
– Ringgit Malaysia	– 25	6,345	– 25	9,039
– US Dollar	– 25	17,640	– 25	30,716
Company				
– Ringgit Malaysia	+ 25	(5,406)	+ 25	(5,406)
– Ringgit Malaysia	– 25	5,406	– 25	5,406

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign currency risk

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 and of the Company'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 entities, primarily RM and US Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly USD and RM respectively.

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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and of the Company's (loss)/profit before tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	(Loss)/profit before tax		(Loss)/profit before tax	
	Group		Company	
	Increase/(decrease)		Increase/(decrease)	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
USD/RM – strengthened 5%	13,751	8,922	26,507	21,631
– weakened 5%	(13,751)	(8,922)	(26,507)	(21,631)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. The Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio.

At the reporting date, approximately 31% (2019: 34%) of the Group's borrowings (Note 32), excluding hire purchase and finance lease liabilities, will mature in less than one year based on the carrying amount reflected in the financial statements respectively.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
At 31 January 2020				
Financial liabilities:				
Trade and other payables	2,503,550	–	–	2,503,550
Lease liabilities	13,771	9,148	–	22,919
Borrowings	3,529,724	8,057,961	–	11,587,685
Financial guarantee contracts	50,547	415,580	367,379	833,506
Total undiscounted financial liabilities	6,097,592	8,482,689	367,379	14,947,660

At 31 January 2019

Financial liabilities:				
Trade and other payables	2,259,405	–	–	2,259,405
Borrowings	6,556,543	12,789,829	–	19,346,372
Financial guarantee contracts	119,420	185,067	409,365	713,852
Total undiscounted financial liabilities	8,935,368	12,974,896	409,365	22,319,629

Company	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
At 31 January 2020				
Financial liabilities:				
Amounts due to subsidiaries	851,305	4,525,195	–	5,376,500
Other payables	97,562	–	–	97,562
Financial guarantee contracts	1,278,665	–	–	1,278,665
Total undiscounted financial liabilities	2,227,532	4,525,195	–	6,752,727

At 31 January 2019

Financial liabilities:				
Amounts due to subsidiaries	775,074	1,816,595	691,915	3,283,584
Other payables	302,766	–	–	302,766
Financial guarantee contracts	1,000,679	–	–	1,000,679
Total undiscounted financial liabilities	2,078,519	1,816,595	691,915	4,587,029

At the reporting date, the counterparty to the financial guarantee contracts have no right to demand cash as no event of default has occurred.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, contract assets and financial guarantee contracts.

Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Credit approvals are performed in accordance to approved limits of authority. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

For trade receivables and contract assets, the Group apply a simplified approach in calculating ECLs. Therefore, the Group do not track changes in credit risk, but instead recognises a provision for impairment based on lifetime ECLs at each reporting date. Management monitors the recoverability of the receivables based on its historical credit loss experience and also considers available forward-looking information, which could indicate whether a customer is experiencing significant financial difficulty or it becomes probable that a customer will enter into bankruptcy or other financial reorganisation.

The Group categorises a receivable for potential impairment when the customer fails to make contractual payments more than 90 days past due. The receivable is impaired if there is no reasonable expectation of recovery, such as the customer failing to engage in a repayment plan with the Group.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position as disclosed in Note 42.
- The carrying amount of contract assets as disclosed in Note 25.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

By country/region	Group		Group	
	2020		2019	
	RM'000	% of total	RM'000	% of total
Malaysia	404,506	46%	356,838	44%
Americas	148,823	17%	36,422	4%
Middle East	124,964	14%	25,212	3%
Asia	91,324	10%	247,532	32%
Africa	60,822	7%	93,665	10%
Australia	34,003	4%	44,875	5%
Turkey	13,160	2%	17,397	2%
	877,602	100%	821,941	100%

Exposure to expected credit losses increases with concentrations of credit risk which may exist when a number of counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may result in their ability to meet contractual obligations being impacted by changes in economic, political or other conditions.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Credit risk (cont'd.)

Credit risk concentration profile (cont'd.)

The Group's principal customers with which it conducts business are diversified and there is no significant concentration of credit risk to any single customer or a group of customers at the reporting date.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 24.

42. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The accounting policies in Note 2.13 and Note 2.18 describe how the categories of financial instruments are measured, and how income and expenses, including changes in fair value, are recognised.

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned:

Group	Note	Financial assets		Financial liabilities at amortised cost RM'000	Total RM'000
		Debt instruments at amortised cost RM'000	at fair value through other comprehensive income RM'000		
As at 31 January 2020					
Assets					
Trade and other receivables	*	1,472,993	–	–	1,472,993
Cash and cash equivalents	26	772,374	–	–	772,374
Derivative assets	21	–	18,778	–	18,778
Total financial assets		2,245,367	18,778	–	2,264,145
Total non-financial assets					20,484,198
Total assets					22,748,343
Liabilities					
Borrowings	32	–	–	10,256,094	10,256,094
Trade and other payables	*	–	–	2,512,673	2,512,673
Total financial liabilities		–	–	12,768,767	12,768,767
Total non-financial liabilities					804,908
Total liabilities					13,573,675

42. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned (cont'd.):

Group	Note	Debt instruments at amortised cost RM'000	Financial assets at fair value through other comprehensive income RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
As at 31 January 2019					
Assets					
Trade and other receivables	*	1,474,710	–	–	1,474,710
Cash and cash equivalents	26	8,098,397	–	–	8,098,397
Derivative assets	21	–	174,507	–	174,507
Total financial assets		9,573,107	174,507	–	9,747,614
Total non-financial assets					23,828,653
Total assets					33,576,267
Liabilities					
Borrowings	32	–	–	16,984,599	16,984,599
Trade and other payables	*	–	–	2,257,101	2,257,101
Total financial liabilities		–	–	19,241,700	19,241,700
Total non-financial liabilities					463,326
Total liabilities					19,705,026

Company	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
As at 31 January 2020				
Assets				
Amount due from subsidiaries	23	819,204	–	819,204
Other receivables	*	44,163	–	44,163
Cash and cash equivalents	26	18,133	–	18,133
Total financial assets		881,500	–	881,500
Total non-financial assets				12,688,812
Total assets				13,570,312

* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

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42. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned (cont'd.):

Company	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
As at 31 January 2020				
Liabilities				
Amount due to subsidiaries	33	–	4,414,143	4,414,143
Other payables	34	–	107,562	107,562
Total financial liabilities		–	4,521,705	4,521,705
Total non-financial liabilities				–
Total liabilities				4,521,705

Company	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
As at 31 January 2019				
Assets				
Amount due from subsidiaries	23	3,232,919	–	3,232,919
Other receivables	*	36,098	–	36,098
Cash and cash equivalents	26	26,459	–	26,459
Total financial assets		3,295,476	–	3,295,476
Total non-financial assets				12,621,661
Total assets				15,917,137
Liabilities				
Amount due to subsidiaries	33	–	2,642,739	2,642,739
Other payables	34	–	302,766	302,766
Total financial liabilities		–	2,945,505	2,945,505
Total non-financial liabilities				–
Total liabilities				2,945,505

* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: *Financial Instruments*.

42. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	24
Trade and other payables	34
Borrowings	32
Amounts due from subsidiaries	23
Amounts due to subsidiaries	33

The carrying amounts of the financial assets and liabilities (except for the fixed rate borrowings) are reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to the market interest rates on or near reporting date.

The carrying amounts of the fixed rate borrowings are reasonable approximation of fair values due to the insignificant impact of incremental market rate.

(c) Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs as disclosed in Note 2.32.

The following are descriptions of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

43. CAPITAL MANAGEMENT

Capital management refers to implementing measures to maintain sufficient capital to support the Group's business and growth plans. The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value.

One of the key considerations in this regard is to maintain ready access to capital markets and to preserve the Group's ability to repay and service debt obligations over time.

The Group manages its capital structure and monitors capital using a gearing ratio, which is net debt divided by total capital. The Group endeavours to maintain a healthy gearing ratio and regularly monitors its gearing level.

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43. CAPITAL MANAGEMENT (CONT'D.)

Group	Note	2020 RM'000	2019 RM'000
Borrowings	32	10,256,094	16,984,599
Add: Unamortised transaction cost		97,251	193,128
Less: Cash and cash equivalents	26	(772,374)	(8,098,397)
Net debt		9,580,971	9,079,330
Total equity		9,174,668	13,871,241
Less: Non-controlling interests		7,853	3,824
Total capital		9,182,521	13,875,065
Net gearing ratio		1.04	0.65

44. SEGMENT INFORMATION

(a) Operating segments

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

- (i) Engineering and Construction (“E&C”);
- (ii) Drilling;
- (iii) Exploration and Production (“E&P”); and
- (iv) Corporate

Major activities of the E&C business segment are:

- Installation of offshore platforms, marine pipelines and subsea services, including those undertaken by the joint ventures;
- Engineering, procurement, construction and commissioning services; and
- Repairs and refurbishment of industrial gas turbines, supply, installation, commissioning and maintenance of point-of sale systems for petrol stations and asset management services for offshore installations.

The Drilling segment is involved in the charter of oil drilling rigs and provision of drilling related services.

Sapura Exploration & Production (Sabah) Inc. remains in continuing E&P segment. The share of profit from SapuraOMV is recorded under the E&P segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Corporate assets, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on a negotiated basis in a manner similar to transactions with third parties.

44. SEGMENT INFORMATION (CONT'D.)

(a) Operating segments (cont'd.)

31 January 2020	Continuing Operations					Consolidated RM'000
	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	
Revenue						
External sales	5,507,724	941,431	–	–	–	6,449,155
Inter-segment sales	3,441	–	–	198,572	(202,013)	–
Total revenue	5,511,165	941,431	–	198,572	(202,013)	6,449,155
Results						
Segment (loss)/profit before impairments	(882,530)	122,311	(1,208)	129,523	(144,971)	(776,875)
Provision for impairment	(1,261,411)	(2,022,929)	–	–	–	(3,284,340)
Segment (loss)/profit	(2,143,941)	(1,900,618)	(1,208)	129,523	(144,971)	(4,061,215)
Finance costs						(664,557)
Interest income						19,028
Share of profit/(loss) from associates and joint ventures	231,565	–	(76,615)	–	–	154,950
Loss before tax						(4,551,794)
Income tax expense						(12,789)
Loss net of tax						(4,564,583)
Non-controlling interests						3,777
Loss for the year attributable to owners of the Parent						(4,560,806)
Assets						
Segment assets	6,919,954	6,191,839	1,257	538,294	85,586	13,736,930
Investment in associates and joint ventures	1,849,234	–	2,132,108	–	–	3,981,342
Goodwill on consolidation	2,908,579	2,025,197	–	–	–	4,933,776
Deferred tax assets	77,339	5,651	–	13,305	–	96,295
Consolidated total assets						22,748,343
Liabilities						
Segment liabilities	2,532,351	622,429	516	187,133	(67,570)	3,274,859
Borrowings						10,256,094
Deferred tax liabilities	20,213	22,509	–	–	–	42,722
Consolidated total liabilities						13,573,675

* Inter-segment transactions are eliminated on consolidation

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44. SEGMENT INFORMATION (CONT'D.)

(a) Operating segments (cont'd.)

31 January 2020 (cont'd.)	Continuing Operations					
	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Consolidated RM'000
Other Information						
Capital expenditure	211,675	129,720	–	12,952	–	354,347
Depreciation of property, plant and equipment	255,504	263,952	29	10,732	(9,080)	521,137
Amortisation of intangible assets	2,811	971	–	–	–	3,782
Provision for impairment on property, plant and equipment	206,381	34,529	–	–	–	240,910
Provision for impairment on goodwill	1,055,030	1,988,400	–	–	–	3,043,430

31 January 2019	Continuing Operations						Discontinued Operations	Consolidated RM'000
	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Subtotal RM'000	Exploration and Production RM'000	
Revenue								
External sales	3,634,983	933,456	–	–	–	4,568,439	936,038	5,504,477
Inter-segment sales	29,967	–	–	189,064	(219,031)	–	–	–
Total revenue	3,664,950	933,456	–	189,064	(219,031)	4,568,439	936,038	5,504,477
Results								
Segment (loss)/profit before impairment	(277,598)	148,173	(5,072)	(104,163)	(204,075)	(442,735)	2,997,269	2,554,534
Provision for impairment	(502,459)	(1,017,805)	–	–	–	(1,520,264)	–	(1,520,264)
Segment (loss)/profit	(780,057)	(869,632)	(5,072)	(104,163)	(204,075)	(1,962,999)	2,997,269	1,034,270
Finance costs						(979,381)	(22,482)	(1,001,863)
Interest income						26,543	1,474	28,017
Share of profit from associates and joint ventures	370,871	–	–	(29,934)	–	340,937	–	340,937
(Loss)/profit before tax						(2,574,900)	2,976,261	401,361
Income tax expense						(142,748)	(55,246)	(197,994)
(Loss)/profit net of tax						(2,717,648)	2,921,015	203,367
Non-controlling interests						4,182	–	4,182
(Loss)/profit for the year attributable to owners of the Parent						(2,713,466)	2,921,015	207,549

* Inter-segment transactions are eliminated on consolidation

44. SEGMENT INFORMATION (CONT'D.)

(a) Operating segments (cont'd.)

31 January 2019 (cont'd.)	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Consolidated RM'000
Assets						
Segment assets	7,156,870	6,353,535	21,178	8,026,977	(26,447)	21,532,113
Investment in associates and joint ventures	1,815,734	–	2,208,060	–	–	4,023,794
Goodwill on consolidation	3,969,021	4,014,028	–	–	–	7,983,049
Deferred tax assets	14,831	3,335	–	19,145	–	37,311
Consolidated total assets						33,576,267
Liabilities						
Segment liabilities	1,733,796	584,588	19,777	387,741	(77,285)	2,648,617
Borrowings						16,984,599
Deferred tax liabilities	69,731	2,079	–	–	–	71,810
Consolidated total liabilities						19,705,026

	Continuing Operations					Discontinued Operations		Consolidated RM'000
	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Subtotal RM'000	Exploration and Production RM'000	
Other Information								
Capital expenditure	107,401	28,989	–	10,342	–	146,732	268,216	414,948
Depreciation of property, plant and equipment	302,013	360,533	8	12,589	(410)	674,733	1,884	676,617
Amortisation of intangible assets	2,257	5,540	–	–	–	7,797	–	7,797
Amortisation of expenditure on oil and gas properties	–	–	–	–	–	–	240,273	240,273
Provision for impairment on property, plant and equipment	394,085	1,017,805	–	–	–	1,411,890	–	1,411,890
Provision for impairment on goodwill	108,374	–	–	–	–	108,374	–	108,374
Gain on disposal of 50% equity stake in a subsidiary	–	–	–	–	–	–	2,663,699	2,663,699

* Inter-segment transactions are eliminated on consolidation

**NOTES TO THE
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44. SEGMENT INFORMATION (CONT'D.)

(b) Geographical information

The Group operates in various geographical areas in the world. In Malaysia, its home country, the Group's areas of operation are installation of pipelines and facilities, engineering, procurement, construction and commissioning, offshore oil and gas drilling services, subsea and offshore support services and geotechnical and maintenance services. Malaysia is also the main country of operation for exploration and production business that involved in exploration, development and production of crude oil and natural gas. Other operations in Malaysia include oilfield development and production, investment holding and provision of management services.

The Group also operates in other countries/regions:

- (i) Asia (excluding Malaysia) – installation of pipelines and facilities, provision of engineering, procurement, construction and commissioning, provision for drilling rigs and services, provision of geotechnical and geophysical services to the oil and gas industry and vessel chartering.
- (ii) Turkey – installation and maintaining of offshore platforms and marine pipelines.
- (iii) Australia – installation of pipelines and facilities and development of marine technology and marine chartering, specialising on remotely operated underwater vehicle (“ROV”).
- (iv) Americas – installation of pipelines and facilities, provision of technical consulting, advising to oil and gas companies and provision of offshore oil and gas drilling services.
- (v) Middle East – provision of offshore and onshore engineering, procurement, construction (fabrication), transportation, installation, hook-up, commissioning and maintenance of fixed and floating oil and gas facilities, brownfield rejuvenation, marine construction, marine conversion, marine repair and infrastructure and construction.
- (vi) Africa – provision of offshore oil and gas drilling services and installation of pipelines and facilities.
- (vii) Others (comprise of United Kingdom) – provision of advanced subsea and floating systems engineering and project management services to offshore projects.

Further details of revenue from external customers by geographical areas are disclosed in Note 3.

Majority of our segment assets are highly mobile and moves from one geographical area to another in order to maximise revenue generation opportunities. Consequently, segment assets by geographical area are not presented.

45. SUBSIDIARIES AND ACTIVITIES

(i) Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(a) Subsidiaries of Sapura Energy Berhad				
Total Marine Technology (Malaysia) Sdn. Bhd.	Malaysia	Act as agent and service provider for oil and gas industry	100	100
Sapura Deepwater Pte. Ltd.	Bermuda	Chartering and hiring out of vessels and barges	100	100
Sapura GeoSciences Sdn. Bhd.	Malaysia	Provision of offshore geotechnical and geophysical services	100	100
Sapura Technology Solutions Sdn. Bhd.	Malaysia	Investment holding, provision of operation and maintenance services and provision of management services	100	100
* Petcon (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100
SapuraCrest Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
Crest Hidayat (L) Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Perdana Sdn. Bhd.	Malaysia	Dormant	100	100
Sapura Dana SPV Pte. Ltd.	Federal Territory of Labuan, Malaysia	Chartering and hiring out of vessels and barges	100	100
SapuraCrest Petroleum Berhad	Malaysia	Dormant	100	100
Sapura Management Services Sdn. Bhd.	Malaysia	Management services	100	100
Sapura Nautical Essence Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Offshore Sdn. Bhd.	Malaysia/ Taiwan/ Singapore	Front-end engineering design (FEED), detailed design engineering (DDE), procurement, construction, offshore transportation and installation, hook-up, commissioning and maintenance of fixed and floating oil and gas facilities, diving and subsea services, flexible and rigid pipelay, installation of subsea umbilicals, risers and flowlines and cables, and decommissioning of offshore structures	100	100

* In the process of members' voluntary winding-up

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
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45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(a) Subsidiaries of Sapura Energy Berhad (cont'd.)				
Sapura Marine Engineering Sdn. Bhd.	Malaysia	Provision of offshore construction and diving equipment	100	100
Geomark Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Energy Ventures Sdn. Bhd.	Malaysia	Development and production of petroleum resources	100	100
Sapura Petroleum Sdn. Bhd.	Malaysia	Investment holding	100	100
Momentum Energy Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Fabrication Sdn. Bhd.	Malaysia/ Qatar/Abu Dhabi and Brunei	Provision of offshore and onshore engineering, procurement, construction (fabrication), transportation, installation, hook-up, commissioning and maintenance of fixed and floating oil and gas facilities, brownfield rejuvenation, marine construction, marine conversion marine repair and infrastructure construction	100	100
Sapura Onshore Sdn. Bhd.	Malaysia	Investment holding, property investment and provision of engineering, fabrication and construction works	100	100
Sapura Engineering Sdn. Bhd.	Malaysia	Provision of front-end engineering design (FEED) and detailed design engineering (DDE)	100	100
SE Petroleum Berhad	Malaysia	Dormant	100	100
Sapura Pinewell Sdn. Bhd.	Malaysia	Hook-up, commissioning, maintenance brownfield rejuvenation and onshore construction	100	100
Sapura Petroleum Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
SEB Energy Sdn. Bhd.	Malaysia	Development and production of petroleum resources	100	100
Sapura Subsea Services Sdn. Bhd.	Malaysia	Provision of offshore diving and related services and the provision of diving equipment for rental	100	100

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(a) Subsidiaries of Sapura Energy Berhad (cont'd.)				
Sapura Drilling Probadi Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura TMC Sdn. Bhd.	Malaysia	Provision of treasury management services	100	100
Sapura Drilling Pte. Ltd.	Federal Territory of Labuan, Malaysia	Investment holding	100	100
Sapura 900 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Vessel owner and chartering	100	100
* SapuraKencana 1200 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura 3000 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Vessel owner and chartering	100	100
* SapuraKencana FLB-1 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Energy Services Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Upstream Assets Sdn. Bhd.	Malaysia	Investment holding	100	100
^ Sapura Global Services Sdn. Bhd.	Malaysia	Dormant	100	-
(b) Held through Sapura Drilling Probadi Sdn. Bhd. and Sapura Drilling Asia Limited				
Sapura Drilling Asia Sdn. Bhd.	Malaysia	Provision of oil drilling services	100	100
Varia Perdana Sdn. Bhd.	Malaysia	Investment holding and oil drilling management	100	100
(c) Held through Varia Perdana Sdn. Bhd.				
Crest Tender Rigs Pte. Ltd.	Federal Territory of Labuan, Malaysia	Leasing and chartering of offshore oil and gas rigs	100	100

* In the process of alternative voluntary winding-up

^ Incorporated on 30 May 2019

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
– 31 JANUARY 2020

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(d) Held through Sapura Offshore Sdn. Bhd.				
Sapura Talent Ltd.	Bermuda/Mexico	Provision of manpower services	100	100
Sapura 1200 Ltd.	Bermuda	Vessel owner and chartering	100	100
Sapura 3500 Ltd.	Bermuda	Vessel owner and chartering	100	100
Sapura FLB-1 Ltd.	Bermuda	Vessel owner and chartering	100	100
Sapura Saudi Arabia Company	Saudi Arabia	Engineering, procurement, construction, offshore transportation and installation, hook up and commissioning of offshore structures, pipelines and cables	100	100
Sapura Energy DMCC	Dubai, United Arab Emirates	Onshore and offshore oil and gas field services	100	100
^ Sapura Energy B.V.	Amsterdam, The Netherlands	Design, fabricate, install, commission and maintenance of marine offshore facilities	100	–
* Sapura Energy (UK) Limited	England and Wales	Dormant	100	–
~ Sapura Energy, (EG) S.L.	Republic of Equatorial Guinea	Dormant	65	–
(e) Held through Sapura Offshore Sdn. Bhd. and Sapura Energy DMCC				
Sapura Energy Do Brasil Ltda.	Brazil	Maintenance and installation of offshore/submarine platforms and marine pipelines	100	100
(f) Held through Sapura GeoSciences Sdn. Bhd.				
Sapura Jaya Sdn. Bhd.	Malaysia	Chartering of vessels	100	100
(g) Held through Sapura Jaya Sdn. Bhd.				
Sapura GeoSurvey Sdn. Bhd.	Malaysia	Hydrographic surveys and related services	100	100
Sapura GeoTechnics Sdn. Bhd.	Malaysia	Soil investigation and geotechnical services	100	100

^ Transferred from Sapura Petroleum Sdn. Bhd. on 20 February 2019

* Incorporated on 28 August 2019

~ Incorporated on 31 July 2019

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(h) Held through Sapura GeoTechnics Sdn. Bhd.				
Sapura GeoTechnics (S) Pte. Ltd.	Singapore	Soil investigation and geotechnical services	100	100
Sapura Oilserve Sdn. Bhd.	Malaysia	Provision of marine vessel transportation services	100	100
(i) Held through Sapura GeoSurvey Sdn. Bhd.				
Sapura GeoSurvey Pte. Ltd.	Singapore	Dormant	100	100
[^] Sapura GeoSurvey Pty. Ltd.	Australia	Dormant	100	100
(j) Held through Sapura Oilserve Sdn. Bhd.				
Sapura Oilserve Labuan Pte. Ltd.	Federal Territory of Labuan, Malaysia	Leasing of vessels/barges	100	100
(k) Held through Sapura Technology Solutions Sdn. Bhd.				
Sapura Digital Solutions Sdn. Bhd.	Malaysia	Retail automation systems and maintenance services	100	100
Sapura Project Services Sdn. Bhd.	Malaysia	Systems integration, software development, general engineering, maintenance and related activities	100	100
Sapura Power Services Sdn. Bhd.	Malaysia	Provision of maintenance services to the power utility and oil and gas industries	94.4	94.4
Sapura Diving Services Sdn. Bhd.	Malaysia	Provision of rental equipment	100	100
Sapura Maintenance Services Sdn. Bhd.	Malaysia	Provision of maintenance services to the power, utility and oil and gas industries	100	100
Sapura Petroleum Technologies Sdn. Bhd.	Malaysia	Provision of trading and maintenance services	99.7	99.7
Sapura Energy Infinite Sdn. Bhd.	Malaysia	Investment holding and provision of operations and maintenance services to the oil and gas industry	100	100
Sapura Vessels Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Services Sdn. Bhd.	Malaysia	Investment holding	100	100

[^] Deregistered on 17 February 2020

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
– 31 JANUARY 2020

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(l) Held through Sapura Energy Infinite Sdn. Bhd.				
Sapura Energy Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
(m) Held through Sapura Energy Resources Sdn. Bhd.				
Sarku Engineering Services Sdn. Bhd.	Malaysia	Provision of offshore engineering services and marine support and logistic assistance for the oil and gas industry	100	100
Sapura Marine Ventures Sdn. Bhd.	Malaysia	Provision of crew, chartering and hiring out of barges	100	100
Sapura Engineering (Offshore) Sdn. Bhd.	Malaysia	Chartering and hiring out of barges, vessels and operational equipment including provision of crew	100	100
* Sapura Prominent Energy Sdn. Bhd.	Malaysia	Dormant	100	100
(n) Held through Sapura Petroleum Sdn. Bhd.				
Sapura Nautical Bay Pte. Ltd.	Singapore	Investment holding	100	100
Sapura Petroleum Inc.	The State of Texas, United States of America	Regional Office for business development and marketing	100	100
SapuraMex Pte. Ltd.	Singapore	Investment holding	100	100
^ Sapura Energy B.V.	Amsterdam, The Netherlands	Design, fabricate, install, commission and maintenance of marine offshore facilities	–	100
SapuraKencana Enerji Çözümleri Anonim Şirketi	Turkey	Engineering, procurement, construction, installation and commissioning of offshore facilities and cables	100	100
(o) Held through Sapura Nautical Bay Pte. Ltd.				
Sapura Nautical Power Pte. Ltd.	Singapore	Investment holding	100	100

* In the process of members' voluntary winding-up

^ Transferred to Sapura Offshore Sdn. Bhd. on 20 February 2019

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(p) Held through Sapura Offshore Sdn. Bhd. and SapuraMex Pte. Ltd.				
Sapura Energy Mexicana, S.A.P.I. de C.V.	Mexico	Engineering, procurement, construction, installation and commissioning of offshore facilities and pipelines	100	100
(q) Held through SapuraMex Pte. Ltd.				
Sapura 3500 (S) Pte. Ltd.	Singapore	Chartering and hiring out of vessel	100	100
(r) Held through Momentum Energy Sdn. Bhd.				
Sapura Australia (Holdings) Pty. Ltd.	Australia	Investment holding	100	100
(s) Held through Sapura Australia (Holdings) Pty. Ltd.				
Sapura USA Holdings Incorporated	State of Delaware, United States of America	Investment holding	100	100
Sapura Australia Pty. Ltd.	Australia	Investment holding	100	100
Peritus International Limited	United Kingdom	Provision of advanced subsea and floating systems engineering and project management services to oil and gas offshore projects and developments in remote, hostile and deepwater environments	100	100
Peritus International Pty. Ltd.	Australia	Provision of advanced subsea and floating systems engineering and project management services to offshore projects	100	100
(t) Held through Sapura Australia Pty. Ltd.				
Sapura Petroleum (Australia) Pty. Ltd.	Australia	Investment holding	100	100
Sapura Projects Pty. Ltd.	Australia	Investment holding	100	100
SC Projects Australia Pty. Ltd.	Australia	Investment holding	100	100
Sapura Constructor Pte. Ltd.	Singapore	Vessel owner and chartering	100	100
Sapura Assets Pty. Ltd.	Australia	Owner and operator of marine assets	100	100

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
– 31 JANUARY 2020

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(u) Held through Sapura USA Holdings Incorporated				
Ocean Flow International LLC	The State of Texas, United States of America	Provision of technical consulting and advising to oil and gas operating companies	100	100
Peritus International Inc.	The State of Texas, United States of America	Provision of advanced subsea and floating systems engineering and project management services to offshore projects	100	100
(v) Held through Momentum Energy Sdn. Bhd. and Sapura Australia Pty. Ltd.				
Normand Sapura Pty. Ltd.	Australia	Sub-charter and provision of project delivery capabilities, technology and proprietary offshore assets	100	100
(w) Held through Peritus International Pty. Ltd.				
Peritus International Sdn. Bhd.	Malaysia	Provision of engineering consultancy services for the oil and gas industry	100	100
(x) Held through Sapura Constructor Pte. Ltd.				
Sapura Projects Singapore Pte. Ltd.	Singapore	Dormant	100	100
(y) Held through Geomark Sdn. Bhd.				
Quippo Prakash Pte. Ltd.	Singapore	Dormant	100	100
(z) Held through Sapura Fabrication Sdn. Bhd.				
Sapura Marine Sdn. Bhd.	Malaysia	Operation and management of fabrication yard	100	100
* Sapura Infrastructure Sdn. Bhd.	Malaysia	Dormant	100	100
* Sapura Metering Sdn. Bhd.	Malaysia	Dormant	100	100
* Sapura Steelworks Sdn. Bhd.	Malaysia	Dormant	70	70
Sapura Energy Vietnam Limited	Vietnam	Dormant	100	100

* In the process of members' voluntary winding-up

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(aa) Held through Sapura Fabrication Sdn. Bhd. and Sapura Petroleum Sdn. Bhd.				
Sapura Engineering & Construction (India) Private Limited	India	Engineering, procurement, construction, installation and commissioning of offshore facilities and pipelines	100	100
(ab) Held through Sapura Energy Services Sdn. Bhd.				
* Sapura HUC Sdn. Bhd.	Malaysia	Dormant	100	100
* Sapura Fabricators Sdn. Bhd.	Malaysia	Dormant	100	100
Total Marine Technology Pty. Ltd.	Australia	Development of marine technology and marine chartering, specialising on ROVs	94	94
(ac) Held through Total Marine Technology Pty. Ltd.				
Sapura Excercise Pty. Ltd.	Australia	Owner and operator of ROVs for the offshore oil and gas industries	94	94
Sapura Babalon Pty. Ltd.	Australia	Owner and operator of ROVs for the offshore oil and gas industries	94	94
(ad) Held through Total Marine Technology Pty. Ltd. and Sapura Babalon Pty. Ltd.				
^ ROV TMT Nigeria Limited	Federal Republic of Nigeria	Lease equipment and subcontract manpower services	94	-
(ae) Held through Sapura Fabrication Sdn. Bhd. and Sapura Petroleum Ventures Sdn. Bhd.				
Sapura Energy (B) Sdn. Bhd.	Brunei	Investment holding	100	100
(af) Held through Sapura Energy (B) Sdn. Bhd.				
RSK Petroleum Sdn. Bhd.	Brunei	Service provider for oil and gas industry	70	70
(ag) Held through Sapura Onshore Sdn. Bhd.				
Sapura Subsea Sdn. Bhd.	Malaysia	Provision of engineering, fabrication and construction works	100	100
Sapura Assets Sdn. Bhd.	Malaysia	Property investment	100	100
Sapura Torsco (Hong Kong) Private Limited	Hong Kong	Dormant	100	100

* In the process of members' voluntary winding-up

^ Incorporated on 20 March 2019

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45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(ah) Held through Sapura Petroleum Ventures Sdn. Bhd.				
* Sapura Marine Drilling Sdn. Bhd.	Malaysia	Dormant	100	100
* Sapura Marine Rig 1 Pte. Ltd.	Singapore	Dormant	100	100
Sapura Nautilus Sdn. Bhd.	Malaysia	Service provider for offshore support vessels	100	100
(ai) Held through Sapura Nautilus Sdn. Bhd.				
Sapura Gemia (Labuan) Pte. Ltd.	Federal Territory of Labuan, Malaysia	Provision of offshore support vessels for oil and gas industry	100	100
Sapura Teras Ventures Sdn. Bhd.	Malaysia	Provision of offshore support vessels for oil and gas industry	100	100
Sapura Redang (Labuan) Pte. Ltd.	Federal Territory of Labuan, Malaysia	Provision of offshore support vessels for oil and gas industry	100	100
(aj) Held through Sapura Subsea Services Sdn. Bhd.				
Sapura Marine Services Sdn. Bhd.	Malaysia	Provision of vessel related management services	100	100
Sapura Subsea Corporation	Federal Territory of Labuan, Malaysia	Leasing of vessels and related equipment	100	100
Maju Hydro Sdn. Bhd.	Malaysia	Dormant	100	100
# Sapura SS Corporation	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Subsea Robotics Corporation	Federal Territory of Labuan, Malaysia	Leasing of ROV and Hyperbaric Reception Facility	100	100
(ak) Held through Sapura Subsea Services Sdn. Bhd., Sapura Marine Services Sdn. Bhd. and Sapura Subsea Corporation (formerly held through Sapura Subsea Services Sdn. Bhd., Sapura Marine Services Sdn. Bhd. and Sapura SS Corporation) ^				
Sapura Energy (Thailand) Limited	Thailand	Provision of offshore diving and related services	100	100

* In the process of members' voluntary winding-up

^ Prior to voluntary winding-up, Sapura SS Corporation transferred their shares held in Sapura Energy (Thailand) Limited to Sapura Subsea Corporation

In the process of alternative voluntary winding-up

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(al) Held through Sapura Drilling Pte. Ltd.				
Sapura Drilling (S) Pte. Ltd.	Singapore	Leasing of offshore oil and gas drilling rigs and providing management services	100	100
Sapura Drilling (Bermuda) Ltd.	Bermuda	Investment holding	100	100
Sapura Drilling Resources Ltd.	Bermuda	Provision of crew services	100	100
Sapura Drilling Labuan Leasing Ltd.	Federal Territory of Labuan, Malaysia	Hire and charter of the oil drilling rigs	100	100
(am) Held through Sapura Drilling (Bermuda) Ltd.				
Sapura Drilling T-10 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-19 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
~ Sapura Drilling T-7 Ltd.	Bermuda	Dormant	–	100
Sapura Drilling T-9 Ltd.	Bermuda	Dormant	100	100
Sapura Drilling T-20 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-11 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-12 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-17 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-18 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling Menang Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling Berani Ltd.	Bermuda/ Indonesia	Leasing of offshore oil and gas drilling rig	100	100

~ Struck off on 11 December 2019

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45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(am) Held through Sapura Drilling (Bermuda) Ltd. (cont'd.)				
Sapura Drilling Alliance Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling Pelaut Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling Setia Ltd.	Bermuda	Leasing of drilling rig and providing drilling service to offshore oil and gas industry	100	100
Sapura Drilling Esperanza Ltd.	Bermuda	Leasing of drilling rig and providing drilling services to offshore oil and gas industry	100	100
Sapura Drilling Jaya Ltd.	Bermuda/ Republic of Trinidad & Tobago	Leasing of drilling rig and providing drilling services to offshore oil and gas industry	100	100
Sapura Drilling Raiqa Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling Asia Limited	Hong Kong/ Thailand	Investment holding and provision of oil drilling services	100	100
Sapura Drilling Services Sdn. Bhd.	Malaysia	Provision of management services for tender rig business	100	100
Sapura Drilling Holdings (Panama) Inc.	Panama	Investment holding	100	100
* Sapura Drilling T-19 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
* Sapura Drilling T-20 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Drilling Kinabalu Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
~ Sapura Drilling Teknik Berkat Ltd.	Bermuda	Dormant	–	100

* In the process of alternative voluntary winding-up
~ Struck off on 10 December 2019

45. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2020 %	2019 %
(an) Held through Sapura Drilling Asia Limited				
Sapura Drilling Holdings Limited	Hong Kong/ Ivory Coast	Investment holding and provision of oil drilling services	100	100
(ao) Held through Sapura Drilling Holdings (Panama) Inc. and Sapura Drilling Asia Limited				
Sapura Drilling Sdn. Bhd.	Brunei	Offshore drilling, workover and development of oil and gas wells	100	100
(ap) Held through Sapura Drilling Asia Limited and Sapura Drilling Holdings Limited				
Sapura Energy Angola, LDA	Republic of Angola	Providing drilling services to oil and gas industry	100	100
(aq) Held through Sapura Drilling Pte. Ltd. and Sapura Drilling Asia Limited				
PT Sapura Nordrill Indonesia	Indonesia	Offshore oil and gas construction and drilling services	95	95
(ar) Held through SapuraCrest Ventures Sdn. Bhd.				
Sapura Exploration and Production (RSC) Sdn. Bhd.	Malaysia	Dormant	100	100
(as) Held through Sapura Exploration and Production (RSC) Sdn. Bhd.				
Sapura Sambang Sdn. Bhd.	Malaysia	Dormant	100	100
(at) Held through Sapura Energy Ventures Sdn. Bhd.				
Sapura Exploration and Production (Sabah) Inc.	Bahamas/ Malaysia	Exploration, development and production of crude oil and natural gas	100	100

46. JOINT OPERATION ARRANGEMENTS

Details of the joint operation arrangements are as follows:

Production Sharing Contracts:	Participating Interest	
	2020 %	2019 %
Sabah		
SB331	70	70
SB332	70	70

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)**
– 31 JANUARY 2020

47. MATERIAL LITIGATION

(i) 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 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.

- (a) 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
- (b) 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. Decision on ONGC’s application is currently pending.

47. MATERIAL LITIGATION (CONT'D.)

(ii) 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 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 27 and 28 February 2020 and the continued hearing is 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:

- (a) 26, 27, 28 & 30 April 2021; and
- (b) 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.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

– 31 JANUARY 2020

48. SUBSEQUENT EVENT

The COVID-19 was initially reported in December 2019 and has since spread globally. On 11 March 2020, the World Health Organisation declared COVID-19 a worldwide pandemic. This pandemic has resulted in countries around the world including Malaysia to implement immediate preventive measures to control and minimise the spread of the virus. Some of the measures taken include temporary closure of businesses, issuance of movement control order within the country, prohibition of crowd gathering and travel bans. This has led to operational disruptions to businesses.

In response, the Group has activated its business continuity plan to ensure minimal disruptions to its daily operations during this period and the Group has also implemented additional precautionary measures to control and contain the spread of the virus.

The COVID-19 pandemic poses a significant threat to the global oil and gas industry. The actions taken to reduce the spread of the virus has led to a global economic slowdown resulting in further pressures on the oil price. In the event the effects of the COVID-19 pandemic and low oil prices are prolonged beyond current expectations, the market outlook and business operations of the Group may be adversely impacted and this could give rise to further impairments of assets within the Group as well as revisions in the estimation of provisions made by the Group. At this juncture, it is not possible to reliably estimate the extent of the impact of the pandemic and the timing of recovery of oil prices.

The Group is taking the necessary steps to mitigate the risks arising from the COVID-19 pandemic and low oil prices, which includes optimising of costs, preserving liquidity and continuous enhancement of operational efficiency.

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SECTION EIGHT:

ADDITIONAL INFORMATION

- 276 Analysis of Shareholdings
- 285 Notice of Annual General Meeting
- 288 Notice of The Postponed Annual General Meeting
- 291 Statement Accompanying Notice of The Postponed Annual General Meeting
- 292 Administrative Notes – The Postponed Ninth Annual General Meeting
(Fully Virtual)

- Proxy Form





ANALYSIS OF SHAREHOLDINGS

AS AT 29 MAY 2020

ORDINARY SHARES

Total Number of Issued Shares	:	15,979,080,232 Ordinary Shares
Class of Security	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
Number of Shareholders	:	70,313

DISTRIBUTION BY SIZE OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2,234	3.18	78,260	0.00
100 – 1,000	6,688	9.51	4,462,185	0.02
1,001 – 10,000	26,171	37.22	141,566,477	0.89
10,001 – 100,000	26,998	38.40	1,065,155,821	6.67
100,001 – less than 5% of issued shares	8,220	11.69	9,528,938,459	59.63
5% and above of issued shares	2	0.00	5,238,879,030	32.79
Total	70,313	100.00	15,979,080,232	100.00

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS

No.	Holders	No. of Shares	% of Shares
1.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA	4,312,719,373	26.99
2.	SAPURA TECHNOLOGY SDN. BHD.	926,159,657	5.80
3.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SAPURA TECHNOLOGY SDN. BHD. (420284)	760,178,151	4.76
4.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA	638,409,866	4.00
5.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 2 – WAWASAN	550,133,333	3.44
6.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	439,616,324	2.75
7.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3	324,550,400	2.03
8.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR JURUDATA SDN. BHD. (PB)	313,522,000	1.96
9.	PERMODALAN NASIONAL BERHAD	208,043,033	1.30
10.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	202,059,800	1.26
11.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3 – DIDIK	177,258,240	1.11

No.	Holders	No. of Shares	% of Shares
12.	TAN SRI DATO' SERI SHAHRIL SHAMSUDDIN	152,808,688	0.96
13.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	147,822,568	0.93
14.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	126,901,822	0.79
15.	CARTABAN NOMINEES (ASING) SDN. BHD. SS LUXEMBOURG FUND B11K FOR BLACKROCK STRATEGIC FUNDS-BLACKROCK EMERGING MARKETS EQUITY STRATEGIES FUND	119,311,300	0.75
16.	TAN YU WEI	99,871,633	0.63
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAI KIN LOONG (MTK)	85,061,900	0.53
18.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	82,195,400	0.51
19.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR BOEY TZE NIN (PB)	72,170,400	0.45
20.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	54,000,000	0.34
21.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	51,071,188	0.32
22.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR SAPURA CAPITAL SDN. BHD. (PB)	46,387,227	0.29
23.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	37,991,700	0.24
24.	HSBC NOMINEES (ASING) SDN. BHD. HSBC BANK PLC (LONDON)	36,652,800	0.23
25.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	35,838,700	0.22
26.	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	35,420,533	0.22
27.	MD YUSOFF BIN ABDUL GHAFAR	35,265,700	0.22
28.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	26,767,377	0.17
29.	HSBC NOMINEES (ASING) SDN. BHD. JPMBI FOR BLACKROCK SPECIALIST STRATEGIES FUNDS	26,705,900	0.17
30.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. THE BANK OF NEW YORK MELLON FOR VANGUARD FTSE ALL-WORLD EX-US SMALL-CAP INDEX FUND	26,207,700	0.16
	Total	10,151,102,713	63.53

ANALYSIS OF SHAREHOLDINGS (CONT'D.)

AS AT 29 MAY 2020

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	4,312,719,373	26.99	–	–
Sapura Technology Sdn. Bhd.	1,686,337,808	10.55	313,522,000 ⁽¹⁾	1.96
Sapura Holdings Sdn. Bhd.	–	–	2,048,149,790 ⁽²⁾	12.82
Tan Sri Dato' Seri Shahril Shamsuddin	174,811,600	1.09	2,048,149,790 ⁽³⁾	12.82
Dato' Shahrman Shamsuddin	506,385	0.00*	2,048,149,790 ⁽³⁾	12.82
Brothers Capital Sdn. Bhd.	–	–	2,048,149,790 ⁽³⁾	12.82

* Negligible

Notes:

- (1) Deemed interested by virtue of its shareholding in Jurudata Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").
- (2) Deemed interested by virtue of being a substantial shareholder of Sapura Technology Sdn. Bhd., Sapura Resources Berhad, Sapura Capital Sdn. Bhd., Indera Permai Sdn. Bhd. and Jurudata Sdn. Bhd. pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

DIRECTORS' SHAREHOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS, AND OPTIONS HELD UNDER THE COMPANY'S EXECUTIVE SHARE OPTION SCHEME

Directors	Direct Interest		Indirect Interest		No. of Options Held
	No. of Shares Held	%	No. of Shares Held	%	
Tan Sri Datuk Amar (Dr.) Hamid Bugo	1,578,412	0.01	275,000 ⁽¹⁾	0.00*	–
Tan Sri Dato' Seri Shahril Shamsuddin	174,811,600	1.09	2,048,149,790 ⁽²⁾	12.82	798,954,012
Dato' Mohammad Azlan Abdullah	–	–	–	–	–
Syed Ali Syed Salem Alsagoff	–	–	–	–	–
Dato' Shahrman Shamsuddin	506,385	0.00*	2,048,149,790 ⁽²⁾	12.82	–
Mohamed Rashdi Mohamed Ghazalli	410,970	0.00*	130,485 ⁽³⁾	0.00*	–
Datuk Muhamad Noor Hamid	–	–	–	–	–
Datuk Ramlan Abdul Rashid	–	–	–	–	–
Dato' Roslina Zainal	–	–	–	–	–
Lim Tiang Siew	–	–	–	–	–

* Negligible

Notes:

- (1) Deemed interested by virtue of the shareholding held by him and his children in Sego Holdings Sdn. Bhd., which in turn holds 50% in Santubong Properties Sdn. Bhd. pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn. Bhd. ("Sapura Holdings") pursuant to Section 8 of the Act. Sapura Holdings is a substantial shareholder of Sapura Technology Sdn. Bhd., Sapura Resources Berhad, Sapura Capital Sdn. Bhd., Indera Permai Sdn. Bhd. and Jurudata Sdn. Bhd..
- (3) Deemed interested by virtue of the shareholding held by his spouse pursuant to Section 8 of the Act.

ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS-i”)

Total Number of Issued RCPS-i	: 2,396,862,035 RCPS-i
Class of Security	: RCPS-i
Voting Rights	: The RCPS-i holders shall not be entitled to vote or approve any shareholders’ resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made: <ol style="list-style-type: none"> i. when the preferential dividends or any part thereof is in arrears and unpaid for more than six (6) months; ii. on a proposal to reduce the Company’s share capital; iii. on a proposal for the disposal of substantially the whole of the Company’s property, business and undertaking; iv. on a proposal to wind-up the Company; v. during the winding-up of the Company; or vi. on any proposal that affects the rights and privileges attached to the RCPS-i.
Number of RCPS-i Holders	: 1,270

DISTRIBUTION BY SIZE OF RCPS-i HOLDINGS BASED ON RECORD OF DEPOSITORS

Size of RCPS-i Holdings	No. of RCPS-i Holders	% of RCPS-i Holders	No. of RCPS-i	% of RCPS-i
Less than 100	31	2.44	1,431	0.00
100 – 1,000	248	19.53	148,378	0.01
1,001 – 10,000	609	47.95	2,518,739	0.10
10,001 – 100,000	322	25.35	9,435,056	0.39
100,001 – less than 5% of issued RCPS-i	58	4.57	170,309,531	7.11
5% and above of issued RCPS-i	2	0.16	2,214,448,900	92.39
Total	1,270	100.00	2,396,862,035	100.00

THIRTY (30) LARGEST RCPS-i HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of RCPS-i Holders	No. of RCPS-i	%
1.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA	2,088,165,500	87.12
2.	PERMODALAN NASIONAL BERHAD	126,283,400	5.27
3.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA	37,261,480	1.55
4.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 2 – WAWASAN	33,200,000	1.39
5.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3	26,182,560	1.09
6.	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN IMBANG (MIXED ASSET BALANCED) 2	20,000,000	0.83
7.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3 – DIDIK	15,021,696	0.63

ANALYSIS OF SHAREHOLDINGS (CONT'D.)

AS AT 29 MAY 2020

No.	Name of RCPS-i Holders	No. of RCPS-i	%
8.	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	10,000,000	0.42
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	3,600,000	0.15
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL	3,096,378	0.13
11.	AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1	2,955,871	0.12
12.	MOHD JAMEL BIN ABDUL MUNIN	2,090,000	0.09
13.	MUHAMAD ALOYSIUS HENG	1,540,160	0.06
14.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR MORGANT STANLEY & CO. INTERNATIONAL PLC (CLIENT)	1,500,000	0.06
15.	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	1,469,640	0.06
16.	PERMODALAN NASIONAL BERHAD BUMIPUTERA WEALTH FUND	1,300,000	0.05
17.	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE CHIAH CHEANG	1,000,000	0.04
18.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE CHIAH CHEANG	1,000,000	0.04
19.	LIM GAIK BWAY @ LIM CHIEW AH	715,900	0.03
20.	TAN CHIA CHIN	588,000	0.02
21.	ZAINAL ABIDIN BIN MOHD KASSIM	539,900	0.02
22.	LAU CHUAN CHAI	448,800	0.02
23.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	438,000	0.02
24.	TOB WENG KIN	400,000	0.02
25.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR AZIZAN BIN ABD RAHMAN (PB)	280,000	0.01
26.	LIM CHOW SEN @ LIM CHOW SOON	280,000	0.01
27.	MOHD JAMEL BIN ABDUL MUNIN	280,000	0.01
28.	CHAI KIM SIN	235,000	0.01
29.	PFM CAPITAL SDN. BHD.	233,800	0.01
30.	LEE LAI FONG	224,000	0.01
	Total	2,380,330,085	99.29

DIRECTORS' RCPS-i HOLDINGS BASED ON REGISTER OF DIRECTORS' RCPS-i HOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of RCPS-i Held	%	No. of RCPS-i Held	%
Tan Sri Datuk Amar (Dr.) Hamid Bugo	78,291	0.00*	–	–
Tan Sri Dato' Seri Shahril Shamsuddin	–	–	–	–
Dato' Mohammad Azlan Abdullah	–	–	–	–
Syed Ali Syed Salem Alsagoff	–	–	–	–
Dato' Shahrizan Shamsuddin	–	–	–	–
Mohamed Rashdi Mohamed Ghazalli	39,145	0.00*	19,572 ⁽¹⁾	0.00*
Datuk Muhamad Noor Hamid	–	–	–	–
Datuk Ramlan Abdul Rashid	–	–	–	–
Dato' Roslina Zainal	–	–	–	–
Lim Tiang Siew	–	–	–	–

* Negligible

Note:

(1) Deemed interested by virtue of the shareholding held by his spouse pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS (CONT'D.)

AS AT 29 MAY 2020

WARRANTS 2019/2026 (“WARRANTS”)

Class of Security	: Warrants 2019/2026
Number of Warrants Not Exercised	: 998,692,020 Warrants
Number of Warrant Holders	: 5,013

DISTRIBUTION BY SIZE OF WARRANT HOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Warrant Holdings	No. of Warrant Holders	% of Total Warrant Holders	No. of Warrants	% of Total Warrants
Less than 100	144	2.87	6,800	0.00
100 – 1,000	770	15.36	415,474	0.04
1,001 – 10,000	1,316	26.25	6,335,217	0.63
10,001 – 100,000	1,800	35.91	86,597,063	8.67
100,001 – less than 5% of issued Warrants	981	19.57	722,004,133	72.30
5% and above of issued Warrants	2	0.04	183,333,333	18.36
Total	5,013	100.00	998,692,020	100.00

THIRTY (30) LARGEST WARRANT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Warrant Holders	No. of Warrants	%
1.	SAPURA TECHNOLOGY SDN. BHD.	133,333,333	13.35
2.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	50,000,000	5.01
3.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR JURUDATA SDN. BHD. (PB)	30,700,000	3.07
4.	RHB INVESTMENT BANK BERHAD IVT (ECM)	25,000,000	2.50
5.	LIM TSUI PHENG	21,121,066	2.11
6.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE AG (DUB CLT N-TREAT)	16,907,153	1.69
7.	RHB NOMINEES (TEMPATAN) SDN. BHD. RHB BANK BERHAD	11,970,900	1.20
8.	TAN SRI DATO' SERI SHAHRIL SHAMSUDDIN	11,822,608	1.18
9.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR YEO ENG TEE	10,800,000	1.08
10.	TAN YU WEI	10,608,333	1.06

No.	Name of Warrant Holders	No. of Warrants	%
11.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG	10,300,000	1.03
12.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	9,000,000	0.90
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN OIY POW (8045795)	7,000,000	0.70
14.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHI KAIN SANG	6,850,000	0.69
15.	TNAY MENG CHON	6,479,800	0.65
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOW YEE CHIN (KEBUN TEH-CL)	6,351,000	0.64
17.	QUEK CHIN HUI	6,200,000	0.62
18.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	6,031,535	0.60
19.	TOH EAN HAI	6,000,000	0.60
20.	MUHAMMAD AMIRUN NAZREEN BIN SAMSUL	5,850,000	0.59
21.	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW SOW LING @ HO SOW LING (CCTS)	5,200,000	0.52
22.	LIM GAIK BWAY @ LIM CHIEW AH	5,175,833	0.52
23.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG (E-KLC)	5,100,000	0.51
24.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	5,000,000	0.50
25.	LIM LEE AIK	5,000,000	0.50
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/KEN)	5,000,000	0.50
27.	TEE YONG	4,500,000	0.45
28.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOW YING CHOON	4,500,000	0.45
29.	PUBLIC INVEST NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	4,268,500	0.43
30.	HAM YEAN MING	4,131,000	0.41
	Total	440,201,061	44.06

**ANALYSIS OF
SHAREHOLDINGS (CONT'D.)**
AS AT 29 MAY 2020

DIRECTORS' WARRANT HOLDINGS BASED ON REGISTER OF DIRECTORS' WARRANT HOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of Warrants Held	%	No. of Warrants Held	%
Tan Sri Datuk Amar (Dr.) Hamid Bugo	98,649	0.01	–	–
Tan Sri Dato' Seri Shahril Shamsuddin	13,135,290	1.32	164,060,506 ⁽¹⁾	16.43
Dato' Mohammad Azlan Abdullah	–	–	–	–
Syed Ali Syed Salem Alsagoff	–	–	–	–
Dato' Shahrman Shamsuddin	–	–	164,060,506 ⁽¹⁾	16.43
Mohamed Rashdi Mohamed Ghazalli	31,310	0.00*	8,155 ⁽²⁾	0.00*
Datuk Muhamad Noor Hamid	–	–	–	–
Datuk Ramlan Abdul Rashid	–	–	–	–
Dato' Roslina Zainal	–	–	–	–
Lim Tiang Siew	–	–	–	–

* Negligible

Notes:

- (1) Deemed interested by virtue of being a substantial shareholder of Sapura Holdings pursuant to Section 8 of the Act. Sapura Holdings is a substantial shareholder of Sapura Technology Sdn. Bhd., Sapura Resources Berhad and Jurudata Sdn. Bhd.
- (2) Deemed interested by virtue of the shareholding held by his spouse pursuant to Section 8 of the Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Sapura Energy Berhad (“the Company”) will be conducted fully virtual for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform	: https://web.lumiagm.com (Remote Participation and Voting Platform)
Day and Date	: Wednesday, 15 July 2020
Time	: 10.00 a.m.
Broadcast Venue	: Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|--|
| <p>1. To receive the Audited Financial Statements of the Company for the financial year ended 31 January 2020 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A</p> | <p>Ordinary Resolution 1</p> |
| <p>2. To re-elect the following Directors who retire by rotation pursuant to Article 80 of the Constitution of the Company and who being eligible offer themselves for re-election:
(a) Dato’ Shahrman Shamsuddin
(b) Datuk Ramlan Abdul Rashid
Please refer to Explanatory Note B</p> | <p>Ordinary Resolution 2</p> |
| <p>3. To re-elect the following Directors who retire pursuant to Article 85 of the Constitution of the Company and who being eligible offer themselves for re-election:
(a) Dato’ Mohammad Azlan Abdullah
(b) Abdul Jalil Abdul Rasheed
(c) Syed Ali Syed Salem Alsagoff
(d) Lim Tiang Siew
Please refer to Explanatory Note B</p> | <p>Ordinary Resolution 3
Ordinary Resolution 4
Ordinary Resolution 5
Ordinary Resolution 6</p> |
| <p>4. To approve the payment of Directors’ fees and benefits up to an amount of RM4,500,000 to the Non-Executive Directors of the Company with effect from 16 July 2020 until the next Annual General Meeting of the Company in 2021.
Please refer to Explanatory Note C</p> | <p>Ordinary Resolution 7</p> |
| <p>5. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to determine their remuneration.
Please refer to Explanatory Note D</p> | <p>Ordinary Resolution 8</p> |

NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution, with or without modifications:

6. Authority for Directors to Allot and Issue Shares under Sections 75 and 76 of the Companies Act 2016

“THAT subject to the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of such issuance and that the Directors be and are also hereby empowered to obtain all necessary approvals from the relevant authorities for the issuance and the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

Please refer to Explanatory Note E

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

Ordinary Resolution 9

BY ORDER OF THE BOARD

AZNI ARIFFIN

(SSM Practicing Certificate No. 202008003324)

(LS 0008791)

Company Secretary

Seri Kembangan, Selangor Darul Ehsan

15 June 2020

Notes:

1. Mode of Meeting

The Ninth Annual General Meeting (“9th AGM”) of the Company will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders via the Remote Participation and Voting (“RPV”) Platform. Please follow the steps and procedures provided in the Administrative Notes for the 9th AGM of the Company in order to register, participate and vote remotely via the RPV Platform.

The primary mode of communication by shareholders for the 9th AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication is acceptable for the 9th AGM.

2. Venue

The venue of the 9th AGM is the Broadcast Venue which is the main venue and is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. Shareholders/proxy(ies) will not be allowed to attend the 9th AGM in person at the Broadcast Venue on the day of the 9th AGM of the Company.

3. Voting

All resolutions in the Notice of the 9th AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities via the RPV Platform.

4. Proxy(ies)

A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of the members of the Company, subject to the Constitution of the Company.

A member entitled to attend and vote at the 9th AGM is entitled to appoint up to two (2) proxies to attend and vote on a poll in his stead. A proxy may, but need not be a member of the Company and there is no restriction as to the qualification of the proxy.

Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

The instrument appointing a proxy must be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 13 July 2020 at 10.00 a.m. or any adjournment thereof.

Alternatively, the instrument appointing a proxy may be deposited via electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 13 July 2020 at 10.00 a.m. or any adjournment thereof.

5. Corporate Representatives

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 9th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333(5) of the Companies Act 2016, the corporate member shall provide a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

6. Members Entitled to Attend

For the purpose of determining a member who shall be entitled to attend the 9th AGM in accordance with Article 59(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 8 July 2020. Only a depositor whose name appears on the Record of Depositors as at 8 July 2020 shall be entitled to attend the 9th AGM or appoint proxies to attend and/or vote on his/her behalf.

7. Notes to holders of the Islamic Redeemable Convertible Preference Shares ("RCPS-i")

The holders of the RCPS-i shall be entitled to attend the 9th AGM but have no right to vote at the said meeting. The voting rights of the RCPS-i holders are detailed in the Constitution of the Company.

8. Explanatory Note A

This Agenda is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution, the Audited Financial Statements need not be approved by the shareholders and hence, the matter will not be put forward for voting.

9. Explanatory Note B for Ordinary Resolutions 1 to 6

Article 80 of the Company's Constitution expressly states that in every subsequent Annual General Meeting, at least one-third (1/3) of the Directors for the time being or the number nearest to one-third (1/3) shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years and the retiring Directors shall be eligible to seek for re-election thereof.

Pursuant to Article 80, Dato' Shahrman Shamsuddin and Datuk Ramlan Abdul Rashid are standing for re-election at the 9th AGM.

Article 85 of the Company's Constitution stipulates that any newly appointed Director shall hold office only until the next Annual General Meeting of the Company at which the Director is due to retire under this Article, but shall then be eligible for re-election.

Pursuant to Article 85, Dato' Mohammad Azlan Abdullah, Abdul Jalil Abdul Rasheed, Syed Ali Syed Salem Alsagoff and Lim Tiang Siew are standing for re-election at the 9th AGM.

The Board has conducted an assessment and satisfied on the independence of the Independent Directors and the skills, experience, character, integrity, competency and contribution of all Directors who are seeking for re-election at the 9th AGM under Articles 80 and 85 of the Company's Constitution.

The profiles of the Directors standing for re-election are provided on pages 55, 58, 59, 60, 63 and 65 of this Annual Report.

10. Explanatory Note C for Ordinary Resolution 7

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company will have to be approved at a general meeting.

The amount of up to RM4,500,000 (2019: RM5,600,000) under the proposed Ordinary Resolution 7 comprising Directors' fees and benefits to Non-Executive Directors of the Company is estimated for the period from 16 July 2020 until the next Annual General Meeting of the Company to be held in 2021.

The proposed amount is approximately a 20% reduction from the amount approved at the last AGM on 18 July 2019 (RM5,600,000) upon taking into consideration the current economic situation and performance of the Company.

In determining the estimated total amount of Directors' fees and benefits payable for the Non-Executive Directors of the Company, the Board has agreed for a reduction of Board fees and restructuring of Board Committees.

Benefits for Non-Executive Chairman of the Company comprising medical and insurance coverage, car allowance, driver, petrol and other claimable benefits. Benefits for other Non-Executive Directors comprises medical and insurance coverage and other claimable benefits.

Payment of Directors' fees will be made on a quarterly basis and/or as and when incurred.

11. Explanatory Note D for Ordinary Resolution 8

The Board Audit Committee and the Board have considered the re-appointment of Ernst & Young PLT as Auditors of the Company following the annual assessment of the suitability and independence of the Auditors and collectively agreed that Ernst & Young PLT have met the relevant criteria prescribed by Paragraph 15.21 of Main Market Listing Requirements of Bursa Securities.

12. Explanatory Note E for Ordinary Resolution 9

Subject to the Main Market Listing Requirements of Bursa Securities, the proposed Ordinary Resolution 9 is for the purpose of granting a renewed mandate and if passed, would enable the Directors to issue up to a maximum of ten per centum (10%) of the total number of issued shares of the Company as at the date of such issuance ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Renewed Mandate will enable Directors to take swift action in case of a need for corporate exercises or funds raising activities or in the event business opportunities arise which involve issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. Proceeds raised from the corporate exercises or funds raising activities will be utilised for funding future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no new shares were issued pursuant to the mandate granted to the Directors at the Eighth Annual General Meeting held on 18 July 2019 which will lapse at the conclusion of this 9th AGM.

NOTICE OF THE POSTPONED ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Postponed Ninth Annual General Meeting of Sapura Energy Berhad (“the Company”) will be conducted fully virtual for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Meeting Platform : <https://web.lumiagm.com> (Remote Participation and Voting Platform)
 Day and Date : Thursday, 30 July 2020
 Time : 10.00 a.m.
 Broadcast Venue : Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik
 The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 January 2020 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A
2. To re-elect the following Directors who retire by rotation pursuant to Article 80 of the Constitution of the Company and who being eligible offer themselves for re-election:
 - (a) Dato’ Shahrman Shamsuddin **Ordinary Resolution 1**
 - (b) Datuk Ramlan Abdul Rashid **Ordinary Resolution 2**
 Please refer to Explanatory Note B
3. To re-elect the following Directors who retire pursuant to Article 85 of the Constitution of the Company and who being eligible offer themselves for re-election:
 - (a) Dato’ Mohammad Azlan Abdullah **Ordinary Resolution 3**
 - (b) Syed Ali Syed Salem Alsagoff **Ordinary Resolution 4**
 - (c) Lim Tiang Siew **Ordinary Resolution 5**
 Please refer to Explanatory Note B
4. To approve the payment of Directors’ fees and benefits up to an amount of RM4,500,000 to the Non-Executive Directors of the Company with effect from 31 July 2020 until the next Annual General Meeting of the Company in 2021.
Please refer to Explanatory Note C **Ordinary Resolution 6**
5. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to determine their remuneration.
Please refer to Explanatory Note D **Ordinary Resolution 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution, with or without modifications:

6. **Authority for Directors to Allot and Issue Shares under Sections 75 and 76 of the Companies Act 2016**

“THAT subject to the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of such issuance and that the Directors be and are also hereby empowered to obtain all necessary approvals from the relevant authorities for the issuance and the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

Please refer to Explanatory Note E

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

Ordinary Resolution 8

BY ORDER OF THE BOARD

AZNI ARIFFIN

(SSM Practicing Certificate No. 202008003324)

(LS 0008791)

Company Secretary

Seri Kembangan, Selangor Darul Ehsan

30 June 2020

Notes:

1. **Mode of Meeting**

The Postponed Ninth Annual General Meeting (“Postponed 9th AGM”) of the Company will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders via the Remote Participation and Voting (“RPV”) Platform. Please follow the steps and procedures provided in the Administrative Notes for the Postponed 9th AGM of the Company in order to register, participate and vote remotely via the RPV Platform.

The primary mode of communication by shareholders for the Postponed 9th AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication is acceptable for the Postponed 9th AGM.

2. **Venue**

The venue of the Postponed 9th AGM is the Broadcast Venue which is the main venue and is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. Shareholders/proxy(ies) will not be allowed to attend the Postponed 9th AGM in person at the Broadcast Venue on the day of the Postponed 9th AGM of the Company.

3. **Voting**

All resolutions in the Notice of the Postponed 9th AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities via the RPV Platform.

4. **Proxy(ies)**

A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of the members of the Company, subject to the Constitution of the Company.

A member entitled to attend and vote at the Postponed 9th AGM is entitled to appoint up to two (2) proxies to attend and vote on a poll in his stead. A proxy may, but need not be a member of the Company and there is no restriction as to the qualification of the proxy.

Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

NOTICE OF THE POSTPONED ANNUAL GENERAL MEETING (CONT'D.)

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

The instrument appointing a proxy must be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 28 July 2020 at 10.00 a.m. or any adjournment thereof.

Alternatively, the instrument appointing a proxy may be deposited via electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 28 July 2020 at 10.00 a.m. or any adjournment thereof.

5. Corporate Representatives

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the Postponed 9th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333(5) of the Companies Act 2016, the corporate member shall provide a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

6. Members Entitled to Attend

For the purpose of determining a member who shall be entitled to attend the Postponed 9th AGM in accordance with Article 59(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 July 2020. Only a depositor whose name appears on the Record of Depositors as at 23 July 2020 shall be entitled to attend the Postponed 9th AGM or appoint proxies to attend and/or vote on his/her behalf.

7. Notes to holders of the Islamic Redeemable Convertible Preference Shares ("RCPS-i")

The holders of the RCPS-i shall be entitled to attend the Postponed 9th AGM but have no right to vote at the said meeting. The voting rights of the RCPS-i holders are detailed in the Constitution of the Company.

8. Explanatory Note A

This Agenda is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution, the Audited Financial Statements need not be approved by the shareholders and hence, the matter will not be put forward for voting.

9. Explanatory Note B for Ordinary Resolutions 1 to 5

Article 80 of the Company's Constitution expressly states that in every subsequent Annual General Meeting, at least one-third (1/3) of the Directors for the time being or the number nearest to one-third (1/3) shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years and the retiring Directors shall be eligible to seek for re-election thereof.

Pursuant to Article 80, Dato' Shahrman Shamsuddin and Datuk Ramlan Abdul Rashid are standing for re-election at the Postponed 9th AGM.

Article 85 of the Company's Constitution stipulates that any newly appointed Director shall hold office only until the next Annual General Meeting of the Company at which the Director is due to retire under this Article, but shall then be eligible for re-election.

Pursuant to Article 85, Dato' Mohammad Azlan Abdullah, Syed Ali Syed Salem Alsagoff and Lim Tiang Siew are standing for re-election at the Postponed 9th AGM.

The Board has conducted an assessment and satisfied on the independence of the Independent Directors and the skills, experience, character, integrity, competency and contribution of all Directors who are seeking for re-election at the Postponed 9th AGM under Articles 80 and 85 of the Company's Constitution.

The profiles of the Directors standing for re-election are provided on pages 58, 59, 60, 63 and 65 of this Annual Report.

10. Explanatory Note C for Ordinary Resolution 6

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company will have to be approved at a general meeting.

The amount of up to RM4,500,000 (2019: RM5,600,000) under the proposed Ordinary Resolution 6 comprising Directors' fees and benefits to Non-Executive Directors of the Company is estimated for the period from 31 July 2020 until the next Annual General Meeting of the Company to be held in 2021.

The proposed amount is approximately a 20% reduction from the amount approved at the last AGM on 18 July 2019 (RM5,600,000) upon taking into consideration the current economic situation and performance of the Company.

In determining the estimated total amount of Directors' fees and benefits payable for the Non-Executive Directors of the Company, the Board has agreed for a reduction of Board fees.

Benefits for Non-Executive Chairman of the Company comprising medical and insurance coverage, car allowance, driver, petrol and other claimable benefits. Benefits for other Non-Executive Directors comprises medical and insurance coverage and other claimable benefits.

Payment of Directors' fees will be made on a quarterly basis and/or as and when incurred.

11. Explanatory Note D for Ordinary Resolution 7

The Board Audit Committee and the Board have considered the re-appointment of Ernst & Young PLT as Auditors of the Company following the annual assessment of the suitability and independence of the Auditors and collectively agreed that Ernst & Young PLT have met the relevant criteria prescribed by Paragraph 15.21 of Main Market Listing Requirements of Bursa Securities.

12. Explanatory Note E for Ordinary Resolution 8

Subject to the Main Market Listing Requirements of Bursa Securities, the proposed Ordinary Resolution 8 is for the purpose of granting a renewed mandate and if passed, would enable the Directors to issue up to a maximum of ten per centum (10%) of the total number of issued shares of the Company as at the date of such issuance ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Renewed Mandate will enable Directors to take swift action in case of a need for corporate exercises or funds raising activities or in the event business opportunities arise which involve issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. Proceeds raised from the corporate exercises or funds raising activities will be utilised for funding future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no new shares were issued pursuant to the mandate granted to the Directors at the Eighth Annual General Meeting held on 18 July 2019 which will lapse at the conclusion of this Postponed 9th AGM.

STATEMENT ACCOMPANYING NOTICE OF THE POSTPONED ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS AT THE POSTPONED NINTH ANNUAL GENERAL MEETING OF THE COMPANY

There is no individual standing for election as Director (excluding Directors standing for re-election).

Details of the Directors who are standing for re-election are provided in the “Profiles of Board of Directors” on pages 58, 59, 60, 63 and 65 of this Annual Report. Details of their interests in the securities of the Company are set out in the “Analysis of Shareholders” on pages 278, 281 and 284 of this Annual Report.

ADMINISTRATIVE NOTES – THE POSTPONED NINTH ANNUAL GENERAL MEETING (FULLY VIRTUAL)

DAY, DATE AND TIME

Thursday,
30 July 2020 at 10.00 a.m.

BROADCAST VENUE FOR THE MEETING

Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik
The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
("Broadcast Venue")

MODE OF MEETING

The Company's Postponed Ninth Annual General Meeting ("Postponed 9th AGM") will be conducted fully virtual via Remote Participation and Voting Platform ("RPV") in view of the COVID-19 outbreak and in line with the Guidance on the conduct of general meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and was recently revised on 18 June 2020 which includes any amendments and updates that may be made from time to time.

Shareholders are not allowed to attend the Postponed 9th AGM of the Company in person at the Broadcast Venue on the day of the meeting. The Broadcast Venue which is the main venue is for the purpose of compliance with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting ("Chairman") to be present at the main venue of the Postponed 9th AGM.

HOW TO JOIN THE MEETING

Step 1 – Register/Sign-up as Online User

[Note: The registration/sign-up as online user will be opened on 30 June 2020 and closed at 10.00 a.m. on 28 July 2020]

Register online with Boardroom Smart Investor Portal (for first time registration only) in the manner stated below. Please proceed to Step 2, if you have already registered/signed up with Boardroom Smart Investor Portal earlier.

- Access website <https://www.boardroomlimited.my>
- Click <<Login>> and click <<Register>> to sign-up as a user.
- Complete registration and upload softcopy of MyKad (front and back) or Passport.
- Please enter a valid email address and wait for Boardroom's email verification.
- Your registration will be verified and approved within one business day and an email notification will be provided.

Step 2 – Submit Request for Remote Participation User ID and Password

[Note: The registration for remote access will be opened on 30 June 2020 and closed at 10.00 a.m. on 28 July 2020]

Individual Members

- Login to www.boardroomlimited.my using your user ID and password from Step 1 above.
- Select "Virtual Meeting" from main menu and select the correct Corporate Event "**SAPURA ENERGY BERHAD NINTH (9TH) VIRTUAL ANNUAL GENERAL MEETING**".
- Read and agree to the terms & conditions and thereafter submit your request by clicking NEXT.
- Enter your CDS Account Number.

Corporate Shareholders

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
- Please provide a copy of corporate representative's MyKad (Front and Back) as well as his/her email address.

Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request. Authorised Nominee and Exempt Authorised Nominee must also provide a copy of the Proxy Holder's MyKad (Front and Back) as well as his/her email address.

For any of the above request:

- You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified.
- Upon system verification against the General Meeting Record of Depositor as at 23 July 2020, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
- Please note that the closing time to submit your request is at 10.00 a.m. on 28 July 2020 (48 hours before the commencement of the virtual AGM).
- The Login User Guide for participation, posing questions and voting at the Postponed 9th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

Step 3 – Login to RPV (<https://web.lumiagm.com>)

[The quality of the connectivity to the RPV for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

- The RPV will be opened for login starting one (1) hour before the commencement of the Postponed 9th AGM at 10.00 a.m. on 30 July 2020.
- Follow the steps given to you in the email along with your remote access user ID and password to login to the RPV Platform, Boardroom Smart Investor Portal. (refer to item (e) of step 2 above)
- The steps will also guide you on how to view live web cast, ask questions and vote.
- The live web cast will end and the messaging window will be disabled upon the Chairman announces the closure of the Postponed 9th AGM.
- You can then logout from the RPV.

VIRTUAL MEETING

1. In line with the Malaysian Code on Corporate Governance 2017 Practice 12.3, by conducting a fully virtual Annual General Meeting (“AGM”), this would allow greater participation as it facilitates electronic voting and remote shareholders’/proxies’ participation. With the Remote Participation and Voting Platform (“RPV”), you may exercise your right as a member/proxy holder of the Company to participate remotely (including to pose questions to the Board of Directors and/or Management of the Company) and vote via electronic voting at the virtual AGM.
2. Alternatively, you may also appoint the Chairman as your proxy to attend and vote on your behalf at the virtual AGM.

PROXY

1. Shareholders are encouraged to go online, participate, and vote at the Postponed 9th AGM using RPV. Shareholders who are unable to join the virtual AGM are encouraged to appoint the Chairman or their proxy to vote on their behalf.
2. If you wish to attend the virtual AGM yourself, please do not submit any Proxy Form. You will not be allowed to attend the virtual AGM together with a proxy appointed by you.
3. The Proxy Form can be deposited with the Share Registrars, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or by electronic means through the Share Registrar’s website, Boardroom Smart Investor Online Portal, not later than forty-eight (48) hours before the Meeting, i.e., no later than 28 July 2020 at 10.00 a.m. Kindly follow the link at <https://www.boardroomlimited.my/> to login and deposit your Proxy Form electronically.

REMOTE PARTICIPATION AND ELECTRONIC VOTING

1. Please note that the remote participation and electronic voting is available to:
 - (i) Individual member;
 - (ii) Corporate shareholder;
 - (iii) Authorised Nominee; and
 - (iv) Exempt Authorised Nominee.

2. If you choose to participate in the virtual AGM, you will be able to view a live webcast of the AGM proceedings, pose questions to the Board, and submit your votes in real-time whilst the meeting is in progress.

VOTING

1. The voting will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
2. The Company has appointed Boardroom Share Registrars Sdn. Bhd. as the poll administrator to conduct the poll by way of electronic voting (“E-Voting”) and Boardroom Corporate Services Sdn. Bhd. as scrutineers to verify the poll result.
3. During the AGM, real-time voting will be implemented and the Chairman will make the declaration of the poll result of each resolution after completion of voting for each resolution.
4. For the purposes of this AGM, E-Voting will be carried via personal smart mobile phones , tablets  or laptops .
5. There are three (3) methods for members and proxies who wish to use their personal voting device to vote remotely. The methods are:
 - (i) Download the free Lumi AGM from Apple App Store or Google Play Store prior to the meeting; OR
 - (ii) Use QR Scanner Code given to you in the email received after successful registration; OR
 - (iii) Go to the website with URL <https://web.lumiagm.com>.

PROCEDURES DURING ONLINE AGM

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

You must ensure that you are connected to the internet at all times in order to participate and vote when the AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

NO VOUCHERS AND DOOR GIFTS

There will be no voucher(s) or any door gift(s) for shareholders/proxies who participate in the Postponed 9th AGM.

ANNUAL REPORT

The Annual Report 2020 is available on Bursa Malaysia Securities Berhad’s website at www.bursamalaysia.com under Company Announcements of Sapura Energy Berhad and also at the Company’s website at www.sapuraenergy.com. Alternatively, you may scan the QR code which is printed on the 9th AGM Postcard which was circulated to shareholders on 15 June 2020 (“AGM Postcard”) for the Annual Report 2020. No CD-ROM for Annual Report 2020 be provided to shareholders.

If you do require a printed copy of the Annual Report 2020, please contact the contact number below or complete the Requisition Form printed on the AGM Postcard and mail it to Cik Hastini Hassim of Boardroom Share Registrars Sdn. Bhd. whose contact details are listed below. Please take note that the printed copy of Annual Report 2020 will only be available from 10 July 2020 onwards:

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone Number

General Line : +603-7890 4700
Hastini Hassim : +603-7890 4702
Hastini.Hassim@boardroomlimited.com

ENQUIRIES

If you have any queries prior to the meeting, please contact the following persons during office hours:

Sapura Energy Berhad

Sapura@Mines
No. 7, Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia

Telephone Number

Azrim Akhtar Abdul Karim : +603-8659 9204
Muhammad Farid Dzulkapri : +603-8659 9212

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PROXY FORM



Sapura Energy Berhad
Registration No: 201101022755 (950894-T)
(Incorporated in Malaysia)

CDS Account No.		
Total No. of ordinary shares held		
No. of ordinary shares to be represented by each proxy	Proxy 1	Proxy 2

I/We _____
(Full Name as per NRIC/Passport/Certificate of Incorporation in Capital Letters)

NRIC No./Passport No./Certificate of Incorporation No. _____

of _____
(Full Address)

being a Member of SAPURA ENERGY BERHAD, do hereby appoint _____
(Full Name as per NRIC/Passport in Capital Letters)

NRIC No./Passport No. _____
of _____
(Full Address & Email Address)

or failing him/her, _____
(Full Name as per NRIC/Passport in Capital Letters)

NRIC No./Passport No. _____
of _____
(Full Address & Email Address)

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Postponed Ninth Annual General Meeting of Sapura Energy Berhad ("the Company") that will be conducted fully virtual via Remote Participation and Voting Platform (<https://web.lumiagm.com>) at the Broadcast Venue at Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia on Thursday, 30 July 2020 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/her discretion.

Resolutions		For	Against
ORDINARY RESOLUTION 1	Re-election of Dato' Shahrman Shamsuddin as Director of the Company		
ORDINARY RESOLUTION 2	Re-election of Datuk Ramlan Abdul Rashid as Director of the Company		
ORDINARY RESOLUTION 3	Re-election of Dato' Mohammad Azlan Abdullah as Director of the Company		
ORDINARY RESOLUTION 4	Re-election of Syed Ali Syed Salem Alsagoff as Director of the Company		
ORDINARY RESOLUTION 5	Re-election of Lim Tiang Siew as Director of the Company		
ORDINARY RESOLUTION 6	Payment of Directors' fees and benefits up to an amount of RM4,500,000 to the Non-Executive Directors of the Company with effect from 31 July 2020 until the next Annual General Meeting of the Company in 2021		
ORDINARY RESOLUTION 7	Re-appointment of Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to determine their remuneration		
ORDINARY RESOLUTION 8	Authority for Directors to Allot and Issue Shares under Sections 75 and 76 of the Companies Act 2016		

Signature/Common Seal of Shareholder

Dated this _____ day of _____ 2020



NOTES:

1. A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of the members of the Company, subject to the Constitution of the Company.
2. A member entitled to attend and vote at the Postponed Ninth Annual General Meeting ("Postponed 9th AGM") is entitled to appoint up to two (2) proxies to attend and vote on a poll in his stead. A proxy may, but need not be a member of the Company and there is no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.
6. The instrument appointing a proxy must be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the

holding of the meeting, i.e., no later than 28 July 2020 at 10.00 a.m. or any adjournment thereof. Alternatively, the instrument appointing a proxy may be deposited via electronic means through the Share Registrar's website. Boardroom Smart Investor Online Portal. Kindly follow the link at <https://www.boardroomlimited.my> to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 28 July 2020 at 10.00 a.m. or any adjournment thereof.

7. Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the Postponed 9th AGM will be put to vote on a poll.
8. By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this Postponed Annual General Meeting and any adjournment thereof.

Notes to holders of the Islamic Redeemable Convertible Preference Shares ("RCPS-i")

The holders of the RCPS-i shall be entitled to attend the Postponed 9th AGM but have no right to vote at the said meeting. The voting rights of the RCPS-i holders are detailed in the Constitution of the Company and also as highlighted on page 279 of the Analysis of Shareholdings under Voting Rights for RCPS-i.

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STAMP

**SHARE REGISTRAR OF
SAPURA ENERGY BERHAD**

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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sapuraenergy.com



fb.com/sapuraenergy



@sapuraenergy

Sapura Energy Berhad 201101022755 (950894-T)

No. 7, Jalan Tasik, The Mines Resort City,
43300 Seri Kembangan,
Selangor, Malaysia

T : (6)03 8659 8800

F : (6)03 8659 8873