

EMBRACING

THE ENERGY TRANSITION



THANK



YOU

FOR ALL YOUR EFFORTS IN 2020!

Our people,
our greatest asset.



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 Tenth Annual General Meeting (“10th AGM”) which will be held on a fully virtual basis on Tuesday, 27 July 2021 at 10.00 a.m. Enclosed herewith is a copy of the Annual Report 2021 inclusive of Audited Financial Statements of Sapura Energy for the financial year ended 31 January 2021 which also contains the Notice and Administrative Notes pertaining to the upcoming 10th AGM for your reference. ”

The Annual Report 2021 and Audited Financial Statements provide a comprehensive statement of our strategic direction, latest undertakings, achievements and awards, corporate responsibilities and initiatives, as well as the Company's financial disclosure for the shareholders' attention and review. These documents can also be accessed at the Company's website at www.sapuraenergy.com.

At the 10th AGM, 10 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 10th AGM. I hope that you will find the brief explanation helpful in order to make an informed decision.

At the 10th AGM, the Board is recommending for retirement and re-election of Directors in accordance with the following Articles of the Company's Constitution:

a) Article 80 of the Company's Constitution expressly states that in every subsequent 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 10th AGM, are as follows:

1. Dato' Mohammad Azlan Abdullah; and
2. Datuk Muhamad Noor Hamid.

b) Article 85 of the Company's Constitution stipulates that any newly appointed Director shall hold office only until the next following AGM of the Company at which the Director is due for retirement under this Article, when he shall retire but shall then be eligible for re-election. The Directors standing for re-election under Article 85 at the 10th AGM, are as follow:

1. Tan Sri Dato' Seri Shamsul Azhar Abbas;
2. Datuk Mohd Anuar Taib;
3. Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor;
4. Bernard Rene Francois Di Tullio;
5. Dato' Azmi Mohd Ali; and
6. Datuk Iain John Lo.

I also believe that you should be able to comprehend the rest of the agenda and proposed resolutions which include, amongst others, to receive the Audited Financial Statements, payment of Directors'

remuneration payable for the Non-Executive Directors of Sapura Energy, and re-appointment of the auditors, 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 10th AGM are in the best interest of the Company and its shareholders, and further recommend for you to vote in favour for all resolutions.

Due to the Coronavirus (“COVID-19”) outbreak and concern for the well-being and safety of our shareholders, you are required to attend the 10th AGM remotely and online through the Virtual Meeting Platform as described in the Administrative Notes of the 10th AGM of the Company.

I look forward to the 10th AGM to share the latest updates and activities concerning the Company.

Yours sincerely,

Tan Sri Dato' Seri Shamsul Azhar Abbas
Chairman

INSIDE THIS REPORT

04 Tribute to Tan Sri Dato' Seri
Shahril Shamsuddin

01 OVERVIEW OF SAPURA ENERGY

06 Our Aspiration
06 Who We Are
06 Our Core Values
07 Awards
07 Our Value Chain
07 Our Competitive Advantage
08 Facts at a Glance
10 Our Global Footprint
12 Health, Safety and Environment

02 KEY MESSAGES

14 Chairman's Statement
20 Group Chief Executive Officer's
Review

03 MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGY REVIEW

28 Our Operating Environment and
Outlook
29 Key Risks and Mitigation
33 Our Strategic Priorities
33 Strategic Performance Review
41 Our Financial Performance

BUSINESS UNIT PERFORMANCE REVIEWS

42 Engineering and Construction
48 Drilling
51 Exploration and Production

FINANCIAL REVIEW

54 5-Year Group Financial Highlights
55 5-Year Group Financial Summary
56 Financial Calendar

04 OUR LEADERSHIP

57 Group Organisational Structure
58 Corporate Information
60 Board of Directors
62 Profile of Board of Directors
73 Executive Committee Profile

05 CORPORATE GOVERNANCE

77 Corporate Governance
Overview Statement
93 Statement on Risk Management and
Internal Control
95 Report of Board Audit Committee
99 Additional Compliance Information
100 Statement of Directors'
Responsibility

06 OUR ECONOMIC, ENVIRONMENT AND SOCIAL JOURNEY ("EES")

101 Sustainability at Sapura Energy
102 Our Approach
104 Stakeholder Engagement
106 Managing Our Sustainability
Impacts
106 Environmental
116 Social
128 Governance
136 Calendar of Events

07 FINANCIAL STATEMENTS

140 Financial Statements

08 ADDITIONAL INFORMATION

265 Analysis of Shareholdings
273 Notice of Annual General Meeting
276 Statement Accompanying Notice of
Annual General Meeting
277 Administrative Notes – Tenth
Annual General Meeting (Fully
Virtual)
Proxy Form

COVER RATIONALE

As fundamental shifts take place in the oil and gas industry, Sapura Energy has kept pace with the changing times by forging ahead with strategies to position ourselves for long-term success. We are Embracing the Energy Transition by focusing on gas as the transition fuel, and building a presence in the renewables space. Our people, capabilities and assets are keys to our growth, setting us on a path of sustainable value-creation for Sapura Energy and our stakeholders.

Photo Acknowledgement

The photographs contained in this Annual Report were submitted by our own employees from locations across the globe.

Some photographs were sourced from our media library and were captured in previous years.

10TH ANNUAL GENERAL MEETING

Date: 27 July 2021, Tuesday

Time: 10.00 a.m.

Venue of the Meeting:

<https://web.lumiagm.com>
(Virtual Meeting Platform)
Malaysia



Scan this QR code
to download our
Annual Report 2021

Words cannot begin to describe the significance of Tan Sri Shahril Shamsuddin's contribution to Sapura Energy. Until his retirement in March 2021, Sapura Energy is synonymous with his name. As its founder, Tan Sri Shahril guided the Group every step of the way, playing an instrumental role in transforming us from a small local player into the global integrated energy solutions provider that we are today. Accomplishing this was by no means an easy task, and we have Tan Sri Shahril to thank, for his sheer determination, passion and perseverance in ensuring the Group's success. His actions have certainly spoken louder than any words could, and all of us here have been inspired by his strong leadership and will continue to be driven by the legacy he leaves behind.

Over the decades that he has helmed the Group, we have not only faced and overcome countless challenges but also proven our mettle time and again, competing head-to-head against the best on the global stage.

Much of this has been due to Tan Sri Shahril's vision and strategy, which began at the Group's inception and set us off on a journey built on solid foundations and a clear growth trajectory.

His strategic premise, while simple, was indeed visionary as it centred on two main ideas – investing in people and assets. These were the basic building blocks that Tan Sri Shahril believed held the key to success in a highly competitive and dynamic industry.

His intuition has served the Group well, as our technically robust teams continue to win accolade after accolade from the clients we work with in more than 20 countries. Backed by world-class assets that we have invested on, we are now sought after by the world's top oil & gas companies to help them advance their own businesses. Combined with Tan Sri Shahril's entrepreneurial mindset and determination to succeed, the Group has also valued innovation, and this has clearly set us apart as we offer greater reliability and the ability to be more competitively priced.



TRIBUTE

to Tan Sri Dato' Seri Shahril Shamsuddin



- Founder of Sapura Energy -

While driving strategy has been an important component of the Group's success, Tan Sri Shahril was also cognisant that getting the buy-in of all stakeholders was a critical ingredient in ensuring that the best decisions were made. Thus, it was Tan Sri Shahril's natural ability to garner feedback and promote debate positively and openly that enabled the best business decisions possible to further the Group's interest. We were given a common purpose through this, as we built and cultivated trust among all of us here at Sapura Energy, a characteristic for which the Group is well recognised.

Throughout the Group's journey, Tan Sri Shahril has also created many opportunities, purely based on the hard work put in. In our earlier days, his efforts and sacrifices to always ensure service excellence translated into a strong working relationship with the national oil corporation, PETRONAS. Knowing Tan Sri Shahril's entrepreneurial spirit meant a commitment to growing the Group and improving its reputation in the industry, PETRONAS was fully assured that it would be supported by a reliable service provider with a uniquely resilient DNA.

Over time, PETRONAS recognised our capabilities and potential to help champion Malaysia's interests in the global oil & gas arena, and with their earnest support, we accelerated our global market expansion.

The rest is history, as the saying goes. However, the very real and positive impact on the nation's economy cannot be ignored. Sapura Energy's multiplier effect on the Malaysian economy is an estimated RM89 billion over the last five years, including work worth billions of ringgit awarded to Malaysian vendors. We created thousands of jobs in Malaysia, providing exposure to Malaysian talents internationally, and produced leaders who now helm other Malaysian corporations. We also have more than 600 global employees who are proud to be part of Sapura Energy.

Not one to rest on his laurels, Tan Sri Shahril continued looking ahead, setting Sapura Energy on a promising future growth trajectory by leveraging our knowledge and expertise to harness renewable energy to power growth for future generations. We are assured that this next visionary step will continue to add significant value to our people and the Group's capabilities.

As we bid farewell to you, Tan Sri Shahril, we would once again like to record our most profound appreciation for all that you have done for Sapura Energy. Your legacy lives within all of us as we carry out your vision with vigour and confidence. We hope we will make you proud and continue to do things right as we keep the torch burning on our journey towards making Sapura Energy the most trusted and most technically capable energy company.

OUR ASPIRATION

To be a trusted and sustainable global energy and solutions company

WHO WE ARE

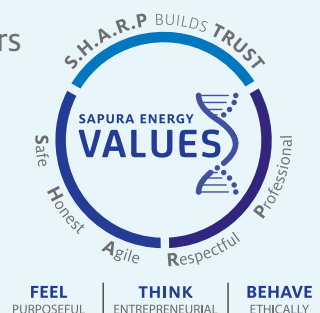
Sapura Energy Berhad is a global integrated energy services and solutions provider operating across the entire upstream value chain, including renewables. The Group's spectrum of capabilities covers exploration, development, production, rejuvenation, decommissioning, and abandonment.

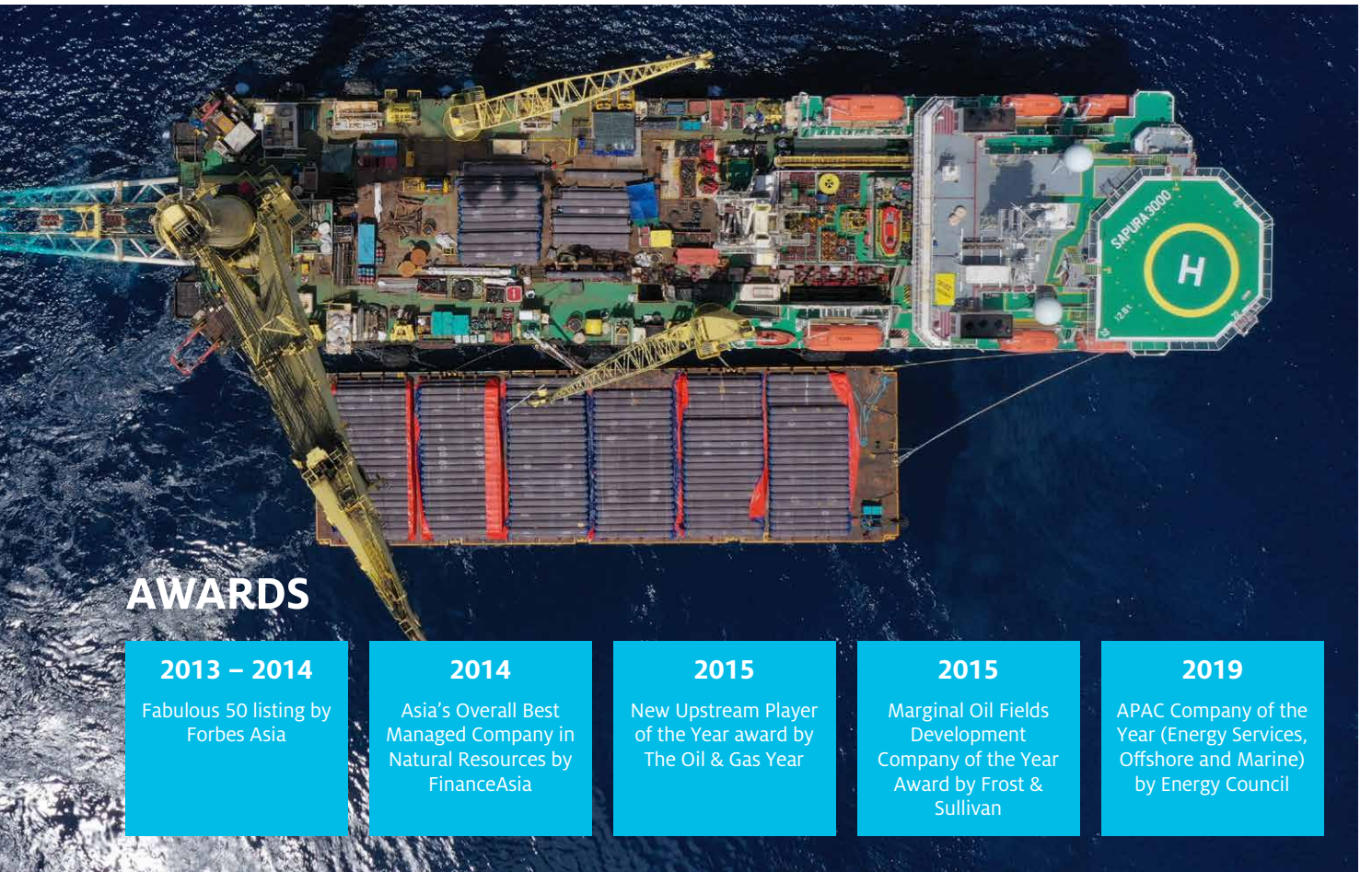
With a highly skilled and technically capable workforce, versatile strategic assets, and strong project management capabilities, the Group today delivers its integrated solutions and expertise in over 20 countries.

OUR CORE VALUES: S.H.A.R.P BUILDS TRUST

To achieve our business objectives, we will build **trust** with stakeholders by being **safe, honest, agile, respectful, and professional**.

We translate these values into the way we work: we **feel purposeful** in fulfilling our accountabilities, we **think entrepreneurially** to solve problems, and **behave ethically** when executing the work.





AWARDS

2013 – 2014

Fabulous 50 listing by Forbes Asia

2014

Asia’s Overall Best Managed Company in Natural Resources by FinanceAsia

2015

New Upstream Player of the Year award by The Oil & Gas Year

2015

Marginal Oil Fields Development Company of the Year Award by Frost & Sullivan

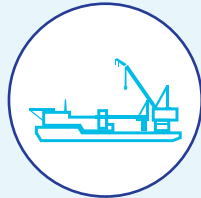
2019

APAC Company of the Year (Energy Services, Offshore and Marine) by Energy Council

OUR VALUE CHAIN



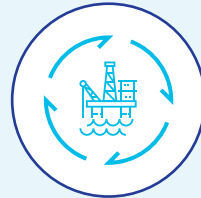
Exploration



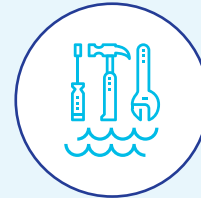
Development



Production



Rejuvenation



Decommissioning & Abandonment

OUR COMPETITIVE ADVANTAGE



In-House Capabilities in Engineering and Project Management



Customised and Fit-For-Purpose Solutions Across The Entire Upstream Value Chain



Experienced Leadership Team



A Portfolio of Versatile Strategic Assets

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 energy industry, including renewables. Supported by a highly capable and technically competent in-house engineering team, versatile strategic assets, and project management expertise, we deliver high quality services across the full EPCIC spectrum and adjacent markets.

- | | | | |
|--|---|--|--|
| ▶ 2
Major Fabrication Yards | ▶ 1
Minor Fabrication Yard | ▶ 6
Derrick Lay Vessels & Barges | ▶ 6
Pipe-lay Vessels |
| ▶ 1
Subsea Construction Vessel | ▶ 2
Diving Support Vessels | ▶ 4
Accommodation Boats & Barges | ▶ 1
Floatover Launch Barge |
| ▶ 2
Anchor Handling Tug Supply Vessels | ▶ 41
Remotely Operated Vehicles | ▶ 2
Survey Vessels | ▶ 1
Turbine Maintenance Centre |





DRILLING

With close to five decades of experience in tender-assist drilling operations, Sapura Energy's Drilling business is the owner and operator of the world's largest fleet of tender-assist drilling rigs. As the pioneer, 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 and production drilling programmes.

▶ **6**
Semi-Tender units

▶ **8**
Tender-Barge units



EXPLORATION AND PRODUCTION










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

▶ **6**
Producing Production Sharing Contracts

▶ **10**
Exploration Permits



OUR GLOBAL FOOTPRINT

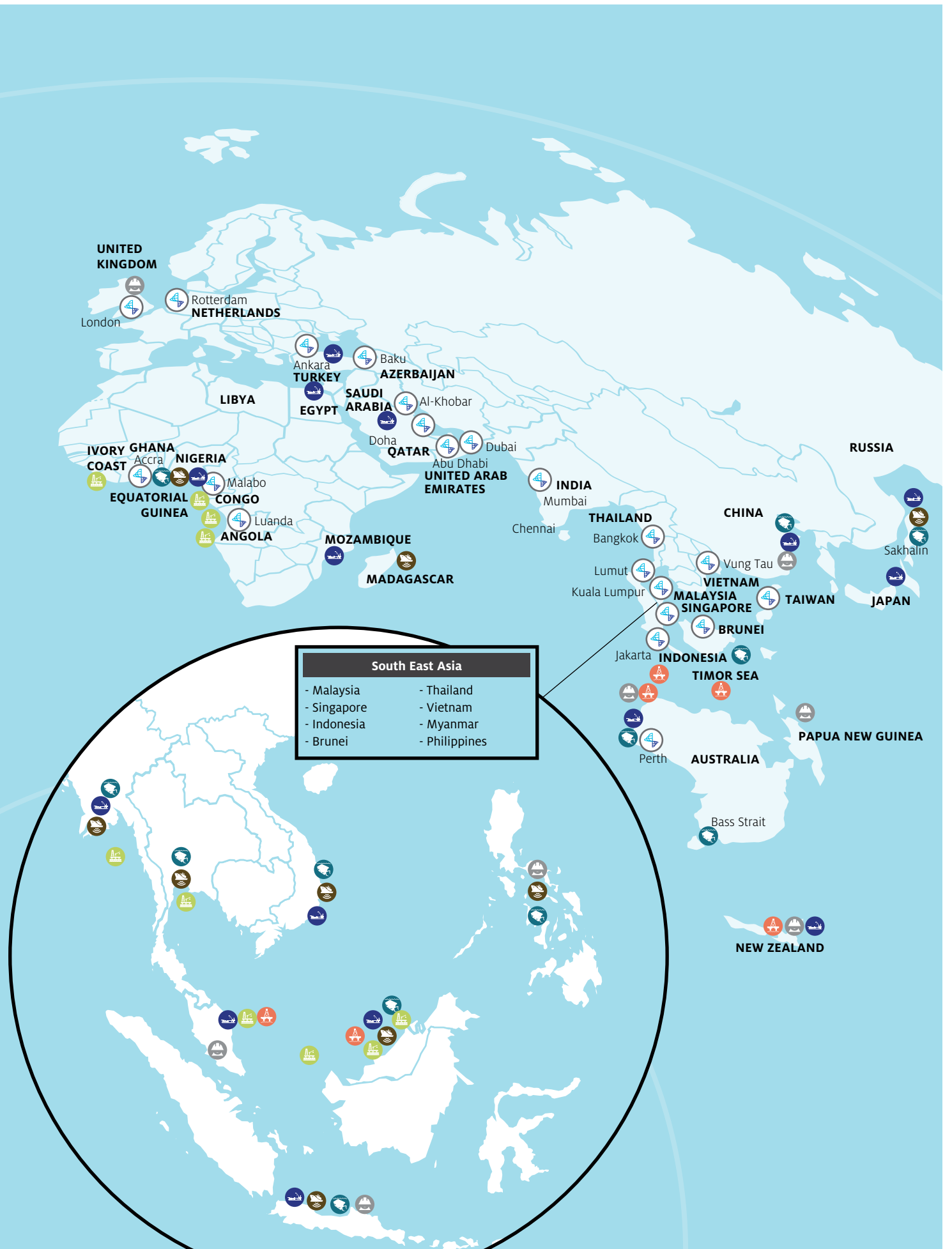
-  Our Locations
-  Installation of Pipelines & Facilities
-  Fabrication
-  Drilling
-  Marine, Diving & ROV Services
-  Engineering
-  Exploration & Production
-  Operations & Maintenance
-  Geotechnical / Geophysical Survey



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

The Sapura Energy values of building **trust** by being **safe, honest, agile, respectful and professional** (simplified as **S.H.A.R.P builds Trust**) – provide the framework for how we want to operate, collectively behave and what our people, clients, shareholders and the greater community at large can expect from us. These values define us in every aspect.

In line with these values, the Health, Safety and Environment (“HSE”) aspects of our business, and the high standards we constantly strive for, are key priorities across Sapura Energy Berhad (“Sapura Energy”) and its subsidiaries.

Keeping our employees safe is our ultimate responsibility as an employer. Safety goes beyond compliance and a license to operate – it is about genuine care for all personnel 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 and risks, all of which must be rigorously controlled in a disciplined manner through dynamic safety systems and strong and visible safety leadership with uncompromising integrity.

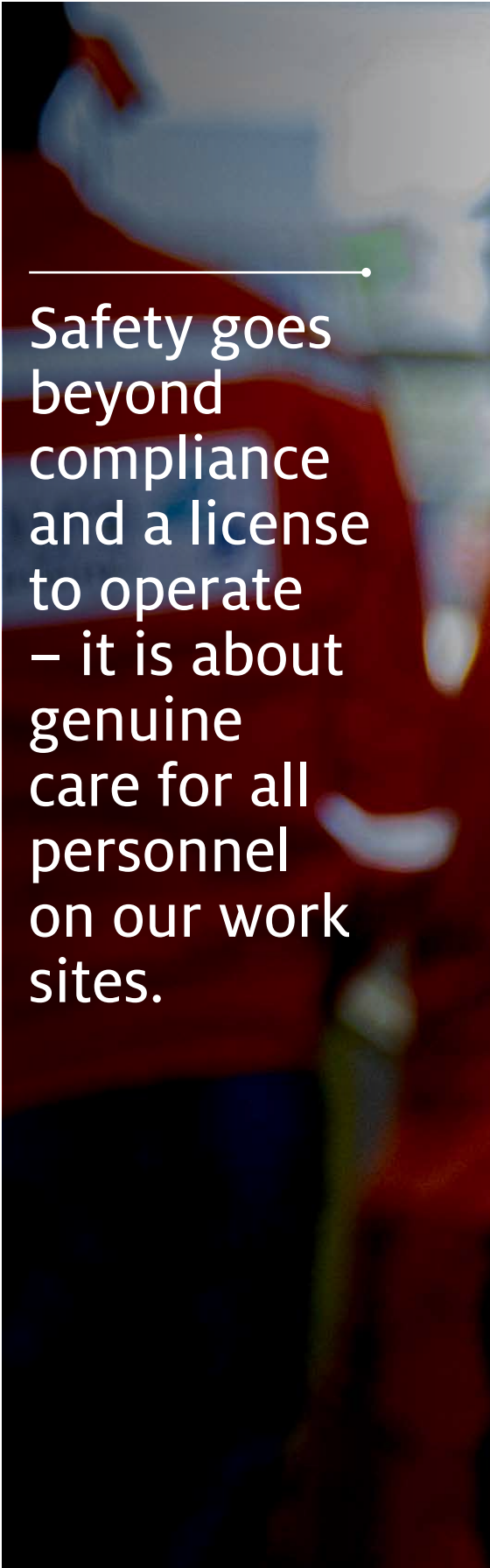
Notwithstanding the nature and breadth of our work on land and at sea, a harm-free workplace remains our objective every day and everywhere we operate. We will continue to further strengthen the safety culture and leadership amongst all our personnel to accomplish this objective.

The recent adoption of the International Association of Oil and Gas Producers (“IOGP”) Nine Life-Saving Rules is another step to support our zero-harm goal. It simplifies our standards and procedures and yet makes them more robust and easier to implement consistently. These important rules are backed by the knowledge and experience of our employees, who may exercise their Stop Work Authority, as empowered by our Group Chief Executive Officer (“GCEO”) whenever the situation is deemed unsafe. We will continue to further embed this strong safety culture, focusing on reinforcing the capabilities of our employees as well as utilising new technology to make our systems simpler, smarter and fit for purpose.

In FY2021, we upheld our commitment to the Industry-shared objective of improving overall safety performance, which was achieved through cooperation and transfer of experience 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 recognised with international HSE performance awards, which include notable milestone achievements during FY2021, both by our clients and national occupational health and safety (“OHS”) associations. We are also proud to have maintained our Group’s business unit ISO Certifications, which provide an external verification that we do indeed walk the talk, to meet our clients’ needs and to protect our people and the environment.

Our HSE recognitions and ISO certifications are listed in our Sustainability section on page 109.



Safety goes beyond compliance and a license to operate – it is about genuine care for all personnel on our work sites.

HEALTH, SAFETY AND ENVIRONMENT



CHAIRMAN'S STATEMENT



DEAR VALUED SHAREHOLDERS,

Thank you for continuing to support and invest in Sapura Energy throughout a difficult and unprecedented year. Financial Year 2021 (“FY2021”) had been a period like no other for Sapura Energy Berhad, as the COVID-19 pandemic posed significant challenges to our business, just as it did for the rest of the world.

TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS
Chairman, Non-Independent Non-Executive Director

CHAIRMAN'S STATEMENT

In this Annual Report, we are pleased to highlight the Group's resilience amidst the uncertainties of FY2021. Guided by the clear purpose of building a trusted and sustainable global energy and solutions company, the Sapura Energy team continued to deliver on commitments to stakeholders and advance the execution of our strategies. The organisational transformation that the Group initiated more than a year ago enabled us to navigate the uncertainty with agility and confidence.

The senior management, guided by our strengthened Boardroom, demonstrated expert leadership through their measured response to the global health crisis. We prioritised the safety of our people and fence-line communities, continued to deliver commitments to clients and stakeholders, and at the same time maintain the pace of continuous improvement within the organisation.

On behalf of the Board of Directors, I wish to extend my gratitude to the entire Sapura Energy team, for their commitment and sacrifices in delivering the Group's objectives. Thanks to the team's efforts, we are ready to begin Financial Year 2022 (“FY2022”) as a safe, nimble and robust organisation, with the tools and capabilities we need to achieve our global ambitions.

FY2021 was a landmark year for Sapura Energy in more ways than one. While the pandemic tested the Group's fundamental strength, internal transformations proved the Group's agility to positively adapt to change.

A PIVOTAL YEAR FOR OUR LEADERSHIP

FY2021 was a landmark year for Sapura Energy in more ways than one. While the pandemic tested the Group's fundamental strength, internal transformations proved the Group's agility to positively adapt to change.

In line with the Group's succession plan, our founder Tan Sri Shahril Shamsuddin announced his retirement in FY2021, and Datuk Mohd Anuar Taib was named his CEO-designate. In a seamless leadership transition, Tan Sri Shahril provided guidance and full support, ensuring Datuk Anuar was well-received by the organisation; and was able to hit the ground running immediately.

I would like to formally record the Board's utmost gratitude to Tan Sri Shahril for all that he has done for Sapura Energy. We would not be here today without his bold ambition to create a trusted, capable Malaysian energy company, and his pursuit to build it into a sustainable, world class competitor.

The boardroom saw other changes to its composition in FY2021 and the current year to date, as we bade farewell to Encik Abdul Jalil Abdul Rasheed, Tan Sri Datuk Amar (Dr.) Hamid Bugo, Dato' Roslina Zainal, Ms Gee Siew Yoong, Encik Mohamed Rashdi Mohamed Ghazalli and recently on 30 April 2021, Tuan Syed Ali Syed Salem Alsagoff.



We thank them for their immense contributions towards the progress and governance of Sapura Energy, throughout their tenures.

My appointment as Chairman of Sapura Energy at the end of July 2020 was both an honour and a national obligation. As a representative of the biggest shareholder, Permodalan Nasional Berhad, I am cognizant of our responsibility to the 14.5 million unitholders who entrust their life-savings to the national investment fund. The members of the Board and I owe the same duty to you as shareholder.

We are committed to fulfil our roles, as set out by the Malaysian Code on Corporate Governance (“MCCG”), to ensure resources and efforts are well-allocated to yield profitable, sustainable outcomes that enhance and protect your investments in Sapura Energy.

As part of our charge to oversee Board leadership and effectiveness, we continued to strengthen the collective skills and experience matrix of our directors.

In October 2020, the Group announced the appointment of Dato' Azmi Mohd Ali, a prominent lawyer in the oil and gas industry, to the Board of Directors. Leading chartered accountant Mr Lim Tiang Siew was named Independent Non-Executive Director in June 2020. The wisdom of both will further fortify the Board's capability in terms of risk management, corporate governance, and compliance.

We welcomed Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor in August 2020 and redesignated him as Senior Independent Non-Executive Director in September the same year. In May 2021, we appointed Datuk Iain John Lo and Mr Bernard Di Tullio to the Board. All three gentlemen, well-respected stalwarts of the energy industry, bring several decades of international leadership experience to the Group.

CHAIRMAN'S STATEMENT

The inclusion of new directors will create frank, open, and respectful conversations in the boardroom, thus helping us to make the best considered decisions. Healthy challenge enables us to test assumptions and the information presented to directors. The dynamics between a vastly knowledgeable Board and a highly competent senior management team will tremendously benefit the Group's ambition to embrace the energy transition.

- **The inclusion of new directors will create frank, open, and respectful conversations in the boardroom, thus helping us to make the best considered decisions. The dynamics between a vastly knowledgeable Board and a highly competent senior management team will tremendously benefit the Group's ambition to embrace the energy transition.**

TURNING POINT IN FINANCIAL PERFORMANCE

Notwithstanding the global pandemic, Sapura Energy reaped the fruits of operational improvements made within the last few years. In FY2021, the Group remained operationally profitable, posting earnings before interest, tax, depreciation, and amortisation ("EBITDA") of RM809.7 million on the back of RM5.3 billion in revenue.

The results represented an EBITDA margin of 15 percent, a commendable performance that signals the Group's positive turnaround.

Sapura Energy recorded a loss-after-tax and minority interest of RM160.9 million, a significant improvement on the RM4.6 billion loss-after-tax and minority interest posted in the previous financial year.

Reflective of the pandemic's disruptive impact on the energy industry, the Group's revenue declined 17 percent year-on-year to RM5.3 billion.

Despite the difficult operating conditions, we are proud to report that the Group's Engineering & Construction ("E&C") and Drilling segments completed 20 major projects for clients in five continents. Meanwhile, the Group's Exploration & Production ("E&P") arm doubled its production rate to 30 thousand barrels of oil equivalent per day following the safe start-up of its SK408 block during the height of the pandemic.

We are also pleased to note considerable progress in the Acceleration Programme, the Group's comprehensive optimisation plan launched in 2019. The Acceleration Programme aims to generate savings valued at RM1.3 billion, of which more than half has been implemented to date, boosting operational productivity, procurement efficiency, and commercial opportunities. In response to the pandemic, the Group also rolled out several austerity measures to reduce overheads, including salary reductions and a workforce right-sizing exercise.



CHAIRMAN'S STATEMENT

To improve financial headroom and liquidity in preparation for future growth, Sapura Energy completed a planned refinancing exercise and secured additional working capital facilities, in line with its long-term capital management programme.

DIVIDENDS

While Sapura Energy recognises the importance of dividends to our shareholders, there is a need to consider the ongoing and exceptional circumstances created by the COVID-19 pandemic. As a result, the Board has decided not to recommend an interim or final dividend for the year ending 31 January 2021. The Board will keep future dividends under review.

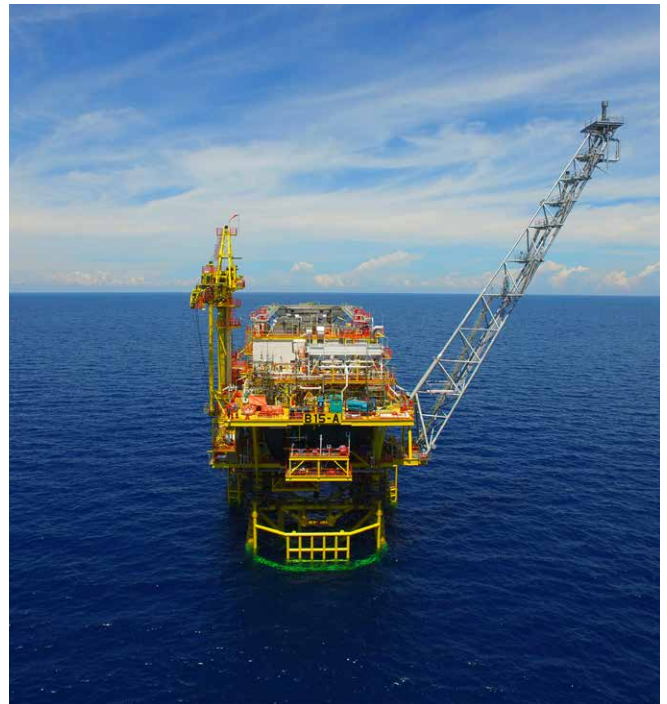
CREATING A STRONG FRAMEWORK FOR TRANSPARENCY AND CREDIBILITY

As a listed company with considerable public equity, the Board is committed to ensuring Sapura Energy operates with transparency, accountability, and responsibility. Our oversight covers Board leadership and effectiveness, effective audit and risk management, integrity in corporate reporting, and meaningful relationships with stakeholders. These principles, outlined in MCCG, are key components in building trust and credibility with shareholders, and therefore essential to our purpose of becoming a trusted and sustainable global energy and solutions company.

■ **Sapura Energy's entrepreneurial spirit was instrumental in the Group's rise from local oil & gas player to an international energy solutions provider. In the next phase of its journey, Sapura Energy must build upon these foundations and enhance the Group's structure and corporate governance to match the growing breadth of the Group's businesses.**

Sapura Energy's entrepreneurial spirit was instrumental in the Group's rise from local oil & gas player to an international energy solutions provider. In the next phase of its journey, Sapura Energy must build upon these foundations and enhance the Group's structure and corporate governance to match the growing breadth of the Group's businesses.

As part of this commitment, the Board Charter was updated in September 2020. The Governance Framework for the Group, which delegates the Board's specific powers to the relevant Board committees and the GCEO, has been streamlined to improve the effective discharge of the Board's functions and responsibilities.




In particular, the Board agreed to merge the Board Nomination Committee, Board Remuneration Committee and Long-Term Incentive Plan Committee, into a single entity known as the Board Nomination and Remuneration Committee.

The Board also reviewed and approved the Revised Limits of Authority, which specify the levels of approvals and parameters of authority cascaded from the Board to the senior management.

Pursuant to this, the Board and senior management worked together to revamp the Group's business structure, creating an organisation designed for clear accountabilities, enhanced collaboration, and long-term sustainability. Under the new structure, the business has been organised into four segments, namely Engineering & Construction, Operations & Maintenance, Drilling, and Exploration & Production; with support from Corporate functions. Reporting on the Group's activities will be based on these four segments, moving forward.

Corresponding to the new corporate structure, there will be further review of the Revised Limits of Authority, which will further refine accountabilities and enable the management to focus on results and performance. Ultimately, our aim is to better institutionalise the Group's decision-making process and further enhance our framework for controls, to mitigate risks.

 A more detailed account of the actions we took to enhance the Group's governance structure and effectiveness can be found in the Corporate Governance Overview Statement on page 77 of this Annual Report.

CHAIRMAN'S STATEMENT



BLUEPRINT FOR A SUSTAINABLE FUTURE

The Board of Directors heeds the timely call by Bursa Malaysia to anchor post-pandemic recovery on social impact and environmental stewardship, as COVID-19 brought heightened awareness of long-term sustainability risks to businesses. Increasingly, investors are measuring the future performance of companies through the lens of Environmental, Social, and Governance (“ESG”) factors and non-financial considerations.

Sapura Energy aims to help economies achieve the United Nations Sustainable Development Goals of providing reliable, clean, and affordable energy to power sustainable economic recovery. The Group has taken deliberate steps to embrace the energy transition to cleaner fuel and renewable sources, by prioritising gas developments in our E&P portfolio and major projects; and by focusing on offshore wind to begin our journey into renewable energy.

This commitment will be further enhanced in the coming years, as Sapura Energy leverages on its technical expertise and versatile strategic assets, to create a position in a decarbonising world.

The Board of Directors and senior management have collaborated to chart the next steps in the Group’s sustainability journey. These steps, contained in a broad five-year strategic plan, would be implemented in three phases, transforming the Group’s performance, processes and portfolio, before completing its shift into renewable energy.

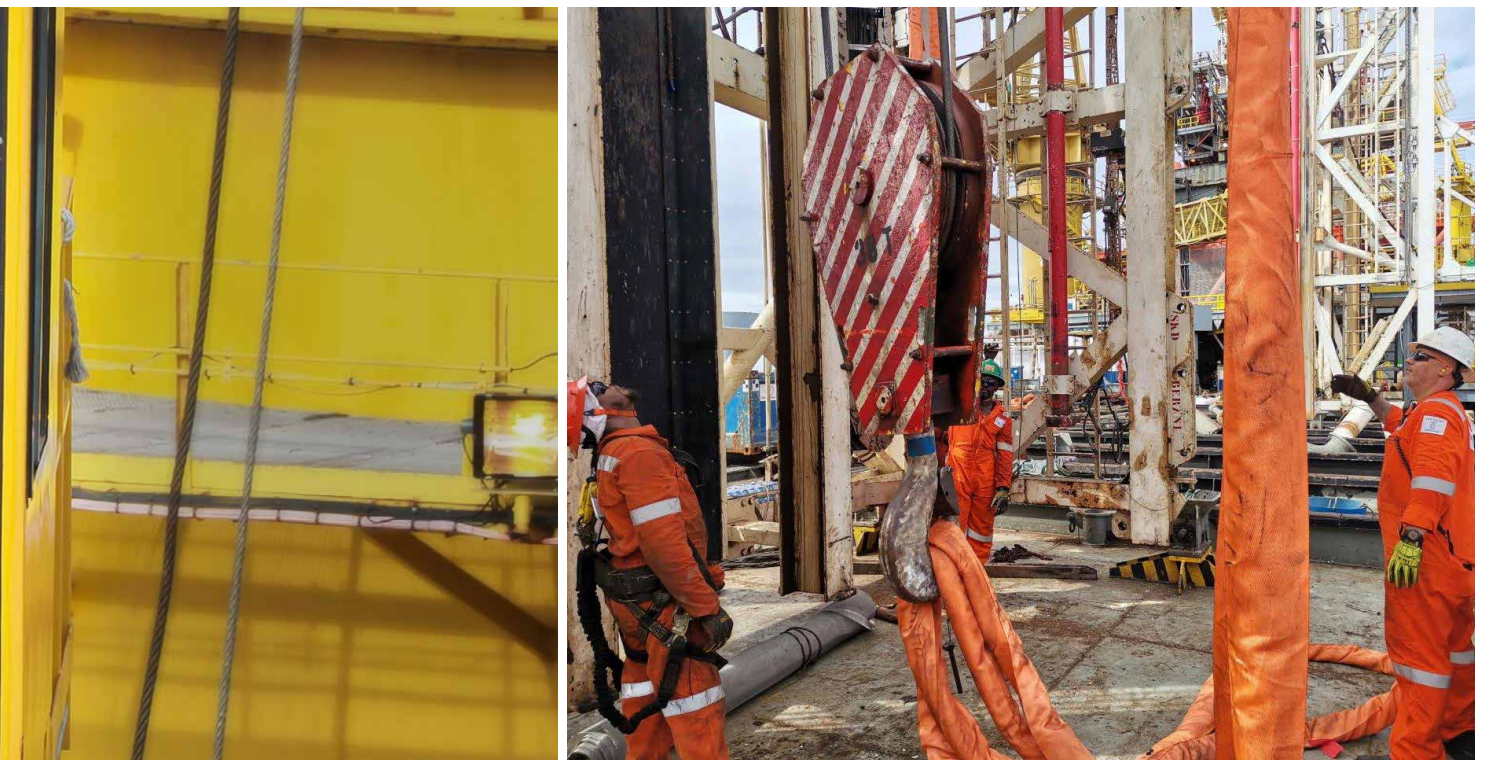
We are heartened to note that the Group has also begun efforts to green its operations, by eliminating waste and inefficiencies through digitalisation, standardisation, and cost optimisation.

In line with the United Nations’ Sustainable Development Goal to mitigate heightened inequality and promote inclusive economic growth, Sapura Energy continues to generate multiplier effects to the Malaysian economy and in other countries where we operate, creating business linkages, decent jobs, and improved living standards for all.

Nevertheless, Sapura Energy acknowledges that more can be done to innovatively implement sustainable practices within the business. We will be guided by the latest updates in the MCCG, which benchmarks the way we manage ESG risks and opportunities, through best practices for collective action by the Board and senior management. This will be the Group’s next focus as it strives to be a positive force for people and the planet, by playing a meaningful part in sustainable economic growth and low carbon energy deployment.

■ **More can be done to innovatively implement sustainable practices within the business. This will be the Group’s next focus as it strives to be a positive force for people and the planet.**

CHAIRMAN'S STATEMENT

**CONFIDENT OUTLOOK FOR FY2022**

The Board of Directors is cautiously optimistic that the theme for FY2022 is of global economic recovery. Many countries have deployed their vaccination programme against COVID-19 and the immunisation is expected to pick up momentum globally, reviving economic activities and energy demand. We foresee that a return of energy demand will lead to improved fuel prices, and ultimately restore capital spending in the sector.

Nevertheless, we acknowledge COVID-19 will continue to be a primary concern until we achieve herd immunity. We expect the Group will continue to prioritise the safety and well-being of our employees and allocate resources to manage the operational challenges brought about by the pandemic.

Moving forward, the Board anticipates Sapura Energy to present better financial results for FY2022, as it continues the trajectory of improvement in the last few quarters.

The Group's fundamentals have remained strong. It continues to make good progress in streamlining its cost structures. The impairment test done indicated both the E&C and Drilling portfolios remain robust. The completion of its refinancing exercise and availability of additional working capital facilities assure that the Group remains competitive to pursue new projects in a recovering market. Sapura Energy takes this opportunity to thank our lenders for their collaboration and continued confidence in the Group.

Sapura Energy has already secured 80 percent of its targeted revenue for FY2022, and it continues to win more work. Its addressable market has increased significantly, with increasing opportunities in

the offshore wind sector. More success in the renewable segment bodes well for the Group, as it embraces the energy transition.

Meanwhile, the Group's E&P segment under the SapuraOMV joint venture remains focused in its shift towards more gas developments. Already, it is a major supplier and lowest unit cost producer to the MLNG plants in Bintulu, and this position will be further strengthened following the final investment decision taken on its Jerun field, its largest operated project within the SK408 gas development.

All indicators point to a positive outlook in FY2022, and the Board is confident of the Group's improved performance in the upcoming year.

IN APPRECIATION

As Chairman, I would like to thank all members who served on our Boards and Committees, past and present, for their time, commitment, and faith in the future of Sapura Energy. On behalf of the Board, I wish to express our gratitude to the senior management and the entire team at Sapura Energy, for their sacrifices in an incredibly difficult year; and for their energy and enthusiasm to ensure we delivered on our promises to clients and stakeholders.

Everyone working at Sapura Energy contributes to the Group's strong performance every single day. It has certainly been a challenging period, but we have proven that there is great strength to be derived from teamwork, and synergies to be created by collaboration. Sapura Energy has shown its resilience in adversity, and we are now poised to move forward and embrace the energy transition.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

DEAR VALUED SHAREHOLDERS,

Thank you for continuing to support and invest in Sapura Energy throughout an incredibly challenging year.

In Financial Year 2021, we achieved three important objectives: we kept our people safe amidst the pandemic, we delivered on promises to our clients despite operational challenges, and we remained on-track in the transformation plan we began in FY2020.

The underlying critical factor in our success was trust. As shareholders, you trusted our ability to implement a turnaround in the company's performance. Our clients and stakeholders trusted us to deliver on promises. Our people trusted the Board of Directors and senior management to navigate the company through difficult times.

Earning trust required confidence in the company's fundamental strength and capabilities; and the faith that we will stand by our values. It took the entire history of Sapura Energy to build that trust, which was made possible through the leadership of our founder Tan Sri Shahril Shamsuddin.

Tan Sri Shahril's purpose to create a trusted and sustainable global energy and solutions company brought Sapura Energy to where it is today. On behalf of the people of Sapura Energy, we thank him for all that he has done, growing the company from a humble diving contractor into an energy solutions provider operating in all four corners of the world.

The results accounted in this Annual Report were achieved under Tan Sri Shahril's leadership as President and Group CEO. In the months leading to his retirement, Tan Sri Shahril provided invaluable guidance to facilitate leadership transition; and left behind a dynamic team willing and able to

carry on the rich legacy of Sapura Energy. I am grateful to Tan Sri Shahril and the Board of Directors for trusting me to now helm the management of Sapura Energy. These are big shoes for me to fill. The opportunity to try them on is a privilege.

TAKING CARE OF OUR PEOPLE AND THE COMMUNITY

- Sapura Energy's first priority during the pandemic was to protect the wellbeing of our people and the communities in which we operate.



To minimise the risk of COVID-19 exposure to our workforce, we spent an additional five million ringgit to conduct regular testing at all our workplaces; beyond what was required by authorities. We enhanced IT infrastructure so that employees can seamlessly work from the safety of their homes. We restricted travel and mandated strict quarantines for vessel crews, which sometimes meant prolonged time onboard for our people. Amidst these challenges, Sapura Energy achieved one of the best safety performance in recent years, maintaining a low injury rate and ensuring each one of our employees went home safely to their families.

GROUP CHIEF EXECUTIVE OFFICER’S REVIEW

In turn, our people rallied around community members most vulnerable to the impact of COVID-19. Employees set up DanaSapura to fund essential food assistance to underprivileged families in neighbourhoods near our fabrication yards and offices. We donated more than a million ringgit to help Malaysian hospitals acquire much-needed ventilators and protective equipment for their intensive care units. The Group also continued to pay its construction workers standby rates during strict lockdowns in the first few months of the Movement Control Order, to ensure they received living wages.

BUSINESS UNUSUAL WITHIN NEW NORMS

Relying on our team’s agility and professionalism, Sapura Energy adjusted to new norms; and continued to fulfil its milestone commitments. Our Engineering & Construction (“E&C”) and Drilling segments served 42 clients across five continents, performed work on 49 projects and completed 20 within the year under review. In our Exploration & Production (“E&P”) segment, SapuraOMV doubled its production to an annual production rate of 30 thousand barrels of oil equivalent per day, following the safe start-up of its SK408 block, offshore Sarawak. Throughout this Annual Report, we have included numerous stories about how the Sapura Energy team performed their best to deliver our promises amidst the pandemic.

The pandemic compounded the existing challenges of operating offshore. Delays forced us to work through the monsoon season, which further added to our operating expenditure. The financial impact of the pandemic on the Group was approximately RM286 million, while working during inclement weather amounted to an additional cost of RM149 million. The Group is working with clients to acknowledge and resolve these costs in the current financial year (“FY2022”)

A TURNAROUND IN FINANCIAL PERFORMANCE

Given the circumstances, Sapura Energy delivered commendable financial results in FY2021. Earnings before interest, tax, depreciation, and amortisation (“EBITDA”) was RM809.7 million on the back of RM5.3 billion in revenue, representing an EBITDA margin of 15 percent.

This is a clear turnaround in the company’s performance, when compared to the RM252 million loss before interest, tax, depreciation, and amortisation posted in the previous financial year (“FY2020”).

DATUK MOHD ANUAR TAIB
Group Chief Executive Officer

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

The Group recorded a loss-after-tax and minority interest of RM160.9 million in FY2021, a significant reduction from the RM4.6 billion loss-after-tax and minority interest posted in FY2020.

The Group's revenue declined 17 percent year-on-year to RM5.3 billion compared to the RM6.4 billion recorded in FY2020. This is reflective of the pandemic's disruptive impact on the Group's business, following shocks to the oil and gas market and radical adjustments to the industry's standard operating procedures.

Q4 and Full Year FY2021 Performance

Group Financial Highlights by Quarters and Full Year

RM in million	Quarter on Quarter			Year on Year	
	Q4 FY21	Q3 FY21	Q4 FY20	FY21	FY20
Revenue	1,444	1,328	1,112	5,348	6,449
EBITDA	50	237	(651)	810	(252)
EBITDA margin	3%	18%	(59%)	15%	(4%)
PATAMI	(216)	17	(4,235)	(161)	(4,561)

The improved financial performance was also the result of our team tenaciously maintaining the pace of organisational transformation. We made good progress in our Acceleration Programme, which was launched in 2019 as a continuous improvement plan for lean and efficient operations. Under the programme, Sapura Energy aims to generate cash savings of RM1.3 billion by the end of FY2022. As at April 2021, 278 initiatives have been identified, and 130 initiatives valued at RM760 million have been implemented. From this, we have realised RM430 million of savings from the 48 initiatives that have been completed. In FY2021 we boosted operational productivity, optimised our supply chain systems, and capitalised on commercial opportunities within existing contracts. The Group also implemented salary reductions and a right-sizing exercise, as austerity measures.

In line with its long-term capital management program, Sapura Energy recently completed a refinancing exercise and secured additional working capital facilities in FY2021. The improved financial headroom and liquidity position puts us on firm footing for sustainable growth, as we look beyond our existing market to embrace the energy transition. On behalf of the senior management, we wish to thank our lenders for their support and continued confidence in Sapura Energy.

EMBRACING THE ENERGY TRANSITION

The world's immediate attention may be focused on combating COVID-19, but the long-term threat of climate change remains one of the greatest challenges of our time. The Paris Accord's aim to limit global warming has galvanised public and private sectors to gradually switch to sustainable sources of energy, in a bid to achieve net zero emissions by 2050 ("NZE2050").

The International Energy Agency ("IEA") said renewable energy use increased one percent year-on-year in 2020 as demand for all other fuels declined, driven by a seven percent growth in electricity generation from renewable sources. This growth trajectory is expected to continue, as renewables remain the fastest growing segment in the energy sector. Ongoing progress in new technologies and dramatic price reductions may also hasten the move towards renewable energy resources. (*EIA Report, Renewables 2020, Nov 2020*)

Investors are also strategic drivers to decarbonisation, increasingly shifting towards Environment Social Governance ("ESG") focused investing and away from fossil fuels investments.

Despite the growing importance of renewables, we are also reminded that the world has not weaned itself off hydrocarbons, which still account for more than 80 percent of the global energy mix and will continue to be a major fuel source in the next few decades. (*Our World in Data, Energy Mix, 2019*)

These multitude of factors informed Sapura Energy's approach to energy transition, as we charted the next steps towards becoming a trusted and sustainable global energy and solutions company.

- In collaboration with the Board of Directors, we drafted a broad five-year strategic plan that would be implemented across three horizons, transforming the Group's performance, processes and portfolio, towards a gradual transition into new energy.

GROUP CHIEF EXECUTIVE OFFICER’S REVIEW

Continuing the Journey

Aspiration

Trusted and sustainable global energy and solutions company

Strategy



Focus



Foundation

S.H.A.R.P builds Trust

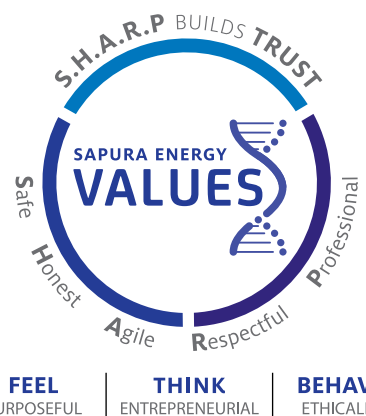


In the short-term, Sapura Energy plans to leverage on existing assets and capabilities to create room for growth within a decarbonising world. We will continue to enhance our role as an integrated solutions provider in E&C, and grow production with a focus on gas in E&P. In tandem, we will expand our experience list in offshore wind construction; and diversify our asset base in Drilling.

The next phases of our blueprint envisage a transformation in our portfolio, leading to a significant shift into the new energy landscape. Sapura Energy will refocus its E&C capabilities to match our ambition of becoming a solutions provider for renewable energy; and explore the possibility of growing into midstream offshore infrastructure and renewables asset ownership.

The mission map to energy transition begins with strengthening performance, ensuring that we have the necessary building blocks to future-proof the business. This was the intent of our transformation efforts in FY2021, which resulted in improvements to our safety record, operational excellence and financial headroom, as previously mentioned.

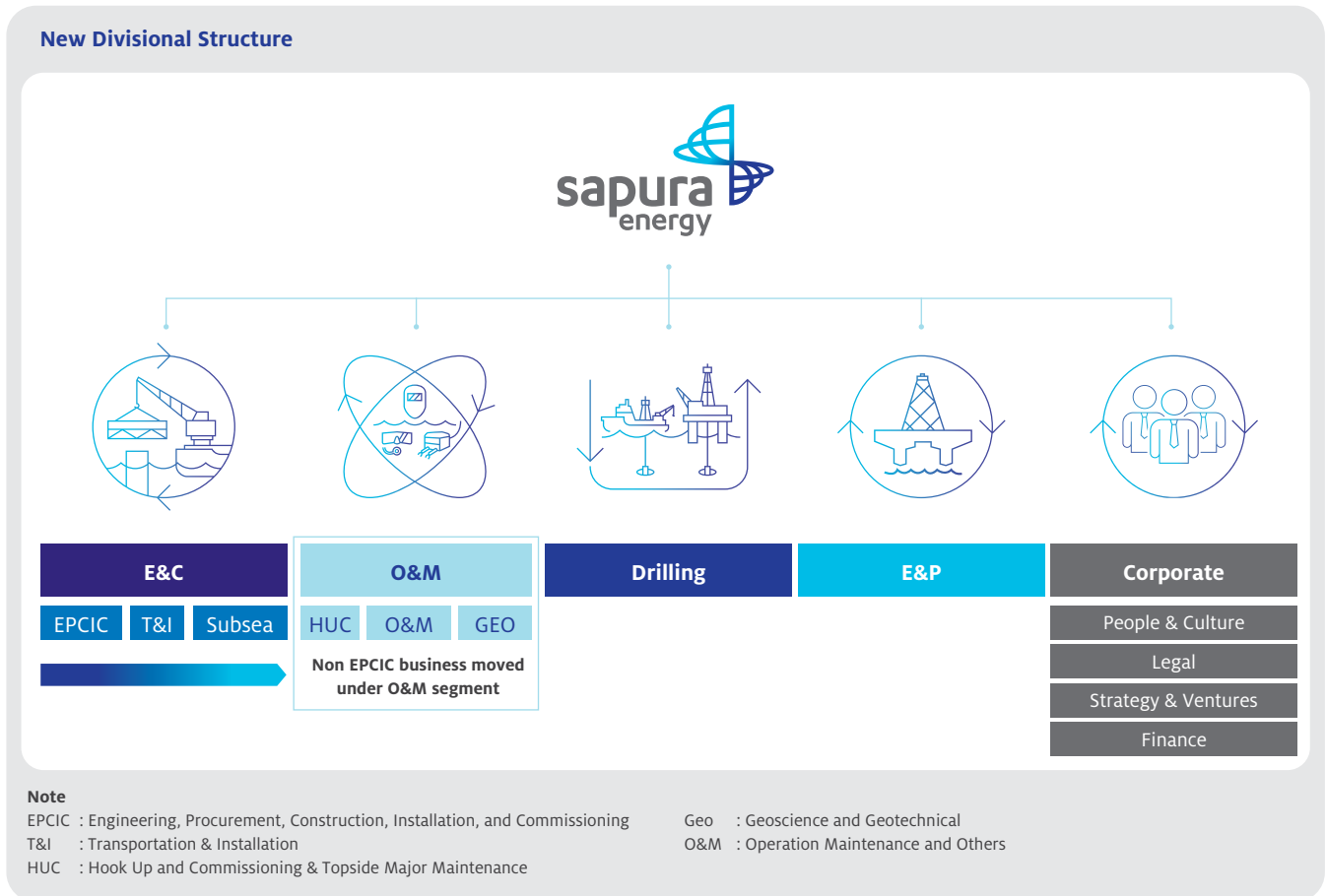
Fundamental to this transformation was a high-performance culture based on our core values. The way forward requires us to build trust with all stakeholders, and that rests upon employees who are safe, honest, agile, respectful, and professional; living the Sapura Energy culture of feeling purposeful, thinking entrepreneurially, and behaving ethically in delivering promises. We expect our leaders to embody the core values and manifest the Sapura Energy culture. We assess employees’ performance based on these yardsticks. They form the key message in every employee engagement; and they guide our behaviour, actions and decisions.



Building a trusted and sustainable global energy and solutions company requires us to build an army of innovative problem solvers. We continue to provide the right platforms for employees to deepen their skills and knowledge; either through work exposure, formal training or learning on the job. We grow our own timber by nurturing successors for key positions, and strengthening our performance management and talent identification.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

It was also crucial that the business is configured in a way that would empower people to achieve our growth objectives. In FY2021, we revised the Group's organisational structure, creating an organisation designed for clear accountabilities, seamless collaboration, and long-term sustainability. Under the new structure, Sapura Energy is organised into four key businesses, namely Engineering & Construction, Operations & Maintenance, Drilling, and Exploration & Production. The reporting of our business performance will be based on these four business segments starting from FY2022. These segments are supported by the Corporate functions of People & Culture, Legal, Strategy & Ventures, and Finance.



The long-term plan to embrace the energy transition will not only involve building up, but also cutting down. Sapura Energy must earnestly reduce its carbon footprint and mitigate the social and environmental impact of our business.

In this respect, actively managing our ESG risks and opportunities, as guided by the United Nations Sustainable Development Goals and our own core values.

Sapura Energy acknowledges that natural gas is a necessary transitional fuel in the global energy system. The bulk of our E&C projects support the development of gas assets around the globe, while our E&P production is almost entirely gas, following the planned divestment of our oil producing assets in Malaysia. Our foray into offshore wind-farm construction and installation is

another step to position ourselves as a solution to decarbonisation. We continue to eliminate waste and inefficiencies in our operations through digitalisation, standardisation, and cost optimisation. We will continue to develop ways in which we measure and disclose our sustainability performance based on the triple bottom line of people, profit, and planet.

There is more that we must do to cultivate sustainable thinking in Sapura Energy, and implement innovative means to incorporate sustainability in all that we do. Turning around our financial performance - as expected by our investors and other stakeholders - is of paramount importance, but we must also not lose sight of creating long term sustainable values. We seek to be a positive force in the global transitional journey to a low-carbon future.

GROUP CHIEF EXECUTIVE OFFICER’S REVIEW

CONFIDENT OUTLOOK FOR FY2022

The COVID-19 pandemic may have cast a long shadow on FY2021, but the Group is cautiously optimistic that the theme for FY2022 is of global economic recovery.

In its April 2021 report, the International Monetary Fund (“IMF”) declared that the global economy is on firmer ground, albeit with divergent recoveries and lingering uncertainties. After an estimated contraction of 3.3 percent in 2020, global GDP is projected to grow at six percent in 2021, moderating to 4.4 percent in 2022. The improved outlook is based on the fiscal stimulus packages announced by a few large economies, the roll-out of vaccination programmes across the world, and societies continuing to adapt economic activities to current limitations. The IMF predicts a vaccine-powered economic recovery will pick up pace in the second half of 2021.

We expect a revived global economy to boost energy demand and improve fuel prices, ultimately restoring capital spending in the sector. The International Energy Agency (“IEA”) has projected global energy

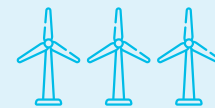
demand to increase by 4.6 percent in 2021, offsetting contractions in 2020 to slightly above 2019 levels. Almost 70 percent of the projected increase in global energy demand is in emerging markets and developing economies.

An IEA report dated April 2021 says demand for all fossil fuels will grow significantly in 2021, with natural gas set for the biggest rise compared to 2019 levels. Gas showed resilience in 2020, as lower prices shored demand. The combination of continued lower prices and rapid growth in economies across Asia and the Middle East should drive gas demand to grow by three percent in 2021. This figure is about 1.3 percent above 2019 levels, the strongest anticipated rebound amongst fossil fuels.

Meanwhile, renewables are expected to expand its 2020 success story as power producers rely more on renewable sources. The share of renewables in the electricity generation mix is expected to reach an all-time high of 30 percent in 2021. Wind is set for the largest increase in renewable generation, growing by 275 terawatt-hour, a 17 percent jump year-on-year.

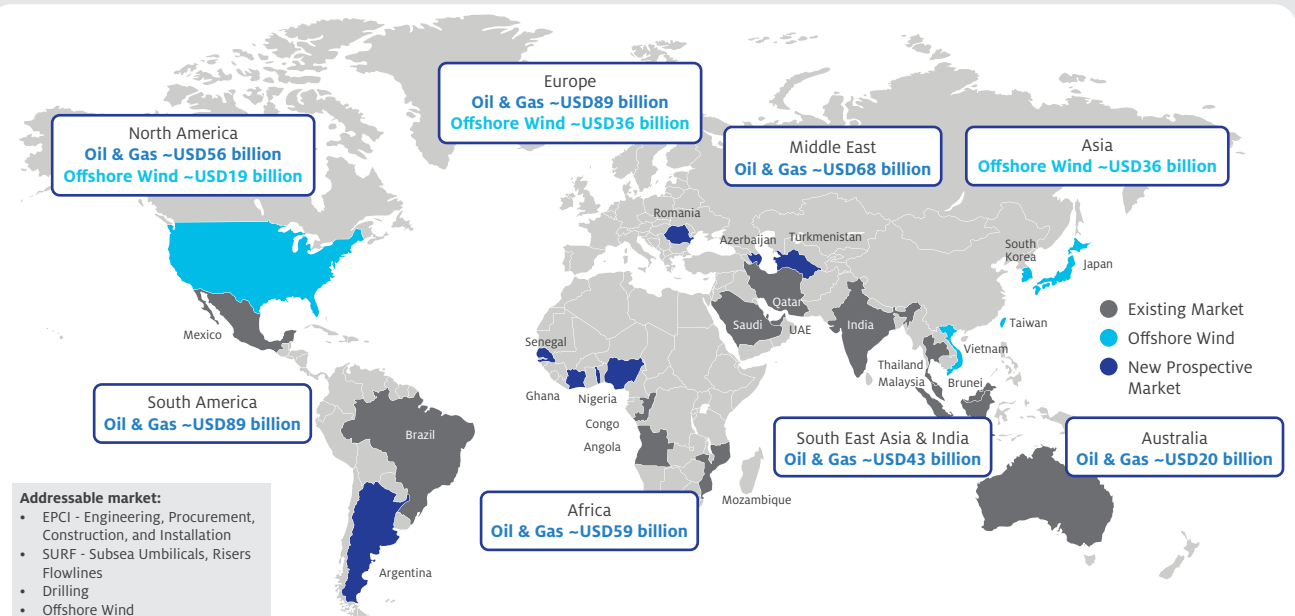


All fossil fuels will grow significantly in 2021, with natural gas set for the biggest rise compared to 2019 levels



Wind is set for the largest increase in renewable generation, growing by 275 terawatt-hour, a 17 percent jump year-on-year

Addressable markets for Oil & Gas and Offshore Wind valued at ~USD515 billion in the next 5 years



Our established global footprint provides access to a wider range of regions and markets

Source: Rystad Energy & 4C Offshore

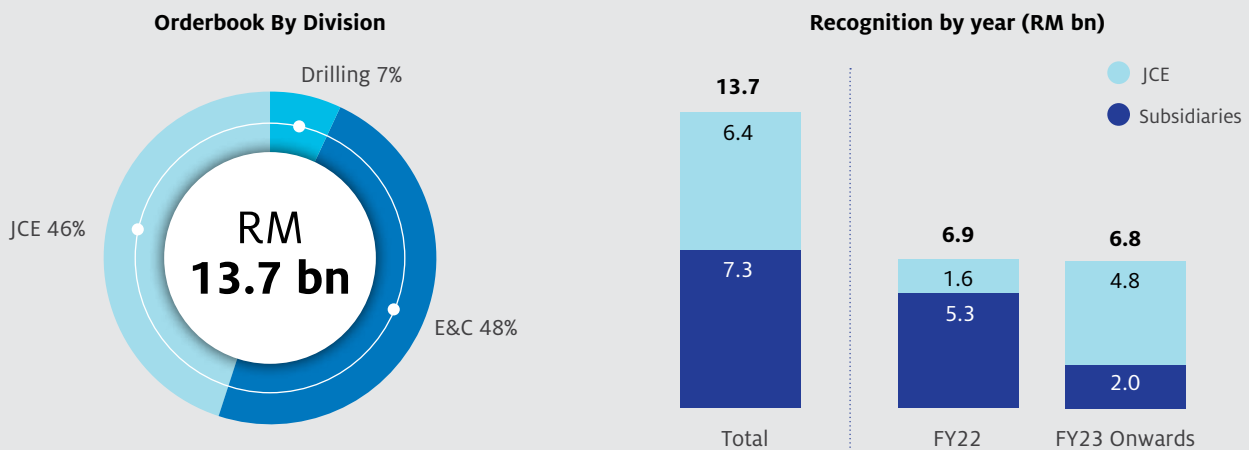
GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Buoyed by the optimistic outlook, Sapura Energy is confident its bid funnel will remain robust in FY2022, and the upcoming years. Its addressable market for oil and gas and offshore wind projects is valued an estimated USD515 billion in the next five years. In FY2022, the Group's E&C, O&M and Drilling segments have set sight on global prospects valued at RM123 billion, an 80 percent growth compared to a year ago, reflecting a positive recovery in the world economy.

To date, we have submitted bids worth RM31.5 billion, the bulk of which are in emerging markets and developing economies. Nearly 60 percent of our bid funnel represent gas developments, while a growing portion is in renewables, with five project bids currently in progress.

■ Sapura Energy's current order book remains healthy at RM13.7 billion, with 80 percent of its targeted revenue for FY2022 already secured. With more wins in FY2022, the Group expects to provide earnings visibility well into FY2023.

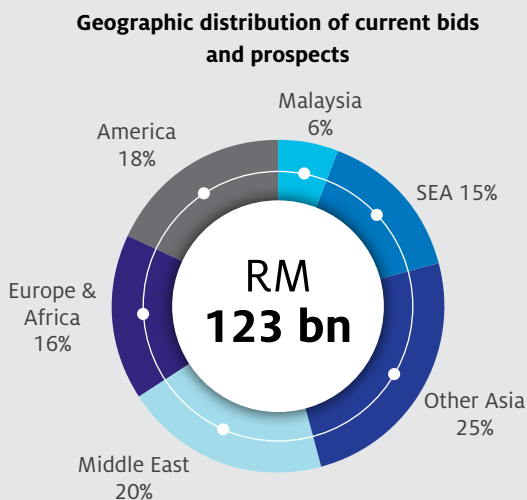
Group orderbook stands at RM13.7 billion as at April 2021



More than 80 percent of FY2022 target revenue has been secured, representing an amount larger than FY2021 revenue

Note: E&C = Engineering & Construction JCE = Jointly Controlled Entities

Bid funnel remains robust across regions and segments as at April 2021



- ▶ **80 percent** in bids and prospects from Jan 2020 reflecting positive recovery in market
- ▶ **RM31.5 billion worth** of bids submitted and in progress
- ▶ **Invited to bid in mega projects** in Middle East and Brazil, a testament to our capabilities
- ▶ **Energy transition:**
 - Approximately 57 percent of bid funnel comes from gas development projects
 - Renewables grew positively to six percent, with five bids ongoing to date

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



Notable awards in FY2021 include a contract for three new platform jackets from Saudi Aramco, issued under the Long-Term Agreement, an award for pipeline construction in the Al-Khalij field, Qatar from Total E&P Golfe; a turnkey contract for the North Malay Basin Full Field Development Phase 4A Facilities from long-time client Hess Exploration and Production Malaysia; the EPCIC of Mubadala Petroleum's gas and condensate mercury removal unit at the Pegaga Integrated Central Processing Platform, transportation and installation of the Amoca Platform in Mexico, and an extension on the contract for pipe-laying vessel Sapura Esmeralda in Brazil. Sapura Drilling was also awarded two new contracts in Ivory Coast and Congo.

The Group's E&P segment, under the SapuraOMV joint venture, remains firmly on track to becoming the leading independent oil and gas operator in Asia Pacific.

The business unit plans to divest all its interests in oil producing assets in Malaysia; and will concentrate on developing strong growth prospects in the SK408 and SK310 production sharing contracts. SapuraOMV achieved full production from SK408 Phase 1 after the Gorek, Larak, and Bakong natural gas fields came onstream in FY2021. SapuraOMV has taken final investment decision on Jerun field, its largest operated project within the development, strengthening its position as the major supplier and lowest unit cost producer to the MLNG plants in Bintulu. Within SK310, SapuraOMV plans to mature its B14 field and further develop the sour gas corridor concept with PETRONAS and its partners.

SapuraOMV is also looking at significant upside potential from its exploration opportunities in Mexico Block 30, its permits in Australia's Carnarvon and Vulcan sub-basins and the Toutouwai oil discovery in New Zealand.

In FY2021 we achieved our business objectives safely and in the face of some extraordinary challenges. We have structured our business to thrive through changing times, and we are well set up to deal with near-term market uncertainty and to prosper as the global economy returns to its trajectory of long-term growth.

Nevertheless, we acknowledge that the world has not yet won the battle against COVID-19. Maintaining the safety and well-being of our people will continue to be a priority in FY2022, given the recurrent risk of COVID-19 infections. The Group will also continue allocating resources to manage the operational challenges brought about by the pandemic.

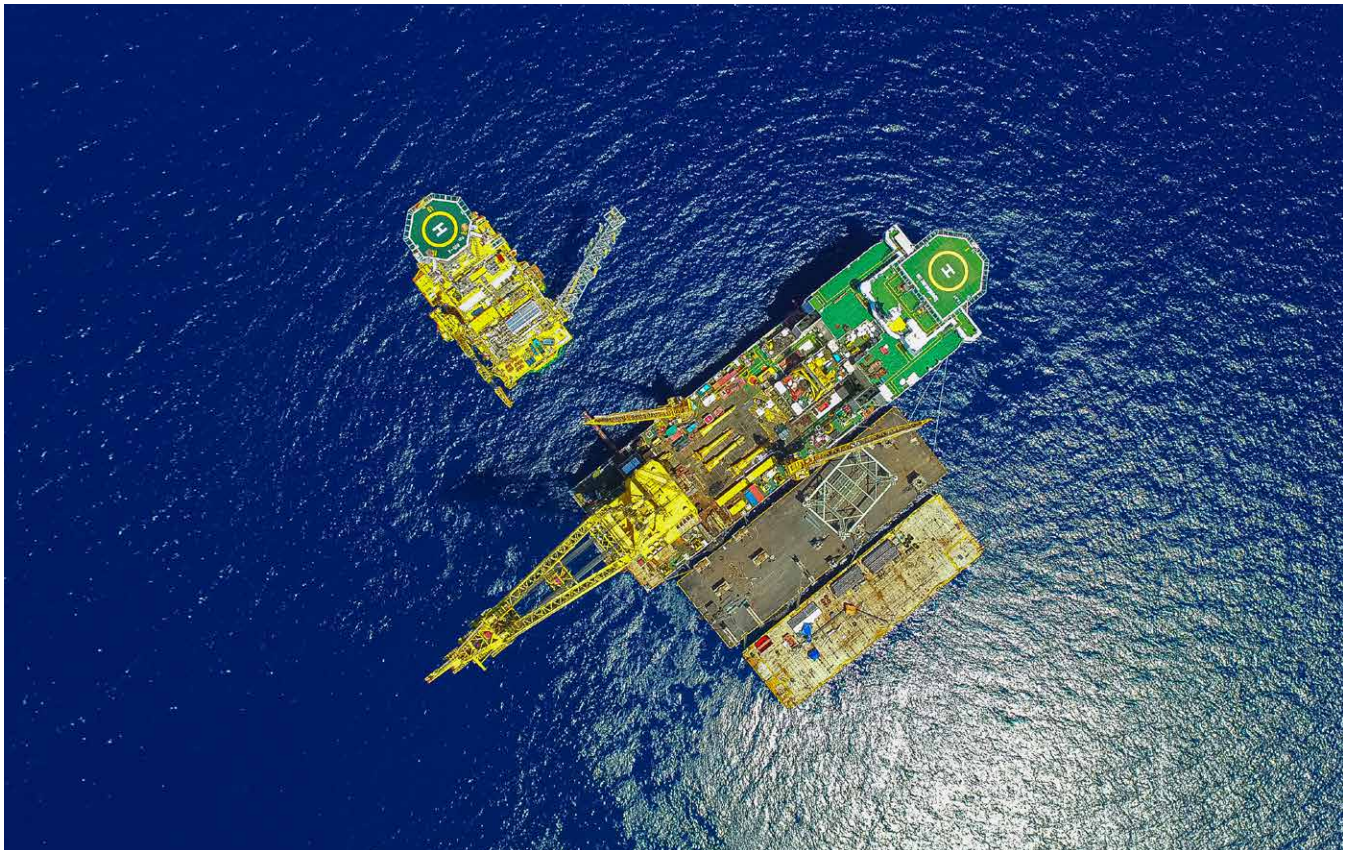
A NOTE OF GRATITUDE

In these challenging times, our greatest source of strength is our people. On behalf of the management, I would like to express my gratitude to Sapura Energy employees, who have shown the highest levels of dedication and professionalism to safely deliver our promises, and transform the way we work while upholding our core values.

We would also like to express our appreciation to the Board of Directors for their faith in our resilience, for their wisdom in charting our future, and for their guidance in ensuring we operate ethically and with good governance. Finally, we wish to sincerely thank our clients, partners, financiers, and our shareholders, for their continued support and belief in the Group's ability to navigate the stormy waters of FY2021.

The Group remains committed to creating value for all our stakeholders, and with the sum of all your assistance, we are poised to deliver better results in FY2022, as the world finds its way back to recovery.

STRATEGY REVIEW



» OUR OPERATING ENVIRONMENT & OUTLOOK

The year under review was particularly significant for the energy industry as an unprecedented global health crisis disrupted economic activity and led to a slump in energy demand, setting off one of the most challenging years the industry has ever experienced. The crisis was precipitated by the collapse of the Organisation of the Petroleum Exporting Countries Plus (“OPEC+”) agreement in March 2020 which saw oil producers disagreeing on production cuts, even as demand was slowing. As a result, global oil prices sank going into FY2021, with the average price of crude oil falling below USD30 per barrel in April 2020 and remaining in the USD30-40 range for most of the year.

The demand shock and consequent price volatility also led to industry players pulling back on capital expenditure by delaying final investment decisions or major project sanctions. Beyond the impact on prices, the COVID-19 pandemic caused disruptions in the execution of projects as countries locked down their borders and implemented movement and quarantine restrictions, making the movement of materials and people challenging.

The year under review was also significant as we witnessed how the global economy and society adapted to the new normal following the pandemic. It had also raised awareness on how environmental issues could impact the global economy if no mitigation action is taken. The pandemic was a clear demonstration of systemic risk

in the global economy and worked as a catalyst for companies to make the shift towards more sustainable ways of doing business, especially in the context of climate change. Several oil and gas majors have announced their goals of achieving carbon neutrality by 2050, which they plan to achieve by investing more in natural gas as a cleaner transitional bridging fuel, while building capabilities and capacity in green and renewable energies.

For Sapura Energy, we are transitioning in a similar fashion. The bulk of our Engineering & Construction projects support the development of gas assets around the globe. We are further positioning ourselves for the future by bidding for more offshore wind opportunities as we gain new capabilities through our first monopile installation contract at the Yunlin offshore windfarm in Taiwan. Meanwhile, our Exploration & Production segment will almost entirely focus on gas, once the planned divestment of our oil producing assets is completed.

Looking ahead into FY2022, challenges will persist as we navigate a continuing pandemic environment, but there is a sense of cautious optimism as oil prices have largely recovered to pre-pandemic levels. At the close of FY2021, oil prices have rebounded to around USD60 per barrel. COVID-19 vaccination programmes, although still at its early stages, has gained momentum globally and is expected to boost energy demand and economic activities going forward.

» KEY RISKS AND MITIGATION

Sapura Energy has a robust enterprise risk management framework that involves identification and assessment of risks and development of mitigation strategies to control those risks.

The Board’s responsibility for identifying, evaluating, and managing our significant and emerging risks is discussed in the Statement on Risk Management and Internal Control on pages 93-94.

Below are the Group’s key risks and mitigation strategies:

STRATEGIC RISKS	
Risk Description	Mitigation Strategy
<p>Oil and Gas Prices</p> <p>Our business and financial performance is exposed to fluctuating oil and gas prices. A low and volatile price environment would reduce the likelihood for new upstream oil and gas projects to be sanctioned, resulting in fewer opportunities to replenish our orderbook. This could have a material adverse effect on our earnings, cash flows and financial condition.</p>	<p>We actively monitor the oil and gas price trends to inform us of the necessary responses during our annual business planning.</p> <p>We seek diversification of revenue through participation in offshore windfarm projects and venturing into adjacent markets from where we operate. We intend to grow our exposure to renewables projects over time (refer to page 39).</p> <p>We incorporate contingency projects in our funnel to keep or sustain our asset utilisation.</p>
<p>Orderbook Replenishment</p> <p>Our ability to replenish our orderbook and deliver competitive returns depends in part on the accuracy of our costing and price assumptions used in our bids. If our assumptions prove to be incorrect, it could have a material adverse effect on our earnings, cash flows and financial condition.</p>	<p>We conduct project reviews regularly and incorporate learnings into subsequent project bids.</p> <p>We improved our organisational effectiveness by restructuring our businesses into four segments, namely Engineering & Construction (“E&C”), Operations and Maintenance (“O&M”), Drilling, and Exploration and Production (“E&P”), each with a clear end-to-end accountability to initiate and execute projects (refer to page 38).</p> <p>We participate in bidding activities globally, mitigating exposure to reduced-activities areas.</p>
<p>Competition</p> <p>We face competition in all our businesses. Failure to react to competitive forces by managing our costs and operational performance could result in a material adverse effect on our earnings, cash flows and financial condition.</p>	<p>We are addressing our cost and efficiency challenges through our Acceleration Programme since FY2020 (refer to page 36).</p> <p>We benchmark our performance against our key competitors and constantly seek ways to prepare robust and competitive bids for projects globally which are innovative and technology-driven.</p> <p>We develop a healthy bids funnel including gas developments and renewables projects (refer to page 40).</p> <p>We seek to diversify into adjacent markets from where we operate to provide solutions to new clients.</p>
<p>Climate Change and Energy Transition</p> <p>Rising climate change concerns and the effects of the energy transition could lead to a decrease in demand for fossil fuels, thus suppressing oil and gas projects. This may also lead to additional regulatory measures and compliance obligations, which could lead to higher project or operating cost, or prevent market access. Further, if we were unable to keep pace with society’s demands with regard to the energy transition to a low-carbon future, we could fail in sustaining and growing our business.</p>	<p>Our strategy is to grow gas and renewables projects and we aim to achieve 10 percent to 20 percent revenue from offshore windfarm projects by 2025.</p> <p>Through our restructuring exercise we have created a dedicated function to build and concentrate our capabilities to address sustainability risks and opportunities, including to rapidly improve our governance and management frameworks over climate change and energy transition.</p> <p>We intend to develop plans to baseline our greenhouse gas emission from which we set our performance and reduction targets.</p> <p>We have planned to divest all our oil producing assets in our E&P business as they no longer fit into our assets portfolio strategy.</p>

STRATEGY REVIEW

OPERATIONAL RISKS	
Risk Description	Mitigation Strategy
<p>Safety</p> <p>The nature of our operations exposes us and the communities in which we work to a wide range of safety risks. If a major risk materialises, such as an explosion or an asset loss, this could result in injuries, loss of life, environmental harm or disruption to business activities. Accordingly, this could have a material adverse effect on our earnings, cash flows and financial condition.</p>	<p>We strive for a safety-first culture led by senior leadership throughout the organisation and among our clients, partners, and vendors. We have amplified and exemplified the “Safety Starts with Me” culture across the Group, with increased engagement delivered by senior leadership.</p> <p>The restructuring exercise brought a more structured and consistent approach to safety, with aligned performance indicators and clear safety targets and goals.</p> <p>Our safety policy statements were updated to be in line with this approach.</p>
<p>COVID-19 Pandemic</p> <p>The COVID-19 pandemic has caused and continue to cause disruptions to our operations across our business locations globally. It poses significant health risks to our employees and contractors who work for us, as well as their families. It also impacts project schedules, movement of crews and supply chain deliveries. The pandemic has resulted in lower demand of energy globally, leading to deferment or cancellation of oil and gas project sanctions. Consequently, this pandemic has, and will continue to have, an adverse effect on our earnings, cash flows and financial position.</p>	<p>We reacted early to COVID-19-related challenges and established a global COVID-19 taskforce, with a clear mandate to address the health risks posed by the pandemic. A strict “no test, no entry” policy to business premises is enforced, with office-based staff being encouraged or mandated to work from home.</p> <p>Our robust Business Continuity Plan (“BCP”) was activated early and it remains in force across the Group to ensure our employees and operations remain safe and sustainable.</p> <p>The readiness of our IT infrastructure and support allowed working-from-home arrangements to be put in place swiftly and smoothly. It supports a noticeable increase in virtual meetings and training, and round-the-clock monitoring for cybersecurity threats.</p> <p>We keep our employees informed through regular communications, as well as through an online COVID-19 microsite for the latest information and guidelines.</p> <p>We manage our project execution vigorously to minimise the related impacts and actively work with our clients and business partners to collectively manage the financial impact caused by the pandemic.</p>
<p>Project Execution</p> <p>Our ability to remain competitive and profitable depends in a large part on the efficient execution and timely delivery of projects to our clients. Failure to sustain our operational capabilities, either technological or human in nature, could adversely impact our project execution and delivery.</p>	<p>We continue to improve on our project execution through our Acceleration Programme (refer to page 36) and our continuous improvement plans.</p> <p>We review project delivery and productivity routinely, with our operational dashboards delivering operational information to enable early interventions where needed.</p> <p>We increased training in project execution and delivery through the Project Management and Control Operating Model.</p> <p>We constantly build capabilities allowing us to expand into new markets and execute more complex projects.</p>

OPERATIONAL RISKS (Cont'd.)**Risk Description****Mitigation Strategy****Financial Risks**

We are exposed to liquidity risk, interest rate risk, foreign exchange risk, and credit risk. We use debt instruments to raise significant amounts of capital. Should our access to debt markets become more difficult, the potential impact on our liquidity could have a material adverse effect on our operations. Our financing costs could also be affected by interest rate fluctuations. We are exposed to changes in currency values due to our substantial international operations. Our exposure to credit risk arises primarily from trade receivables, contract assets and financial guarantee contracts.

We have completed a refinancing exercise and secured additional working capital facilities to improve our financial headroom and liquidity position (refer to page 39).

We monitor our cashflows vigorously to ensure timely collections and subsequent payments to vendors – a challenging situation that is being addressed with the projects execution progress & new financial headroom.

We maintain compliance with loans conditions, and our lenders are kept informed regularly.

We have hedging policies in place in respect of interest rates and foreign exchange risks.

Credit limits are approved according to our limits of authority. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

Retention of talents and skilled employees

Building a high-performing workforce to deliver our strategic objectives depends greatly on our ability to attract, develop, and retain competent and skilled employees. The austerity measures implemented (refer to page 117) to sustain the impact of the pandemic could have unintended consequences should the market rebound in an unexpected pace.

We adopted a balanced approach to Build, Borrow and Buy talents to ensure business sustainability and affordability.

We identify successors for key positions, providing the necessary exposure, challenging assignments, and growth opportunities.

Efforts to broaden our talent pool within the company are supported with enhanced performance management, and assessment on technical and behavioural competencies for promotion opportunities. Skill matrix were developed for critical groups to facilitate a more structured development.

In our effort to attract and retain talent, we closely monitor the employment market trends and regularly review our affordability to ensure we are at pace with the development in the specific business segment.

Cybersecurity

Our operations are heavily dependent on our information technology infrastructure and applications. A serious cybersecurity incident could cripple our ability to operate or operate safely. This could have an adverse impact on our reputation, earnings, cashflows and financial position

We follow cybersecurity practices and processes baselined against industry best practices (NIST, ISO27001) and use various detection and prevention technologies to safeguard our IT systems against internal and external threats.

We continuously monitor and review our security posture to ensure effectiveness against evolving cybersecurity risks and threats. We do this by keeping abreast with updates of the cybersecurity threat landscape and business environment.

We also engage external Cybersecurity experts to perform various types of security assessments on our IT systems.

STRATEGY REVIEW

CONDUCT RISKS	
Risk Description	Mitigation Strategy
<p>Compliance to Anti-Bribery & Corruption, Anti-Competition and Data Privacy Laws</p> <p>Violations of these laws by any of our employees or contractor staff working for us could lead to heavy fines and other criminal penalties to be imposed on the individual(s) concerned, and/or the Group and/or the Directors of our parent or subsidiary companies. This could also result in suspension of licence to operate and could have an adverse effect on our reputation.</p>	<p>We provide mandatory trainings on Code of Ethical Conduct and Anti-Corruption to our new joiners and existing staff, to be repeated every two years.</p> <p>We practice a zero-tolerance policy for non-compliance and have strict guidelines on gift policies.</p> <p>We select our vendors after they are checked against recognised external compliance trackers.</p> <p>We practice an open-door policy but also have an external whistleblowing system to allow for anonymous reporting.</p>
<p>Reputation</p> <p>An erosion of our business reputation could have adverse effects on our brand and credibility, upon which we build trusted partnerships with our key stakeholders. This could lead to adverse effect on our license to operate and our ability to compete in global markets.</p> <p>Societal expectations of businesses are increasing, with a focus on Environmental, Social, and Governance (“ESG”) matters. Real or perceived failures of governance, or a perceived lack of understanding of how our operations affect surrounding communities and environment could harm our reputation.</p>	<p>Reputational risk management is part of Board oversight at Sapura Energy. The Board limits the risk of reputational damage by ensuring the Group conducts itself with the highest standards of good governance, sustainability, and integrity. The Board and senior management also regularly discuss potential issues that may impact the Group’s standing and plan strategic steps to mitigate them.</p> <p>To prevent the possibility of reputational damage through our own actions, we continuously embed the Sapura Energy culture within our workforce, guiding them to build trust with stakeholders by behaving ethically; and embodying the qualities of safety, honesty, agility, respect, and professionalism.</p> <p>Our Code of Ethical Conduct (“Code”) informs our employees and contract staff of the conduct and behaviours expected of them when working with the Group.</p> <p>Stakeholder management is also a component in senior leaders’ KPIs, which in turn are cascaded to the relevant teams in the organisation. Our ability to create constructive interactions with stakeholders result in strong relationships, which will be crucial in resolving reputational issues. Part of the effort includes transparent and balanced reporting of our performance through regular engagements with investors, market analysts, and the media.</p> <p>To identify emerging reputational threats, Sapura Energy implements daily media monitoring to review news coverage and social media posts commenting on the Group, selected peers, and the energy industry.</p> <p>We also continuously enhance our crisis communications preparedness through emergency response procedures, drills, and training.</p>

» OUR STRATEGIC PRIORITIES

Sapura Energy’s aspiration is to be a trusted and sustainable global energy and solutions company. In FY2021 we remained focused in our path to fulfil this purpose. Despite the difficulties caused by the pandemic, we proved our resilience and capabilities, by keeping our people safe, delivering beyond our customer’s expectations and winning new business all over the world.

Sapura Energy also prepared for the future by beginning our transition into the renewables sector, completing our refinancing and securing additional working capital facilities, and improving productivity and efficiency in our operations. Building on the Sapura Energy values of safety, honesty, agility, respect, professionalism and trust (simplified as “S.H.A.R.P builds Trust”), we remain confident that we will be able to deliver long-term and sustainable value for our stakeholders.

» STRATEGIC PERFORMANCE REVIEW

In FY2021, the Group focused on three key priorities and delivered on our plans, creating value for our stakeholders and ensuring the continued success of the Group.

01 SAFETY OF OUR PEOPLE & BUSINESS CONTINUITY

Implement a comprehensive COVID-19 response to keep our people safe while operations continue

NAVIGATING THE PANDEMIC

The pandemic and its wide-ranging impact on the safety of our employees and our ability to move freely, demanded us to respond swiftly and effectively in navigating the various challenges we had to face. Sapura Energy’s ability to respond in a timely and responsible manner was especially crucial, given our global footprint and the offshore nature of a significant part of our business.

Throughout this period, our strategies were focused on assuring our people and our clients that we were doing our best to manage a highly dynamic situation. The Group ensured employees were consistently updated about our latest actions, went the extra mile to find ways for them to continue working uninterrupted, and did all we could to uplift their morale during this difficult time.

A key component of our efforts in the early stages of the health crisis was the establishment of the Emergency Crisis Centre (“ECC”) that was mandated to assist our employees with any issues they faced due to the pandemic. No matter where our employees were, a call to the ECC about any problems they were experiencing would see the full force of the Group coming together to solve the issue at hand.

Led by Group Human Resources, the ECC comprised volunteers from across the Group including Security, QHSE, Asset Management, Crewing, and various departments in our corporate offices. The ECC meets regularly to share updates and localised status reports including but not limited to; the wellbeing of employees both offshore and onshore, operations updates and challenges, latest

government directives and standard operating procedures (“SOPs”), and initiatives and strategies to help employees and communities in need. Our colleagues from global operating offices in Mexico, Brazil, India, Australia, and Brunei also join virtually for our daily updates.

Consistent engagement with employees was crucial in managing the health crisis. A COVID-19 microsite was set up in March 2020 as a point of reference for company updates, frequently-asked-questions, work from home guidelines, and many other useful information. Online activities encouraging user submissions were designed to avoid our people from feeling disconnected as they worked from home, helping to alleviate their anxieties during the pandemic. An employee survey on the microsite, aimed at gauging how well we were taking care of the well-being and safety of our people, received overwhelmingly positive response from employees.

The Group was also thankful to have a group of dedicated employees who volunteered their time to assist the ECC manage and conduct weekly COVID-19 testing for all employees, which we began after the easing of the first Movement Control Order (“MCO”) and still continues to date. Volunteers were trained to conduct antibody rapid tests and assisted with registration and crowd control.

The people of Sapura Energy also did not forget the communities around them who were most vulnerable to the impact of COVID-19. DanaSapura – an employee driven donation fund – was established to purchase essential food assistance for underprivileged families in People’s Housing Projects (“PPR”) and neighbourhoods near our fabrication yards and offices.

STRATEGY REVIEW

For the nation’s front liners battling the pandemic around the clock, we delivered packed meals to hospitals and police stations as our show of support for their dedication and sacrifices. Our operating offices in Brazil, Thailand, and Australia also reached out to their local communities in need.

As corporate companies joined forces to help the nation and economy during the pandemic crisis, the Group donated more than a million ringgit to help Malaysian hospitals acquire much-needed ventilators and protective equipment for their intensive care units and front liners. The Group also continued to pay its construction workers standby rates in the first few months of the MCO, to ensure they received living wages.

Despite the multiple challenges imposed by the COVID-19 pandemic, the Sapura Energy team did not lose sight of its targets in operational safety. In FY2021, we recorded zero fatalities and low injury rates due to improved stringent safety measures, our best safety performance in recent years.

Sapura Energy continued to ensure adherence to our health, safety and environment (“HSE”) management systems, with potential hazards identified and risks at every stage properly managed. Our daily HSE management approach covers the entire Plan, Brief, Execute, Debrief (“PBED”) cycle.

At the same time, we published 33 HSE Governing procedures which are available to all employees via the online Total Management System (“TMS”) portal. This is a fully integrated system that improves productivity and efficiency through a smart blend of knowledge management and efficient communication, allowing for quick and timely access to critical corporate data at all levels. It also transforms knowledge to actionable information to help the user make intelligent informed decisions.

Sapura Energy also streamlined its 16 Life Saving Rules, and adopted the IOGP’s Nine Life-Saving Rules.

Sapura Energy Bags Third Consecutive PTTEP CEO SSHE Excellence Award

For the third consecutive year, Sapura Energy in Thailand was the proud recipient of the PTT Exploration and Production (“PTTEP”) CEO Excellence Award for Safety, Security, Health & Environment (“SSHE”). Sapura Energy was presented with the Triple Star Certificate in recognition of our successive wins and consistency in SSHE performance since 2019.



“Sapura Energy is honoured to receive this prestigious award. The award recognises the outstanding efforts of our personnel in terms of safety culture, operational excellence, and collaborative working relationship with PTTEP. I am very pleased to see that our fundamentals are strong and would like to thank everyone for their hard work and dedication.”

Richard Leetham
Vice President, Asia Pacific

A recognition ceremony in full compliance with COVID-19 SOPs was held on March 31, 2021 in Bangkok, where the award was presented by PTTEP CEO Phongsthorn Thavisin to Sapura Energy representative, Bundit Kittitanarux, area manager for Thailand and Myanmar.

Sapura Energy met the following criteria to qualify for the Triple Star Certificate:

4

TARGET ZEROS

- Zero Lost Time Injuries
- Zero Total Recordable Injuries
- Zero Spill to Environment
- Zero Major Accidents

- **Minimum 50,000 manhours** completed for PTTEP
- **Good working relationship**
- **Transparency in Incident Reporting**

Deliver on milestone commitments to clients by quickly adapting to new SOPs and offering innovative solutions

DELIVERING ON OUR PROMISES

Business continuity was a key objective to ensure our teams across all Sapura Energy locations can continue to deliver for the Group and its clients throughout the pandemic and its ensuing movement restrictions. Through clear communications, agile planning, and precise execution, we continued serving our 42 clients across five continents, performed work on 49 projects, and completed 20 within the year under review.

The Pegaga Challenge

Through trust, agility, and professionalism, we marked the completion of our first offshore transportation and installation (“T&I”) campaign for the engineering, procurement, construction, installation, and commissioning (“EPCIC”) works for the Mubadala Pegaga gas development field in Block SK320, offshore Sarawak.

The challenges were numerous, mainly because it took place at the height of the movement restrictions in Malaysia and required careful coordination across a number of geographies. The close cooperation between our teams enabled us to complete six complex loadout and mobilisation activities within three weeks, which was crucial for ensuring all the required manpower, components, and assets would arrive on time to meet our project deadline.

As a result of these efforts, the Pegaga team safely constructed and installed a 12,200 metric tonne jacket and a 1,300 metric tonne wellhead deck as well as a 38-inch four kilometre pipeline for our client, Mubadala Petroleum. Two of our Engineering & Construction assets also proved its capabilities in this offshore campaign after our offshore construction vessel and transportation barge, Sapura 3000 and Sapura FLB-1, successfully laid and installed its biggest pipeline, and launched its heaviest jacket to date, respectively.

It was a major milestone considering it was a maiden offshore campaign for members of the Pegaga team. The team achieved excellent safety performance with 5.4 million manhours without Lost Time Injury (“LTI”).



The team achieved excellent safety performance with **5.4 million manhours without LTI**

STRATEGY REVIEW

On Time Delivery of the SK408 Gorek Platform

Precise execution was once again required to mobilise our teams offshore to the SK408 Gorek Platform during the MCO. The SK408 Gorek Platform is part of the contract with Shell to provide Hook-up and Commissioning scope of work for three offshore platforms in Sabah and Sarawak.

Noting the requirement for a 14-day quarantine for anyone arriving into East Malaysia, our teams planned ahead to ensure an adequate buffer period. With team members flying in at different times into different parts of Sarawak, it was also crucial for all government-approved documentation to be in order and the timing of flights to be precise. Following all the requisite observation of quarantine and negative COVID-19 test results, our entire team of 54 crew members was successfully mobilised on April 22, 2020 to the Gorek platform. This outcome was all the more impressive given that the contract was awarded to the Group just before the MCO was implemented on March 18, 2020, a testament to our ability and agility to work through difficult challenges and deliver for our clients.



02 TRANSFORMATION & ORGANISATIONAL STRENGTH

Acceleration Programme – results in cash and capabilities

ACCELERATING OUR WAY TO LEAN AND EFFICIENT OPERATIONS

As Sapura Energy advances its value creation journey and embraces the ongoing transition in the energy landscape, it is imperative that we put in place strategies to remain a world-class operator.

This required sustaining our competitiveness and being top quartile in terms of safety, efficiency, and productivity. We began our journey by embedding lean practices and continuous improvement in our operations, supported by a high-performing workforce guided by the Sapura Energy values of “S.H.A.R.P. builds Trust”.

To unlock our full potential, we continued pushing ahead with our transformation plan under the Sapura Energy Acceleration Programme.

The Acceleration Programme, which began in 2019, aims to generate cash savings of RM1.3 billion by the end of FY2022. It centres on three key objectives:

Revenue generation

01

- Leverage on our ability to expand into new markets, locations, and new clients
- Maximise value by identifying and executing commercial opportunities in current projects
- Improve productivity through consistency in project execution

Cost Optimisation

02

- Reduce cost by centralising and sharing resources in operations
- Deliver savings in procurement by consolidating demand and strategic-sourcing
- Optimise inventory levels across operations and projects
- Reduce the billing cycle days

Sustainability & Efficiency Improvements

03

- Build organisational capability and bench strength based on the Sapura Energy values
- Simplify, improve, and standardise processes and systems
- Ensure that lessons learnt are shared across the company

More than 300 employees have contributed their time, ideas, and effort to this programme, leading to meaningful value creation for our stakeholders.

Progress so far as at April 2021:

✓ A total of **278 initiatives** have been identified

✓ **130 initiatives** valued at **RM760 million** have been completed at the time of writing

✓ **Savings of RM430 million** has been realised from 48 initiatives

Our Acceleration Programme transformation plan is a continuous journey towards Operational Excellence, creating a stronger, more agile, and sustainable organisation. Looking ahead across the horizon, we are committed to secure a brighter future for the company by finding more ways to improve productivity in our operations, optimise our supply chain to procure more competitively, and create value through innovative solutions.

Clearing the Path To Productivity

As part of the Acceleration Programme, we have introduced the Productivity Champions initiative that seeks to identify, unblock, escalate, and resolve key productivity issues across operational disciplines. To ensure these efforts are sustained, 'Productivity Champions' or representatives of the programme are chosen to champion the initiative within their particular area of responsibility.

This initiative has been rolled out in the Lumut Fabrication Yard under the E&C segment and seeks to identify issues or blockers to better productivity, which are incorporated into daily reports for further review. These issues are then set into context, by measuring performance across four dimensions, namely: daily achievement, progress, productivity, and cost.

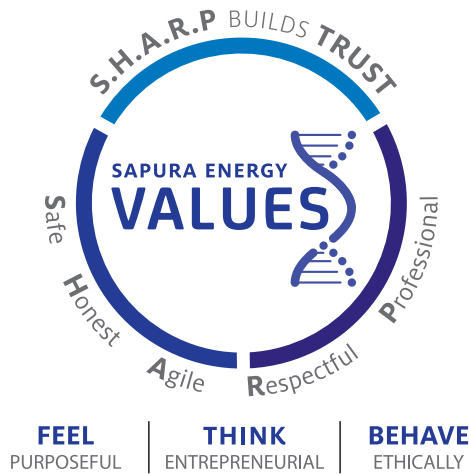
With these measurements, frontline supervisors now have greater awareness about issues surrounding cost as well as room for improvements in their respective areas of operations. More importantly, the review has made trends more visible and guides the teams involved to develop solutions to address repetitive issues. In the case of the Lumut Fabrication Yard, this would help to unlock maximum day-to-day yard operational productivity. While most issues can be resolved within the team, those that are not within its control are escalated to higher management for further support.

- The Productivity Champions initiative will continuously improve our day-to-day operations making it safer, more efficient, and cost-effective, thus enhancing our competitiveness.



STRATEGY REVIEW

People & Culture – building a high-performing workforce



An organisation is only as good as the people who embody its mission and those who go above and beyond to ensure its success. The people of Sapura Energy are the ambassadors who deliver solutions to our clients and the innovators who continuously improve our operations. In the year under review, we continued to cultivate a high-performing workforce through several People & Culture initiatives. We focused on succession planning by ensuring leadership readiness, we revitalised the Sapura Energy core values by clarifying how safety, honesty, agility, respect, and professionalism builds trust with stakeholders, and we improved talent development and performance management through digitalisation.

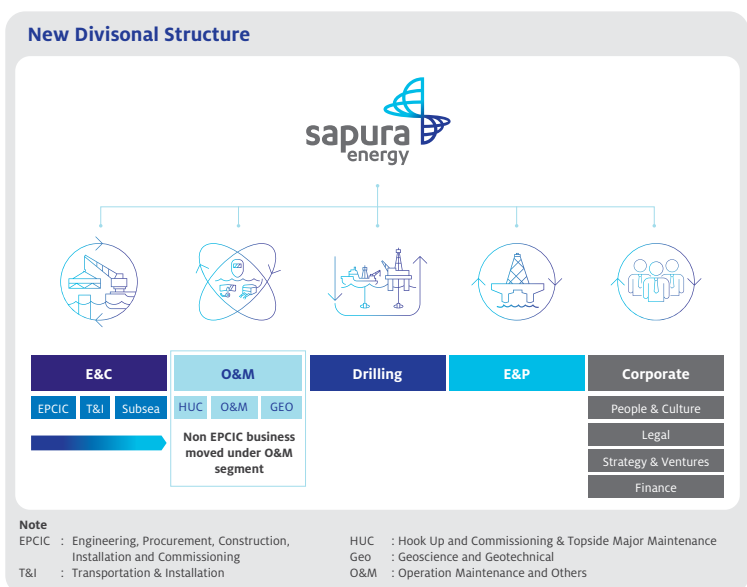
FY2021 however, stood out as an extraordinary year for our people because of the immense sacrifices that they made to help Sapura Energy navigate the safety and operational challenges brought by the pandemic. Some had to prolong their time off-shore to ensure we complied with COVID-19 restrictions. Some had to juggle child-care with the demands of their jobs, as they endeavoured to work from home. We thank all our employees and their families, for all these earnest efforts and forbearance.

As Sapura Energy sustained the impact of a pandemic-driven economic decline, our employees supported the austerity measures we took to ensure the Group’s sustainability. These austerity measures included a reduction in salaries and a 20 percent reduction in our workforce. We took great care in implementing these measures, ensuring the protection of the most vulnerable among our people. Employees with a monthly salary of less than RM10,000 were shielded from pay cuts. For the rest, the quantum of reductions was based progressively on the salary scale. We made substantial allocations to ensure employees and contract workers impacted by the workforce reduction could quickly get back on their feet. The allocation included a fair severance package, continuation of their medical coverage, and professional assistance for career transition.

For more details on our work in building a high-performing workforce, please turn to our Sustainability Statement on page 116.

Leadership transition & reorganisation

FY2021 was particularly significant for the Group as we bade farewell to our founder, Tan Sri Shahril Shamsuddin, who had helmed the Group for decades. The leadership torch was passed on to Datuk Mohd Anuar Taib who took over as the new GCEO on March 23, 2021. Following his appointment, a new organisational structure was announced that would clarify accountabilities, improve efficiencies, and aid the Group’s long-term value creation goals. The new structure sees the establishment of four business segments, namely Engineering & Construction (“E&C”), Operations & Maintenance (“O&M”), Drilling, and Exploration & Production (“E&P”), each with their respective CEOs who would be supported by the functional divisions of People & Culture, Strategy & Ventures, Legal, and Finance. This new structure aims for better profit and loss (P&L) control and reporting, specific to the core services and region it operates. This new structure also puts greater emphasis on building capabilities in renewable energy ventures, which are crucial in the journey to energy transition.



03 GROWTH & SUSTAINABILITY

Financial headroom to power sustainable growth

In line with Sapura Energy's long-term capital management programme, the Group was able to secure an additional working capital facility, increasing our working capital facilities to a combined RM1.2 billion. We also completed a RM10.3 billion refinancing exercise which granted us a seven-year extension on the borrowing period, giving Sapura Energy the vital financial headroom and confidence to execute ongoing and pursue more projects moving forward.

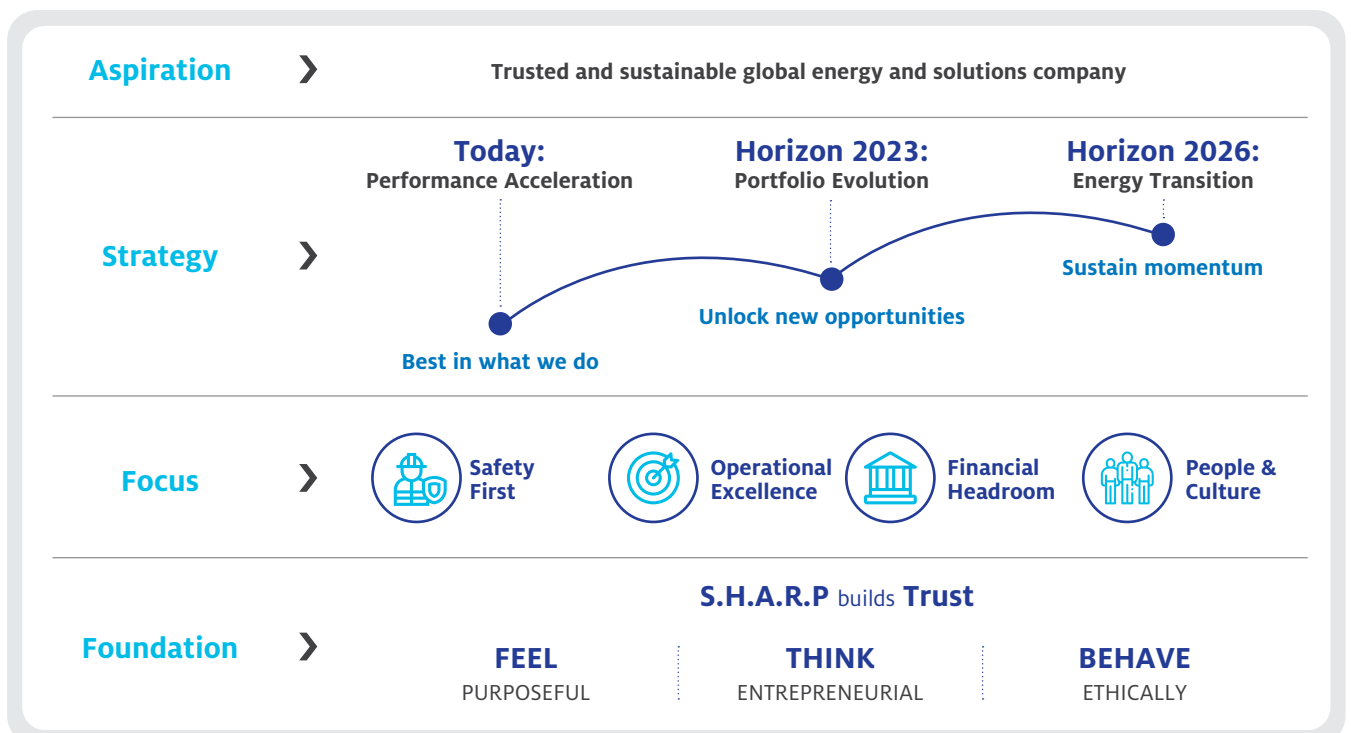
The senior management, guided by the strengthened boardroom, will continue to evaluate our businesses to unearth new opportunities to broaden financial headroom, thus ensuring the stability and sustainability of the Group's revenue.

As we forge ahead in our journey, the Group would like to take this opportunity to express our gratitude to all our financiers for their unwavering confidence and continued support to Sapura Energy in navigating the stormy weather of FY2021.

Long-term strategy to embrace the energy transition

Our long-term strategy was formulated by considering the effects that global megatrends would continue to have on our business and the industry at large. As the world advances towards a low-carbon economy and investors put greater emphasis on Environment, Social and Governance (“ESG”) factors, the Group has responded by setting in motion the strategies that will ensure continued value creation for our stakeholders.

To this end, we have drafted broad plans to implement our commitment to embracing the energy transition. This includes near and mid-term strategies to ensure our processes and portfolios are optimised to capitalise on these future opportunities. Looking ahead, we will continue to align ourselves with the UN Sustainability Development Goals and press ahead with embedding ESG considerations across all aspects of our business.



STRATEGY REVIEW

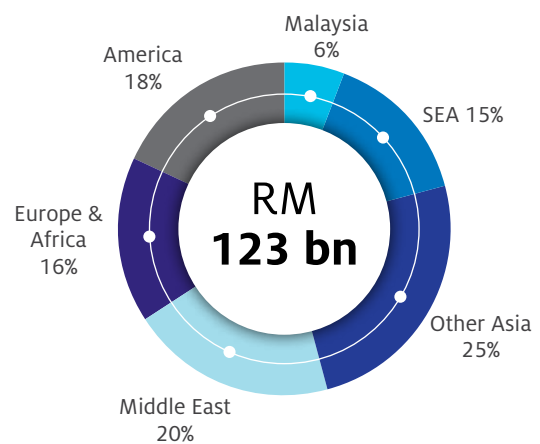


The Group has moved in lockstep with the times as the industry ultimately shifts its focus towards a low-carbon future. In doing so, we have focused on natural gas as a transition fuel, as evidenced by our E&C activities that are predominantly supporting the development of natural gas assets around the world. Our first foray in offshore wind marks the beginning of our journey up the value-chain of renewable energy. The Group has also improved operational efficiencies and eliminated waste through digitalisation, standardisation, and cost optimisation.

In our E&P segment, natural gas represented approximately 85 percent of our production in FY2021. Gas is expected to be a mainstay in our portfolio, following the recent final investment decision on the Jerun field in the SK408 gas development, and the planned divestment of our oil producing assets in Malaysia.

Looking ahead, the addressable market for the Group in terms of bids and prospects over the next five years stands at RM123 billion, of which six percent represents opportunities in offshore wind. We are committed to increasing our bidding activity for offshore wind opportunities, given the promising potential in the current market.

Geographic distribution of current bids and prospects as at April 2021



» OUR FINANCIAL PERFORMANCE

Despite operating under the extraordinary circumstances brought about by the pandemic, Sapura Energy demonstrated resilience by delivering a commendable set of financial results. In FY2021, the Group registered earnings before interest, tax, depreciation and amortisation (“EBITDA”) of RM809.7 million on the back of RM5.3 billion in revenue, resulting in an EBITDA margin of 15 percent. This was a significant turnaround for the Group compared to its loss before interest, tax, depreciation, and amortisation of RM252 million on revenue of RM6.4 billion in FY2020.

The Group recorded a loss-after-tax and minority interest of RM160.9 million in FY2021, a significant reduction to the RM4.6 billion loss-after-tax and minority interest registered in the previous year.

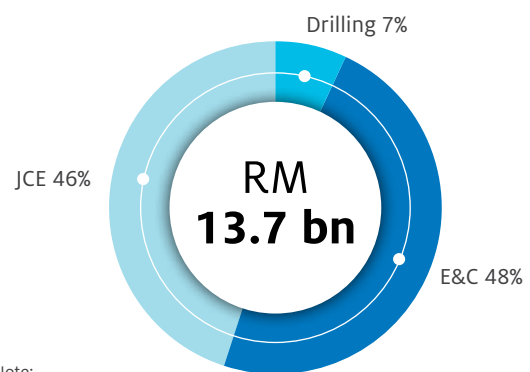
The Group’s revenue was lower by 17 percent year-on-year at RM5.3 billion, mainly due to the various disruptions caused by the pandemic which led to lower activities in the E&C segment and lower effective day rates in our Drilling segment. The disruptions meant the Group had to incur additional costs for supply chain delays, quarantine restrictions on crews and vessels, mobilisation costs, and regular COVID-19 testing on employees at all workplaces, onshore and offshore.

The disruptions caused by the pandemic also led to delays in project timelines, consequently forcing us to work through the monsoon season which would normally be avoided. Working through such inclement weather conditions created extra expenditure for the Group.

COVID-19 related costs were approximately RM286 million in FY2021 while weather related costs amounted to about RM149 million. We are engaging with our clients for these costs to be acknowledged and recognised in FY2022.

The Group’s orderbook remains strong at RM13.7 billion as at April 2021, and through this, we have secured approximately 80 percent of our revenue for FY2022.

Group orderbook by segment as at April 2021



Note:
E&C = Engineering & Construction
JCE = Jointly Controlled Entities



BUSINESS UNIT PERFORMANCE REVIEWS

» ENGINEERING AND CONSTRUCTION

DRILLING

EXPLORATION AND PRODUCTION



ENGINEERING AND CONSTRUCTION

ABOUT US

Sapura Energy's Engineering and Construction ("E&C") business delivers end-to-end Engineering, Procurement, Construction, Installation, and Commissioning ("EPCIC") solutions for offshore facilities and subsea facilities. Our in-house capabilities also encompass brownfield modification, subsea inspection, 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, as well as our state-of-the-art and versatile fleet of vessels.

In our effort to embrace the energy transition, we have strategically positioned ourselves to look beyond the existing market. Our proven agility and resilience

in weathering unprecedented challenges, diverse in-house technical expertise, and versatile strategic assets, have given us the advantage to deliver services and solutions in adjacent markets. Following our foray into offshore windfarm and marine infrastructure projects, we look forward to more successful bids in the renewables and new energy sector as the Group embraces the energy transition.

OUR FINANCIAL PERFORMANCE

E&C was the biggest contributor to the Group's revenue, recording profit (including share of profit from associates and joint ventures) of RM505.4 million in FY2021. This was a significant improvement compared to the RM1.9 billion loss in FY2020. However, revenue was lower by about 16 percent at RM4.6 billion in FY2021 due to lower activities resulting from pandemic-led lockdowns and movement restrictions measures.

We are looking to more successful bids in the renewables and new energy sector as the Group embraces the energy transition.

Revenue
RM4.6 billion

BUSINESS UNIT PERFORMANCE REVIEWS

HIGHLIGHTS

Despite the challenges presented by the pandemic, Sapura Energy proved its resilience by securing new contracts with a combined value of approximately RM5.0 billion since beginning of FY2021. These include the following major offshore and onshore projects:

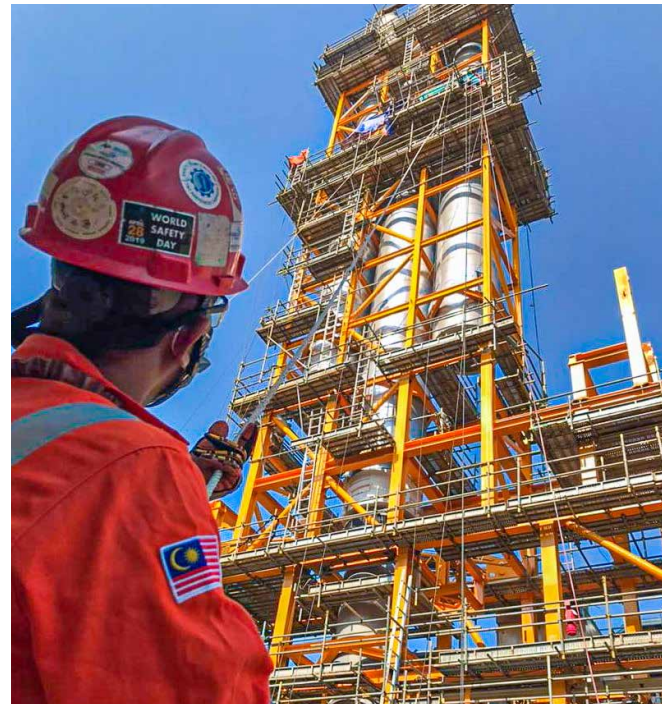
- ▶ CRPO59, our first Contract Release Purchase Order (“CRPO”) under a Long-Term Agreement (“LTA”) with Saudi Aramco
- ▶ Sumud for Total Qatar, our second contract in Qatar
- ▶ Sapura Esmeralda’s contract extension from Petrobras in Brazil
- ▶ Seven jacket decommissioning contract in Thailand for Chevron Thailand, completed in September 2020
- ▶ Wellhead platforms and pipelines installation, and wellhead platforms decommissioning contract in Thailand for Chevron Thailand, expected to commence in FY2022
- ▶ Contract extension with Sabah Shell for topside major maintenance scope
- ▶ 10-year service contract by Malaysia LNG Sdn Bhd for the comprehensive maintenance of gas turbines, compressors and related equipment in the PETRONAS LNG Complex in Bintulu, one of the world’s largest LNG facilities

In FY2021, we also supported PETRONAS in its effort to reduce emissions by delivering an OEM technology conversion kit named the Dry Low NOx Combustion Module for its cogeneration plant in Malacca Refinery.



ACTIVITIES IN FY2021

Going into FY2021, the Group was initially optimistic that there will be an increase in project sanctions across the globe. However, this outlook took a turn for the worse as the pandemic sent countries into lockdown and drove down demand for oil and gas, leading to a pause in project sanctioning.



Despite the challenges, Sapura Energy worked hard throughout the year under review to strengthen our global footprint and broaden our service offerings in the areas of deep-water and decommissioning projects. To further enhance our operations efficiency, we launched and implemented operational dashboard reporting which allows us to closely monitor project progress and identify critical issues for timely resolution. We also successfully qualified to bid for EPCIC projects in the Middle East and Africa.

As part of our diversification into renewable energy, we have commenced the installation of wind turbine monopiles at the Yunlin Offshore Wind Farm in Taiwan, our first foray into the segment. We continue to deepen our presence in renewables, by increasing our bidding activities in offshore wind. To date, our bids and prospects for offshore wind opportunities in Asia Pacific, the Americas, and Europe are valued at approximately USD2 billion, out of our total bids and prospects of USD27 billion.

In our O&M division, we successfully completed seven gas turbine inspections ranging from Hot Gas Path Inspections and Liner Transition Piece Inspections, in support of various oil and gas facilities in Malaysia and Brunei. In terms of innovation, O&M Digital Solutions registered itself as the intellectual property owner of its in-house fuel retail applications with MyIPO. These applications are currently used by our fuel retail maintenance and support team, and is also widely marketed to fuel station operators in the region. The O&M division has also remained fully committed to our HSE standards, achieving 5 million working hours without a recordable incident.

BUSINESS UNIT PERFORMANCE REVIEWS

DELIVERING OUR PROMISES GLOBALLY IN FY2021

TOTAL NO. OF PROJECTS

EPCIC	EPCI	EPCC	EPC	T&I	MCM	Decomm
10	3	3	2	10	2	1

MALAYSIA

Total Projects:

16

- EPCIC 3
- EPCC 3
- EPC 1
- T&I 7
- MCM 2

ASIA PACIFIC/INDIA

Total Projects:

11

- EPCIC 4
- EPCI 3
- EPC 1
- T&I 2
- Decomm 1

MIDDLE EAST

Total Projects:

2

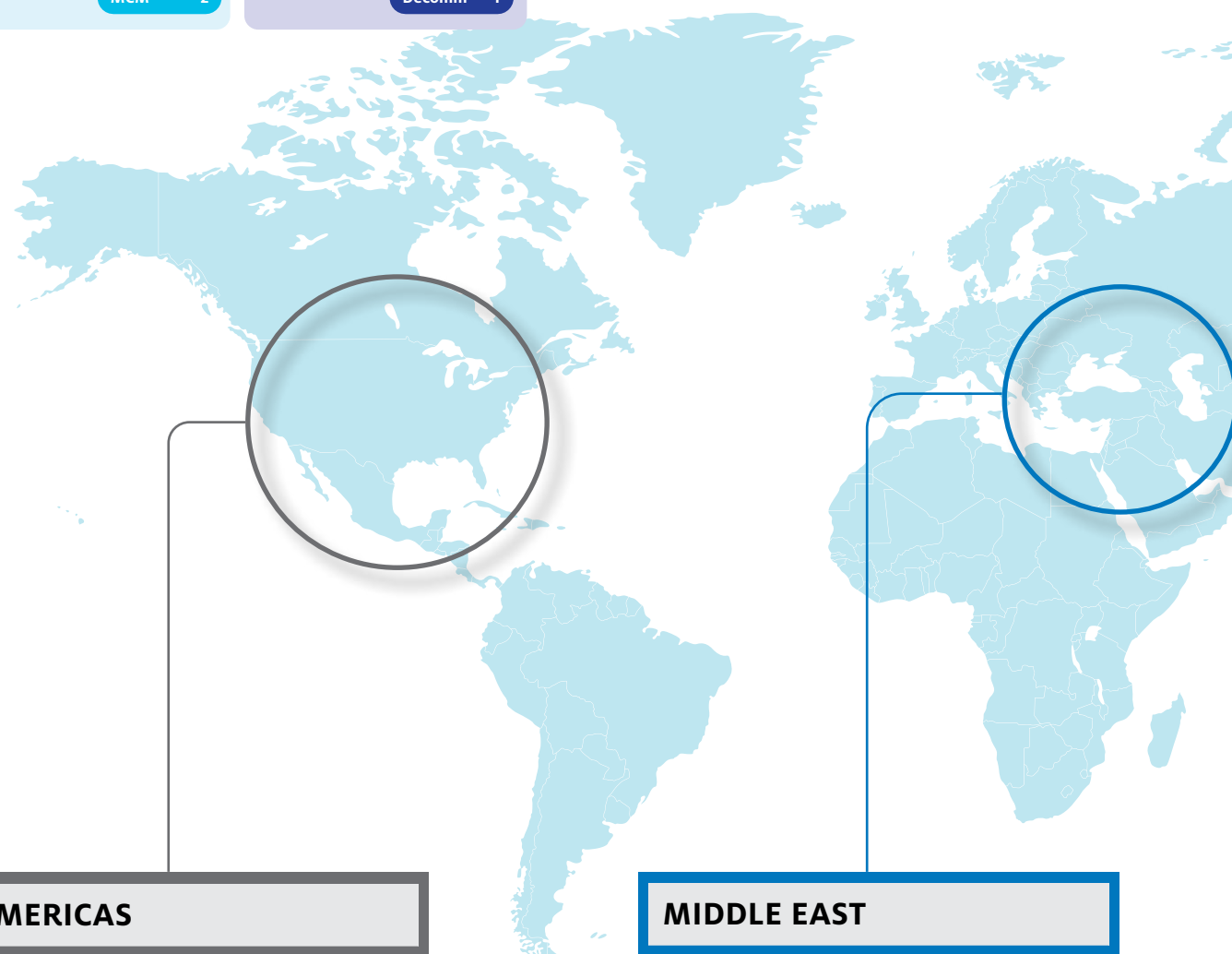
- EPCIC 2

AMERICAS

Total Projects:

2

- EPCIC 1
- T&I 1



AMERICAS

Service	Project
EPCIC	Hokchi
T&I	ENI Amoca Phase 2

MIDDLE EAST

Service	Project
EPCIC	Saudi Aramco CRPO 59
	Total Sumud (formerly known as Total Al-Khalij)

BUSINESS UNIT PERFORMANCE REVIEWS

Note:

EPCIC	Engineering, Procurement, Construction, Installation, and Commissioning
EPCI	Engineering, Procurement, Construction, and Installation
EPCC	Engineering, Procurement, Construction, and Commissioning
EPC	Engineering, Procurement, and Construction
T&I	Transportation and Installation
MCM	Maintenance, Construction, and Modification
Decomm	Decommissioning

* A full list of services is available on our website

MALAYSIA

Service	Project
EPCIC	Mubadala Pegaga
	Hess North Malay Basin (Phase 2)
	Hess North Malay Basin (Phase 3)
EPCC	PETRONAS FLNG Satu ("PFLNG Satu") Relocation
	Bokor Betty
	Kinarut
EPC	Shell's Gorek Platform
T&I	Pan Malaysia Hess MRU
	Pan Malaysia SSB Subsea Flushing
	Pan Malaysia PTTEP Sarawak Oil
	Pan Malaysia PCSB Bakau Pipeline
	Pan Malaysia PTTEP PE-SA Topsides
	Kasawari
	2H Offshore Bakau Structure
MCM	ExxonMobil MCM
	PCSB MCM-SKG

ASIA PACIFIC/INDIA

Service	Project
EPCIC	ONGC 98/2
	ONGC PRP V
	Berth A2
	CPOC Andalas
EPCI	ENI Merakes
	Shell Bukom
	BSP Salman
EPC	BSP Egret East
T&I	Yunlin Offshore Wind Farm (Renewables)
	BSP PRP7
Decomm	Chevron Decommissioning 2020

BUSINESS UNIT PERFORMANCE REVIEWS

AWARDS, RECOGNITIONS & MILESTONES



HUC team was awarded the highest ratings by Shell and ExxonMobil respectively for their excellent HSE performance



Awarded the “Active Participation in Learn and Improve Campaign” from Chevron Thailand for safety operations



Awarded fourth consecutive contract from Hess Exploration and Production Malaysia to undertake EPCC works for full field development (“FFD”) in the North Malay Basin. The first two contracts, FFD Phase 1 and FFD Phase 2 have been successfully executed while FFD Phase 3 is ongoing



Completed deep-water pipelay in Indonesia for ENI Merakes Field



Won our first contract from Saudi Aramco, issued under the LTA



Successfully completed a project in Mozambique for ENI



Installed the first monopile at Yunlin Offshore Wind Farm in October 2020

Contributing Positively to Thailand’s Rigs-To-Reefs National Environmental Project

Sapura Energy was awarded the Asset Removal & Retirement contract by Chevron Thailand in January 2020. The contract entails relocating seven retired platform jackets to a new site where the jackets would be converted into artificial reefs. The offshore campaign, the first of its kind for Thailand took place between July to September the same year. It involved the decommissioning and transportation of jackets across the Gulf of Thailand, from the project site approximately 320 kilometres northeast of Songkhla to the reefing site at Koh Pha-Ngan.

It was the first time that our Sapura 3000 heavy-lift vessel transported a jacket on its crane hook, with each journey covering a distance of between 150 to 200 kilometres. The seven back and forth journeys totalled more than 1,000 kilometres, a significant feat for our Sapura 3000 vessel. A total of 250,200 manhours, including the engineering and offshore execution stages, were devoted to the successful delivery of this project.

The jackets have been safely deployed and now provide a suitable habitat and shelter for a multitude of marine species, with the site declared a protected area by Thailand’s Department of Marine and Coastal Resources.

In addition to this, Sapura Energy’s E&C in Thailand was given special recognition by Chevron for our active participation in their Learn and Improve Campaign. Sapura Energy implemented a ‘live’ lessons learned programme that captured improvements from each stage of the jacket removal and reefing, using the lessons learned to increase efficiency and reduce risks for subsequent operations. The team successfully performed all seven jacket removals, each one quicker than the last, with zero recordable incidents.



First Monopile Installation for Offshore Wind

In October 2020, Sapura Energy successfully and safely installed the first monopile for the Yunlin Offshore Wind Farm, Taiwan. A testament to our versatile strategic assets and technical capabilities, this marks the beginning of our journey into the renewables sector. Located about eight kilometres off the west coast of Taiwan at Yunlin County, the offshore wind farm has a total capacity of up to 640 megawatts.

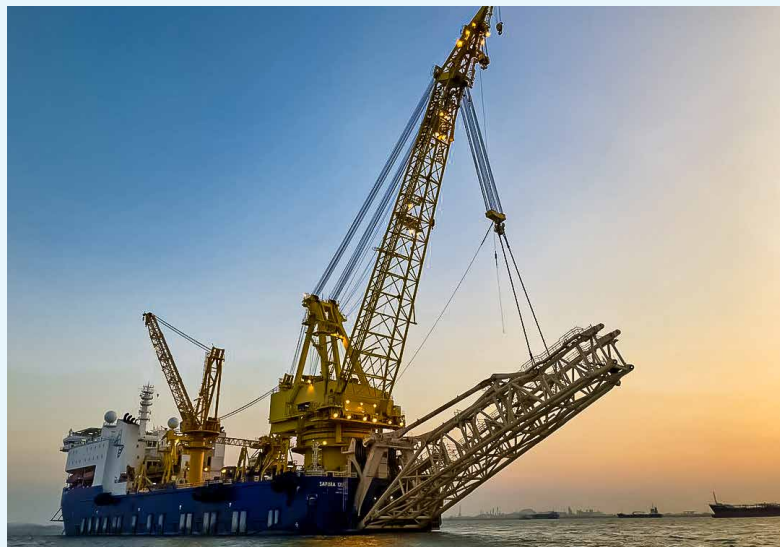


ENI Merakes Field – Deep-water Milestone

Before wrapping up the year 2020, our offshore construction crew working for the ENI deep-water project in the Merakes Field, Indonesia achieved a major milestone.

They had successfully installed a 130 metric tonne Pipe-Line End Termination (“PLET-1”) at record water depths of 1,465 metres using the Sapura 1200, one of our versatile deep-water pipelay vessels.

Prior to this milestone, the Sapura 1200 had also successfully laid a 33 kilometre deep-water pipeline for the same project.



BUSINESS UNIT PERFORMANCE REVIEWS

ENGINEERING AND CONSTRUCTION

>> DRILLING

EXPLORATION AND PRODUCTION



ABOUT US

As the world's foremost tender-assist rig owner and operator, we have been serving our clients with tender-assist drilling expertise and time-tested solutions for close to 50 years now. Being one of the pioneers in our segment, we have demonstrated a strong capability in providing safe and technically-sound services for our clients' drilling programmes. This is supported by our ownership of the world's largest fleet of tender-assist drilling rigs, including eight tender-barge rigs and six semi-tender rigs. Our units can be deployed for development and production drilling campaigns in depths of 30 to 6,000 feet.

OUR FINANCIAL PERFORMANCE

The Drilling segment delivered revenue of RM728.4 million, lower by 22.6 percent compared to the RM941.4 million posted in FY2020. This was mainly

due to lower effective day rates for operating rigs resulting from pandemic-led lockdowns and movement restrictions measures. The segment recorded a profit of RM4.5 million, an improvement from RM1.9 billion loss in FY2020.

HIGHLIGHTS

The most prominent achievement by the Drilling team in FY2021 was their incredible commitment to ensuring business continuity despite the challenges presented by the pandemic. This was exemplified by a series of events that involved the precise movements of our assets and our people between Thailand, Malaysia, Singapore, Indonesia, Brunei, and Congo amidst the movement restrictions. The successful manoeuvres, carried out by our dedicated employees, enabled us to continue serving our clients with virtually no disruptions. Our performance was all the more impressive as we maintained our staunch

World's largest fleet of tender-assist drilling rigs, including eight tender-barge rigs and six semi-tender rigs

Revenue

RM728.4
million

BUSINESS UNIT PERFORMANCE REVIEWS

commitment to safety by reaching an impressive 2.82 years of zero lost-time injuries across the entire drilling fleet as of November 2020.

In addition, we secured two new drilling contracts from returning clients, TOTAL and Foxtrot International, that marked our re-entry into Congo and Ivory Coast, on the back of our solid track record with them.

ACTIVITIES IN FY2021

In May 2020, our tender-assisted rig Sapura T-18 and her dedicated crew wrapped up Chevron Thailand’s six-year contract on a high note. In total, the team drilled an outstanding 376 wells since June 2014. This represents nearly 4.5 million measured depth footage at an average of 4.93 Days per Well. They also completed the project without A Day Away from Work, or Zero Lost Time Injury throughout the duration of service. Their commendable performance also led to many awards and recognitions, such as the record of completing the fastest surface section in 3.25 hours and fastest well in 2.22 days.

Our crew at all our rigs are self-effecting tender barge delivered a remarkable performance in PETRONAS’ West Lutong Drilling Campaign. Coordinated by the rig’s crew, Sapura T-10 made its mark as the first rig under PETRONAS Carigali Sdn Bhd (“PCSB”) to apply remote rig-up supervision of gravel pack equipment without third party personnel onboard. PCSB was pleased when the crew also delivered an excellent safety performance when they achieved zero HSE incidents throughout the campaign.

Despite the challenges of operating during the pandemic, our semi-tender rig Sapura Alliance and the team still managed to complete Brunei Shell Petroleum’s (“BSP”) plug and abandonment (“P&A”) campaign ahead of schedule. Currently serving a long-term contract

for BSP, Sapura Alliance had plugged a total of 21 wells during this P&A campaign. The Sapura Alliance team had also introduced an innovative lifting solution that makes rig-up and rig-down operations safer and quicker by up to 24 hours, effectively improving future tender-rig operational efficiency. Efficiency in rig-up and rig-down translates to better overall rig move execution that saves time and cost for our partners.

Another example of teamwork and collaboration was demonstrated when our semi-submersible tender-assist rig Sapura Esperanza stood in for Sapura Pelaut. Due to Sapura Pelaut’s scheduled routine maintenance, crew members including from other Sapura Energy’s rigs were reassigned and assembled on Sapura Esperanza to ensure business continuity for BSP’s Iron Duke Project. In our efforts to deliver our promise, tremendous effort and collaboration were required from our crew and client. At the end of the campaign, we successfully and safely delivered two of the biggest wells for BSP in 2020, with no interruptions to the operations despite the challenges of introducing a new rig with a new crew and against the pandemic.

Maintaining our Strong Safety Track Record

The Drilling segment continues to uphold its commitment to operational and safety excellence, recording an average of 99 percent uptime, and more than two and a half years without any lost time incidents (“LTI”) across its entire operations.

In May 2020, the Sapura Alliance achieved Goal Zero target for the second consecutive year, which means there were zero recordable injuries, zero uncontrolled discharge, and zero high potential incidents.

In June 2020, Sapura T-18 recorded zero LTI for the sixth consecutive year.



BUSINESS UNIT PERFORMANCE REVIEWS

AWARDS, RECOGNITIONS & MILESTONES



Sapura Alliance – Shell Global Rig of the Year



Sapura Berani – PETRONAS Rig Performance Champion (third successive win)



Sapura Pelaut & Sapura Esperanza – Fit-for-Future Award



Sapura T-9 – Malaysian Society of Occupational Safety & Health – Gold Merit Award



Sapura T-9 – 36 crew members were named winners of ExxonMobil Global Catch of the Week Safety Campaign



Sapura Berani – Malaysian Society of Occupational Safety & Health – Gold Class 1 Award



Sapura T-18 continues to operate in Thailand with our client PTTEP, maintaining our more than 40 years’ presence in the country



Sapura Esperanza completed the first riserless drilling on a Tension Leg Platform globally for Shell, leaving zero discharge to the seabed

Sapura Alliance – Shell’s Global Rig of the Year 2020

Our semi-tender rig, Sapura Alliance, clinched the Shell Global Rig of the Year 2020 Award following the stellar performance of the asset and its crew in Brunei. The award was a fitting global recognition as Sapura Alliance scored top performance amongst all of Shell's platform rigs. The Sapura Alliance team executed the job with strong commitment to safety as demonstrated by the zero total recordable case frequency recorded over the project duration.

During this engagement, the team, comprising a mix of senior hands and newer recruits hired in 2017, had to manage a changing well sequence, the impacts of the pandemic, delivery of a number of complex well activities and the implementation of business improvement projects that helped to reduce HSE exposure and rig up times. They clearly delivered beyond expectations. In further demonstrating their resilience, in 2020 alone the Sapura Alliance plugged 21 wells for Brunei Shell Petroleum, completing the year’s work ahead of schedule.

The team and the asset also notched several notable accolades along the way, including achieving the One Year Goal Zero

milestone in 2019 and 2020. In addition, they added a helideck lift as a new capability for the rig and completed a particularly complex well under the Iron Duke project. Their overall performance was rewarded with Sapura Drilling Core Values Awards for team and individual categories.





EXPLORATION AND PRODUCTION

ABOUT US

SapuraOMV Upstream Sdn Bhd (“SapuraOMV”) is a strategic partnership between Sapura Energy Berhad and OMV Exploration & Production GmbH, a subsidiary of Austria’s OMV Aktiengesellschaft. SapuraOMV has a strong portfolio of oil and gas assets in Malaysia, Australia, New Zealand, and Mexico; including six producing Production Sharing Contracts (“PSCs”) in Malaysia. With more than fifteen years of operating history, it has demonstrated its capability through an outstanding exploration track record, speed to monetise discoveries, innovative and cost efficient solutions and excellent safety performance.

OUR FINANCIAL PERFORMANCE

The segment recorded a loss of RM38.5 million which was an improvement compared to the loss of RM77.8 million in the previous year. The improved results

were mainly due to higher oil and gas production and lower deferred taxes in the current year. This was achieved at the back of significantly lower oil and gas prices last year.

HIGHLIGHTS

In FY2021, SapuraOMV doubled its daily production rate following the optimisation of its production assets and the first gas achievement from the SK408 Phase 1 development. We continued to high grade our portfolio after taking the final investment decision (“FID”) on the Jerun field in the SK408 block in March 2021; and winning new exploration permits in Australia.

Undeterred by the low oil and gas prices and operational challenges posed by COVID-19, we continued to demonstrate operational excellence and strong safety performance in FY2021.

SapuraOMV reported higher production in FY2021, with approximately 11.3 million barrels of oil equivalent lifted for the year.

BUSINESS UNIT PERFORMANCE REVIEWS

ACTIVITIES IN FY2021

SapuraOMV pushed ahead with its aspirations to become a leading independent operator in the region, with a sharp focus on growing its natural gas portfolio to fuel the region's economic growth. In FY2021, SapuraOMV established itself as a significant oil and gas producer in the region, supplying feedstock gas to meet Asia's growing liquefied natural gas ("LNG") demand. The company reported higher production in FY2021, with approximately 11.3 million barrels of oil equivalent lifted for the year. The increase in production was due to the successful start-up of its SK408 PSC, when the company achieved first production from its Larak, Gorek and Bakong fields. SapuraOMV is currently producing 30 thousand barrels of oil equivalent per day, more than double its production rate in the previous year. SapuraOMV has also seen strong growth prospects in its SK310 PSC as it progresses the B14 development project. The company continues its history of operational excellence in Malaysia, consistently outperforming production and cost targets. In FY2021, all of its operated assets achieved average upstream availability of more than 97 percent throughout the year.

The segment's natural gas portfolio will continue to expand following the recent FID on the Jerun field, which will be the largest project undertaken by the company. This field is expected to come onstream in 2024 and is projected to produce some 500 million standard cubic feet of gas per day that will be supplied to the PETRONAS LNG Complex in Bintulu, Sarawak.

In other parts of the world, we have expanded our presence in Australia following the award of AC/P67 and AC/P68 exploration permits with our joint-venture partners Santos and Neptune. This is in addition to our expanding footprint at the Carnarvon and Vulcan sub-basins.

SapuraOMV continued its excellent safety performance in FY2021, with its record of zero Lost Time Injury ("LTI") maintained since June 2017, and a zero (0) Total Recordable Case Frequency ("TRCF"). Its operations clocked about 1.35 million man-hours during the year, while undertaking various high-risk activities such as fabrication, offshore transportation and installation, and drilling.

AWARDS, RECOGNITIONS & MILESTONES



Overall good safety performance in 2020 with 1.35 million safe working hours with zero LTI or major Loss of Primary Containment ("LOPC")



East Piatu platform on Block PM329 achieved 1.2 million safe man-hours with zero LTI in February 2021, maintaining a clean safety record since First Oil production in 2011



The Larak & Bakong Development project also saw more than three million safe man-hours in February 2021, with zero LTI despite a tight schedule and challenging working conditions



Achieved 100 percent compliance amongst 19 Petroleum Arrangement Contractors ("PACs") for PETRONAS' CCI 2020 Assessment



Gorek, Larak, and Bakong fields ("GoLaBa") in SK408, offshore Sarawak came on stream



Made oil discovery at Toutouwai – located in the Taranaki Basin, New Zealand



Blocks AC/P67 and AC/P68, situated in Vulcan sub-basin - SapuraOMV was awarded two exploration permits in Western Australia on November 3, 2020 as a result of the 2019 Australia Bid Round

First Gas at Bakong

SapuraOMV achieved first production from the Bakong gas field under the SK408 PSC, which was delivered within budget in June 2020. This follows the successful production from our Larak gas field which started in December 2019 and the start-up of the Shell-operated Gorek field in May 2020. With this first production from Bakong field, Phase 1 of the SK408 development is now entirely on stream.

The SK408 gas fields are part of discoveries made by SapuraOMV in a drilling campaign in 2014. The Phase 1 development of SK408 aims to commercialise the gas reserves from the GoLaBa fields, to meet Asia's growing gas demand. It is our second major gas development project in East Malaysia and puts us firmly on track in the energy transition journey.



5-YEAR GROUP FINANCIAL HIGHLIGHTS

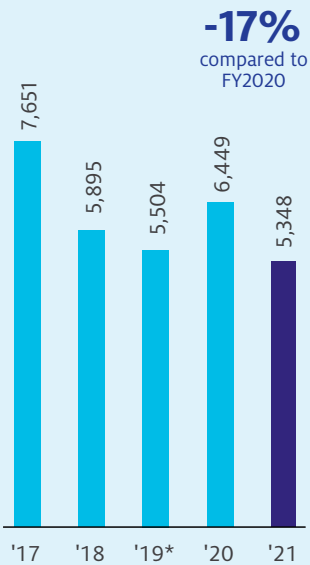
Financial year ended 31 January	2017 RM'mil	2018 RM'mil	2019* RM'mil	2020 RM'mil	2021 RM'mil
Operating results					
Revenue	7,651	5,895	5,504	6,449	5,348
Profit/(loss) before tax and impairments	668	(191)	1,922	(1,267)	(32)
Profit/(loss) before tax	385	(2,324)	401	(4,552)	(32)
Profit/(loss) after tax	206	(2,505)	203	(4,565)	(160)
Key statement of financial position data					
Cash and cash equivalents	3,520	1,716	8,098	772	489
Total assets	37,449	29,993	33,576	22,748	22,665
Borrowings	18,647	16,415	16,986	10,256	10,332
Total liabilities	24,369	20,542	19,705	13,574	13,728
Shareholders' fund	13,076	9,450	13,875	9,183	8,946
Basic earning per share (sen)	3.50	(42.10)	3.43	(28.60)	(1.01)
Net assets per share (RM)	2.19	1.59	0.87	0.57	0.56
Net debt to equity (times)	1.16	1.56	0.64	1.03	1.10
Net debt	15,127	14,699	8,888	9,484	9,843

* Includes discontinued operations

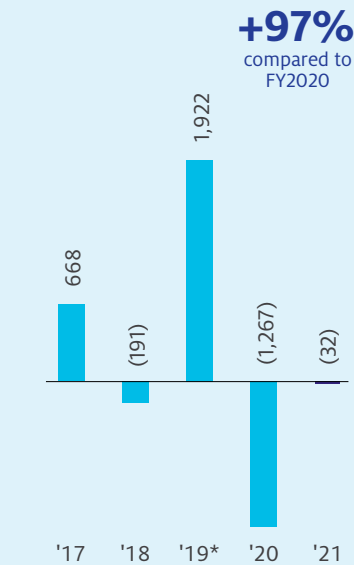


5-YEAR GROUP FINANCIAL SUMMARY

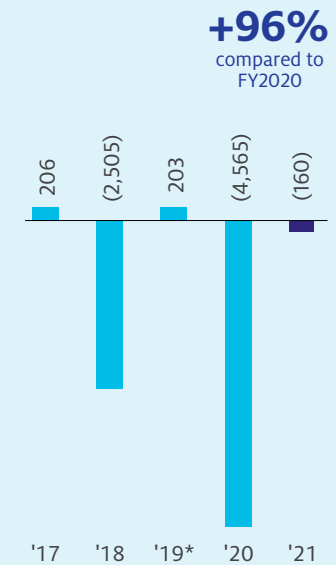
REVENUE (RM'mil)



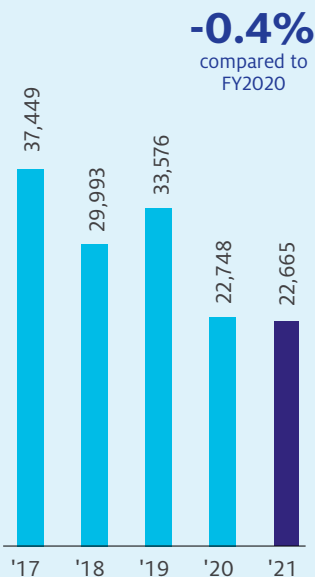
PROFIT/(LOSS) BEFORE TAX AND IMPAIRMENTS (RM'mil)



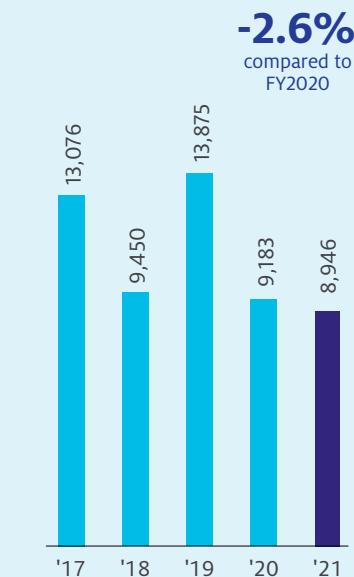
PROFIT/(LOSS) AFTER TAX (RM'mil)



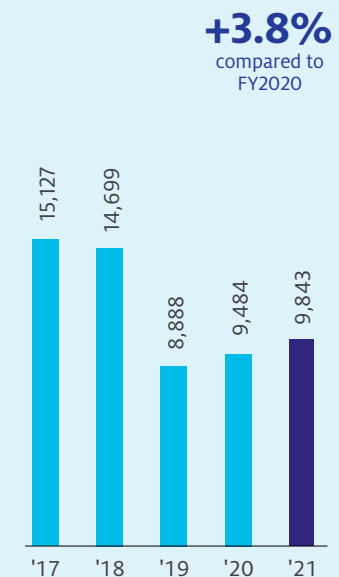
TOTAL ASSETS (RM'mil)



SHAREHOLDERS FUND (RM'mil)



NET DEBT (RM'mil)

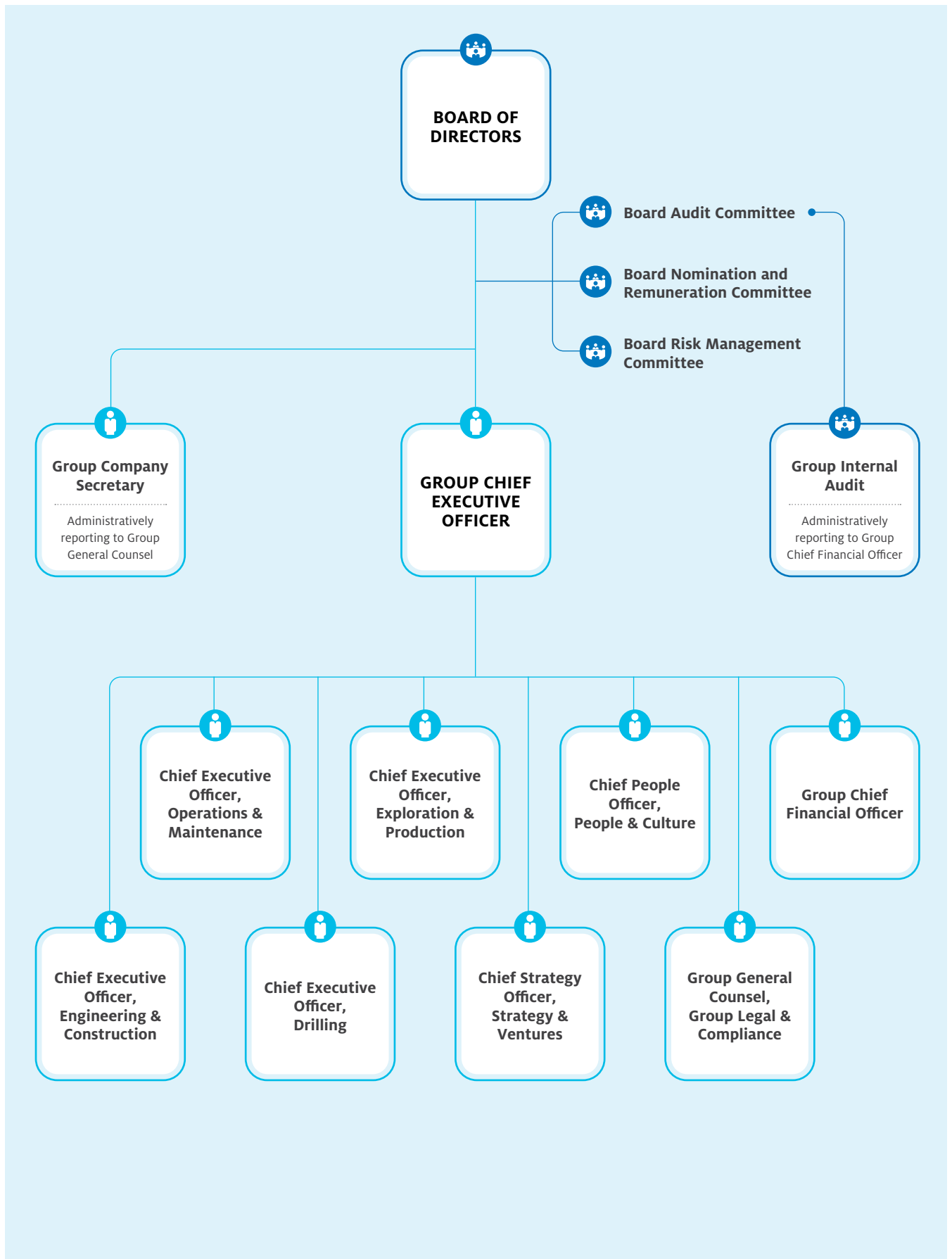


* Include discontinued operations

FINANCIAL CALENDAR



GROUP ORGANISATIONAL STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Shamsul Azhar Abbas

Chairman

Non-Independent Non-Executive Director

Datuk Mohd Anuar Taib

Group Chief Executive Officer

Non-Independent Executive Director

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor

Senior Independent Non-Executive Director

Dato' Mohammad Azlan Abdullah

Non-Independent Non-Executive Director

Bernard Rene Francois Di Tullio

Non-Independent Non-Executive Director

Dato' Shahrizan Shamsuddin

Non-Independent Non-Executive Director

Datuk Muhamad Noor Hamid

Independent Non-Executive Director

Datuk Ramlan Abdul Rashid

Independent Non-Executive Director

Lim Tiang Siew

Independent Non-Executive Director

Dato' Azmi Mohd Ali

Independent Non-Executive Director

Datuk Iain John Lo

Independent Non-Executive Director

CORPORATE INFORMATION

BOARD AUDIT COMMITTEE**Datuk Muhamad Noor Hamid**

(Chairman)

Dato’ Mohammad Azlan Abdullah**Lim Tiang Siew****Dato’ Azmi Mohd Ali****BOARD NOMINATION AND
REMUNERATION COMMITTEE****Tan Sri Dato’ Megat Zaharuddin Megat Mohd Nor**

(Chairman)

Tan Sri Dato’ Seri Shamsul Azhar Abbas**Datuk Muhamad Noor Hamid****Datuk Ramlan Abdul Rashid****BOARD RISK MANAGEMENT
COMMITTEE****Datuk Ramlan Abdul Rashid**

(Chairman)

Bernard Rene Francois Di Tulio**Lim Tiang Siew****Datuk Iain John Lo****COMPANY SECRETARY****Azni Ariffin**

(SSM Practicing Certificate No. 202008003324)

(LS0008791)

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

Website : www.boardroomlimited.com**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 8873

STOCK EXCHANGE LISTING**Main Market of Bursa Malaysia****Securities Berhad**

Stock Name : SAPNRG

Stock Code : 5218

Listing Date : 17 May 2012

PRINCIPAL BANKERS

1. AmBank Berhad
2. CIMB Bank Berhad
3. Export-Import Bank of Malaysia Berhad
4. ING Bank
5. Malayan Banking Berhad
6. First Abu Dhabi Bank
7. RHB Bank Berhad
8. Standard Chartered Bank
9. Sumitomo Mitsui Banking Corporation
10. United Overseas Bank

COMPANY WEBSITEwww.sapuraenergy.com

BOARD OF DIRECTORS



1 Tan Sri Dato' Seri Shamsul Azhar Abbas
Chairman
Non-Independent Non-Executive Director

2 Datuk Mohd Anuar Taib
Group Chief Executive Officer
Non-Independent Executive Director

3 Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor
Senior Independent Non-Executive Director

4 Dato' Mohammad Azlan Abdullah
Non-Independent Non-Executive Director

5 Bernard Rene Francois Di Tullio
Non-Independent Non-Executive Director

6 Dato' Shahrman Shamsuddin
Non-Independent Non-Executive Director

7 Datuk Muhamad Noor Hamid
Independent Non-Executive Director

8 Datuk Ramlan Abdul Rashid
Independent Non-Executive Director

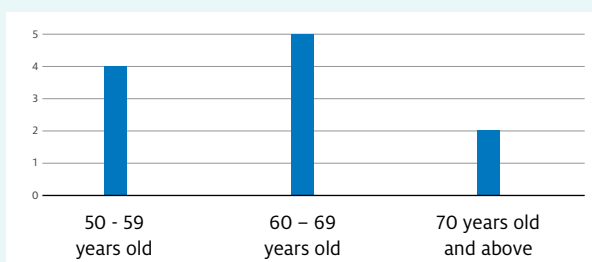
9 Lim Tiang Siew
Independent Non-Executive Director

10 Dato' Azmi Mohd Ali
Independent Non-Executive Director

11 Datuk Iain John Lo
Independent Non-Executive Director



AGE

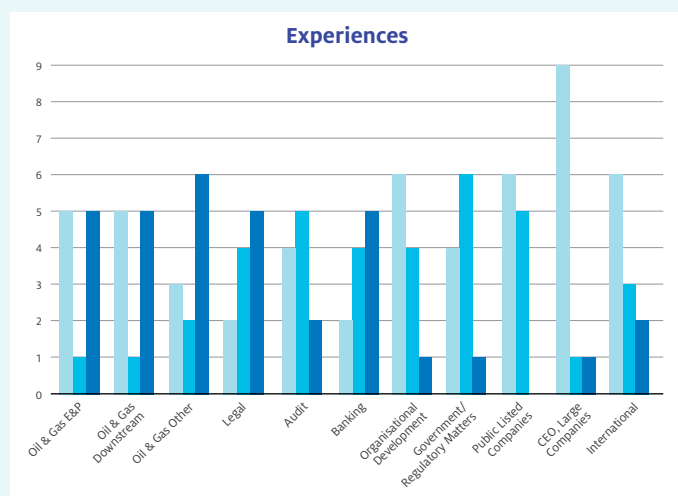
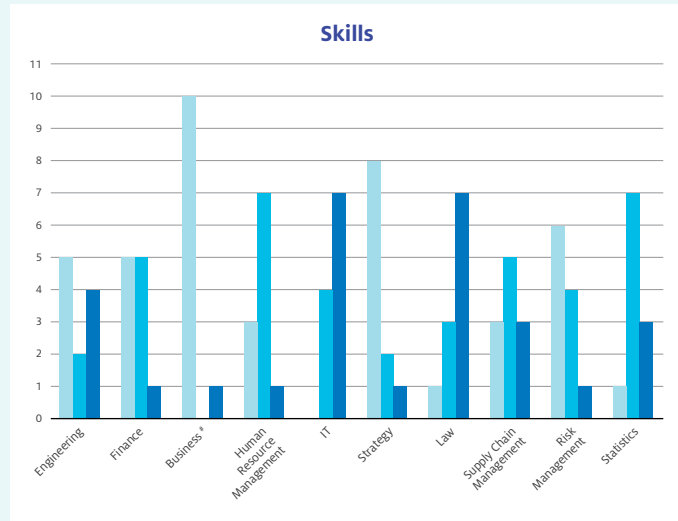


BOARD OF DIRECTORS



BOARD SKILLS & EXPERIENCES

■ A : Awareness - skills noted, experience limited;
 ■ P : Practice - skills demonstrable, experience moderate; and
 ■ C : Competent - skills proven at high level, experience extensive.



* - Business includes marketing, customer relations, economics.


DESIGNATION



Independent Non-Executive Directors Non-Independent Non-Executive/Executive Directors

A Chairman of Audit Committee	A Member of Audit Committee
N Chairman of Nomination and Remuneration Committee	N Member of Nomination and Remuneration Committee
R Chairman of Risk Management Committee	R Member of Risk Management Committee

PROFILE OF BOARD OF DIRECTORS



TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS
Chairman
Non-Independent Non-Executive Director

Age	Gender	Nationality
69	Male	Malaysian
Date of appointment:		Length of tenure as Director:
30 July 2020		< 1 year

Board Meeting Attendance in FY2021:
 4/4 ●●●●

Board Committee Memberships:

- Member, Board Nomination and Remuneration Committee

Current Directorship in Other Public Companies and Listed Issuers:

- Director, ENRA Group Berhad

Other Current and Past Experience/Achievement and Occupation:

- Chairman of the Board of Universiti Malaysia Terengganu (2020 – present)
- Director, NCB Holdings Berhad (2016 – 2020)
- Chairman, MMC Corporation Berhad (2015 – 2020)
- Advisor to Sabah State Government (2017 – 2018)
- Chairman of PETRONAS Gas Berhad (2015 – 2017)
- Chairman of Noble Oil UK (2015 – 2016)
- Pro-Chancellor of Universiti Teknologi PETRONAS (2011 – 2015)
- Board of Trustees of the Razak School of Government (2011 – 2015)
- Chairman of the National Trust Fund of Malaysia (2011 – 2015)
- Chairman of PETRONAS Carigali Sdn Bhd (2011 – 2015)
- President and Chief Executive Officer of Petroliaam Nasional Berhad (PETRONAS) (2010 – 2015)
- Acting Chairman PETRONAS (2010 – 2013)
- Chairman PETRONAS Maritime Services Sdn Bhd (2004 – 2008)
- CEO, Managing Director & President MISC Berhad (2004 – 2008)
- Chairman of AET Tankers USA (2004 – 2008)


Academic/Professional Qualifications:

- Master of Science (MSc) in Energy Management, University of Pennsylvania
- Bachelor's Degree in Social Science (Political Science), Universiti Sains Malaysia
- Technical Diploma in Petroleum Economics, Paris-based Institute Francais du Petrole, Paris

Declarations:

- Tan Sri Dato' Seri Shamsul Azhar Abbas has no family relationship with any Director and/or major shareholder of Sapura Energy
- Tan Sri Dato' Seri Shamsul Azhar Abbas has no conflict of interest with Sapura Energy
- Tan Sri Dato' Seri Shamsul Azhar Abbas 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 2021

PROFILE OF BOARD OF DIRECTORS



DATUK MOHD ANUAR TAIB
Group Chief Executive Officer
Non-Independent Executive Director

Age	Gender	Nationality
53	Male	Malaysian
Date of appointment:		Length of tenure as Director:
27 August 2020 - 1 October 2020 <i>(Independent Non-Executive Director)</i>		< 1 year
1 October 2020 <i>(Chief Operating Officer and CEO Designate)</i>		
23 March 2021 <i>(Group Chief Executive Officer)</i>		
1 May 2021 <i>(Non-Independent Executive Director)</i>		

Board Meeting Attendance in FY2021:
 1/1 ●

Board Committee Memberships:

- Nil

Current Directorship in Other Public Companies and Listed Issuers:

- Nil

Other Current and Past Experience/Achievement and Occupation:

- Non-Executive Chairman of PETRONAS Gas Berhad (2016 – 2019)
- Executive Vice President, Upstream, PETRONAS (2016 – 2019)
- Chief Executive Officer of PETRONAS Carigali Sdn Bhd (2012 – 2016)
- Vice President of Development and Production of PETRONAS (2012 – 2014)
- Chairman of Shell Companies in Malaysia (2010 – 2012)
- Non-Executive Chairman of Shell Refining Company (FOM) Berhad (2010 – 2012)
- Held various key positions at Shell with accountabilities in technical, finance, supply chain and procurement, commercial and leadership roles in exploration and production, LNG and gas-to-liquid, refining and retail business, in Malaysia, the US and the Asia-Pacific region (1990 – 2010)

Academic/Professional Qualifications:

- MBA, International Management, RMIT University, Melbourne, Australia
- BSc, Engineering (Mechanical), Case Western Reserve University, Cleveland, Ohio

Declarations:

- Datuk Mohd Anuar Taib has no family relationship with any Director and/or major shareholder of Sapura Energy
- Datuk Mohd Anuar Taib has no conflict of interest with Sapura Energy
- Datuk Mohd Anuar Taib 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 2021

PROFILE OF BOARD OF DIRECTORS

TAN SRI DATO' MEGAT ZAHARUDDIN MEGAT MOHD NOR

Senior Independent Non-Executive Director

Age	Gender	Nationality
72	Male	Malaysian
Date of appointment:		Length of tenure as Director:
27 August 2020 <i>(Independent Non-Executive Director)</i>		< 1 year
18 September 2020 <i>(Senior Independent Non-Executive Director)</i>		

Board Meeting Attendance in FY2021:

4/4 ●●●●

Board Committee Memberships:

- Chairman, Board Nomination and Remuneration Committee

Current Directorship in Other Public Companies and Listed Issuers:

- Nil

Other Current and Past Experience/Achievement and Occupation:

- Member of the Board of Governors of Asia School of Business (1 Jan 2020 – present)
- Chairman of Federal Land Development Authority (Felda) (2018 – 2019)
- Director of Iclif (2004 – 2019)
- President Commissioner of Bank Internasional Indonesia/Maybank Indonesia (2010 – 2017)
- Director and Chairman of Maybank (2009 – 2017)
- Chairman of PADU (Education Performance and Delivery Unit), Ministry of Education (2013 – 2016)
- Chairman of Maybank Investment Bank Berhad (2010 – 2016)
- Chairman of Malaysian Rubber Board (2009 – 2010)
- Director of Woodside Petroleum Ltd, a company listed on the Australian Securities Exchange (2007 – 2011)
- Director of the Capital Market Development Fund (2004 – 2010)
- Chairman of Etiqa Insurance & Takaful (2006 – 2009)
- Director of Malayan Banking Berhad (2004 – 2009)
- Chairman of Maxis Communications Berhad (2004 – 2007)
- Built an outstanding career with the Royal Dutch Shell Group of Companies and was the Regional Business Chief Executive Officer and Regional Managing Director, Shell Exploration and Production B.V. prior to his retirement (1973 – 2004)

Academic/Professional Qualifications:

- BSc (Hons) in Mining Engineering, Imperial College of Science & Technology, University of London

Declarations:

- Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor has no family relationship with any Director and/or major shareholder of Sapura Energy
- Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor has no conflict of interest with Sapura Energy
- Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor 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 2021

PROFILE OF BOARD OF DIRECTORS

**DATO' MOHAMMAD AZLAN ABDULLAH**

Non-Independent Non-Executive Director

Age	Gender	Nationality
53	Male	Malaysian
Date of appointment:		Length of tenure as Director:
1 October 2019		> 1 year

Board Meeting Attendance in FY2021:

13/13

Board Committee Memberships:

- Member, Board Audit Committee

Current Directorship in Other Public Companies and Listed Issuers:

- Nil

Other Current and Past Experience/Achievement and Occupation:

- Presently the Group Chief Executive Officer of Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS) Group of Companies
- Deputy President, CPA Australia (Malaysia Division) (Jan 2021 – present)
- Director, Universiti Teknikal Malaysia Melaka (UTeM) (August 2020 – present)
- Chairman, UTeM Holdings Sdn Bhd (August 2020 – present)
- Member, Industry Advisory Panel (IAP), Universiti Tenaga Nasional (UNITEN), College of Business and Accounting (August 2020 – present)
- Chief Executive Officer (“CEO”) of The New Straits Times Press (Malaysia) Berhad (“NSTP”) (2012 – 2017)
- Chief Operating Officer of NSTP (2011)
- General Manager and CEO of Big Tree Outdoor Sdn Bhd, the Malaysia’s leading outdoor advertising company (2001 – 2011)
- Attended the Asean Senior Management Development Program by Harvard Business School Alumni Club Malaysia (2009)
- Senior Manager, President’s Office of Renong Group (Property Division) (1999 – 2001)
- Involved in the pre and post construction of the development of the North-South Expressway privatisation project under Projek Lebuhraya Utara Selatan Bhd (“PLUS”) (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)

Declarations:

- Dato’ Mohammad Azlan Abdullah has no family relationship with any Director and/or major shareholder of Sapura Energy
- Nominee Director of Permodalan Nasional Berhad
- Dato’ Mohammad Azlan Abdullah has no conflict of interest with Sapura Energy
- Dato’ Mohammad Azlan Abdullah 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 2021

PROFILE OF BOARD OF DIRECTORS

BERNARD RENE FRANCOIS DI TULLIO

Non-Independent Non-Executive Director

Age	Gender	Nationality
72	Male	Malaysian
Date of appointment:	Length of tenure as Director:	
1 May 2021	< 1 year	

Board Meeting Attendance in FY2021:

Not Applicable

Board Committee Memberships:

- Member, Board Risk Management Committee

Current Directorship in Other Public Companies and Listed Issuers:

- Nil

Other Current and Past Experience/Achievement and Occupation:

- Director of Malaysia Marine and Heavy Engineering Berhad (2012 – 2020)
- Advisor to Group Chairman and CEO of Technip SA, Kuala Lumpur (2011 – 2018)
- President and Chief Operating Officer of Technip SA, Paris, Ile de France (2005 – 2011)
- President and CEO Asia Pacific of Technip Group, Kuala Lumpur (1998 – 2005)
- President and CEO of Technip Geoproduction (MSDN BHD), Kuala Lumpur (1982 – 2005)
- Engineer, Senior Engineer and Project Manager of Technip Group, Paris, Ile de France (1975 – 1982)


Academic/Professional Qualifications:

- DESS in Management: Company Management from the Institut D'Administration des Entreprises (I.A.E), Paris
- Graduate Engineering Mechanical and Electrical: Engineering from Ecole Speciale de Mecanique et D'Electricite, ESME, Paris

Declarations:


- Bernard Rene Francois Di Tullio has no family relationship with any Director and/or major shareholder of Sapura Energy
- Bernard Rene Francois Di Tullio has no conflict of interest with Sapura Energy
- Bernard Rene Francois Di Tullio 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 2021

PROFILE OF BOARD OF DIRECTORS



DATO' SHAHRIMAN SHAMSUDDIN
Non-Independent Non-Executive Director

Age	Gender	Nationality
52	Male	Malaysian
Date of appointment:	Length of tenure as Director:	
9 December 2011	> 9 years	

Board Meeting Attendance in FY2021:
13/13 

Board Committee Memberships:

- Nil

Current Directorship in Other Public Companies and Listed Issuers:

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

Other Current and Past Experience/Achievement and Occupation:

- Director of Sapura Technology Sdn Bhd and Sapura Holdings Sdn Bhd
- 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

Declarations:

- Dato' Shahrman Shamsuddin and Tan Sri Dato' Seri Shahril Shamsuddin are brothers and they are also major shareholders of Sapura Energy
- Dato' Shahrman Shamsuddin has no conflict of interest with Sapura Energy
- Dato' Shahrman Shamsuddin 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 2021

PROFILE OF BOARD OF DIRECTORS



DATUK MUHAMAD NOOR HAMID

Independent Non-Executive Director

Age	Gender	Nationality
69	Male	Malaysian
Date of appointment:	Length of tenure as Director:	
14 April 2015	> 6 years	

Board Meeting Attendance in FY2021:

13/13

Board Committee Memberships:

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

Current Directorship in Other Public Companies and Listed Issuers:

- Nil

Other Current and Past 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
- Chief Operating Officer, Chief Executive Officer and Managing Director of Gas Malaysia Berhad (2003 – 2013)
- 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)
- General Manager of Pipeline Division in OGP Technical Services Sdn Bhd, a joint venture company between PETRONAS and Nova Corporation of Canada (1993 – 1999)
- Head of the Pipeline Operation Division and Penisular 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

Declarations:

- Datuk Muhamad Noor Hamid has no family relationship with any Director and/or major shareholder of Sapura Energy
- Datuk Muhamad Noor Hamid has no conflict of interest with Sapura Energy
- Datuk Muhamad Noor 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 2021

PROFILE OF BOARD OF DIRECTORS



DATUK RAMLAN ABDUL RASHID
Independent Non-Executive Director

Age	Gender	Nationality
62	Male	Malaysian
Date of appointment:	Length of tenure as Director:	
23 September 2016	> 4 years	

Board Meeting Attendance in FY2021:
12/13 

Board Committee Memberships:

- Chairman, Board Risk Management Committee
- Member, Board Nomination and Remuneration Committee

Current Directorship in Other Public Companies and Listed Issuers:

- Nil

Other Current and Past Experience/Achievement and Occupation:

- Director of NCB Holdings Berhad (2015 – 2016)
- Group Chief Operating Officer of MNRB Holdings Berhad (“MNRB”) (2011 – 2014)
- Deputy Chief Executive Officer/Executive Vice President of MNRB Retakaful (2010 – 2011)
- Director of the Malaysian Insurance Institute and Malaysian Life Reinsurance Group Berhad (2006 – 2007)
- 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)

Declarations:

- Datuk Ramlan Abdul Rashid has no family relationship with any Director and/or major shareholder of Sapura Energy
- Datuk Ramlan Abdul Rashid has no conflict of interest with Sapura Energy
- Datuk Ramlan Abdul Rashid 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 2021

PROFILE OF BOARD OF DIRECTORS

**LIM TIANG SIEW**

Independent Non-Executive Director

Age	Gender	Nationality
65	Male	Malaysian
Date of appointment:		Length of tenure as Director:
3 June 2020		1 year

Board Meeting Attendance in FY2021:

8/8 ●●●●●●●●

Board Committee Memberships:

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

Current Directorship in Other Public Companies and Listed Issuers:

- MSIG Insurance (Malaysia) Berhad

Other Current and Past Experience/Achievement and Occupation:

- Chairman of the Audit Committee of MSIG Insurance (Malaysia) Berhad (2019 – present)
- 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 (1990 – present)
- Member of CIMB's top management team, and a member of all its major risk committees (2006 – 2018)
- 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

Academic/Professional Qualifications:

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

Declarations:

- Mr Lim Tiang Siew has no family relationship with any Director and/or major shareholder of Sapura Energy
- Mr Lim Tiang Siew has no conflict of interest with Sapura Energy
- 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 during the financial year ended 31 January 2021

PROFILE OF BOARD OF DIRECTORS

**DATO' AZMI MOHD ALI**

Independent Non-Executive Director

Age	Gender	Nationality
61	Male	Malaysian
Date of appointment:		Length of tenure as Director:
1 October 2020		< 1 year

Board Meeting Attendance in FY2021:

3/3 ●●●

Board Committee Memberships:

- Member, Board Audit Committee

Current Directorship in Other Public Companies and Listed Issuers:

- Director, S P Setia Berhad
- Director, Maybank Islamic Berhad
- Director, Worldwide Holdings Berhad

Other Current and Past Experience/Achievement and Occupation:

- The Senior Partner of Azmi & Associates (present)
- Director of Terralex (second largest global legal network with 21,000 lawyers) (present)
- Director and Fellow of Institute of Corporate Directors Malaysia (present)
- An experienced lawyer with expertise in the areas of mergers and acquisitions, joint ventures, cross-border transactions, project finance, privatisation, energy, oil and gas and foreign investments (present)
- Director of UiTM Holdings Sdn Bhd (2018 - 2021)
- An in- house counsel of PETRONAS (1984 – 1990)
- Involved in projects of national importance for Malaysia and negotiated and concluded the NGPSA, a major gas development project for Malaysia (1990), PSCs and other gas sale agreements
- Won the prestigious International Law Office 2016 Clients Choice Award for Malaysia in Mergers & Acquisitions
- Director of Seacera Group Berhad (2019)
- Director of Financial Reporting Foundation (2013 – 2019)
- Director of Cliq Energy Berhad (2012 – 2019)
- Director of Chemical Company of Malaysia Berhad (2010 – 2019)
- Director of Perbadanan Nasional Berhad (2011 – 2018)
- Director of CCM Duopharma Biotech Berhad (2016 – 2017)
- Director of Sime Darby Berhad (2010 – 2016)

Academic/Professional Qualifications:

- LLM in US and Global Business Laws, University of Suffolk, Boston, United States of America
- LLB (Hons), University of Malaya

Declarations:

- Dato' Azmi Mohd Ali has no family relationship with any Director and/or major shareholder of Sapura Energy
- Dato' Azmi Mohd Ali has no conflict of interest with Sapura Energy
- Dato' Azmi Mohd 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 2021

PROFILE OF BOARD OF DIRECTORS

**DATUK IAIN JOHN LO**

Independent Non-Executive Director

Age	Gender	Nationality
59	Male	Malaysian
Date of appointment:		Length of tenure as Director:
1 May 2021		< 1 year

Board Meeting Attendance in FY2021:

Not Applicable

Board Committee Memberships:

- Member, Board Risk Management Committee

Current Directorship in Other Public Companies and Listed Issuers:

- RHB Bank Berhad
- RHB Investment Bank Berhad
- Digi.Com Berhad

Other Current and Past Experience/Achievement and Occupation:

- Vice President (“VP”) Commercial & New Business Development Asia of Shell International (2016 – 31 March 2021)
- Country Chairman of Shell Malaysia Ltd, Kuala Lumpur (“Shell Malaysia”) (2012 – 31 March 2021)
- Chairman of Shell Middle Distillate Synthesis Co Sdn Bhd (2012 – 31 March 2021)
- Director of MLNG Dua and MLNG Tiga (2012 – 2015/2018)
- Chairman of Shell Refining Co (FOM) (2012 – 2016)
- Chairman of Shell Malaysia Timor Sdn Bhd (2012 – 2016)
- Chairman of Kebabangan Petroleum Operations Co Sdn Bhd (2012 – 2016)
- VP Upstream Malaysia & Philippines of Shell Malaysia Ltd (2012 – 2016)
- Director of Singapore Economic Development Board (2009 – 2012)
- Director of CNOOC Shell Petrochemical Co (2006 – 2012)
- Director of Saudi Petrochemical Co (2006 – 2012)
- Director of Petrochemical Company Singapore Pte Ltd (2006 – 2012)
- VP New Business Development & Joint Ventures of Shell Chemical Ltd, Singapore (2006 – 2012)
- Senior Regional Advisor, Asia Pacific of Shell International, The Hague (2004 – 2006)
- General Manager (“GM”) Sakhalin LNG Project of Shell Gas & Power, Singapore (2002 – 2004)
- GM LNG Business of Shell Malaysia Ltd (1998 – 2002)
- Opportunity Coordinator, New Business Development of Shell International Exploration, The Hague (1996 – 1998)
- Field Engineer, Front End Engineer, Restructuring Consultant of Sarawak Shell Berhad, Miri (1990 – 1996)
- Civil Engineer of Konsortium Malaysia, Kuching (1988 – 1990)
- Design Engineer of S B Barnes and Associates, Los Angeles (1986 – 1988)

Academic/Professional Qualifications:

- Master of Science in Civil Engineering, University of California, Los Angeles
- Bachelor of Science in Civil Engineering, University of California, Los Angeles

Declarations:

- Datuk Iain John Lo has no family relationship with any Director and/or major shareholder of Sapura Energy
- Datuk Iain John Lo has no conflict of interest with Sapura Energy
- Datuk Iain John Lo 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 2021

EXECUTIVE COMMITTEE PROFILE



DATUK MOHD ANUAR TAIB

Group Chief Executive Officer
Non-Independent Executive Director

Age : 53

Gender : Male

Nationality : Malaysian

Date of Appointment as Key Senior Management

1 October 2020

Directorship in public companies and/or listed issuers:

Nil

Working Experience:

Datuk Mohd Anuar Taib joined the oil and gas industry in 1990 after completing his B.Sc. Engineering from the United States, with the Royal Dutch Shell subsidiary in Malaysia, Sarawak Shell Berhad.

At Shell, he had a well-rounded experience with accountabilities in technical, finance, supply chain and procurement, commercial and leadership roles in exploration and production, LNG and gas-to-liquid, refining and retail business, in Malaysia, the US and the Asia-Pacific region; culminating to the position of Chairman of Shell Companies in Malaysia in 2010.

Datuk Mohd Anuar then joined PETRONAS as the Vice President of Development and Production, PETRONAS and Chief Executive

Officer of PETRONAS Carigali Sdn Bhd where he was instrumental in the improvement in the delivery of capital projects, reduction in operating costs and the set-up of the successful low-cost and marginal field subsidiary Vestigo Petroleum Sdn Bhd.

In addition to many internal PETRONAS and shell boards, Datuk Anuar served as Non-Executive Chairman of public listed companies namely, the PETRONAS Gas Berhad from 2016 to 2019 and the Shell Refining Company (FOM) Berhad from 2010 to 2012.

Academic/Professional Qualifications:

- MBA, International Management, RMIT University, Melbourne, Australia
- BSc, Engineering (Mechanical), Case Western Reserve University, Cleveland, Ohio



AHMAD ZAKIRUDDIN MOHAMED

Chief Executive Officer,
Engineering & Construction

Age : 49

Gender : Male

Nationality : Malaysian

Date of Appointment as Key Senior Management

1 January 2014

Directorship in public companies and/or listed issuers:

Nil

Working Experience:

Encik Ahmad Zakiruddin Mohamed is the Chief Executive Officer, Engineering & Construction 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. He has since been appointed to several positions, including VP Fabrication, SVP Fabrication & HUC, SVP E&C Malaysia and SVP Operations, E&C and Group Supply Chain. In his role within Sapura, he has led the delivery of large-scale projects in Asia Pacific, Middle East and the Americas.

Encik Zakiruddin started his career at Ranhill Bersekutu Sdn Bhd before moving to WS Atkins Consultants Limited, United Kingdom (UK) in 1999. 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 27 years of experience working within a range of industries and sectors with exposure in Engineering, Procurement, Construction, Installation and Commissioning.

Academic/Professional Qualifications:

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

EXECUTIVE COMMITTEE PROFILE

**RAPHAEL SIRI**

Chief Executive Officer,
Drilling Business
Senior Vice President Group HSE

Age : 50

Gender : Male

Nationality : French

Date of Appointment as Key Senior Management

1 May 2013

Directorship in public companies and/or listed issuers:

Nil

Working Experience:

Mr Raphael Siri is currently the Chief Executive Officer, Drilling and SVP of Group HSE. He 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.

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 Mathematics, Université de Nice Sophia Antipolis, Nice, France

**MOHAMAD NASRI BIN MEHAT**

Chief Executive Officer,
Operation & Maintenance

Age : 54

Gender : Male

Nationality : Malaysian

Date of Appointment as Key Senior Management

1 April 2021

Directorship in public companies and/or listed issuers:

Nil

Working Experience:

Encik Nasri Mehat is currently the Chief Executive Officer, Operation & Maintenance of Sapura Energy Berhad.

In 2010, En Nasri joined Kencana Pinewell Sdn Bhd (now known as Sapura Pinewell Sdn Bhd) as General Manager, Topside Major Maintenance and was promoted to Senior General Manager in 2014. Prior to his current position, he was the Head of Hook-Up Commissioning Division at Sapura Energy since 2018.

Before joining Sapura Energy, En Nasri was the General Manager of Operations for Nam Fatt Corporation Bhd, overseeing the company's operation in Sudan.

He has 30 years of experience in construction industry, predominantly in the oil & gas sector and has worked in Malaysia, North Africa and Europe. He has held leadership and managerial positions specialising in operations, project management and contract management in major construction companies covering infrastructure projects, power plant, pipelines, pumping and heating stations, onshore plant construction, fabrication works, offshore hook-up & commissioning, facilities upgrading and modification, brownfield rejuvenation and topside major maintenance works.

Academic/Professional Qualifications:

- BSc in Civil Engineering Technology, Southern Illinois University, USA
- Diploma in Contract Law, University of Wolverhampton, UK

EXECUTIVE COMMITTEE PROFILE

**MUHAMMAD ZAMRI JUSOH**

Chief Executive Officer,
SapuraOMV Upstream

Age : 54

Gender : Male

Nationality : Malaysian

**Date of Appointment as Key
Senior Management**

16 July 2019

**Directorship in public companies and/or
listed issuers:**

Nil

Working Experience:

Encik 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 their 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 SPE Asia Pacific Regional Advisory Council, OTC Asia 2022 Advisory Committee and IPTC 2021 Executive Committee.

Academic/Professional Qualifications:

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

**REZA ABDUL RAHIM**

Group Chief Financial Officer

Age : 45

Gender : Male

Nationality : Malaysian

**Date of Appointment as Key
Senior Management**

15 May 2012

**Directorship in public companies and/or
listed issuers:**

Nil

Working Experience:

Encik Reza Abdul Rahim is currently the Group Chief Financial Officer of Sapura Energy Berhad. He has held this position since 1st June 2016. He joined Sapura Energy in 2012 as the Senior Vice President of the Offshore Construction and Subsea Services Division and was later appointed as the Senior Vice President, Group Strategy and Regional Development.

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.

Reza has experience in audit, financial management, corporate finance and mergers and acquisitions. Previously, he was Senior Vice President and Head of Group Corporate Finance at Axiata Group Berhad, 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

EXECUTIVE COMMITTEE PROFILE

**PUSPA HANITA ABD AZIZ**

Chief People Officer
People & Culture

Age : 53

Gender : Female

Nationality : Malaysian

Date of Appointment as Key Senior Management

17 September 2019

Directorship in public companies and/or listed issuers:

Nil

Working Experience:

Puan Puspa Hanita Abd Aziz is currently the Chief People Officer, People & Culture of Sapura Energy Berhad. She joined Sapura in 2019 as the Senior Vice President, Group Human Resource.

Puspa started her career with PETRONAS in 1991. She progressed through various managerial and leadership roles in HR, Group Corporate Strategy, Business Development, Leadership & Capability Development and finally was appointed as the HR Director for Prince Court Medical Centre, Kuala Lumpur. Subsequently in 2010, Puspa set up and led her own independent HR Consultancy firm designing solutions and delivering projects on 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")

**NIK AZLI ABU ZAHAR**

Group General Counsel
Group Legal & Compliance

Age : 51

Gender : Male

Nationality : Malaysian

Date of Appointment as Key Senior Management

1 November 2019

Directorship in public companies and/or listed issuers:

Nil

Working Experience:

Encik Nik Azli was first appointed as the Group Legal Head of Sapura Energy in 2012. In October 2015, he left Sapura Energy and joined Malaysia Airlines Berhad as the Chief Corporate Services Officer until October 2019, where he rejoined Sapura Energy as Vice President, Group Legal, Contracts & Corporate Secretarial. Prior to the SapuraCrest Petroleum Group and Kencana Petroleum Group merger, Encik Nik Azli was the Head of Legal of SapuraCrest Petroleum.

Encik Nik Azli was in private practice in two leading law firms, Zaid Ibrahim & Co ("ZICO") and Zul Rafique & Partners between 1999 to 2010. Apart from experience in mergers & acquisitions and financing transactions, he has had vast experience in project finance transactions both in Malaysia, Asia and the Middle East.

Academic/Professional Qualifications:

- Member of the Malaysian Bar from 1997 to 2010
- Certificate in Legal Practice, University Malaya, 1996
- Bachelor of Law (LLB) (Honours), University of Newcastle Upon Tyne, United Kingdom

Non-Academic Achievement & Contributions:

- Speaker at the 4th Annual Legal Asia 2020 "The Paradigm Shift" from 7-9 September 2020
- Speaker at the 2nd Annual General Counsel & Company Secretary conference in July 2019
- Speaker at the PETRONAS Compliance Conference in October 2019
- Speaker at the Corporate Counsel Conference, April 2018
- Judge for the Asia Legal Business Malaysia Law Awards 2016, 2017 & 2018
- Received the Energy & Resources In-House Legal Team Award at the prestigious ALB Malaysia Law Awards 2015

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 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT



**TAN SRI DATO' SERI
SHAMSUL AZHAR ABBAS**

Chairman
Non-Independent
Non-Executive Director

Dear Shareholders,

As a Board, we place great emphasis on ensuring that the Group has in place a robust and transparent corporate governance framework, appropriate for its size, operations, and organisational structure. It is our strong belief that corporate governance plays a key role in delivering long-term success to the Group and its shareholders.

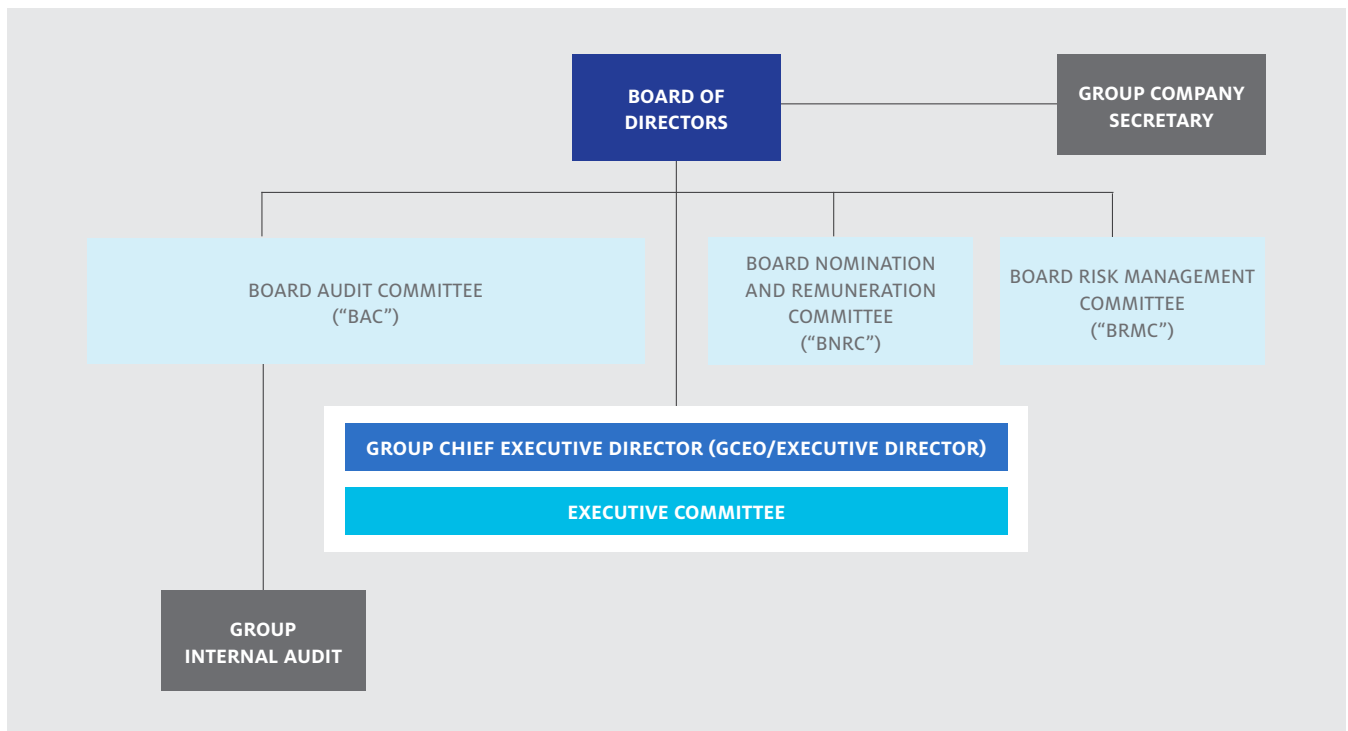
The Board continues to develop and enhance suitable and appropriate corporate governance practices and policies to match the dynamic landscape of our business.

This report aims to give shareholders and other stakeholders insight into the approach that the Board takes for corporate governance during financial year ended 31 January 2021 (“FY2021”), including the manner in which it implements the principles of the Malaysian Code of Corporate Governance 2017 (“MCCG 2017”). This report should be read together with our Corporate Governance Report FY2021 (“CG Report FY21”), which is available on our Company’s website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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 Charter provides guidance to the Board in discharging its roles, duties and responsibilities in line with the principles of good governance. The recent updates on the Board Charter was made on 18 September 2020 and has been made available on the Company’s website at www.sapuraenergy.com.

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 Group Chief Executive Director (“GCEO”)/Executive Director (“ED”), as depicted below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

- (i) Review and adopt strategic business development plans for the Group;
- (ii) Oversee the conduct of the Group's businesses;
- (iii) Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- (iv) Succession planning of the GCEO (and Senior Leadership);
- (v) Oversee the development and implementation of investor relations programmes or the shareholders communication policy for the Group; and
- (vi) 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.

The following are amongst the regular annual matters that are tabled to the Board for approval and/or notation:

- strategic issues and planning, including performance reviews;
- appointment of the GCEO and review of his performance;
- acquisition and disposal of shares (quoted and unquoted), businesses, mergers and acquisitions;
- material service expenditure;
- financial performance report;
- write-off of bad debts and assets;
- disposal of assets;
- Quality, health, safety and environment; and
- Governance.

In addition to the matters reserved for the Board under the Board Charter, the Limits of Authority ("LOA") covers both operations (tender/bidding, project management, capital expenditure and project procurement) and corporate related matters (Finance, Human Resources, Legal and other corporate matters) for the Group that require Board's approval and delegation of powers to its Board Committees, the GCEO as well as management.

In line with the initiative to enhance controls and improve delegation of authority, the LOA was revised and approved by the Board on 29 June 2020.

Details on the Board's key focus areas and initiatives are provided in the CG Report FY21.

Division of Roles and Responsibilities between the Chairman and the GCEO

The positions of Chairman and GCEO of the Company are held by different individuals. The distinct and separate roles of the Chairman, who heads the Board and GCEO leading the Senior Management and operations, ensure a balance of power and authority, which in turn ensures that no one individual can influence Board's discussions and decision-making. During the financial period under review up to 22 March 2021, Tan Sri Dato' Seri Shahril Shamsuddin was the President and Group Chief Executive. Effective 23 March 2021 he was succeeded by Datuk Mohd Anuar Taib as the GCEO.

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman's main responsibilities are clearly listed in the Board Charter of the Company, who 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.

The Chairman, who is a Non-Independent Non-Executive Director, was supported by the Senior Independent Director to ensure objective and independent deliberation, review and decision-making by the Board and to have more effective oversight of management. The Chairman has never assumed any executive position in the Group.

The GCEO has the overall responsibility for the Group's operational, business units and support services, organisational effectiveness and implementation of the Board's policies, directives, strategies and decisions. In addition, the GCEO also functions as the intermediary between the Board and Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

For the first 2 quarters of FY2021, the Board Committees were as follows:

- (i) Board Audit Committee (“BAC”);
- (ii) Board Nomination Committee (“BNC”);
- (iii) Board Remuneration Committee (“BRC”);
- (iv) Board Risk Management Committee (“BRMC”); and
- (v) Long-Term Incentive Plan Committee (“LTIPC”)

On 18 August 2020, the BNC, BRC and LTIPC merged as one Board Committee known as Board Nomination and Remuneration Committee (“BNRC”) to ensure a more effective and efficient role under one committee.

BOARD AUDIT COMMITTEE



Chairman

Datuk Muhamad Noor Hamid

Independent Non-Executive Director
(Resigned as Chairman on 21 May 2020)

Gee Siew Yoong

Independent Non-Executive Director
(Ceased on 21 May 2020)

Members

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)

Dato’ Azmi Mohd Ali

Independent Non-Executive Director
(Appointed on 1 October 2020)

Tan Sri Datuk Amar (Dr.) Hamid Bugo

Independent Non-Executive Director
(Ceased on 30 July 2020)

Mohamed Rashdi Mohamed Ghazali

Independent Non-Executive Director
(Ceased on 9 September 2020)

Datuk Mohd Anuar Taib

Independent Non-Executive Director
(Appointed on 27 August 2020, ceased on
1 October 2020)

Composition and Size based on TOR

At least three (3)
members

All of whom are
Non-Executive Directors

Majority being
Independent Directors

Chairman is an INED
pursuant to Paragraph
15.10 of MMLR

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.

The summary of key activities of the BAC during FY2021 are set out in the Report of the BAC on pages 95 to 98 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD NOMINATION AND REMUNERATION COMMITTEE*(Established upon merger of BNC, BRC and LTIPC on 18 August 2020)*

Chairman

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor*Senior Independent Non-Executive Director**(Appointed on 27 August 2020, Redesignated as Chairman on 18 September 2020)*

Members

Tan Sri Dato' Seri Shamsul Azhar Abbas*Non-Independent Non-Executive Chairman**(Appointed as Chairman on 18 August 2020, Redesignated as Member on 18 September 2020)***Datuk Muhamad Noor Hamid***Independent Non-Executive Director**(Previously Member of BNC and BRC)***Datuk Ramlan Abdul Rashid***Independent Non-Executive Director**(Previously Member of BNC and BRC, and Chairman of LTIPC)***Mohamed Rashdi Mohamed Ghazalli***Independent Non-Executive Director**(Previously Member of BRC, ceased on 9 September 2020)**Details of composition of previous BNC, BRC and LTIPC Chairman and members prior to the merger on 18 August 2020 can be obtained from CG Report FY21 (Practice 1.1)***Composition and Size based on TOR**

At least three (3) members and a maximum of four (4) members

All of whom are Non-Executive Directors

Majority being Independent Directors

Key Functions

Over the FY2021, 7 meetings related to BNC, BRC and LTIPC and 5 meetings related to BNRC were held, with the BNRC formulated as best corporate governance practices on 18 August 2020 to aggregate the responsibilities of the previous three Board Committees as follows:

- Address business continuity of the Company and the Group by having in place a succession plan for the Board and Senior Management;
- Consider potential candidates and nominate suitable persons to the Board;
- Recommend on the appointment of Board members and Board Committee members;
- Assess the performance of the Board members as a whole and as individuals as well as Board Committees;
- Responsible for recommending to the Board the remuneration and reward framework for Executive Directors and Senior Management to allow the Company to attract and retain its Executive Directors and Senior Management giving due regard to the financial situation and performance of the Company;
- Assess and recommend the remuneration packages of the GCEO, ED, Non-Executive Directors ("NEDs") of the Company;
- Assist in reviewing and recommending the annual bonus payment rate and increment range to all employees of the Company and its subsidiaries (collectively "the Group") based on the Group's policy; and
- Administer the Share Issuance Scheme, the Share Bonus Scheme and Executive Share Option Scheme ("ESOS") in accordance with the By-Laws and the Guidelines, respectively.

The BNRC 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD NOMINATION AND REMUNERATION COMMITTEE (CONTINUED)**FY2021 Key Activities**

The salient discussion points pre and post BNRC for FY2021 were as follows:

- Review and recommend NEDs’ Fees and Benefits;
- Review the retirement and recommend re-election of Directors at the Ninth Annual General Meeting;
- Review the Annual Assessment on the Effectiveness of Board of Directors and Board Committees as well as Performance of Individual Board Members for the financial year ended 31 January 2020 including competency matrix and Board Improvement Plan;
- Review and recommend the proposed appointment of Non-Independent, Independent and Senior Independent Directors;
- Review Permodalan Nasional Berhad Stewardship Framework and Voting Guidelines;
- Review Board Pool of Candidates for succession plan;
- Review and recommend TOR of BNRC;
- Review and recommend the proposed change of composition of Board Committees;
- Review and recommend remuneration framework and benefits of GCEO, Senior Management and employees (local and expatriates);
- Review on status of ESOS for key Executives;
- Review and recommend the proposed new organisation structure;
- Review and recommend scorecard/KPI setting for FY2022; and
- Review the proposed expiry and closure of LTIP.

Moving Forward Focus Areas

With a new organisation structure being put in place to implement the Company’s medium term Strategic Plan, the BNRC’s focus for the coming year will be ensuring the improvement in Board governance of Management execution to ensure value creation for all stakeholders.

The key items on the BNRC agenda for the next financial year are as follows:

- ▶ Review of performance and scorecard/KPIs
- ▶ Remuneration recommendations
- ▶ Leadership and talent development
- ▶ Considerations of new NEDs and succession planning
- ▶ Annual assessment of Board and Board Committees
- ▶ Actions for Board and Board Committees improvement
- ▶ Approval of outline agenda for BNRC for FY2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD RISK MANAGEMENT COMMITTEE



Chairman

Datuk Ramlan Abdul Rashid

Independent Non-Executive Director
(Redesignated as Chairman on 9 September 2020)

Mohamed Rashidi Mohamed Ghazali

Independent Non-Executive Director
(Ceased on 9 September 2020)

Members

Lim Tiang Siew

Independent Non-Executive Director
(Appointed on 1 November 2020)

Bernard Rene Francois Di Tullio

Non-Independent Non-Executive Director
(Appointed on 1 May 2021)

Datuk Iain John Lo

Independent Non-Executive Director
(Appointed on 1 May 2021)

Dato' Roslina Zainal

Independent Non-Executive Director
(Appointed on 1 February 2020 and ceased on
1 November 2020)

Syed Ali Syed Salem Alsagoff

Non-Independent Non-Executive Director
(Appointed on 23 March 2020 and ceased on 30 April 2021)

Composition and Size based on TOR

At least three (3) members

Majority being Non-Executive Directors

Key Functions

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.

FY2021 Key Activities

Reviewed the following:

- Risk Appetite Statement;
- Quarterly update on Health, Safety and Environment ("HSE");
- Quarterly update on Group Risks (including risk management on COVID-19 and oil price);
- Quarterly update on Sustainability Activities;
- Risk Management Framework;
- Update on Group Insurance Risks;
- Statement on Risk Management and Internal Control for inclusion in 2020 Annual Report;
- Health, Safety and Environment Statement for inclusion in 2020 Annual Report; and
- Sustainability Report for inclusion in 2020 Annual Report.

Senior Independent Non-Executive Director

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor is the Senior Independent Non-Executive Director of the Company effective 18 September 2020.

The Senior Independent Non-Executive Director is committed in discharging his roles and responsibilities as recommended under the Corporate Governance Guide of Bursa Malaysia. The roles and responsibilities of the Senior Independent Director are stipulated in Practice 4.7 of the CG Report FY21 of the Company.

Company Secretary

The Group Company Secretary is 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. She is 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, guidance in dealing in securities and restrictions on disclosure of price-sensitive information.

The Board has unhindered access to the advice and services of the Group Company Secretary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board and Board Committee Meetings

To enable Directors to plan and accommodate the year's meetings into their schedules, and to devote sufficient time to effectively discharge their duties as well as to endeavour to attend meetings, Board meetings are scheduled in advance before the commencement of the new financial year.

With regards to urgent proposals or matters that require expeditious decisions or deliberations by the Board and/or the Board Committees, additional/special Board meetings and Board Committees meetings were convened between the scheduled meetings.

Information in an appropriate form is furnished to the Board in a timely manner to enable it to discharge its duties relating to all matters that require its attention and decision-making. Proposals comprising comprehensive and balanced financial and non-financial information are encapsulated in the Board papers to 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 Malaysia Securities Berhad ("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 adequate time for appropriate review to facilitate full discussion at the meetings.

Proper minutes of Board and Board Committee meetings covering 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 were produced and the duly confirmed minutes were kept as statutory records by the Company. Any Director who has an interest in any matters related to the Company must immediately disclose the nature of his/her interest and abstain from participating in any discussion or decision making on the subject matter.

In addition to the Board, Senior Management, and/or external advisors are invited to attend Board and Board Committees meetings to provide clarification, more information and advice on agenda items whenever necessary. The Board also practices direct communication and guidance to Senior Management in ensuring all important aspects in relation to proposals and agenda items be taken into account and well analysed to enable the Board and/or the Board Committees to arrive at informed decisions.

Attendance of Meetings

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 13 times during FY2021. Details of attendance of the Directors are as follows:

Directors	Attendance	Percentage
Tan Sri Dato' Seri Shamsul Azhar Abbas (Appointed with effect from 30 July 2020) Chairman, Non-Independent Non-Executive Director	4/4	100%
Datuk Mohd Anuar Taib (Appointed as Independent Non-Executive Director with effect from 27 August 2020, resigned with effect from 1 October 2020. Re-appointed as Non-Independent Executive Director with effect from 1 May 2021) GCEO, Non-Independent Executive Director	1/1	100%
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor (Appointed with effect from 27 August 2020, redesignated as Senior Independent Non-Executive Director with effect from 18 September 2020) Senior Independent Non-Executive Director	4/4	100%
Dato' Mohammad Azlan Abdullah Non-Independent Non-Executive Director	13/13	100%
Dato' Shahrizan Shamsuddin Non-Independent Non-Executive Director	13/13	100%
Datuk Muhamad Noor Hamid Independent Non-Executive Director	13/13	100%
Datuk Ramlan Abdul Rashid Independent Non-Executive Director	12/13	92%
Lim Tiang Siew (Appointed with effect from 3 June 2020) Independent Non-Executive Director	8/8	100%
Dato' Azmi Mohd Ali (Appointed with effect from 1 October 2020) Independent Non-Executive Director	3/3	100%
Bernard Rene Francois Di Tullio (Appointed with effect from 1 May 2021) Non-Independent Non-Executive Director	Not Applicable	Not Applicable
Datuk Iain John Lo (Appointed with effect from 1 May 2021) Independent Non-Executive Director	Not Applicable	Not Applicable
Tan Sri Dato' Seri Shahril Shamsuddin (Retired as PGCEO with effect from 22 March 2021, redesignated as Non-Independent Non-Executive Director ("NINED") with effect from 23 March 2021. Resigned as NINED with effect from 30 April 2021) Non-Independent Non-Executive Director	13/13	100%
Syed Ali Syed Salem Alsagoff (Appointed with effect from 1 February 2020, resigned with effect from 30 April 2021) Non-Independent Non-Executive Director	13/13	100%
Dato' Roslina Binti Zainal (Resigned on 1 November 2020) Independent Non-Executive Director	10/10	100%
Mohamed Rashdi Mohd Ghazalli (Retirement with effect from 9 September 2020 upon reaching 9-year tenure) Independent Non-Executive Director	9/9	100%
Tan Sri Datuk Amar (Dr) Hamid Bugo (Resigned with effect from 30 July 2020) Independent Non-Executive Director	9/9	100%
Abdul Jalil Abdul Rasheed (Resigned with effect from 15 June 2020) Non-Independent Non-Executive Director	5/5	100%
Gee Siew Yoong (Resigned with effect from 21 May 2020) Independent Non-Executive Director	4/4	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The attendance of members at the Board Committee meetings held during FY2021 is as detailed below:

Director	BAC	BNC	BRC	LTIPC	BRMC	BNRC
Non-Independent Non-Executive Directors Attendance						
Tan Sri Dato' Seri Shamsul Azhar Abbas ¹						5/5
Dato' Mohammad Azlan Abdullah ²	10/10					
Bernard Rene Francois Di Tullio ³					N/A	
Syed Ali Syed Salem Alsagoff ⁴					4/4	
Abdul Jalil Abdul Rasheed ⁵			2/2			
Independent Non-Executive Directors Attendance						
Datuk Muhamad Noor Hamid ⁶	11/11	4/4	2/2			5/5
Datuk Ramlan Abdul Rashid ⁷		2/3	2/2	1/1	4/4	5/5
Lim Tiang Siew ⁸	6/6				1/1	
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor ⁹						4/4
Dato' Azmi Mohd Ali ¹⁰	2/2					
Datuk Iain John Lo ¹¹					N/A	
Dato' Roslina Zainal ¹²					3/3	
Datuk Mohd Anuar Taib ¹³	1/1					
Mohamed Rashdi Mohamed Ghazalli ¹⁴	8/8		2/2		2/2	1/1
Tan Sri Datuk Amar (Dr.) Hamid Bugo ¹⁵	7/7	4/4		1/1		
Gee Siew Yoong ¹⁶	3/3	1/1		1/1		
Number of meetings held in FY2021	11	4	2	1	4	5

Notes:

- ¹ Appointed as Chairman of BNRC with effect from 18 August 2020 and redesignated as Member of BNRC with effect from 18 September 2020.
 - ² Appointed as Member of BAC with effect from 23 March 2020.
 - ³ Appointed as Member of BRMC with effect from 1 May 2021.
 - ⁴ Appointed as Member of BRMC with effect from 23 March 2020 and ceased as Member of BRMC with effect from 30 April 2021.
 - ⁵ Appointed as Chairman of BRC with effect from 1 February 2020. Ceased as Chairman of BRC with effect from 15 June 2020.
 - ⁶ Appointed as Member of BNC on 1 February 2020. Redesignated as Chairman of BAC with effect from 21 May 2020.
 - ⁷ Appointed as Member of BNC with effect from 21 May 2020, redesignated as Chairman of LTIPC with effect from 1 February 2020 and redesignated as Chairman of BRMC with effect from 9 September 2020.
 - ⁸ Appointed as Member of BAC with effect from 3 June 2020 and Member of BRMC with effect from 1 November 2020.
 - ⁹ Appointed as Member of BNRC with effect from 27 August 2020 and redesignated as Chairman of BNRC with effect from 18 September 2020.
 - ¹⁰ Appointed as Member of BAC with effect from 1 October 2020.
 - ¹¹ Appointed as Member of BRMC with effect from 1 May 2021.
 - ¹² Appointed as Member of BRMC with effect from 1 February 2020 and Member of LTIPC with effect from 21 May 2020. Ceased as Member of LTIPC with effect from 18 August 2020 and Member of BRMC with effect from 1 November 2020.
 - ¹³ Appointed as Member of BAC with effect from 27 August 2020 and ceased as Member of BAC with effect from 1 October 2020.
 - ¹⁴ Ceased as Member of BAC, Member of BNRC, and Chairman of BRMC with effect from 9 September 2020.
 - ¹⁵ Appointed as Chairman of BRC with effect from 16 June 2020 and ceased as Chairman of BNC, Chairman of BRC, Member of BAC and LTIPC with effect from 30 July 2020.
 - ¹⁶ Appointed as Member of LTIPC with effect from 1 February 2020. Ceased as Chairman of BAC, Member of BNC and LTIPC with effect from 21 May 2020.
- N/A Not Applicable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Continuous Professional Development

All Board members 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 an 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.

The training programmes attended by members of the Board during FY2021 under the relevant skill sets are as follows:

Skill Sets	Trainings
Regulatory/ Legal/ Compliance	<ul style="list-style-type: none"> Section 17A of the MACC Act 2009 – Defense of Adequate Procedures. Raising Defences: Section 17A, MACC Act 2009. Refresher on Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018. Webinar on the Law Firm of the Future: Collaboration, Behaviour and Space. Shell e-learning Trade Compliance Awareness. RHB e-learning Anti Bribery and Corruption.
Leadership/ Strategic	<ul style="list-style-type: none"> Leadership Energy Summit Asia 2020. Leadership Today: Authentic, Open & Transparent. Challenging Times: What Role Must the Board Play? Stakeholder Capitalism: A Vital Pandemic Agenda?
Accounting/ Auditing/Tax	<ul style="list-style-type: none"> Presentation of Financial Statements – A Change for Better Comparability and Transparency of Companies Performance Reporting. 2020 Baker Tilly Tax & Budget Seminar. Setia Governance Risk & Audit Forum 2020. IFRS 17 for Directors: What you need to know.
Insurance	<ul style="list-style-type: none"> Directors & Officers Liability Insurance.
Sustainability Skills – Social & Environmental	<ul style="list-style-type: none"> YTI Memorial Lecture 2020 – How Safe are the Safe Haven Assets in Malaysia – Lessons from COVID-19 Pandemic. Innovation and Sustainability in Integrated Township Development.
Governance/ Integrity	<ul style="list-style-type: none"> Stakeholder Engagement in times of crisis : Stakeholders Take Centre Stage. The Quiet Transformation of Corporate Governance by Erik Vermeulen. Mandatory Accreditation Programme. Shell e-learning Code of Conduct Awareness. Board Effectiveness Evaluation Project. Banking on Governance, Insuring Sustainability.
International/ Multinational	<ul style="list-style-type: none"> Global Economic Challenges & Sustainability Post COVID-19. PNB Knowledge Sharing Initiatives Forum 2020 – Malaysia and Asean: Navigating US-China Relations in the 21st Century.
Oil & Gas	<ul style="list-style-type: none"> Leadership Program: Oil & Gas Fundamentals for Non-Oil & Gas Professionals. Liquified Natural Gas Bunker Presentation. Virtual Offshore Technology Conference (“OTC”) Asia 2020.
Risk Management	<ul style="list-style-type: none"> Digitalisation - Cybersecurity Considerations Amid a Global Pandemic. TERRALEX Know-How Protection Webinar Series: How and Why to Protect Know-How. Risks: A Fresh Look from the Board’s Perspective. Shell e-learning Safeguarding Information Awareness.
Finance/ Banking	<ul style="list-style-type: none"> Digital Banking: Why Does it Matter? Digital Financial Institutions Series: Fidor’s Experience. BNM-FIDE FORUM Annual Dialogue with Governor of Bank Negara Malaysia. Captains’ Forum Session 1: Financial Resilience. RHB - Recovery and Resolution Plan by PWC.
Business / Investment	<ul style="list-style-type: none"> Property Development and its challenges. Investment Opportunities and Incentives in Asia Post-COVID-19. Outthink The Competition: Excelling in a Post COVID-19 World. LAWASIA 2020 Conference Online “Corporate Securities & Investment”. Shell e-learning Brand Introduction Course. Captains’ Forum Session 2: Operational Resilience. Overview on Sapura Energy Group Business and Strategy
Information Technology	<ul style="list-style-type: none"> Digital Transformation Journey. Green Fintech: Ping An’s Use of Technology to Support Green Finance Objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR COMPLIANCE UNIVERSE

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 is 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

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.

Notice 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.

BOARD COMPOSITION

Independent Director and its Tenure

For FY2021, the Board comprised six (6) Independent Directors and five (5) Non-Independent Directors up to the third quarter of the financial period under review. The resignation of an Independent Director on 1 November 2020 has resulted in equal number of Independent and Non-Independent Directors on the Board.

The Board has a set of criteria in assessing the independence and performance of Directors. The BNRC annually reviews and assesses the level of independence of the Independent Directors of the Board in line with the MMLR. The BNRC 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 five (5) Independent Directors had served the Board for more than nine (9) years and BNRC 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.

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 website at www.sapuraenergy.com.

In terms of diversity in skills, experience and competencies, the Board comprised of 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. In the third quarter of FY2021, the Board's composition is further strengthened with the appointment of a new board member with expertise and skills in legal matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

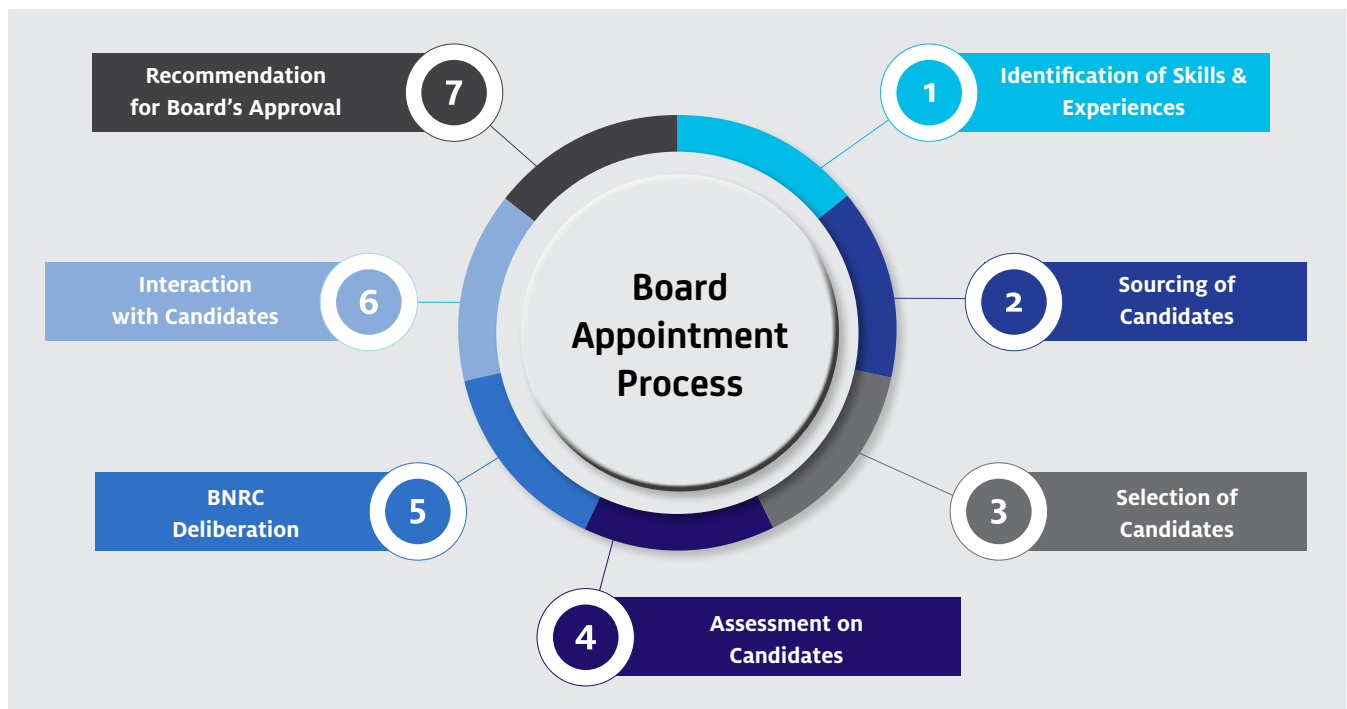
In FY2021, several changes occurred in the composition of the Board to ensure better balance of skills and experiences of members to help faster turnaround of the Company which amongst others faced challenges in financing and uncertainties in the oil and gas industry that was severely impacted by the COVID-19 pandemic crisis. Moreover, oil prices had been fluctuating violently early in the year and the industry is transitioning its way into cleaner fuels as the world deals with implications of Climate Change.

The Company had 2 women on the Board at the start of the year. However, both resigned on 21 May 2020 and 1 November 2020, respectively. With so many changes made in the Board composition thus far and the need to have an appropriately sized Board, scheduling of new women directors with complementary skills and experiences to further enhance the Board’s diversity is planned in the future.

During the FY2021, the BNRC had reviewed the competency matrix of Board members to determine their level of skills and experiences based on 3 categories namely Competency, Practice, and Awareness. The details on the competency matrix are found in the CG Report FY21.

Board Appointment Process

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



The Board through the BNRC will source suitable candidates with the right skills and experiences to complement and support the existing Board composition based on business needs, strategic direction of the Company and good governance.

During financial year under review, the Board had established Board Pool of Candidates (“Board Pool”) as one of the main sources to identify suitable candidates as members of the Board. The Board Pool comprises list of potential candidates to fill up the gap for women directors and independent directors with techno-commercial as well as oil and gas skills and experiences.

All shortlisted candidates would be assessed by BNRC which includes assessment on skills competency matrix (relating to skills and experience) independency test for independent directors and

integrity test under Malaysia Anti-Corruption Commission (“MACC”) for all candidates.

BNRC or representative of BNRC would also have an interaction session with the potential candidates to review the suitability of the candidates against the following Values of the Company, before recommending for approval on the appointment to the Board:

- (i) Trust;
- (ii) Honesty;
- (iii) Respect;
- (iv) Safe;
- (v) Agile; and
- (vi) Professional.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

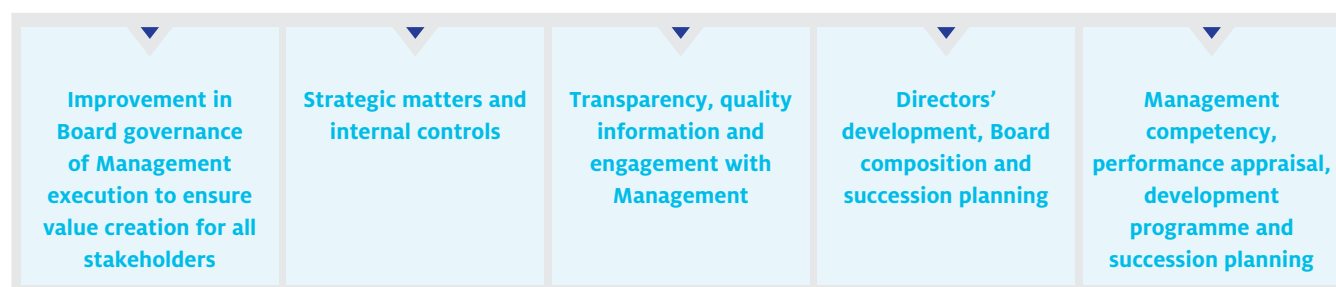
Board Assessment

The results of the assessments conducted for FY2021 indicated that the Board, Board Committees and the individual Directors had performed within expectations and were able to discharge their functions and duties effectively.

From the assessment conducted, the key strengths of the Board are:



Moving forward, the key focus areas will cover the following:



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.

Re-election

The BNRC is also responsible for recommending Directors for re-election at the Tenth 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 BNRC and recommended to the Board, taking into consideration their required mix of skills, competencies, experience and other qualities required before they are recommended for re-election by shareholders.

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 NEDs are paid meeting allowance for attending Board and Board Committee meetings as well as 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 NEDs, which is subject to the approval of the shareholders at the annual general meetings, is recommended by BNRC 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 BNRC, annually reviews the performance of the GCEO/ED as a prelude to determining his annual remuneration, bonus and other benefits. In discharging this duty, the BNRC evaluates the performance of the GCEO/ED against the objectives and KPIs approved by the Board, thereby linking their remuneration to performance.

The basic salary of the GCEO/ED is fixed for the duration of his contract. Any revision to the basic salary will be reviewed and recommended by the BNRC 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 GCEO/ED is not entitled to Directors' fees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of the Directors' remuneration (both Executive and Non-Executive) for FY2021 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 Directors							
Tan Sri Dato' Seri Shahril Shamsuddin ¹	4,958	-	-	744	352	-	6,054
	4,958	-	-	744	352	-	6,054
Non-Executive Directors							
Tan Sri Dato' Seri Shamsul Azhar Abbas ²	20	321	-	-	8	-	349
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor ³	2	168	-	-	7	-	177
Dato' Mohammad Azlan Abdullah Bernard Rene Francois Di Tullio ⁴	-	368	-	-	1	-	369
Dato' Shahrman Shamsuddin	-	316	-	-	1	-	317
Datuk Muhamad Noor Hamid	-	507	-	-	2	-	509
Datuk Ramlan Abdul Rashid	-	510	-	-	2	-	512
Lim Tiang Siew ⁵	-	257	-	-	11	-	268
Dato' Azmi Mohd Ali ⁶	-	119	-	-	1	-	120
Datuk Iain John Lo ⁷							
Syed Ali Syed Salem Alsagoff ⁸	-	354	-	-	9	-	363
Dato' Roslina Zainal ⁹	-	295	-	-	-	-	295
Datuk Mohd Anuar Taib ¹⁰	-	35	-	-	-	-	35
Mohamed Rashdi Mohamed Ghazalli ¹¹	-	338	-	-	5	8	351
Tan Sri Datuk Amar (Dr.) Tommy Bugo @ Hamid Bugo ¹²	-	339	-	-	-	8	347
Abdul Jalil Abdul Rasheed ¹³	15	297 [#]	-	-	-	-	312
Gee Siew Yoong ¹⁴	-	175	-	-	4	-	179
	37	4,399	-	-	51	16	4,503

[#] The fee paid to the organisation that the Director represents.

Notes:

¹ Retired as PGCEO with effect from 22 March 2021, redesignated as Non-Independent Non-Executive Director ("NINED") with effect from 23 March 2021. Resigned as NINED with effect from 30 April 2021.

² Appointed as Chairman, Non-Independent Non-Executive Director with effect from 30 July 2020.

³ Appointed with effect from 27 August 2020, redesignated as Senior Independent Non-Executive Director with effect from 18 September 2020.

⁴ Appointed as Non-Independent Non-Executive Director with effect from 1 May 2021.

⁵ Appointed as Independent Non-Executive Director with effect from 3 June 2020.

⁶ Appointed as Independent Non-Executive Director with effect from 1 October 2020.

⁷ Appointed as Independent Non-Executive Director with effect from 1 May 2021.

⁸ Appointed on 1 February 2020 and resigned as Non-Independent Non-Executive Director with effect from 30 April 2021.

⁹ Resigned as Independent Non-Executive Director with effect from 1 November 2020.

¹⁰ Appointed as Independent Non-Executive Director with effect from 27 August 2020 and resigned with effect from 1 October 2020.

¹¹ Retired as Independent Non-Executive Director with effect from 9 September 2020 upon reaching 9-year tenure.

¹² Resigned as Chairman, Independent Non-Executive Director with effect from 30 July 2020.

¹³ Appointed as Chairman, Non-Independent Non-Executive Director with effect from 1 February 2020 and resigned with effect from 15 June 2020.

¹⁴ Resigned as Independent Non-Executive Director with effect from 21 May 2020.

LTIP scheme

No LTIP shares were granted for FY2021 and no amount vested to a director during period under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Options granted to Executive Director under the ESOS

Pursuant to the Extraordinary General Meeting (“EGM”) held on 29 November 2018, the shareholders of the Company approved the establishment of the ESOS and the offer and grant to Tan Sri Dato’ Seri Shahril Shamsuddin, being the Executive Director and President and Group Chief Executive Officer (“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.

Upon his retirement as PGCEO and fulfilment of the requirements under the ESOS By-Laws, Tan Sri Dato’ Seri Shahril Shamsuddin continues to be entitled to exercise the ESOS granted to him whilst he was the PGCEO/Executive Director until the expiry of the ESOS period.

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 99 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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.

Group Internal Audit

The Group Internal Audit (“GIA”) functionally 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.

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. Three (3) 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.

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 93 and 94 of this report.

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

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 GCEO 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.

Company's Website

The Company's 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.

Conduct of General Meetings

General meetings are the principal platform gathering of shareholders and the board of directors of a company. During general meetings, the question and answer session is open to all shareholders who participated. The Board, Senior Management of the Group, as well as the Group's auditors are present to respond to issues raised during general meetings.

Notice of the Ninth Annual General Meeting (“AGM”), a fully virtual meeting was issued to all shareholders 30 days before the meeting to provide sufficient time for shareholders to consider the resolutions that will be discussed and decided at the general meeting.

A comprehensive Administrative Notes accompanying the AGM Notice is essential to ensure shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2021 except for the following:

Practice 4.1	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.
Practice 4.5	For Large Companies, the board must have at least 30% women directors.
Practice 7.2	The disclosure on the remuneration of top five key Senior Management.
Practice 11.2	Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework.

The justifications for the departures, the measures as well as the timeframe to apply the above Practices are addressed in the CG Report FY21.

This CG Overview Statement is made in accordance with a resolution passed by the Board on 28 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD STATEMENT

Sapura Energy is exposed to a variety of risks that can have an impact on our businesses and prospects, future performance, financial position, liquidity, asset values, growth potential, sustainable development and reputation.

Risk management is one of the core responsibilities of the Sapura Energy Board of Directors (“the Board”) and is central to the decision-making process. We acknowledge our responsibilities in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness at Sapura Energy.

Effective risk management and internal control systems are essential to Sapura Energy operations and governance processes. This helps Sapura Energy anticipate risk exposure, put controls in place to minimise threats and maximise opportunities.

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 internal control system provides reasonable but not absolute assurance against material misstatement, either due to fraud or error.

BOARD RESPONSIBILITY

The Board acknowledges the responsibilities in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness at Sapura Energy. The Board is assisted by the Board Risk Management Committee (“BRMC”) and the Board Audit Committee (“BAC”), which have been delegated with oversight responsibilities on the Group’s risk management and internal control systems. The Board remains responsible for the governance of risk and internal control, and for all the actions of the Board Committees with regard to the execution of the delegated oversight responsibilities. The risk management and internal control systems are designed to manage risk exposures within its risk appetite to achieve Sapura Energy business objectives.

Board Risk Management Committee:

The key responsibility of the BRMC is to focus on the Group’s key risks and their management, displaying integrity and transparency with the objective to safeguard the investments of shareholders and ultimately enhancing shareholder value.

The BRMC checks that Management has implemented policies ensuring that the Group’s risks are identified and evaluated; and that the control measures put in place are adequate and properly functioning in addressing these risks.

Board Audit Committee:

The key duties and responsibilities of the BAC are:

- Assessing the control environment
 - determine whether the Management has implemented policies ensuring that controls in place are adequate and functioning properly to address the risks.
 - determine the adequacy and effectiveness of risk management framework and its implementation.
 - review the adequacy and integrity of the Group’s internal control systems and management information systems.
- Overseeing financial reporting by reviewing the quarterly results and year end financial statements.
- Discussing with external auditor on its activities.
- Assessing the suitability, objectivity and independence of the external auditor.
- Ensuring the internal audit function is effective and able to function independently.
- Reviewing conflict of interest situations and related party transactions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MANAGEMENT RESPONSIBILITY

All members of the Sapura Energy Executive Committee inclusive of the Group Chief Executive Officer and Group Chief Financial Officer, are accountable for providing and provided assurance to the respective Board committees, and ultimately the Board of Directors, that risk management policies and internal control systems are implemented effectively and monitored adequately. This promotes the philosophy that people who are involved in planning, implementing and monitoring of controls are held accountable for their effectiveness.

RISK MANAGEMENT

In its course of business, Sapura Energy must pursue opportunities and make decisions that involve some degree of risk. Sapura Energy approach towards risk management is framed by our ongoing

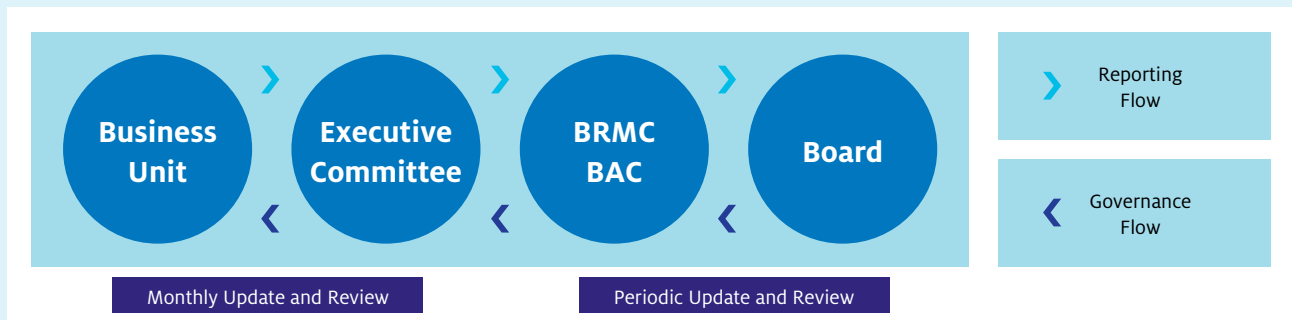
understanding of the risks that we are exposed to, our risk appetite and how these risks change over time.

In Sapura Energy, Risk management occurs at all levels within the organisation and **everyone’s responsibility is clearly defined from the Board of Directors to each individual employee.** Everyone is responsible for effective identification, evaluation, control and reporting of the risks in their area of activity and managing them in accordance with approved risk guidelines and tolerance levels. The evaluations of those risks are incorporated into the decision-making process.

Sapura Energy is committed to ensuring that it maintains and continuously improves enterprise-wide risk management systems and processes to ensure its strategic goals and corporate governance responsibilities are met.

Management Responsibility

The risk governance structure as depicted below facilitates the flow of information and effective oversight on the implementation of risk management practices in Sapura Energy:



The disclosures in this statement, however, do not cover associate companies which the Group does not have any direct operational control. Nevertheless, board representation in the joint ventures and the associate companies does provide vital information necessary for decisions on the investment and safeguarding of the Group’s interest in those companies.

GROUP INTERNAL AUDIT

Group Internal Audit (“GIA”) reports functionally to the BAC. The main roles and responsibilities of GIA is to provide independent and objective assurance designed to add value and improve the business 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, projects 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 was reviewed and approved by the BAC.

On quarterly basis, internal audit reports including Management’s agreed action plans were submitted to the BAC for their deliberation.

GIA also followed-up on the implementation status of Management’s agreed action plans and thereafter reported the status to the BAC.

All the GIA processes and activities were guided by the approved Internal Audit Charter and aligned with the International Professional Practices Framework issued by the Institute of Internal Auditors.

Further activities of the GIA are outlined in the Report of BAC on pages 95 to 98 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 28 May 2021.

REPORT OF BOARD AUDIT COMMITTEE

The Board of Directors of Sapura Energy (“the Board”) 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 2021 (“FY2021”).

COMPOSITION

As at 31 January 2021, the BAC comprised four (4) members, of which one (1) is Non-Independent Non-Executive Director and the other three (3) are Independent Non-Executive Directors. The members of the BAC during FY2021 are as follows:

Member	Designation
Datuk Muhamad Noor Hamid (Chairman) <i>(Redesignated with effect from 21 May 2020)</i>	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
Dato’ Azmi Mohd Ali <i>(Appointed with effect from 1 October 2020)</i>	Independent Non-Executive Director
Datuk Mohd Anuar Taib <i>(Appointed with effect from 27 August 2020 and ceased with effect from 1 October 2020)</i>	Independent and Non-Executive Director
Mohamed Rashdi Mohamed Ghazalli <i>(Ceased with effect from 9 September 2020)</i>	Independent Non-Executive Director
Tan Sri Datuk Amar (Dr.) Hamid Bugo <i>(Ceased with effect from 30 July 2020)</i>	Independent Non-Executive Director
Gee Siew Yoong (Chairman) <i>(Ceased with effect from 21 May 2020)</i>	Independent Non-Executive Director

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

The BAC Chairman, Datuk Muhamad Noor Hamid, is Independent Non-Executive Director while Dato’ Mohammad Azlan Abdullah and 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 March 2021, the Board, through the Board Nomination and Remuneration Committee, reviewed the performance of the BAC and its members for FY2021. 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 complies with the requirements of Paragraph 15.20 of the MMLR.

REPORT OF BOARD AUDIT COMMITTEE**MEETINGS**

A total of eleven (11) meetings were held during FY2021. The details of attendance of each member are as follows:

Member	Attendance	Percentage
Datuk Muhamad Noor Hamid (Chairman) <i>(Resigned with effect from 21 May 2020)</i>	11/11	100%
Dato' Mohammad Azlan Abdullah <i>(Appointed with effect from 23 March 2020)</i>	10/10	100%
Lim Tiang Siew <i>(Appointed with effect from 3 June 2020)</i>	6/6	100%
Dato' Azmi Mohd Ali <i>(Appointed with effect from 1 October 2020)</i>	2/2	100%
Datuk Mohd Anuar Taib <i>(Appointed with effect from 27 August 2020 and ceased with effect from 1 October 2020)</i>	1/1	100%
Mohamed Rashdi Mohamed Ghazali <i>(Ceased with effect from 9 September 2020)</i>	8/8	100%
Tan Sri Datuk Amar (Dr.) Hamid Bugo <i>(Ceased with effect from 30 July 2020)</i>	7/7	100%
Gee Siew Yoong (Chairman) <i>(Ceased with effect from 21 May 2020)</i>	3/3	100%

The Group Chief Executive Officer and the Group Chief Financial Officer are invited to all BAC meetings to facilitate direct communication and to deliberate the financial results of the Group. The Group Internal Auditor ("GIA") is invited for deliberation of internal control and governance matters arising from internal audit reports while the attendance of other Management staff are by invitation depending on the matters deliberated by the BAC. This provides a platform for direct interaction between members of the BAC and Management. Discussions at the BAC have generally been robust and detailed, with the members of the BAC focussed on improving controls, risk management and governance.

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 records 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 are 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 MCGG 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.

REPORT OF BOARD AUDIT COMMITTEE

SUMMARY OF ACTIVITIES OF THE BOARD AUDIT COMMITTEE

Over the course of FY2021, 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:

- (i) Changes in or implementation of significant accounting policies;
- (ii) 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
- (iii) 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 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 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.

External Audit

- Discussed with the external auditors before the audit commences, the Audit Plan, nature and scope of the audit;
- Held three (3) private discussions with the external auditors on 27 April 2020, 2 June 2020 and 17 September 2020 without the presence of Management (including the Group Company Secretary) to discuss any areas of 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 FY2021; 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 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:

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

Annual Report

Reviewed the 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.

Other Matters

- Reviewed and deliberated the adequate procedures initiatives pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009;
- Reviewed and deliberated the proposed revision to the Limits of Authority; and
- Reviewed and revised the BAC TOR.

REPORT OF BOARD AUDIT COMMITTEE

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 purpose, authority and responsibility of GIA are formally defined in the Internal Audit Charter, as approved by the BAC, which establishes the framework for the effective and efficient functioning of GIA. The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.

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. As at 31 January 2021, GIA has a headcount of fifteen (15) full time internal auditors (FY2020:17) with relevant experience and qualifications i.e. certified internal auditors, certified information systems auditor, certified fraud examiner, professional accountants and engineers.

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 MCG 2017.

During FY2021, the following activities were carried out:

- (i) Prepared and presented the Audit Plan which included budget and human capital planning for the review and approval by the BAC;
- (ii) GIA adopted a risk-based approach by identifying and assessing significant risk areas in the Group and thereafter, based on available resources, formed the basis of the Audit Plan for the Group;
- (iii) 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 and provide suitable recommendations to Management for implementation within the Group.
- (iv) Prepared audit reports and sought Management's responses including 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;
- (v) Presented audit reports during the BAC meetings for deliberation;
- (vi) Followed-up on the implementation status of Management's agreed action plans and thereafter report the status to the BAC; and
- (vii) Performed special reviews.

For FY2021, GIA issued 21 audit reports (FY2020: 18) and utilised 2,620 man-days (FY2020: 2,649), which was 103% of total man-days available (FY2020: 104%). The total direct cost incurred by GIA in discharging its function and responsibilities during FY2021 was approximately RM2.4 million (FY2020: RM3.5 million). The reduction for FY2021 compared to FY2020 was principally due to travelling and related expenses not incurred as a result of the COVID-19 pandemic.

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 2021 (“FY2021”) are as follows:

	Company (RM'000)	Group (RM'000)
Audit fees	185	3,750
Non-Audit fees		
- Review of interim financial statements, review of Production Sharing Contracts and Statement on Risk Management and Internal Control	786	850
Total	971	4,600

2. LIST OF PROPERTIES

The Company does not own any material properties during FY2021 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' interest during FY2021.

4. UTILISATION OF PROCEEDS

There was no corporate proposal entered during the financial year ended 31 January 2021.

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 2021 are set out below:

Description	Number of options	
	Grand Total	Executive Director
Granted as at 31 January 2021	1,278,326,417	798,954,012
Lapsed as at 31 January 2021	(84,689,123)	-
Exercised	-	-
Outstanding	1,193,637,294	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. No share options were granted to Executive Director and Senior Management during FY2021. The actual share options granted to Executive Director and Senior Management since the commencement of the ESOS up to 31 January 2021 is 75 percent of the maximum allowable allocation after deducting the share option lapsed during FY2021.

(c) The lapsed of share option was due to cessation of employment of one Senior Management during FY2021.

(d) As at 31 January 2021, there was no ESOS granted to Non-Executive Directors.

(e) The Executive Director retired as President & Group Chief Executive Officer (“PGCEO”) on 22 March 2021. Thereafter, he was a Non-Executive Director from 23 March 2021 until 30 April 2021. Upon fulfilment of the requirements under the ESOS By-Laws, he continues to be entitled to exercise the ESOS granted to him whilst he was the PGCEO/Executive Director until the expiry of the ESOS period.

STATEMENT OF DIRECTORS' RESPONSIBILITY

For the Audited Financial Statements

The Companies Act 2016 (“Act”) requires the Board of Directors (“Board”) to prepare financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia, and to lay these before the Company at its Annual General Meeting.

The Board is responsible for ensuring that the audited financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 January 2021 and of their financial performance and cash flows for the financial year ended 31 January 2021.

In preparing the audited financial statements for FY2021 set out on pages 141 to 264 of this Annual Report, the Board has ensured that, the appropriate accounting policies were adopted and consistently applied, reasonable and prudent judgment and estimates were exercised and a going concern basis was adopted.

The Board is responsible 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.

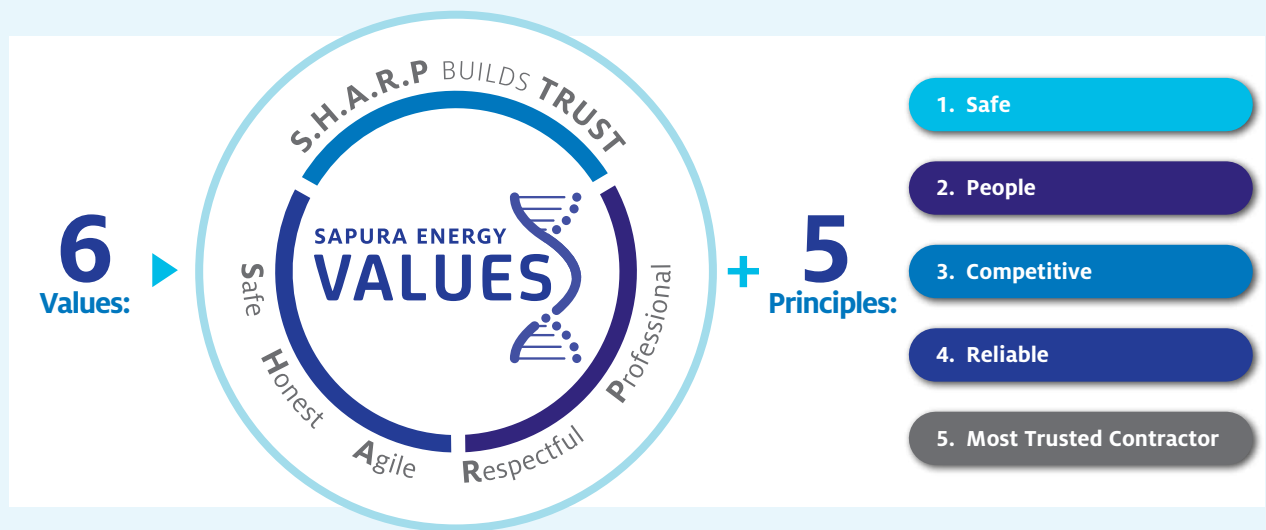
This Statement of Directors' Responsibility is made in accordance with a resolution passed by the Board on 28 May 2021.

SUSTAINABILITY AT SAPURA ENERGY



Sustainability is at the core of Sapura Energy to ensure long-term value creation. In all that we do, we prioritise Environmental, Social & Governance ("ESG") factors in our business decisions and daily operations to manage opportunities that are in line with our risk appetite.

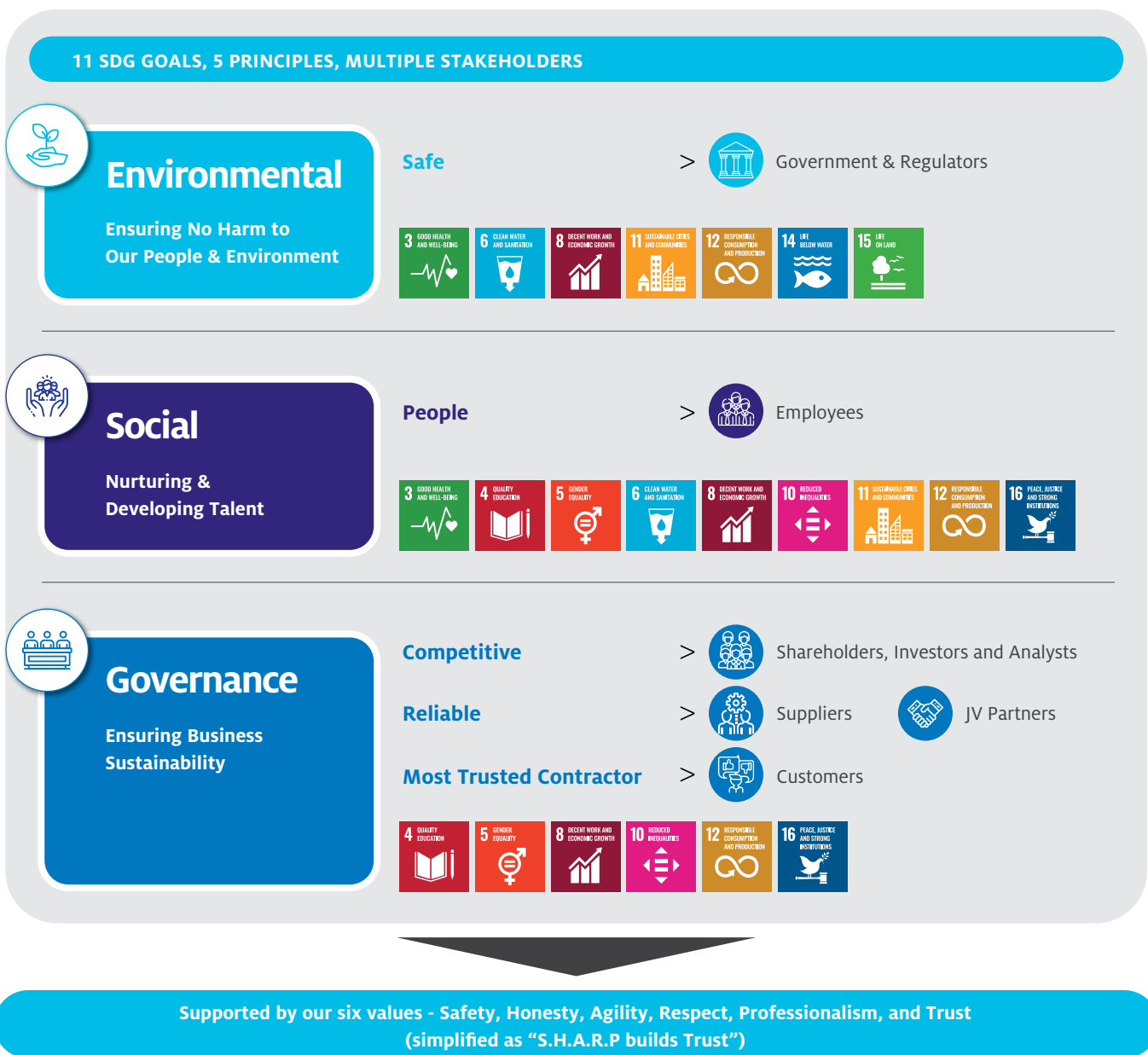
To actively work on our goals, we are guided by our six core values and five principles to embed ESG practices in our risk appetite and daily business operations. These values and principles reflect our commitment to sustainability and the reliability of our organisation as we strive to be the most trusted contractor in the eyes of our customers, shareholders, and most importantly, our empowered people. They also embody the Group's dedication to upholding ethics and accountability in its journey of value creation.



OUR APPROACH

As a progressive company, we aim to contribute positively to the United Nation (“UN”) Sustainable Development Goals (“UN SDGs”) in the areas that are related to the Group’s most impactful activities. As such, we have narrowed down eleven SDGs and mapped them against the Group’s goals and stakeholder groups to reflect Sapura Energy’s commitment to ESG.

Aligning our goals with our prioritised SDGs guides us in our ESG initiatives, which are premised on our three pillars, to create long-lasting positive impacts and contribute to the global goals.



OUR APPROACH

Minimising our impact on the environment and keeping our people safe require dedicated and committed actions given the inherent risks due to the nature of our operations. Thus, environmental conservation and care for our employees form two of the three pillars of our sustainability framework. The last pillar relates to doing business in a sustainable way, with longer-term views and in line with regulations in all areas we operate in.

We acknowledge that our sustainability journey requires equal prioritisation of all three aspects, so that while regulatory compliance enables us to safeguard our people and the environment, the well-being and development of our workforce increases productivity, ultimately leading to sustainable business growth.



Environmental



Ensuring No Harm to Our People and Environment

Health, Safety and Environment ("HSE") is a pivotal aspect in an oil and gas company due to the risks our people and the organisation are exposed to. We remain guided by our robust HSE Policy to constantly ensure our people are safe and reduce our negative environmental impact. The policy helps us to prioritise ESG in our daily operations as we seek to increase operational efficiency to improve the safety and health of our employees and waste reduction management. We are committed to strengthening our safety and environmental performance to continue to deliver on our goals and strategy to create value for our stakeholders and ensure business sustainability.



Social



Nurturing and Developing Our Talent

Sapura Energy strives to nurture a future-proof workforce that is agile and capable of adapting to the rapidly evolving industry to ensure business sustainability. Shaping a high-performing workforce requires equipping our employees with the right industry knowledge and skills to optimise their potential. We also inculcate a sustainable culture by integrating responsible values and ESG considerations into our corporate strategy and approach as well as people management policies through awareness-building and Corporate Social Responsibility, which allows us to give back to our community.



Governance



Ensuring Business Sustainability




Sapura Energy is committed to ensuring business sustainability by creating long-term value for its stakeholders while contributing to the nation's economic growth. We strive to create positive environmental, social and governance impacts across our business operations. Embedding ESG considerations in our decision making, risk appetite and initiatives helps us to ensure regulatory compliance, meet stakeholder expectations and bolster our supply chain. It is our aim to promote responsible and sustainable business practices among our stakeholders and business partners to ensure a sustainable value creation journey.

STAKEHOLDER ENGAGEMENT

As a company, we also realise that our sustainability depends on both internal and external factors. Keeping abreast of the concerns of influential stakeholders is key. Their opinions matter to our business decisions, operations and growth; therefore, engaging with stakeholders enables us to better understand and meet their needs.




Our engagements are carried out through various platforms and organisational touchpoints to gather feedback for analysis and strategy formulation. Maintaining strong stakeholder relationships improves our ESG impacts and strengthens our business growth.

In FY2021, we leveraged digital tools to engage with stakeholders. Most of the concerns raised were related to the impacts of the COVID-19 pandemic.

Stakeholders	Frequency of Engagement	Platforms	Areas of Interest and Concern	Response
Customers 	Quarterly and biannually	<ul style="list-style-type: none"> Performance reviews Industry conferences and networking events Customer roadshows Sapura Energy website Customer satisfaction survey 	<ul style="list-style-type: none"> Quality and ethical business practices Smooth business operations amidst COVID-19 	<ul style="list-style-type: none"> Code of Ethical Conduct, Anti-Bribery and Corruption Policy Statement, Whistleblowing Policy Quarterly customer satisfaction survey Risk assessment on bribery and corruption across high-risk departments Zero-tolerance approach towards bribery and corruption COVID-19 safety measures and SOPs at the workplace
Employees 	Routine meetings, quarterly and biannually	<ul style="list-style-type: none"> Management-employee town halls Department-level town halls/engagements Intranet Staff engagement activities 	<ul style="list-style-type: none"> Career growth Health, safety and well-being Diversity & inclusion Talent development Emergency preparedness Impacts of COVID-19 	<ul style="list-style-type: none"> HSE policies and procedures Hiring and promoting based on merit Online training for talent development Work-from-home arrangements and survey Created COVID-19 microsite and sent leadership emails to communicate the Group's response to the pandemic COVID-19 safety measures and SOPs at the workplace
Suppliers 	Monthly and biannually	<ul style="list-style-type: none"> Medium to long-term agreements Site visits and supervision 	<ul style="list-style-type: none"> Ethical supply chain management Equal opportunities for work and compensation Uninterrupted business operations amidst COVID-19 	<ul style="list-style-type: none"> Code of Ethical Conduct, Anti-Bribery and Corruption Policy Statement, Whistleblowing Policy Risk assessment on bribery and corruption across high-risk departments Zero-tolerance approach towards bribery and corruption Vendor Development Programme Demonstrated our commitment to health and safety Maintained crisis communications preparedness COVID-19 safety measures and SOPs at the workplace

STAKEHOLDER ENGAGEMENT

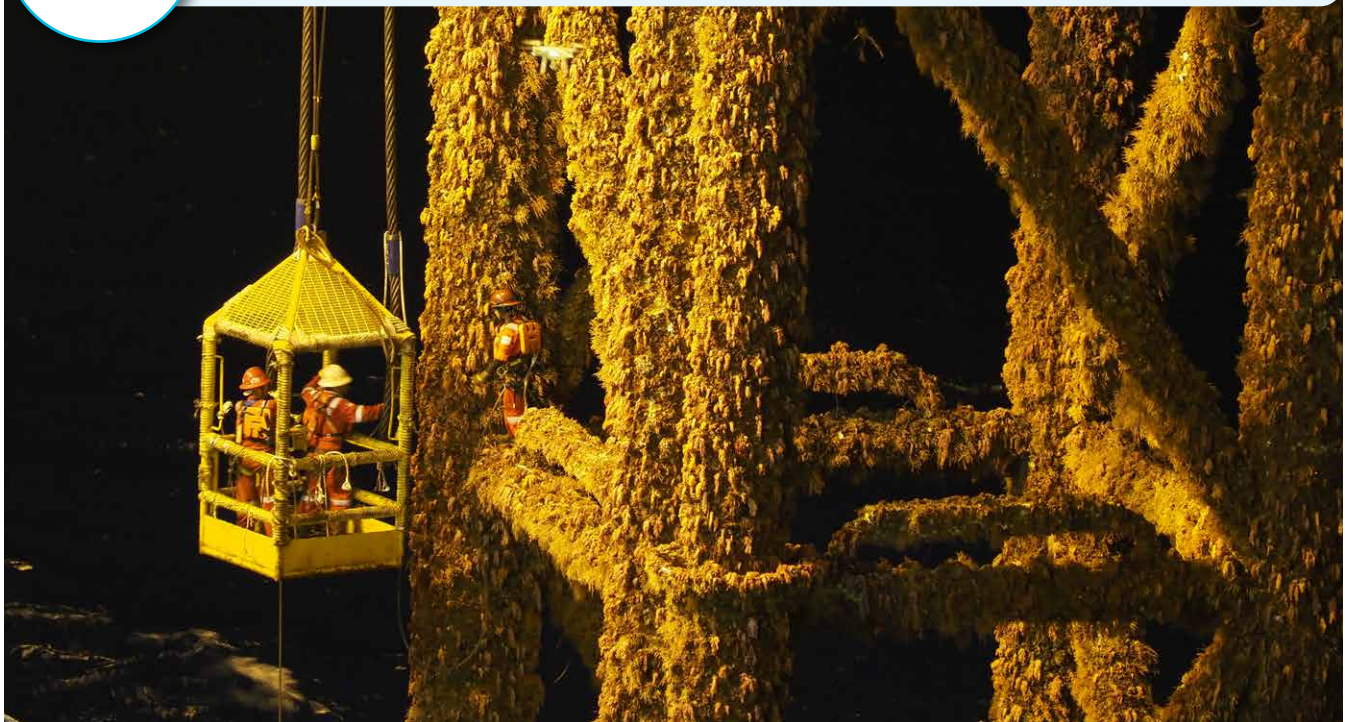


Stakeholders	Frequency of Engagement	Platforms	Areas of Interest and Concern	Response
Government/ Regulators 	Annually	<ul style="list-style-type: none"> Surveys and inspections Regulatory audits 	<ul style="list-style-type: none"> Compliance Transparency and good governance Economic performance Containment measures and SOPs during the pandemic 	<ul style="list-style-type: none"> Code of Ethical Conduct, Anti-Bribery and Corruption Policy Statement, Whistleblowing Policy Risk assessment on bribery and corruption across high-risk departments Zero-tolerance approach towards bribery and corruption COVID-19 microsite, work-from-home arrangements and SOPs at the workplace Invested more than RM5 million on COVID-19 test kits for employees
Shareholders, Investors and Analysts 	Annually, biannually and quarterly	<ul style="list-style-type: none"> Annual General Meeting Annual Report Corporate development announcements via Bursa Malaysia Media releases Quarterly financial results announcements Conferences and investor roadshows Analyst briefings Direct analyst engagements Sapura Energy corporate website 	<ul style="list-style-type: none"> Sustainable financial and operational performance Good governance Business practices Impact of COVID-19 	<ul style="list-style-type: none"> Embedding ESG in decision-making process and business operations Code of Ethical Conduct, Anti-Bribery and Corruption Policy Statement, Whistleblowing Policy Response to shareholders and investors on COVID-19
JV Partners 	Quarterly	<ul style="list-style-type: none"> Meetings Joint site visits Joint workshops and training JV-Board engagements 	<ul style="list-style-type: none"> Equal opportunities Sustainable operations and performance Environmental management Uninterrupted operations amidst the COVID-19 pandemic 	<ul style="list-style-type: none"> Embedding ESG in decision-making process and business operations Health, Safety and Environment Policy COVID-19 safety measures and SOPs Cost restructuring

MANAGING OUR SUSTAINABILITY IMPACTS



Environmental



HEALTH, SAFETY AND ENVIRONMENT (HSE)

Our Company's foundation is built on our values, which distinguish us and guide our actions. Health, Safety and the protection of the Environment ("HSE") is a core value at Sapura Energy not only due to their potential negative impacts on the Group's operations but also because it is the right thing to do.

At Sapura Energy, we conduct our business in a socially responsible and ethical manner. Personnel safety is our top priority for everyone who works for us and with us. We expect them to comply with the safety rules and regulations relevant to their work and to intervene to prevent unsafe acts and conditions. We empower all our employees to STOP Work whenever necessary to correct unsafe acts or conditions.

Inadequate consideration of HSE is a key business risk, which if left uncontrolled, will result in the personnel on duty causing harm and damage to the environment, our assets and our business reputation.

Due to the nature of our business operations, our people often work in demanding roles and sometimes, extreme conditions. They may have many different hazards to manage, whether in offshore locations or within our fabrication and construction sites at our yards and assets, as well as in the transportation of our most prized asset, our personnel. We are deeply committed to preventing all incidents within the workplace as well as within our employees' homes. Before beginning their work, our employees must ensure that they can do so safely, regardless of their role.

We are committed to continuously strengthen our HSE management systems. We respect and comply with the laws, and the regulatory bodies in all the countries we operate in, focusing on:



Workforce health and safety



Emergency preparedness



Environmental management

MANAGING OUR SUSTAINABILITY IMPACTS



Workforce Health and Safety

A safe and healthy workplace is vital for smooth business operations and optimum productivity. We are committed to taking a proactive approach to managing health, safety and the environment by engaging with our workers on HSE matters and enhancing our social responsibility goals.

We aim to achieve zero incidents, no harm to people and no damage to the environment. For this reason, our operations are carefully planned to identify any potential hazards and manage risks at every stage of the task. In FY2021, we recorded zero fatalities due to stringent safety measures guided by a robust and comprehensive HSE Management System that helps to identify, eliminate, mitigate and manage potential risks. Our HSE management approach covers the entire Plan, Brief, Execute, Debrief ("PBED") cycle.

We have published 33 HSE governing procedures which are available to all employees via the online Total Management System ("TMS") portal. This is a fully integrated system that improves productivity and efficiency through a smart blend of knowledge management and efficient communication, allowing for quick and timely access to critical corporate data at all levels. It also transforms task knowledge into actionable information to help the user make intelligent and informed decisions.

To embed high standards of safety across our operations, we ensure that our HSE Policies, Standards and Procedures are implemented and enforced across all operations. At a strategic level, the Sapura Energy HSE function is responsible for:

- ▶ Establishing Group HSE governing procedures on the TMS platform
- ▶ Effectively communicating the HSE message through platforms such as the Intranet and Yammer
- ▶ Ensuring Group HSE weekly meetings with operating companies' representatives
- ▶ Participating in proactive activities such as site visits and management reviews
- ▶ Ensuring root cause analysis are carried out for fall incidents by the respective incident owners
- ▶ Observing trends in incident cases and working closely with the operation teams to reduce and prevent re-occurrence through effective action plans
- ▶ Promoting Near Miss Cases (free lessons) and Unsafe Condition & Unsafe Act ("UCUA") reporting
- ▶ Verifying and sharing all lessons learned

We have also adopted the International Association of Oil and Gas Producers' ("IOGP") Nine Life-Saving Rules:



MANAGING OUR SUSTAINABILITY IMPACTS

To strengthen our health and safety practices, we have adopted a proactive and strategic approach to ensure our policies and procedures are embedded in all our operations. In FY2021, we focused on improving our reporting system, conducting HSE audits, raising awareness and capacity building through a blend of sound management, strong governance and commitment to assessing and achieving results.

LEADING THE WAY

Leaders across Sapura Energy, at all levels, have a key role to play in understanding the critical risks they are responsible for managing and in ensuring their teams understand their safety responsibilities. Our leadership development programmes help leaders to develop a clear vision on safety and to continuously reinforce the importance of a safety-first culture at work to employees and contractors. Through a culture of care, we ensure our workforce is motivated to perform at its best, delivering efficient and high-quality work safely.

TRANSPARENCY IN REPORTING SYSTEM

Our online Incident Reporting System, Synergi Life, is accessible across all our operating locations and provides visibility of events and incidents, including investigation outcomes and lessons learned for sharing. All incidents must be registered in Synergi within 24 hours and are automatically relayed to the relevant personnel via the company email system.

The Management team actively utilises the incident data in Synergi to not only track actions raised and their closure but also to ensure actions raised meet our 'SMART' principles. (Specific, Measurable, Achievable, Realistic and Timely). This enables us to ensure the quality of all submissions, analyse incident trends and implement timely mitigating actions to prevent recurrence, including the sharing of all lessons learned throughout all our locations.

ROUTINE VERIFICATIONS VIA HSE AUDITS

Conducting regular HSE audits enables us to identify the strengths and weaknesses of our HSE management system, allowing us to ensure compliance with and the effectiveness of our safety policies and practices. An audit serves as a tool to help us further improve our HSE practices and keep up with industry best practices.

Internal audits are carried out by a competent certified Lead Auditor. The internal audits performed in the fiscal year 2021 included:

- ISO 45001:2018 Internal Audits
- ISO 14001:2015 Internal Audits
- ISO 9001:2015 Internal Audits
- Rig Manager Risk Operational Audit
- Internal Technical HSE Audit
- Rig Self-verification Audit
- Project HSE Audits
- Subcontractor HSE Audits

In addition to that, we are also audited by oil-major clients such as PETRONAS and Shell on a regular basis.

The following table shows our Key Safety Performance:

Description	FY2020	FY2021
Lost Time Injury Frequency (LTIF)	0.40	0.23
Total Injury Frequency (TIF)	2.80	3.15
Total Recordable Injury Frequency (TRIF)	1.00	1.11

RAISING AWARENESS AND BUILDING CAPACITY

At Sapura Energy, we embed a safety mindset among our employees and empower everyone to enforce a 'stop work' authority. We believe this will enable them to take safety at the workplace seriously and stop any potentially hazardous work, ultimately reducing or eliminating identified risks to people and the environment.

To ensure our employees are able to identify hazards and risks, they are trained to recognise and respond with the correct control methods to reduce these hazards and risks to as low as reasonably practicable ("ALARP").

In FY2021, we conducted numerous HSE programmes and campaigns and improvement training sessions:



MANAGING OUR SUSTAINABILITY IMPACTS

CERTIFICATIONS

Sapura Energy's operating companies achieved or maintained many ISO certifications from reputable bodies that included Lloyd's Register, Bureau Veritas, Afnor International and Intertek, as listed below:

ISO Entity ISO 9001:2015 (Quality)

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

ISO Entity ISO 14001:2015 (Environmental)

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

ISO 45001:2018 (OHS)

- Sapura Offshore Sdn Bhd
- Sapura Pinewell Sdn Bhd
- Sapura Subsea Services Sdn Bhd
- Total Marine Technology Pty Ltd

AS / NZS 4801:2001 (OHS)

- Sapura Energy Australia Pty Ltd

AS / NZS 4801:2001 (OHS) OHSAS 18001:2015

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



Emergency Preparedness

Emergency preparedness is one of the most crucial components in an oil and gas organisation. Safety measures are put in place at all stages of our business to safeguard employees, operations and the environment. Our people are well-equipped with the required knowledge, tools and solutions to respond effectively to potential hazards and make smart decisions when an emergency arises. Our goal is to minimise harm to people and the environment, thereby reducing operational and legal risks.

We are guided by the Group's Emergency and Crisis Management Standard, which also outlines Emergency Response Procedures specific to each business unit. Each year, we invest significant resources, management and time to bolstering our emergency preparedness by improving all four phases of emergency management:

Preparedness



Response



Mitigation



Recovery

MANAGING OUR SUSTAINABILITY IMPACTS

Training exercises and emergency drills are part of our efforts to ensure our employees can manage emergencies and/or threats such as natural disasters, fire and major incidents. To ensure our plans are relevant and effective at the workplace and on-site, we strive to fully include our employees when discussing emergency scenarios, potential consequences and the required actions. We ensure that we have adequate written practice procedures and the required resources. These scenarios are captured in the various Emergency Response Plans* (“ERPs”) specifically developed for our assets and facilities, governed by the business units’ Emergency Response Procedures.

We conduct frequent emergency drills to make sure our people, including the Incident Management Team, are well-prepared to deal with any eventuality, and that the response mechanisms stay effective.

As an inclusive company, we want to ensure that our emergency response plans includes all relevant stakeholders. Thus, our emergency response plans include all people that are at risk of being exposed to hazards and risks within our sphere of operations.

We further benchmark our preparedness by setting targets for performance and improvement in emergency capabilities. These are then measured against established standards, and reviewed annually to ensure continuous improvement by:

- Checking regulatory compliance
- Incorporating lessons learned into the business units’ Emergency Response Plans
- Improving our capabilities to address and overcome environmental and social risks

During the year under review, 20 emergency preparedness training programmes were conducted while improvements and updates were made to the following standards:

*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

COVID-19 Response

With operations across the globe, it was vital for us to respond swiftly to the COVID-19 pandemic to keep our employees safe and minimise operational disruptions. In line with our ‘Agile’ value, we understood the gravity of the situation, quickly assessed the risks in accordance with government guidelines where available. Taking the lead from our side where they were not. We introduced Standard Operating Procedures (“SOPs”) that allowed staff to minimise the spread of the virus and exposure to it, including implementing Work From Home (“WFH”) arrangements wherever possible, much earlier than most companies.

We also restricted non-essential travel and ensured self-quarantine for employees returning from high-risk countries. We kept constant track of latest COVID-19 instructions by the government and communicated to employees any changes to working arrangements.

In instances where employees were allowed to be physically present at our premises, we implemented strict COVID-19 testing. We also undertook other measures such temperature screening at all entrances, making hand sanitisers readily available, physical marking, and regular disinfection of workplaces.

Business Continuity Plans (“BCPs”) were also developed and activated in March 2020 by business units for scenarios specific to their business operations and shared globally.

In FY2021, we further strengthened our mitigation by adding the following measures:

- ▶ Established COVID-19 procedures for office, yard and offshore operations
- ▶ Formed a COVID-19 Emergency Crisis Centre
- ▶ Conducted RTK Antigen testing for office and yard entry and RT-PCR testing for vessel sign-on for offshore work
- ▶ Conducted COVID-19 Awareness programme
- ▶ Performed COVID-19 audit
- ▶ Organised vaccine awareness town hall
- ▶ Conducted WFH awareness programme

MANAGING OUR SUSTAINABILITY IMPACTS

Prevention and Mitigation Plan

01

Workforce temperature screening and rapid COVID-19 testing at all working locations (Malaysia and international) and onboard vessels

02

Activation of a pandemic taskforce at the Emergency Command Centre to monitor the global situation and the impact on operations

03

Continuation of vessel mobilisation activities in compliance with local port authority requirements

04

Continuation of all management review and Board meetings via videoconferencing technology

05

Sapura Energy COVID-19 SharePoint microsite (Intranet)

06

Workforce travel sanctions (domestic and international)

07

Business Continuity Plans mobilised, utilising technology to enable continued communications for operations

08

Established work rotation guidelines globally

09

COVID-19 testing in private lab in Malaysia for first contacts

10

COVID-19 testing and compulsory quarantine for crew pre and post-vessel mobilisation

11

Medevac drills at offshore facilities

12

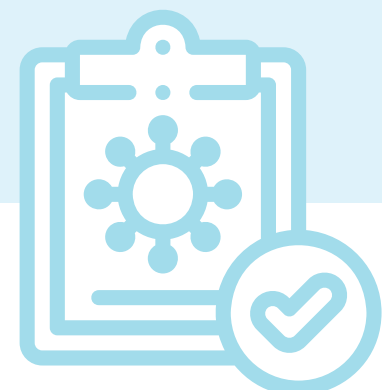
Compulsory closure of main offices and suspension of Lumut yard activities

13

New SOPs created for remobilisation of yard activities

14

COVID-19 Employee well-being and support hotline



MANAGING OUR SUSTAINABILITY IMPACTS



Health and Safety Awards

Sapura Technology Solutions Sdn Bhd

Achievement	Awarding Entity
Achievement of 5 Million Safe Man-Hours without LTI	Sapura Energy (Internal)
RAPID PETRONAS UPT P27 Project – Focus Recognition Award	RAPID PETRONAS UPT P27
(“SMEP”) Safety Intervention Hero for January 2021	Shell Malaysia Exploration and Production (“SMEP”)

Sapura Engineering & Construction (India) Private Limited

Achievement	Awarding Entity
Achievement of 10 Million Safe Man-Hours without Lost Time Injury	Sapura Energy (Internal)
Recognition of Appreciable Achievement in Safety & Health	Oil and Natural Gas Corporation of India (“ONGC”)
Mumbai Port Trust – Golden Peacock OSH Award	Institute of Directors India

Sapura Drilling Asia Sdn Bhd

Achievement	Awarding Entity
Sapura Alliance – Global Rig of the Year Award	The Royal Dutch Shell
Sapura Esperanza & T9 OSH GOLD Award	Malaysian Society of Occupational Safety and Health (“MSOSH”)

Sapura Subsea Services Limited

Achievement	Awarding Entity
CEO SSHE Excellence Award	PTTEP Thailand

Sapura Offshore Sdn Bhd

Achievement	Awarding Entity
Recognition for Active Participation in HSE Improvement Campaign	Chevron Thailand
Achievement of 1 Million Safe Man-Hours without Lost Time Injury (Jan – Mar 2021)	Sapura Energy Internal
SEOB-Pasir Gudang - OSH GOLD Award	Malaysian Society of Occupational Safety & Health (“MSOSH”)

MANAGING OUR SUSTAINABILITY IMPACTS



Environmental Management

We strive to meet stakeholders’ expectations which evolve over time as regulatory requirements tighten on the industry’s environmental performance. The Group is committed to not only reducing but also preventing the negative effects of its projects and operations on the environment.

DIVERSIFY SERVICES: PARTICIPATING IN RENEWABLE ENERGY DEVELOPMENT

Sapura Energy aspires to make a significant impact on climate change by supporting the development of renewable energy. In 2020, we won our first offshore wind farm installation project in Taiwan, our first venture into renewable energy. This contractual award is testament to our commitment to participating in producing cleaner energy for a sustainable future, in line with global calls for the oil and gas industry to reduce the carbon footprint of its operations. The project focus includes uplifting the Group’s environmental engineering capability to manage the potential impact of the farm on Taiwan’s marine ecology.

We are also actively looking at ownership of renewable energy facilities.

E&P: SHIFTING OF PORTFOLIO FROM OIL TO GAS

In line with our Group business strategy, we are in the process of shifting our E&P portfolio towards more gas production instead of oil, lowering our impact on emissions.

Framework & Activities

Our Group’s management systems and policies guide us in our effort to continually improve our environmental management and to contribute to environmental preservation. The principles embodied in the management systems enable us to focus on key environmental areas relevant to each workstream’s operations and set strict environmental performance objectives.

To ensure employees are well-equipped and informed in mitigating negative environmental impacts, the Group is committed to providing appropriate training for process owners who are responsible for monitoring and managing environmental elements in our projects to enhance their skill sets and knowledge. In FY2021, 11 environmental training programmes were rolled out.

Various other initiatives to further improve our environmental performance and minimise our carbon footprint were also rolled out, including:

- Carbon footprint reduction – installation of LED lights and water purification dispenser
- New environmental exposure KPI matrix measuring rig consumption
- Paperless office – limited printing ability on printers
- Battery disposals unit
- Noise monitoring during soil investigation operations by Sapura Wira
- Scheduled waste management
- Reducing packing material usage / improving energy-saving awareness
- World Environment Day
- 3R campaign
- Environmental Aspect Impact Risk and Opportunity (“EAIRO”) register
- Monitoring MGO consumption in spread vessels during project execution
- Environmental waste segregation within fabrication facilities

REDUCING OUR IMPACT

Spills Management

Spills are one of the most serious environmental risks in the oil and gas industry as these might impact the environment and our business. The Group defines spills as an uncontrolled discharge of any solid or liquid into the environment, comprising various forms of discharge including those not harmful to the environment.

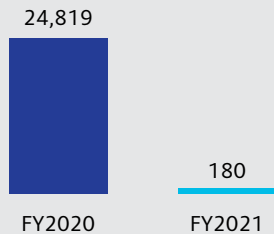
Although some discharges will not harm the environment, any spill incident will reflect the lack of environmental management within the Group; hence, we always monitor our processes and equipment closely to prevent uncontrolled discharges from our operations.

Our offshore operations are prepared with Emergency Response Plans and Shipboard Marine Pollution Prevention Plans to respond to spill scenarios. We take every spill incident seriously and ensure thorough investigation with root cause analysis is conducted to identify any lessons that can be learned, which will help prevent any recurrence.

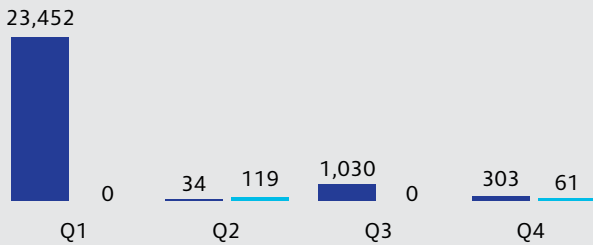
We are pleased to report that we achieved our target of zero spills in Q2 and Q4 of FY2021, representing a significant improvement over the previous year overall.

MANAGING OUR SUSTAINABILITY IMPACTS

Uncontrolled Discharges by Years (Litres)



Uncontrolled Discharges by Quarter (Litres)



In FY2021, we had 10 uncontrolled releases. However, none of these caused any significant harm to the environment or had any negative impact on the surrounding areas. The large majority were due to damaged hydraulic hoses, loading hoses or connections. Thanks to the active review of these incidents, we further strengthened our maintenance plans and control systems, in continuation of the corrective measures implemented in FY2020, which significantly reduced the volume of spills in FY2021.

Hazardous Waste Management

Hazardous waste is an unavoidable component of oil and gas exploration and production. We are aware that hazardous waste needs to be properly managed and disposed of safely and appropriately to eliminate any risks of negative environmental impact.

All our hazardous waste is managed by appointed licensed contractors, who collect, recycle where possible and dispose of the waste in accordance with regulatory requirements. Employees who are responsible for hazardous waste management have been given adequate certified training to ensure appropriate and effective controls are in place.

In FY2021, we improved our business unit procedures for waste management. We continued with our waste minimisation programme to monitor and reduce the amount of hazardous waste, as well as ensuring strict regulatory compliance. We also segregate hazardous waste at source and send recoverable waste such as e-waste, hydrocarbon waste and reusable containers to recovery facilities licensed by the Department of Environment for recycling.

Drilling Supply Chain Goes Green

As part of a 'Go Green Initiative', Sapura Drilling has introduced the use of steel mini containers in place of the traditional wooden crates to transport supplies between the logistic bases and the drilling rigs.

This environmentally friendly move, which was started in Brunei as a trial last year, saw the company reduce the use of wooden crates significantly for two rigs, Sapura Alliance and Sapura Pelaut. This initiative also managed to save the company USD4,500 within a six-month period.



"The Mini container is our preferred choice over the less environmentally friendly wooden crates. We plan to roll this out to other rigs wherever possible and aim to reduce the number of wooden crates by a minimum of 50 per rig.

This initiative is not only Environmental, Sustainable and Green, it also saves us money. Ideally, if there is less demand for wood products, there will be less of a need to cut down trees. Although the logistics industry practises repurposing and recycling wooden crates as much as possible, we unfortunately still see a lot of wastage. We want to eliminate that waste altogether."

Barath Sikkan
General Manager of the SCM team



"Our Central Warehouse under Drilling Supply Chain Management, maintains stocks to be supplied to rigs in operation. Putting these supply materials directly into containers minimises the use of cartons, pallets and packaging, helping us to reduce waste and cost. It's a small modification, but it makes our process more efficient, and at the same time ensures that we do our bit to preserve the environment as responsible corporate citizens."

Khalid Ismail
Manager, Logistics & Supply Bases

MANAGING OUR SUSTAINABILITY IMPACTS

Packaging Waste Reduction

At our headquarters, Sapura@Mines employees initiated a campaign to reduce waste and single-use plastic by encouraging colleagues to bring their own food containers during lunch, eliminating the use of disposable cutlery and cups and minimising the purchase of bottled mineral water.



Chinese New Year celebration prior to the declaration of the COVID-19 pandemic

Save the Turtles Programme

Sapura Energy has been supporting the conservation of turtles through its ongoing ‘Save the Turtles Programme’ by collaborating with Perak’s Department of Fisheries since 2017. Our contributions through donations and volunteerism have helped to support the Turtle Conservation and Information Centre in Segari in protecting and improving the survival rate of turtles. The initiative aims to promote the conservation of sea turtles and the marine environment in Lumut, where we have a major presence through our Lumut fabrication yard. It also helps us to build relationships with the local authorities.

Our employees from the Lumut fabrication yard and KL offices and their families volunteer annually at the centre. In FY2021, Sapura Energy donated RM10,000 to the centre to support its conservation efforts.



MANAGING OUR SUSTAINABILITY IMPACTS



 **Nurturing & Developing Our Talent**

OUR WORKFORCE

The people of Sapura Energy are the backbone of the organisation. A high-performing workforce is critical in delivering solutions to our clients and in continuously driving transformation to ensure the long-term sustainability of the organisation. Many initiatives were rolled out during the year to transform Sapura Energy's workforce, including:

-  **Focusing on leadership readiness**
-  **Reinforcing Sapura Energy Values**
-  **Increasing efficiency through digitalisation**

During the year under review, the industry was impacted by the global economic slowdown caused by the pandemic. To navigate the effects of COVID-19, austerity measures were undertaken by Management due to financial constraints. These austerity measures included drastic steps, which began with voluntary salary reductions and were followed by headcount reductions over the final six to seven months of the financial year under review.

The measures were implemented with as much care as possible to reduce the negative impact on our employees and their families. Sapura Energy is grateful for the sacrifice made by its people to ensure the sustainability of the Group.

During the year, the founding President & Group CEO of Sapura Energy announced his retirement. The Management took proactive steps to enable a smooth transition from the formidable Tan Sri Shahril Shamsuddin to the then CEO-designate Datuk Mohd Anuar Taib. With this transition, a new strategy, complemented by a new organisation structure, was announced to the people of Sapura Energy at a town hall. Sapura Energy believes that with clarity of immediate priorities, long-term direction and accountability, it will be able to grow from strength to strength with the support of its people.

MANAGING OUR SUSTAINABILITY IMPACTS

Focusing on Leadership Readiness

The Group reviewed its Succession Plan, which was presented to the Board Committee, identifying senior critical roles in the organisation as well as candidates that have the track record and potential to fill these roles. Senior and mid-management-level candidates were given the opportunity to participate in talent and leadership assessments to enable Management to understand objectively their innate strengths and weaknesses to craft a targeted development plan.

Information from these assessments was utilised in identifying suitable internal candidates for the new organisation structure.

To ensure a sustainable pipeline of talent and to drive retention, the promotion process for FY2021 was enhanced to enable review of candidates' technical capabilities, be it in Engineering, Project Management, HSE or in Finance and Human Resources. Candidates were also assessed on their alignment with the Sapura Energy Values, emphasising the ethos of teamwork and collaboration.

Reinforcing Sapura Energy Values

To create a driving a high-performing workforce, many programmes were launched to drive the internalisation of the Sapura Energy Values. As many as 33 sessions were arranged and facilitated by Group HR, attended by nearly 850 department heads and mid-level management throughout the year. These were led by the senior leadership team to propagate the message that embedding corporate values starts from the top.

In addition to the Sapura Energy Values workshop, Group HR facilitated KPI-setting and performance discussion workshops to provide the mid-management level with the toolkits to ensure all employees are able to benefit from objective performance discussions. The workshops were also conducted in tandem with the roll-out of the new Performance Management system (see the next section on Digitalisation).

Increasing Efficiency Through Digitalisation

With the support of Management, Group HR initiated the first phase of its HR Information Systems ("HRIS") digitalisation initiative. The intent of this initiative is to reduce the administrative burden in delivering employee services and streamline the employee experience. The initiative will also provide improved governance and visibility of employees working globally, ensuring optimal deployment for all operations.

The performance management modules were rolled out successfully during the year, and will be followed by the full employee services including timesheets for technical employees, leave and claims management and other related employee self-service functionalities. This journey will be ongoing over the next 12 to 18 months to digitalise other HR dimensions and will be executed to include all the global operations.

Austerity Measures

To adapt to the challenging operating environment during the pandemic, Sapura Energy rolled out several measures to enable cost-structure readjustment. The strategic measures lowered overall manpower cost by close to 20 percent for the year.

Salary Reductions

In April 2020, Tan Sri Shahril announced a voluntary salary reduction scheme in response to the immediate cash constraints and to retain as many jobs as possible during the pandemic. To ensure the well-being of the lower-income segment, the salary reductions were conducted according to salary bands and affected only those earning RM10,000 (approximately USD2,500) and above. This meant higher-paid employees, including senior management, shouldered bigger reductions of up to 50 percent.

Sapura Energy is grateful for the support and the solidarity of its people in this challenging time. The Group acknowledges the personal sacrifices made by our employees and will continue to engage with the Board to enable appropriate adjustments to compensate our employees when we are in a stronger financial position.

Workforce Reductions

Sapura Energy undertook a workforce reduction exercise in June 2020 in order to optimise its workforce to stay competitive in the industry. To mitigate the negative impacts on our affected employees, Management ensured that all steps were executed fairly and with empathy and compassion. To help ease the process, funds were allocated to support reskilling and career transition, which included assistance from external experts. Affected employees were offered:

- ▶ Continuation of medical coverage for the next three months
- ▶ Help with personal branding, resumes and interview skills
- ▶ Networking and job leads to accelerate new career opportunities
- ▶ Advice on personal financial management
- ▶ Reskilling workshops including entrepreneurship guides for those wishing to start their own business

* To learn more about our career transition programme, please visit <https://www.sapuraenergy.com/career-transition/>

MANAGING OUR SUSTAINABILITY IMPACTS

Organisational Structure Revamp

The new structure was announced by the new GCEO, Datuk Mohd Anuar Taib, on 7 and 8 April at two town hall sessions attended by about 2,700 employees globally.

The new organisational structure was designed to clarify accountabilities, improve efficiencies and enable proactive action towards the Group’s long-term strategy for revenue sustainability.

In clarifying accountabilities, four business verticals were set up, each with its own CEO. The four business verticals, namely E&C, O&M, Drilling and E&P, are supported by the Corporate functions of People & Culture, Legal, Strategy & Ventures, and Finance. Corporate functional divisions have been regrouped to drive productivity and better support the business segments. Strategy & Ventures is a new division established to focus on developing the long-term view for the Group.

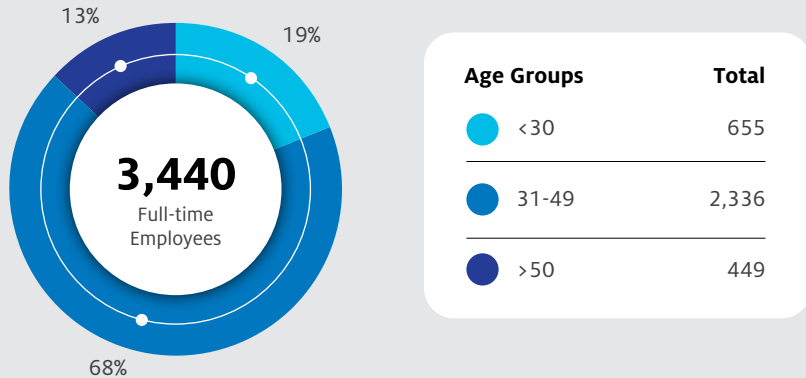
The Group is still finalising its organisational structure with RACI workshops facilitated by Group HR (now referred to as the People & Culture Office), which are estimated to be completed by June 2021.

DIVERSITY AND INCLUSION

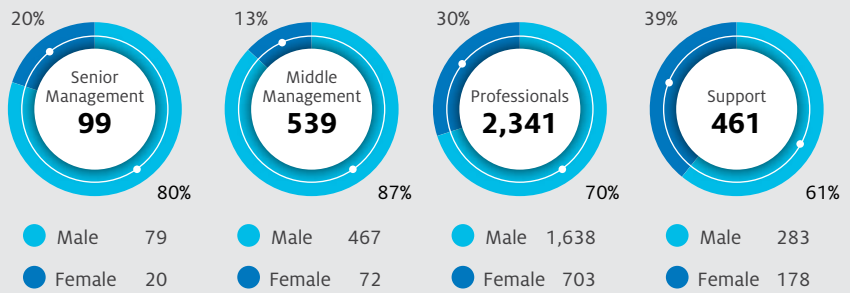
Our operations span the globe, giving us the advantage of hiring diverse talents from all over the world. The Group believes diversity is an asset that will enrich Sapura Energy’s workforce with unique skills and cultural experience. Diversity will also boost the creativity and productivity of our workforce as it encourages the sharing of ideas and learning experience. Our workforce currently comprises 37 nationalities, with 72 percent male and 28 percent female employees.

Our Group Diversity Policy ensures we hire and promote talent based on merit. We do not discriminate against age, gender, disability, race, nationality, and religion. The Group also maintains a high percentage of local hires at headquarters and in its international offices.

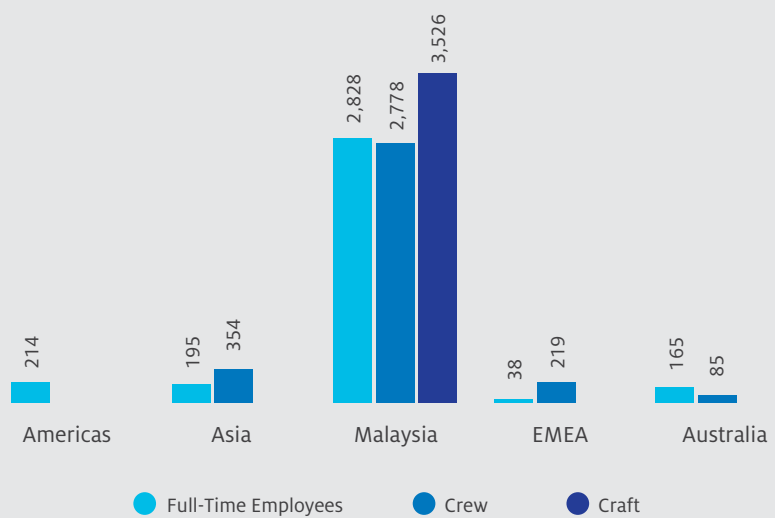
Employee Distribution by Age Group for Full-time Employees



Employee Distribution by Gender and Job Level for Full-time Employees



Employee Distribution by Region for Full-time Employees



Notes:

1. Data distributions by age group, gender, job level, and region are based on full-time employees, who consist of full-time permanent and contract employees.
2. Data excludes onshore craft and offshore construction crew typically hired on a day-rate basis. Headcount for onshore craft and offshore construction crew fluctuates based on business activities.
3. For Region analysis, EMEA consists of Europe, Middle East and Africa; Asia excludes Malaysia.

MANAGING OUR SUSTAINABILITY IMPACTS

TALENT MANAGEMENT

Despite the pandemic, focus on future-proofing our people continued by mapping our skill gaps against future market needs and honing employees' skills. Our talent management approach is premised on developing technical knowledge and value-added skills, including leadership and mentoring.

In FY2021, we invested RM9 million in talent management and development programmes, recording an average of 67.5 training hours per employee. Due to the pandemic, the time and money spent on training for our development programmes were reduced in FY2021, in tandem with reduced activities during the pandemic. Most of our training programmes were also conducted online due to safety measures resulting from the pandemic.

During the reporting period, we conducted three talent management and development programmes:



In FY2021, we invested

RM9 million

in talent management and development programmes, recording an average of

67.5 training hours per employee



Asia School of Business ("ASB") – MBA for Working Professionals

Employees are sponsored to pursue the Asia School of Business MBA, which is offered in collaboration with the MIT Sloan School of Management and Bank Negara Malaysia. Seven employees are expected to complete the programme by the summer of 2021. Two more employees have been selected by Management as the second batch for the programme.

All Sapura Energy employees have retained a stellar academic track record in this programme while juggling their day-to-day responsibilities in the Group. Given their outstanding achievements and the significant contributions made by these employees to the Group, Sapura Energy commits to continuing to sponsor our top talents in their MBA and will look at expanding the opportunities beyond the MBA to the rest of the Group through the Asia School of Business.



ICAEW for Young Graduates

Two employees successfully completed training for membership of the Institute of Chartered Accountants in England and Wales ("ICAEW") in February 2021. Two other employees are still undergoing training within this programme. The Group is looking at expanding the certification opportunity to other talents within Sapura Energy.



Please turn to page 120 to read more about the programme.



Collaboration with Yayasan Universiti Teknologi PETRONAS ("YUTP")

Sapura Drilling, a subsidiary of Sapura Energy, contributes to society by offering a full-time scholarship for a Master of Science ("MSc") in Drilling Engineering through a joint effort with YUTP. The objective is to develop talented individuals' skills in areas relevant to our business to enable them to support the Group's sustainable growth. The course is a 44-credit-hour full-time programme, which must be completed within 18 to 36 months at the university's campus in Perak. The scholarship covers tuition fees and allowances for living expenses, books and thesis writing, as well as a computer grant. Universiti Teknologi PETRONAS is currently the only institution of higher learning within the Southeast Asian region that offers such a programme. One high-performing candidate is set to complete the programme by May 2021 and is set to join Sapura Energy upon graduation.

MANAGING OUR SUSTAINABILITY IMPACTS

Charting Their Career Growth

Sapura Energy is dedicated to assisting and encouraging young employees to maximise their abilities. By providing employees with opportunities for growth and improving their skill sets, we are able to strengthen our competitive advantages.

We provide such opportunities through the Institute of Chartered Accountants in England and Wales (“ICAEW”) programme – a four-year programme that is designed to provide talented young graduates with the opportunity to study part-time for the Chartered Accountancy qualification while gaining on-the-job experience with the various finance functions within Sapura Energy.



Nur Khairina Jamaludin

“ICAEW is very robust and one of the best things about it is that which field of study you came from doesn’t matter. You can still learn it on-the-go,” said Nur Khairina Jamaludin, who graduated from the programme. “My favourite part of the ICAEW programme is the rotation in various departments (every six months) where we’re exposed to finance and accounting-related work as part of our training,” she added.



Elsa Athira Asri

“On top of gaining experience in different functions of finance and accounting, we also learned how to best manage our time between work and studies,” said Elsa Athira Asri, who is also a graduate of the programme. “I’m very grateful for the support of my colleagues who are very understanding about the fact that from time to time, I will need to step out of work to focus on exams.”

Khairina and Elsa also shared their appreciation of their ICAEW mentors who are always available for guidance and generous in providing them with the resources they need.

EMPLOYEE ENGAGEMENT

Employee engagement enables the Group to meet the needs of its employees and ensures a highly engaged and fulfilled workforce. As part of our corporate strategy, we strive to enhance employee engagement to retain talent and increase productivity and loyalty. In FY2021, the pandemic further deepened our commitment to engage with employees to ensure our people felt supported throughout the challenging period.

Responding to COVID-19:



Work-From-Home (“WFH”) arrangements: Office-based employees were required to work from home, in line with prevailing COVID-19 in-country regulations. The IT Department ensured that all employees working from home could still perform their tasks remotely.



Established a COVID-19 intranet microsite to share the Company’s response to the pandemic, which included Company updates, WFH guides and HSE and travel advisories, augmented by weekly emails on COVID-19 related updates.



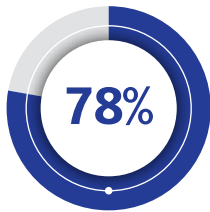
The COVID-19 microsite also featured recognitions of individual and collective efforts that helped employees remain safe while the Company continued to deliver on its promises to clients.



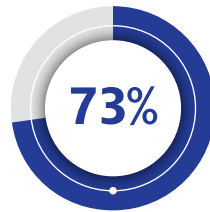
Uplifted employees’ morale and esprit de corps by organising various virtual social glue activities, such as WFH photo submissions and special-themed days.

MANAGING OUR SUSTAINABILITY IMPACTS

A survey on WFH arrangements was conducted across all job levels in April 2020 to gauge employee satisfaction and gather feedback. We received 1,734 responses (41 percent of respondents), of which:



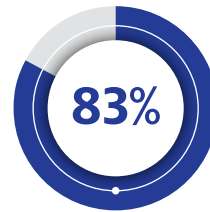
felt that they had sufficient tools and resources to work from home



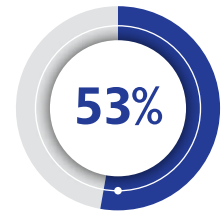
felt that their productivity was not impacted by WFH



opined that WFH did not hamper their team progress



felt that they were informed and engaged with the Company



generally preferred face-to-face and physical team interactions

Feedback from the respondents showed that, while there was adequate IT support and tools, and the WFH arrangements enabled them to spend quality time with their family, the arrangements also caused longer working hours.

As a result, the Company took several steps to respond to the concerns raised. These included setting up a support group for mental well-being, sharing tips on improving the WFH environment, providing online training and holding town halls to enable leadership engagement.

Town Halls

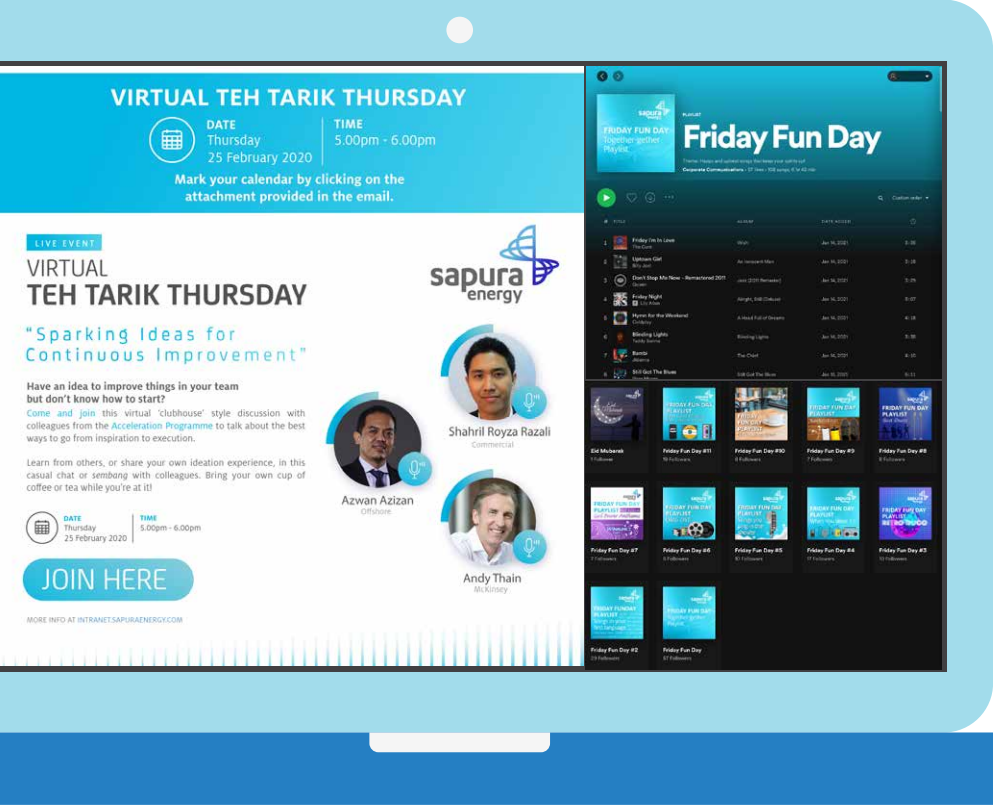
Town halls are held biannually to facilitate open and transparent dialogue between management and staff to address key matters such as overall performance, corporate strategies, employee-related initiatives and business expansion plans.

During the year under review, our PGCEO held four engagement sessions with employees during the challenging period amidst the pandemic. The engagement sessions were held via online and physical meetings, as listed below:

- Introduction to Sapura Energy Values: Competencies & Behaviour – 13 February 2020
- Introduction to Project Management and Control Operating Model Engagement Session ("PMCOM") – 2 March 2020
- Session with MBA scholars undergoing the programme with the Asia School of Business (Bank Negara and MIT Sloan collaboration) – 17 Apr 2020
- Leadership address: Session with Group-wide HODs to discuss salary reductions and internal cost-cutting measures to navigate the negative impacts of COVID-19 and the oil price crisis – 28 April 2020
- Global Town Hall to discuss long-term strategy, annual deliverables, and organisational changes – 7 and 8 April 2021.



MANAGING OUR SUSTAINABILITY IMPACTS



Sports & Recreational Activities

Sports and recreational activities were significantly reduced in FY2020 to protect our employees from the risk of COVID-19. Nevertheless, the Company wanted to ensure our people remained connected through casual online activities while working from home. These included online photo submissions, an online Gratitude Board, virtual 'Teh Tarik' sessions and the ongoing Friday Fun Day Collaboration Playlist, which allows employees to submit their favourite songs to a collective Spotify playlist based on a set theme.

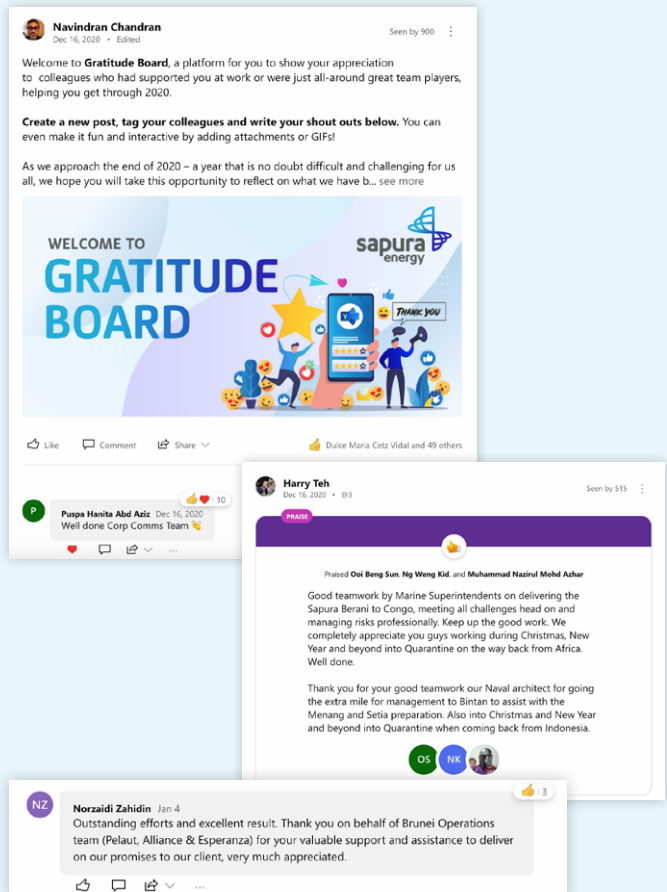
Gratitude Board: A Place for Everyone to Say Thank You

We recognised that 2020 was an extraordinarily difficult year for our employees. While we were regaining our footing during the pandemic, we decided to launch the Gratitude Board as a way to acknowledge their hard work, uplift their spirits and provide them with an opportunity to thank peers who had assisted them throughout the year.

Hosted on Yammer - our intranet's social network to stay connected and interact - the Gratitude Board served as a platform to show our sincere and honest appreciation to our colleagues and teams that had supported our journey to get through 2020.

It was also to give our colleagues the opportunity to reminisce about the joy and courage they found along the way and thank those who were with them through it all.

Our colleagues acknowledged and celebrated each other's successes in 2020. Despite the uncertainties, the pandemic brought us closer as colleagues.



MANAGING OUR SUSTAINABILITY IMPACTS



Corporate Social Responsibilities

Engaging with the local communities in which we operate enables us to meet their needs and create long-term positive impacts. We strive to build sustainable communities through Corporate Social Responsibility ("CSR") activities, allowing us to give back to society. Our enriching CSR programmes also serve as an avenue for employee volunteerism and the strengthening of relationships between departments and subsidiaries.

During the year under review, our CSR programme was focused on mitigating the negative effects of COVID-19 on the communities in which we operate. While containment measures were effective in curbing the spread of the COVID-19 virus, we also recognised the impact of the pandemic on low-income groups and daily wage earners.

DanaSapura

Responding to suggestions from employees who were eager to assist impacted families, the Company set up the DanaSapura fund in April 2020 through a collaboration with Yayasan Siti Sapura Husin, with voluntary contributions from Sapura Energy employees. The aim was to help underprivileged families in areas where we operate, as well as fellow workers in Sapura Energy who may have been affected by the pandemic. The Group's Senior Management also pledged to donate a portion of their monthly salaries to the fund until the end of the year. A committee and a governing council were formed to manage and govern the collection and disbursements of the fund. As of 31 March 2021, the fund has collected more than RM440,000 and disbursed almost RM190,000 in assistance.



As of 31 March 2021, the fund has collected more than **RM440,000** and disbursed almost **RM190,000** in assistance

Working with the Food Aid Foundation, which had an established distribution network during the pandemic, the Group reached out to needy families to distribute essential food and household products in the Klang Valley, Perak, Terengganu and Kelantan. In Selangor, three areas of Project Perumahan Rakyat ("PPR") were selected based on their proximity to our office at the Mines, Seri Kembangan and our established presence in the community. Seven committee members of DanaSapura and three members from Corporate Communications helped to distribute the food:

Phase 1

4 – 6 June 2020:

Distributed RM40,000 worth of food bags to 750 families in PPR Kampung Muhibbah, PPR Lembah Subang and PPR Bandar Tun Razak.

Phase 2

January 2021:

Distributed food bags to underprivileged families in Selangor, Perak and Terengganu, and to flood victims in Kelantan and Terengganu.



MANAGING OUR SUSTAINABILITY IMPACTS

DanaSapura beneficiaries were grateful for the help they received and shared their gratitude:

PPR Lembah Subang

Zaitun Rahmat, 62

"I'm grateful for whatever I have received from the NGOs and today I am thankful for the food bag from Sapura Energy in this difficult time. I try to manage the money we have, because we still need to pay our utility bills. I am a single mother and my only income is through sewing and alteration services. My daughter was working but she had to go on no-pay leave during the MCO."

Latifah Affendi, 30

"The MCO has not only affected us financially but has also taken a toll on my husband emotionally. He lost his job and that has affected him. He is looking for a new job and I am trying to supplement our income by starting a small business of selling juice and children's clothing. We live with my parents and siblings here. There are 12 of us in this house. My brother also lost his job because of the MCO while my father could not go out to work much during this period."

PPR Bandar Tun Razak

Madam Lim, 70

"I have lived here for a long time. My son and daughter live with me. I used to be a seamstress, but I don't sew anymore. My son does odd jobs while my daughter works in an office. I am happy that they sent me a letter to collect the food bag. It helps to save some money."

Norhayati Mahmud, 47

"I have lived here since 1997. Two of my children live with me and my husband. I also have three grandchildren who stay with us. My husband works as a security guard, but his salary was reduced during the MCO. One of my sons is a wireman but there was no job during the MCO. The other son is jobless at the moment. I am thankful for all the help that we can get as it really reduces our worries."

Sapura Energy also played its role as a responsible corporate citizen in supporting the Malaysian government's battle against the COVID-19 pandemic. Its contributions included a RM1 million contribution to the GLCs and GLICs Disaster Response Network ("GDRN"), a coordinated effort to assist the Ministry of Health in navigating the pandemic. The network's primary focus is to leverage its members' organisational strengths to fund, procure and deliver medical supplies to public and institutional hospitals, including much-needed Personal Protective Equipment and ventilators.



RM1 million
contribution to the GLCs and
GLICs Disaster Response
Network

MANAGING OUR SUSTAINABILITY IMPACTS

COVID-19 Frontliner Support

30 March – 22 April 2020

Delivered packed lunches to several hospitals and police stations during the Movement Control Order as a show of support and appreciation for their dedication in combating COVID-19.

24 March 2020

Donated equipment, food and personal supplies to healthcare frontliners at Hospital Serdang.



24 April 2020

Provided air purifying respirators to Hospital Sultanah Aminah Johor Bahru to support the hospital's healthcare system.



29 January – 26 February 2021

Delivered packed lunches to Hospital Serdang to show support and appreciation for the healthcare frontliners' dedication in combating COVID-19.



PPE for frontliners in Mumbai and Jamnagar, India

In April 2020, Sapura Energy India donated 300 sets of Personal Protective Equipment (PPE) to the police force and port authority in Mumbai and Jamnagar in an effort to keep their officers protected from the COVID-19 pandemic. The PPE kits contained hand sanitisers, two reusable face masks and two pairs of disposable gloves.



HELPING LOW-INCOME FAMILIES IN RIO DE JANEIRO

Sapura Navegação Marítima SA ("SNM"), our joint venture in Brazil, worked with local non-governmental organisations to provide food and health essentials to low-income families in Rio de Janeiro.

By working with SPARTARIO (Moro da Providência), ASVI CDD (Cidade de Deus), Nagai Association (Complexo do Alemão) and Luz dos Peoples Association (Turano and Salgueiro), SNM donated 755 basic food baskets to needy families and self-employed professionals and another 733 kits containing health and food items to families in emergency situations. In total, we assisted 1,518 families in Rio de Janeiro.



MANAGING OUR SUSTAINABILITY IMPACTS

Helping Less Fortunate Children

Sapura Energy continued reaching out to underprivileged children despite disruptions from the pandemic. We contributed to orphanages and children’s organisations in Malaysia, Thailand and Australia by donating money, food and basic necessities to the children.



In Malaysia, we donated RM7,000 worth of frozen food and 100 kilogrammes of dry food such as rice, oats and flour to Pertubuhan Kebajikan Anak-anak Yatim Islam in Kota Tinggi, Johor in August. On 18 December, we visited the Trinity Community Children’s Home in Petaling and Persatuan Kebajikan Kanak-kanak Cornerstone in Semenyih in Selangor. Sheltering about 50 children aged between five and 17 from broken families, native tribes and refugees, the homes provide them with love, food, and education. Sapura Energy contributed money and daily necessities such as rice, cooking oil, milk, and energy drinks as well as face masks and hand sanitisers, amounting to RM20,000.



Sapura Energy is also a faithful supporter of the Mercy Foundation’s children’s centre in Thailand. Caring for 35 vulnerable communities in Bangkok and Ranong, the foundation provides education, shelter and food to children and adults who are marginalised. Although we were not able to visit the centre this year due to the pandemic, we continued supporting the foundation by donating THB720,000 (USD23,000) to benefit 2,000 children in 22 schools.



In Australia, Sapura Energy Australia, our subsidiary in Perth, collaborated with BHP to jointly donate AUD10,000 to the Starlight Children’s Foundation, a non-profit organisation that supports children with serious illnesses. The donation was the teams’ mark of recognition for achieving safety-related KPIs.



MANAGING OUR SUSTAINABILITY IMPACTS

WAKALAH DISTRIBUTION TO DESERVING EMPLOYEES AND EX-EMPLOYEES

At Sapura Energy, we ensure that none of our employees are left behind when it comes to their welfare.

Through the Wakalah contract, Sapura Energy received an approximately 12.5 percent refund from the amount paid to the zakat institutions under the Islamic Religious Council of the Federal Territory (“MAWIP”) in 2020.

The refund was then channelled to employees and former employees eligible for assistance, following guidelines outlined by MAWIP. In 2020, Sapura Energy successfully distributed RM98,000 to support 48 needy employees and former employees. The recipients included single mothers, parents of disabled children and those living in poverty.

Zakat distribution plays an important role in achieving a sustainable economic agenda. This initiative is also in line with the United Nations Sustainable Development Goal (“SDG”) of ending poverty and hunger.

Education**Craft Training Centre**

Sapura Energy is committed to the upskilling of local talent wherever we operate. In our fabrication yard in Lumut, Malaysia, a dedicated centre delivering training in craft skills, ranging from welding, fitting and rigging to scaffolding, was established in 2019. The centre, known internally as our Craft Training Centre, has been engaged by local vocational institutions such as Institut Kemahiran Belia Negara (“IKBN”) and Majlis Amanah Rakyat (“MARA”) to provide on-the-job-training (“OJT”) opportunities to trainees.

The main objective of the Craft Training Centre is to provide trainees with in-depth experience in performing craft skills, specifically for the Oil & Gas industry. The early exposure to the higher standards of safety and complexity means fresh trainees are industry-ready upon graduation.

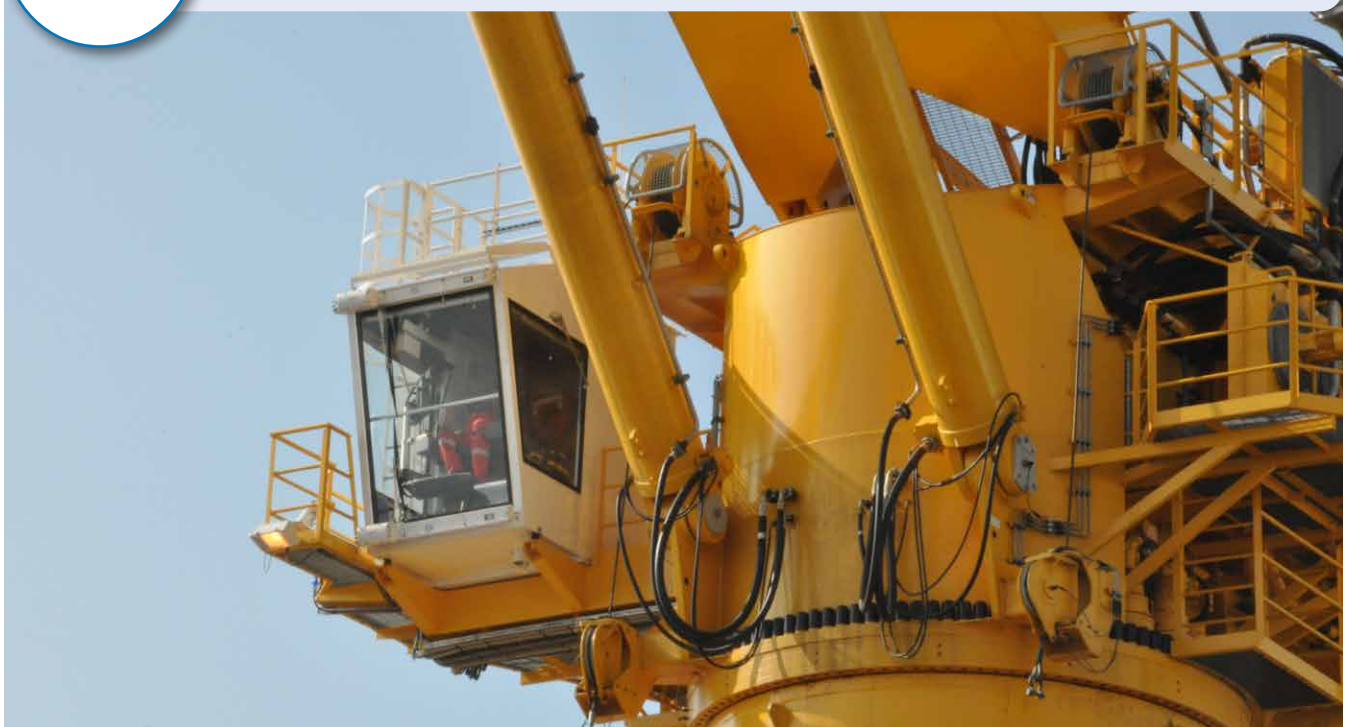
In 2020, Sapura Energy collaborated with IKBN Jitra in its Bootcamp for Metal Fabrication programme and supported MARA in its Graduate Employability Training Scheme (“GETS”). Both programmes hosted 60 trainees in total over a period of three to nine months. Successful completion of the programmes by top-performing trainees will lead to formal certifications and potential employment opportunities.



MANAGING OUR SUSTAINABILITY IMPACTS



Governance



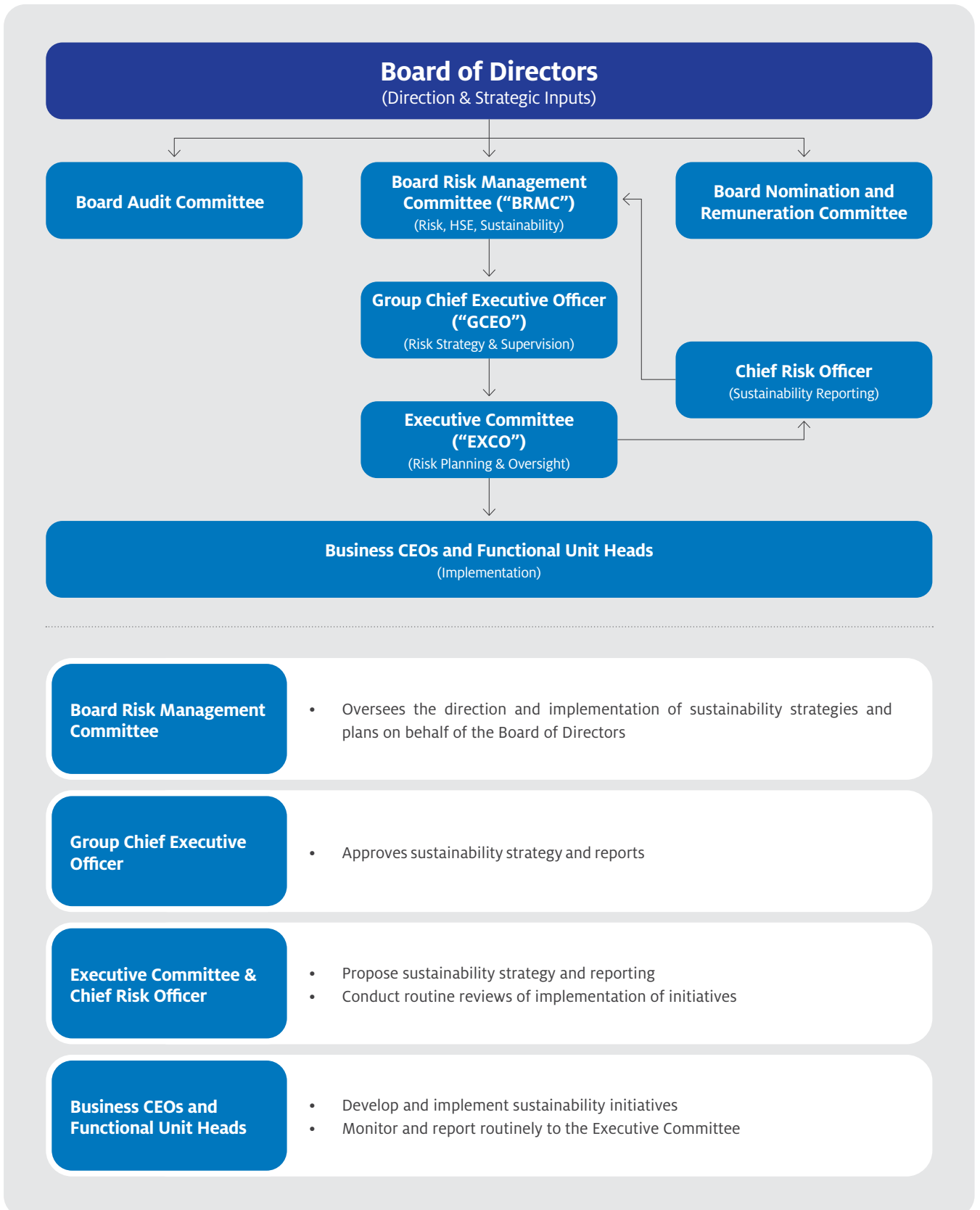
FRAMEWORK

Sapura Energy's sustainability governance ensures the implementation of effective sustainability practices across the Group's operations. Our sustainability is governed by the Board and Board Committees, namely the Board Audit Committee ("BAC"), Board Risk Management Committee ("BRMC") and Board Nomination and Remuneration Committee ("BNRC"), which oversee the direction and execution of the Group's sustainability strategies. The BRMC also plans sustainability strategies on behalf of the Board of Directors and meets every quarter to discuss and review all sustainability-related matters to ensure that they are appropriately carried out and addressed.

The BRMC is supported by the Group Chief Executive Officer ("GCEO"), Datuk Mohd Anuar Taib, who holds the responsibility of approving sustainability strategies and reports, and by the Chief Risk Officer ("CRO"). The GCEO is supported by the Executive Committee, which receives reports from various business and functional units that implement sustainability initiatives on the ground. The Executive Committee also proposes sustainability strategies and reporting and reviews the implementation of sustainability initiatives.


All business decision-making processes and their controls follow clear Limits of Authority thresholds and operating procedures, as published in our repository system (TMS).

MANAGING OUR SUSTAINABILITY IMPACTS



MANAGING OUR SUSTAINABILITY IMPACTS

ETHICAL BUSINESS PRACTICES


 *To read more about Sapura Energy's Corporate Governance, please turn to page 77 of this report.*

As a key player in the oil and gas industry, we uphold the highest standards of ethical business practices to live up to the expectations of our stakeholders and comply with the relevant applicable laws in countries where we operate. Regulatory compliance will reduce our organisation's exposure to legal, financial and reputational risks. Any non-compliance will lead to operational disruptions and affect Sapura Energy's value creation journey. Hence, we believe in sound corporate governance by upholding ethics and integrity to ensure smooth business operations. In FY2021, we relaunched the Sapura Energy Values to define our work culture, whereby employees should Think Entrepreneurially, Behave Ethically and Feel Purposeful.


In Malaysia, Sapura Energy is committed to the requirements of corporate liability established through Section 17A of the Malaysian Anti-Corruption Commission Act 2009. Our main compliance policies and standards are:

- 
Code of Ethical Conduct
- 
Anti-Bribery and Anti-Corruption
- 
Whistleblowing


Our ethics and integrity practices are anchored on three pillars:



Leadership Ethics



Employee Ethics



Industry Ethics

Leadership Ethics



Sapura Energy is governed by our Board of Directors and Management teams, who set a top-down tone for our business management and operations. Both the Board and the Management have oversight on business decisions and corporate strategy including beneficial initiatives for the Company, employees, partners, supply chain and other relevant stakeholders. Ensuring our leaders demonstrate good leadership through ethics and integrity will motivate our people to follow suit and uphold ethical practices. Thus, we have in place industry-standard practices such as guidelines for Board remuneration and appointment of Board members.

Employee Ethics



We believe high standards of business ethics will improve employees' morale and performance, which will result in greater employee satisfaction and talent retention. Hence, we strive to inculcate our workforce with the mindset of 'doing the right thing' by instilling transparency and accountability. Our employees are guided by our Guidelines on Code of Ethical Conduct, which clearly set out our zero-tolerance approach to corruption and bribery. They are also required to attend mandatory training on ethics and integrity upon joining the Company, with a revision every two years.

In March 2020, we engaged an external consultant to conduct a risk assessment prior to the enforcement of Section 17A of the MACC Act. Following the risk assessment exercise, the Company duly implemented the necessary control measures and initiatives as part of the defence mechanism in Section 17A of the MACC Act.

MANAGING OUR SUSTAINABILITY IMPACTS

Additionally, virtual training sessions were conducted for high-risk departments and locations, which also raised awareness on our anti-bribery policies and procedures. We also conducted e-learning modules on compliance, which has been implemented since FY2019 and covers the Code of Ethical Conduct and Global Anti-Corruption.

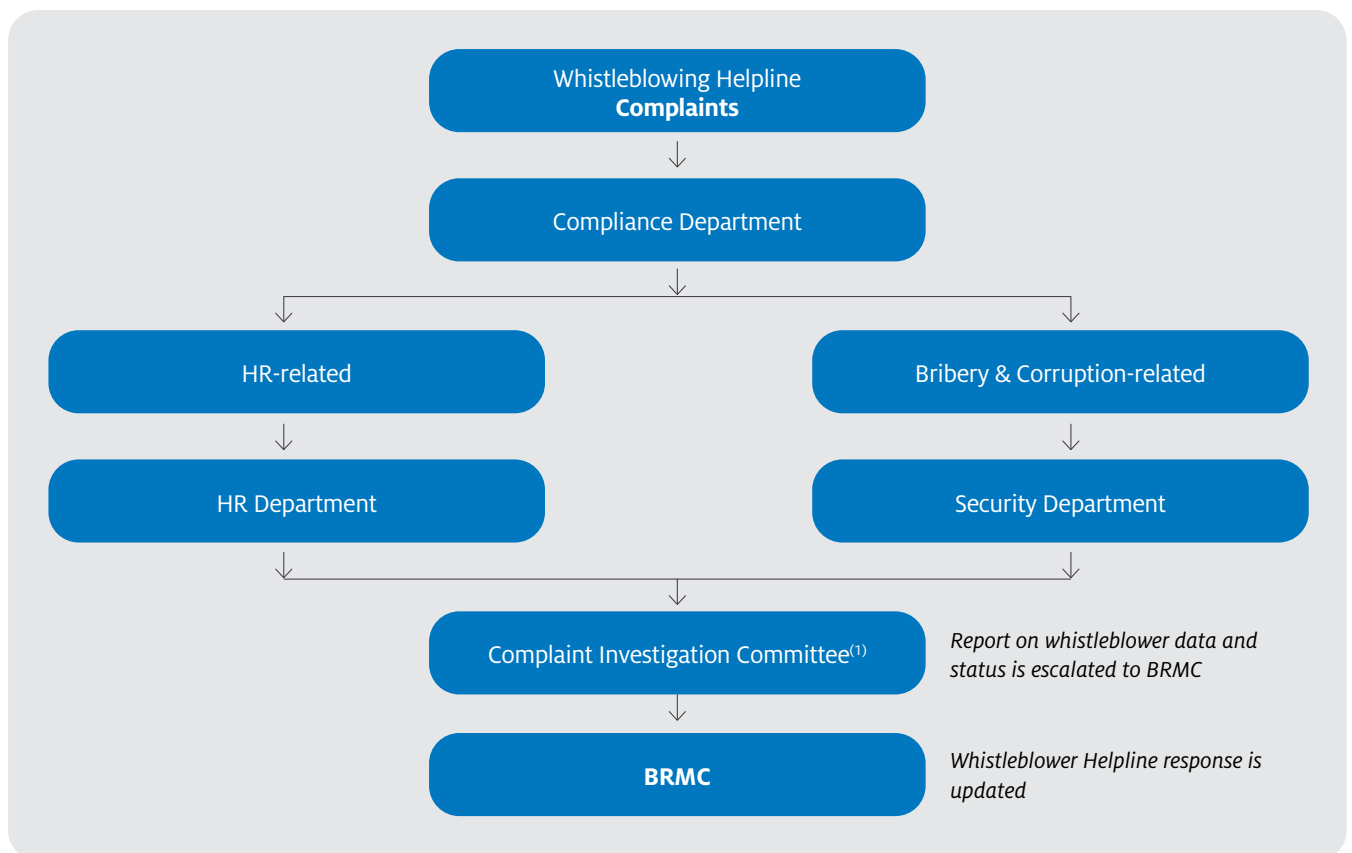
Overall e-Learning on Compliance



Whistleblowing Standard

The Sapura Energy Group Whistleblowing process provides a confidential avenue to enable all employees, third parties and members of the public to disclose any wrongdoing. It includes an independent online reporting system (Whistleblowing Helpline) hosted by a third-party hotline provider, Navex EthicsPoints, which allows the whistleblower to place a report on malpractices and/or misconduct anonymously. This Whistleblowing Helpline is available in all the regions where we operate. Eight incidents were reported through the Whistleblowing Helpline in FY2021 and were investigated accordingly and escalated to the BRMC. The BRMC is periodically kept informed of the investigated incidents.

Our whistleblowing complaint process is illustrated in the chart below:



⁽¹⁾ The Senior Independent Director is the Chairman of the Complaint Investigation Committee

MANAGING OUR SUSTAINABILITY IMPACTS

Industry Ethics

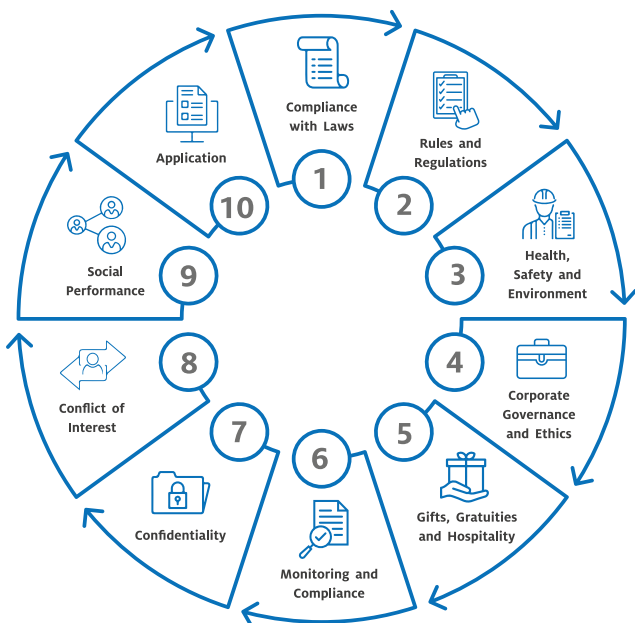


Sapura Energy is committed to advocating good business practices and upholding high professionalism within the industry locally and globally. We strictly adhere to anti-trust regulations and strive to provide equal opportunities to all our partners and vendors. Our commitment to safeguarding good governance and protecting the integrity of the industry is reflected in our robust corporate policies such as the Code of Ethical Conduct Group Standard.

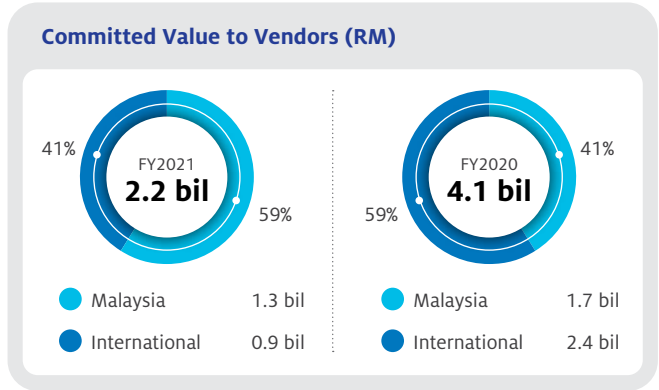
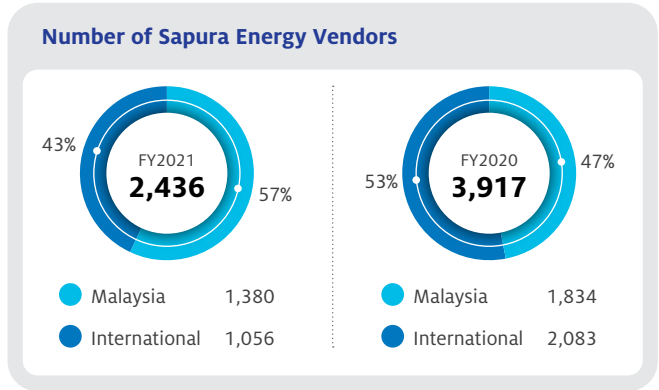
SUPPLY CHAIN MANAGEMENT

In line with the top-down tone set by our Board of Directors, a sustainable supply chain helps to ensure efficient productivity, reduces cost structure and minimises the Group’s operational and financial risks, while always remaining in compliance with our Code of Ethical Conduct. Sapura Energy relies on thousands of suppliers every day to ensure smooth business activities across its operations in more than 20 countries. Thus, we have incorporated the Group’s sustainability policies into our procurement approach to ensure a robust and sustainable supply chain. The policies help us to assess and select suppliers according to economic, environmental and social criteria. We also ensure all vendors and suppliers are given fair and equal opportunities to conduct business with us.

Our procurement process is guided by our Supplier Code of Conduct. To uphold high standards of ethical business practices, our suppliers are required to comply with the Group’s Code of Ethical Conduct, which includes comprehensive guidelines for any third party who wishes to conduct business with Sapura Energy. The Code of Ethical Conduct covers 10 aspects of ethical business practices to ensure smooth and sustainable daily operations. Suppliers are also required to uphold Sapura Energy’s standards and principles, including signing an Anti-Bribery and Corruption pledge.



The Group actively supports local economic growth by engaging local suppliers in our operations, which helped to reduce the COVID-19 related disruption on the worldwide supply chain. There is also a focus on Malaysian suppliers, who accounted for 57 percent of the Group’s total suppliers in FY2021, with a committed value of approximately RM1.3 billion, representing 59 percent of the value committed to vendors across our business.



The COVID-19 challenges faced during the financial year eroded some of the Group’s entities’ ability to meet their payment obligations to vendors and subcontractors on time. However, the Group initiated several measures, including the implementation of Acceleration Programme in key workstreams, the award of working capital lines from partner banks and the creation of a dedicated taskforce to manage vendor payments and critical vendor interfaces. With this significantly increased cash flow and the formation of this taskforce, the Group aims to improve transparency and trust with our vendor community through regular and focused engagement on payment matters.

MANAGING OUR SUSTAINABILITY IMPACTS

Vendor Development Programme

Sapura Energy is part of Petrolia Nasional Berhad's ("PETRONAS") Vendor Development Programme ("VDPx"). A Memorandum of Understanding with PETRONAS was signed in 2018 to kick-start the programme. To date, two vendors have been selected for the programme, which is meant to support them in business development, financial management, technical knowledge and Information and Communications Technology ("ICT").

ECONOMIC PERFORMANCE VALUE CREATION

Sapura Energy is fully invested in embedding ESG practices in our core business operations. The viability of our operations is closely linked to sustainability. Thus, we are incrementally improving the integration of ESG requirements across all divisions within the Group. In FY2021, Sapura Energy continued to generate tangible value creation to ensure sustainable business growth amidst disruptions from the COVID-19 pandemic. We won 19 projects across our Malaysian and international operations.

Project Name	Client	Country	Division	Description
PRP7 Pipeline Replacement Project	Brunei Shell Petroleum	Brunei	E&C	The scope of work comprises the replacement of the 16-inch 9.4 kilometres pipeline including topside modification and riser and pipeline demolition, as well as an optional scope for the replacement of the six inch one kilometres pipeline including topside modification and riser and pipeline demolition.
Single Buoy Mooring (SBM) Pipeline Rejuvenation Phase II	Shell Eastern Petroleum (Pte) Ltd.	Singapore	E&C	The scope of work comprises pre-emptive repair of the nearshore pipeline section, rejuvenation of the SBM system, and optional removal of the existing pipeline to ensure fitness for service of the crude offloading system to Bukom Refinery in Singapore. The contract is expected to be completed by Q3 FY2023.
Asset Retirement Offshore Removal Campaign	Chevron Thailand Exploration and Production Ltd. ("CTEP")	Thailand	E&C	The contract scope of work consists of project management, engineering, procurement, an offshore heavy lifting vessel, and transportation spread to decommission seven offshore jackets, wet tow, and reef the jackets at a reef site. The offshore campaign is expected to commence during FY2021.
Pan Malaysia Transportation & Installation of Offshore Facilities	Hess Exploration and Production Malaysia B.V.	Malaysia	E&C	The contract scope of work comprises the provision of project management, installation, engineering, transportation and installation of five modules at Bergading Central Processing Platform. The works are expected to be completed by Q4 FY2021.
Andalas Pipeline Project Phase 4 Development	Carigali-PTTEPI Operating Company Sdn Bhd ("CPOC")	Malaysia	E&C	The contract scope of work includes engineering, procurement, construction, installation and pre-commissioning of a 20-inch 29 kilometres subsea pipeline, including riser and riser guard installations. The contract was effective on 30 April 2020 and the works are scheduled to be completed within 15 months.

MANAGING OUR SUSTAINABILITY IMPACTS

Project Name	Client	Country	Division	Description
Amoca Project – Offshore Block Area 1	Eni Mexico S. de R. L. de C.V.	Mexico	E&C	The contract entails the transportation and installation of the Amoca Platform, as well as the pipeline and subsea cable that connects the Amoca and Mizton platforms with the Floating Production Storage and Offloading (“FPSO”) unit. The works are expected to be completed by Q4 FY2022.
Extension on the contract for the operation of the pipe-laying support vessel Sapura Esmeralda	Petróleo Brasileiro S.A. (Petrobras)	Brazil	E&C	The scope of work comprises the provision of services and charter for the installation and recovery of flexible pipes, by utilising Sapura Esmeralda in Brazilian waters. The existing contract is expected to be completed by April 2021 and the 12 months’ extension will commence immediately after the original contract of Sapura Esmeralda ends.
The provision of Tender-Assist Drilling Rig Sapura Berani	Foxtrot International LDC	Ivory Coast	Drilling	The contract scope comprises the provision of semi-tender-assist drilling rig services for three wells, offshore Ivory Coast, commencing in Q1 FY2022. It includes the option of one well extension.
Al-Khalij Field, Block 6	Total E&P Golfe	Qatar	E&C	The scope of work comprises engineering, procurement, supply, construction, installation and pre-commissioning of two sixteen-inch pipelines connecting three platforms in the Al-Khalij Field, Block 6.
Andalas Pipeline Project for Phase 4 Development	Carigali- PTTEPI Operating Company Sdn Bhd (“CPOC”)	Malaysia	E&C	The contract scope of work comprises engineering, procurement, onshore construction, transportation and marine spread chartering, as well as offshore hook-up and commissioning of Host Tie-In and Brownfield Modification at Jengka-A Wellhead Platform, Andalas-B Wellhead Platform and MUDA Central Processing Platforms. The works are expected to be completed by Q3 FY2022.
The provision of Tender-Assist Drilling Rig Sapura Berani	Total Exploration and Production Congo	Congo	Drilling	The scope of the contract comprises the provision of semi-tender-assist drilling rig services for three wells offshore Congo, commencing in Q4 FY2021 for a period of three months. The contract provides for an option of one well extension.
Purchase Order 59 (CRPO 59)	Saudi Arabian Oil Company (Saudi Aramco)	Saudi Arabia	E&C	The scope of work includes the engineering, procurement, fabrication, transportation & installation and pre-commissioning of jackets for three new wellhead platforms at three oil fields, expected to be completed by the first quarter of calendar year 2022.
Installation of wellhead platforms and pipelines and the removal of wellhead platforms	Chevron Thailand Exploration and Production Ltd. (“CTEP”), Chevron Offshore (Thailand) Ltd. and Chevron Pattani Ltd	Thailand	E&C	The installation of wellhead platforms and pipelines and the removal of wellhead platforms for Chevron Thailand Exploration and Production Ltd. (“CTEP”), Chevron Offshore (Thailand) Ltd. and Chevron Pattani Ltd. The works are expected to be completed by the fourth quarter of FY2022.

MANAGING OUR SUSTAINABILITY IMPACTS

Project Name	Client	Country	Division	Description
Pan Malaysia Transportation and Installation of Offshore Facilities	PTTEP Sarawak Oil Limited	Malaysia	E&C	The contract scope of work comprises the transportation and installation of approximately ten kilometres of underwater pipeline, offshore Sarawak. The works are expected to be completed by May 2021.
Kasawari Gas Development Project	Heerema Marine Contractors	Malaysia	E&C	The scope of work comprises project management, procurement and subcontracting, as well as engineering works, expected to be completed by the second quarter of calendar year 2021.
Bestari field, offshore Sabah	PETRONAS Carigali Sdn Bhd	Malaysia	E&C	The provision of marine site investigation and pipeline route survey services at the Bestari field, offshore Sabah. The works are expected to be completed by the second quarter of FY2022.
The comprehensive maintenance of Baker Hughes-supplied turbomachinery equipment	Malaysia LNG Sdn Bhd	Malaysia	O&M	The comprehensive maintenance of Baker Hughes-supplied turbomachinery equipment under a long-term service agreement. The contract is for 9.5 years, effective February 2021.
The provision of Tender-Assist Drilling Rig Sapura Pelaut	Brunei Shell Petroleum Co Sdn Bhd	Brunei	Drilling	Extension on its semi-submersible tender-assist drilling rig, Sapura Pelaut, from long-time partner Brunei Shell Petroleum Co Sdn Bhd.

Acceleration Programme

The Acceleration Programme is Sapura Energy's way of embracing continuous improvement and our entrepreneurial spirit, ensuring we remain ahead of the curve in a rapidly changing energy environment. The programme has helped us unlock value and efficiencies in our operations, enabling us to reinvest in our future.

The programme aims to transform our operations by focusing on new revenue generation, cost optimisation and sustainability and efficiency improvements. It is also a platform for Sapura Energy to nurture an innovative and high-performing workforce by embedding a culture where people feel purposeful, think entrepreneurially and execute ethically.

Through the Acceleration Programme, Sapura Energy aims to generate RM1.3 billion in revenue and savings by the end of January 2022. We have identified about 278 initiatives to be executed and so far, 130 initiatives - valued at more than RM760 million - have been completed. As of April 2021, Sapura Energy has realised nearly RM430 million from the 48 initiatives that have been completed.

Customer Satisfaction

Measuring customers' satisfaction enables us to better meet their needs, build their loyalty and boost our brand reputation, ultimately leading to long-term value creation. In FY2021, we conducted a customer satisfaction survey for each project at least once a quarter across our operations and achieved above-average scores throughout the year.

Overall Average Customer Satisfaction Score
(over highest score of 5)

Sapura Offshore		4
Sapura Pinewell		3.9
Sapura Fabrication		3.5
Sapura Subsea Services		3.9
Sapura Energy Australia		4.4
Sapura Geoscience		3.5
Sapura Drilling (Measured as 8.7 over 10)		4.35

CALENDAR OF EVENTS

Corporate Event **CE**

Employee Engagement **EE**

CSR: COVID-19 Relief **CSR**

Social Glue Initiative **SGI**

Trade Event **TE**

FEBRUARY 2020

5 February **CE**
Chinese New Year Celebration



13 February **EE**
People Engagement Session

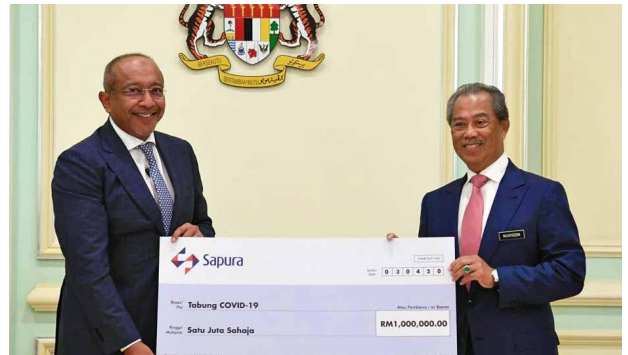


MARCH 2020

24 March **CSR**
Front-liner Support (Hospital Serdang)



26 March **CSR**
RM1 Million Pledge to GLCs and GLICs Disaster Response Network (GDRN)



30 March – 22 April 2020 **CSR**
Lunch Distribution to Front-liners including to Furry Friends (COVID-19)



CALENDAR OF EVENTS

APRIL 2020



3 April
Silly Hat Day

SGI



10 April
Biggest Fan Day

SGI



15 April
Launch of DanaSapura Crowdfunding

CSR



24 April
Front-liner Support (Hospital Sultanah Aminah) Johor Bahru

CSR



17 April
Engagement Session with PGCEO

EE

CALENDAR OF EVENTS

Corporate Event **CE**

Employee Engagement **EE**

CSR: COVID-19 Relief **CSR**

Social Glue Initiative **SGI**

Trade Event **TE**

MAY 2020 



→ 20 May

PPE Kit Donation for Front-liners in India

CSR



JUNE 2020 



→ 4 - 6 June

Food Bag Programme (Phase 1)

CSR



→ 12 June

Snapshots of Raya Celebration from Employees

SGI



CALENDAR OF EVENTS

AUGUST 2020

31 August
Merdeka Celebration



OCTOBER 2020

6 - 9 October
Virtual MOGSEC 2020



NOVEMBER 2020

2 - 6 November
Virtual OTC Asia 2020



18 - 24 November
Minggu Saham Digital 2020



13 November
COVID-19 Volunteer Appreciation Ceremony



26 November
Accelerator Awards Ceremony



FINANCIAL STATEMENTS

141	Directors' Report
147	Statement by Directors
147	Statutory Declaration
148	Independent Auditors' Report
152	Consolidated and Separate Statements of Profit or Loss
153	Consolidated and Separate Statements of Comprehensive Income
154	Consolidated and Separate Statements of Financial Position
156	Consolidated Statement of Changes in Equity
157	Company Statement of Changes in Equity
158	Consolidated Statement of Cash Flows
160	Company Statement of Cash Flows
161	Notes to the Financial Statements

DIRECTOR'S 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 2021.

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 44 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(160,252)	(223,568)
(Loss)/profit attributable to:		
Owners of the Parent	(160,870)	(223,568)
Non-controlling interests	618	-
	(160,252)	(223,568)

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.

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:

Tan Sri Dato' Seri Shamsul Azhar bin Abbas (Appointed on 30 July 2020)
 Datuk Mohd Anuar bin Taib[^] (Appointed on 27 August 2020, resigned on 1 October 2020 and reappointed on 1 May 2021)
 Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (Appointed on 27 August 2020)
 Dato' Mohammad Azlan bin Abdullah
 Dato' Shahrizan bin Shamsuddin
 Datuk Muhamad Noor bin Hamid
 Datuk Ramlan bin Abdul Rashid
 Lim Tiang Siew (Appointed on 3 June 2020)
 Dato' Azmi bin Mohd Ali (Appointed on 1 October 2020)
 Datuk Iain John Lo (Appointed on 1 May 2021)
 Bernard, Rene, Francois Di Tullio (Appointed on 1 May 2021)
 Tan Sri Dato' Seri Shahril bin Shamsuddin* (Resigned on 30 April 2021)
 Syed Ali bin Syed Salem Alsagoff (Appointed on 1 February 2020 and resigned on 30 April 2021)
 Dato' Roslina binti Zainal (Resigned on 1 November 2020)
 Mohamed Rashdi bin Mohamed Ghazalli* (Retired on 9 September 2020)
 Tan Sri Datuk Amar (Dr.) Tommy bin Bugo @ Hamid bin Bugo* (Resigned on 30 July 2020)
 Abdul Jalil bin Abdul Rasheed (Appointed on 1 February 2020 and resigned on 15 June 2020)
 Gee Siew Yoong (Resigned on 21 May 2020)
 Dato' Hamzah bin Bakar (Resigned on 1 February 2020)

[^] Director of the Company and certain subsidiaries.

* Director of the Company and certain subsidiaries up to the date of resignation or retirement.

DIRECTOR'S REPORT**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:

Abbas bin Ariff
Ahmad Zakiruddin bin Mohamed
Awang Mohammad bin Haji Brahim
Benoit Marie, Carayol
Biren Kumar Dash
Bundit Kittitanarux
Chiang Wai Ming
John Michael Golden
Johannes Franciscus Maria Stinenbosch
Louay Louis Laham
Mariah binti Mohamad Said
Md Yusoff bin Mohamad Noor
Metis Wong Kuan Lee
Mohamad Nasri bin Mehat
Mohammad Nazmi bin Kamaruddin
Mohd Saiman bin Abdullah
Muhd Nazif bin Muhamad
Na'imah binti Mohd Noor
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

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

Anthony James Willis (Appointed on 28 February 2020)
Ashit Jain (Appointed on 19 February 2021)
Bruno Picozzi (Appointed on 4 June 2020)
Chow Wai Harn (Appointed on 22 February 2021)
Giselle Patricia Rowe (Appointed on 16 September 2020)
Maxim D'Souza (Appointed on 8 March 2021)
Melson Barry-Gene Dale (Appointed on 27 April 2020)
Nik Aisyah Amirah binti Mansor (Appointed on 7 February 2020)
Nik Azli bin Abu Zahar (Appointed on 26 February 2020)
Puspa Hanita Abd Aziz (Appointed on 30 March 2021)
Richard Faria Ferreira (Appointed on 27 February 2021)
Sanjay Anand (Appointed on 8 March 2021)
Sim Kim Siong (Appointed on 27 April 2021)

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

Chow Mei Mei (Resigned on 31 March 2021)
Datuk Kris Azman bin Abdullah (Resigned on 31 March 2021)
Jobelino Vitoriano Locateli (Deceased on 17 February 2020)
Kedar Lagvankar (Resigned on 19 March 2021)
Luke Anthony Byrne (Resigned on 27 May 2020)
Rais bin Imran (Resigned on 10 February 2020)
Rose binti Mat (Resigned on 11 February 2020)

DIRECTOR'S REPORT

Directors (cont'd.)

Resigned/deceased since the beginning of the financial year to the date of this report: (cont'd.)

Sazlyna binti Sapiee (Resigned on 3 March 2020)

Ungku Suleiman bin Ungku Abdul Aziz (Deceased on 24 February 2021)

Vincent Pierre Allegre (Resigned on 1 September 2020)

Vivek Arora (Resigned on 19 March 2021)

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 28 and Note 36 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 39 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 total insured limit for the Directors and Officers Liability Insurance effected for the Directors and Officers of the Group was RM200 million. The insurance premium charged during the financial year amounted to RM289,392.

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 1.2.2020 '000	Acquired '000	Sold '000	As at 31.1.2021 '000

The Company

Indirect interest

Tan Sri Dato' Seri Shahril bin Shamsuddin ¹	2,048,150	-	-	2,048,150
Dato' Shahril bin Shamsuddin ¹	2,048,150	-	-	2,048,150
Tan Sri Dato' Seri Shamsul Azhar bin Abbas ²	3,779	2,995	-	6,774
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor ²	13	-	-	13

Direct interest

Tan Sri Dato' Seri Shahril bin Shamsuddin	169,165	5,647	-	174,812
Tan Sri Dato' Seri Shamsul Azhar bin Abbas	2,455	-	-	2,455
Datuk Mohd Anuar bin Taib	-	1,200	-	1,200
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	10	500	-	510
Dato' Shahril bin Shamsuddin	506	-	-	506

¹ Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn. Bhd. ("Sapura Holdings") pursuant to Section 8 of the Companies Act 2016. 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.

² Indirect interest held through his spouse.

DIRECTOR'S REPORT**Directors' interests (cont'd.)**

	Number of warrants			
	As at 1.2.2020 '000	Acquired '000	Sold '000	As at 31.1.2021 '000

The Company**Indirect interest**

Tan Sri Dato' Seri Shahril bin Shamsuddin ¹	164,061	-	-	164,061
Dato' Shahrman bin Shamsuddin ¹	164,061	-	-	164,061

Direct interest

Tan Sri Dato' Seri Shahril bin Shamsuddin	13,135	-	-	13,135
---	--------	---	---	--------

	Number of options over ordinary shares under ESOS			
	As at 1.2.2020 '000	Granted '000	Exercised '000	As at 31.1.2021 '000

The Company

Tan Sri Dato' Seri Shahril bin Shamsuddin	798,954	-	-	798,954
---	---------	---	---	---------

¹ Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn. Bhd. ("Sapura Holdings") pursuant to Section 8 of the Companies Act 2016. 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.

² Indirect interest held through his spouse.

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

As at 31 January 2021, a total undistributed balance of 7,276,000 units of the Company's issued ordinary shares were held under trust at carrying amount of RM11,587,000. Further details are disclosed in Note 28 to the financial statements.

Executive Share Option Scheme

During the 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.

The ESOS comprises of Tranche 1 and Tranche 2 granted in the previous years, where these options will expired on 12 December 2025 and 10 April 2026 respectively. The salient features and other terms of the ESOS are disclosed in Note 36 to the financial statements.

DIRECTOR'S REPORT

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 of bad debts and the 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.
- (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 38 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 events

Details of subsequent events are disclosed in Note 47 to the financial statements.

DIRECTOR'S REPORT

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 28 May 2021.

Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Datuk Mohd Anuar bin Taib

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dato’ Seri Shamsul Azhar bin Abbas and Datuk Mohd Anuar bin Taib, 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 152 to 264 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 2021 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 28 May 2021.

Tan Sri Dato’ Seri Shamsul Azhar bin Abbas

Datuk Mohd Anuar bin Taib

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 152 to 264 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 28 May 2021

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 2021 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 notes to the financial statements, including a summary of significant accounting policies as set out on pages 152 to 264.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2021, 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 responsibilities

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")

(Refer to Notes 2.32(b)(i), 14 and 15 to the financial statements)

As at 31 January 2021, the carrying values of the Group's goodwill and property, plant and equipment ("PPE") amounted to RM4.9 billion and RM9.2 billion respectively, which collectively represents 62% of the Group's total assets.

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 (including vessels), 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 individual vessel which does not belong to a CGU or group of CGUs, management has estimated the recoverable amount based on the FVLCD method where management has engaged independent valuers to estimate the fair value of the vessels.

INDEPENDENT AUDITORS' REPORT
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.)**

(Refer to Notes 2.32(b)(i), 14 and 15 to the financial statements)

Due to the significance of the carrying values of goodwill and PPE, and the complexity and subjectivity involved in the impairment assessment, we considered this as an area of audit focus.

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

- For the recoverable amounts of CGUs or groups of CGUs determined using VIU, we have:
 - (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 and by corroborating with industry analysts' views, management's plans, existing contracts and upcoming bidding opportunities, where applicable.
 - (iii) Evaluated the discount rates, terminal growth rates and the methodology used in deriving the present value of the cash flows, with the support of our internal valuation specialists.
 - (iv) For CGUs or groups of CGUs to which goodwill and PPE are allocated, we have performed sensitivity analysis on the key inputs to understand the impact that alternative assumptions would have had on the recoverable amounts.
 - (v) Assessed the adequacy of the disclosures made in the financial statements.
- For the recoverable amounts of the vessels determined using FVLCD, we have:
 - (i) Considered the independence, reputation and expertise of the independent 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.
 - (iii) Discussed with the independent valuers to obtain an understanding of the assumptions and related data used as input to the valuation models.

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

(Refer to Notes 2.22(i)(a) and 3 to the financial statements)

Revenue from construction contracts contributed approximately 67% of the Group's total revenue for the year ended 31 January 2021. 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. Accordingly, we considered this as an area of audit focus.

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 and profit recognised in the financial statements, including the process and controls performed by management to estimate the total contract cost, profit margin and POC of the projects.
- (ii) Discussed with management on the basis for estimating total contract cost of significant projects.

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Energy Berhad
(Incorporated in Malaysia)

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

(Refer to Notes 2.22(i)(a) and 3 to the financial statements)

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

- (iii) Evaluated the assumptions applied in determining the estimated total contract cost of significant projects, by comparing the estimated costs to complete with documentary evidence such as original signed contracts and approved variation orders. We also considered the historical accuracy of management's budgets.
- (iv) Assessed the adequacy of provision for foreseeable losses made for ongoing contracts, where applicable.
- (v) Assessed the reasonableness of the project's estimated profit margin, by comparing it to management's initial budget and past actual outcomes.
- (vi) Agreed the contract sum used in management's calculations of revenue to original contracts and approved variation orders where applicable, on a sampling basis.
- (vii) Tested management's calculations of POC and revenue.

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 2021 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 2021 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company 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 of the Group and of the Company 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 the Company or to cease operations, or have no realistic alternative but 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 and International Standards on Auditing 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.

INDEPENDENT AUDITORS' REPORT
to the members of Sapura Energy Berhad
(Incorporated in Malaysia)*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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 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.
- (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 directors 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, actions taken to eliminate threats or safeguards applied.

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. 02607/12/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 May 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 January 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	3	5,347,822	6,449,155	113,919	141,679
Cost of sales	4	(4,730,486)	(6,941,516)	-	-
Gross profit/(loss)		617,336	(492,361)	113,919	141,679
Other income	5	183,717	187,923	59,412	96,088
Administrative expenses		(333,156)	(329,283)	(106,816)	(68,946)
Other expenses		(166,085)	(124,126)	-	-
		301,812	(757,847)	66,515	168,821
Provision for impairment	6	-	(3,284,340)	(61,714)	(3,938,540)
Finance costs	7	(492,364)	(664,557)	(231,066)	(145,780)
Share of profit from associates and joint ventures		158,827	154,950	-	-
Loss before taxation	8	(31,725)	(4,551,794)	(226,265)	(3,915,499)
Income tax (expense)/credit	11	(128,527)	(12,789)	2,697	(6,725)
Loss after taxation		(160,252)	(4,564,583)	(223,568)	(3,922,224)
(Loss)/profit attributable to:					
Owners of the Parent		(160,870)	(4,560,806)	(223,568)	(3,922,224)
Non-controlling interests		618	(3,777)	-	-
		(160,252)	(4,564,583)	(223,568)	(3,922,224)
Loss per share attributable to owners of the Parent (sen per share)					
	12				
Basic/Diluted		(1.01)	(28.60)	-	-

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 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss after taxation	(160,252)	(4,564,583)	(223,568)	(3,922,224)
Other comprehensive (loss)/income:				
Items that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences	(88,253)	(57,106)	-	-
Net changes in cash flow hedge	17,443	(21,158)	-	-
Share of other comprehensive loss of associates and joint ventures:				
- Foreign currency translation differences	(7,465)	(14,293)	-	-
- Net changes in cash flow hedge	(15,823)	(41,371)	-	-
Item that has been reclassified to profit or loss in current year:				
Amortisation of cumulative changes in relation to previous hedge instruments	16,432	2,739	-	-
Total other comprehensive loss	(77,666)	(131,189)	-	-
Total comprehensive loss for the year	(237,918)	(4,695,772)	(223,568)	(3,922,224)
Total comprehensive loss attributable to:				
Owners of the Parent	(236,951)	(4,691,743)	(223,568)	(3,922,224)
Non-controlling interests	(967)	(4,029)	-	-
	(237,918)	(4,695,772)	(223,568)	(3,922,224)

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 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Non-current assets					
Property, plant and equipment	14	9,218,612	9,638,931	14,098	21,037
Intangible assets	15	4,927,743	4,947,773	-	-
Investment in subsidiaries	16	-	-	12,705,308	12,627,236
Investment in associates	17	2,103,820	2,147,935	-	-
Investment in joint ventures	18	2,005,591	1,833,407	-	-
Deferred tax assets	19	120,336	96,295	16,318	13,305
Derivative assets	20	55,083	18,778	-	-
Trade and other receivables	23	44,126	82,560	-	-
Amounts due from subsidiaries	22	-	-	460,616	56,101
		18,475,311	18,765,679	13,196,340	12,717,679
Current assets					
Inventories	21	423,251	383,888	-	-
Amounts due from subsidiaries	22	-	-	452,949	763,103
Trade and other receivables	23	1,434,328	1,457,227	48,368	47,042
Contract assets	24	1,752,716	1,200,397	-	-
Tax recoverable		90,537	168,778	17,111	24,355
Cash and cash equivalents	25	488,966	772,374	5,231	18,133
		4,189,798	3,982,664	523,659	852,633
Total assets		22,665,109	22,748,343	13,719,999	13,570,312

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION (CONT'D.)

As at 31 January 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	10,872,078	10,872,078	10,872,078	10,872,078
Islamic redeemable convertible preference shares ("RCPS-i")	27	982,713	982,713	982,713	982,713
Shares held under trust	28	(11,587)	(11,587)	(11,587)	(11,587)
Warrants reserve	29	109,110	109,110	109,110	109,110
Other reserves	30	1,618,671	1,703,428	122,287	130,963
Accumulated losses		(4,625,415)	(4,473,221)	(3,249,562)	(3,034,670)
		8,945,570	9,182,521	8,825,039	9,048,607
Non-controlling interests		(8,820)	(7,853)	-	-
Total equity		8,936,750	9,174,668	8,825,039	9,048,607
Non-current liabilities					
Borrowings	31	7,068,725	7,110,429	-	-
Amount due to a subsidiary	32	-	-	3,767,595	3,767,595
Contract liabilities	24	37,790	72,532	-	-
Other payable	33	30,243	10,000	-	10,000
Lease liabilities	35	9,631	9,148	-	-
Deferred tax liabilities	19	102,747	42,722	-	-
		7,249,136	7,244,831	3,767,595	3,777,595
Current liabilities					
Amounts due to subsidiaries	32	-	-	1,052,379	646,548
Borrowings	31	3,263,457	3,145,665	-	-
Trade and other payables	33	2,669,045	2,503,550	74,986	97,562
Contract liabilities	24	239,572	199,436	-	-
Provision	34	152,251	348,254	-	-
Lease liabilities	35	11,123	13,771	-	-
Provision for tax		143,775	118,168	-	-
		6,479,223	6,328,844	1,127,365	744,110
Total liabilities		13,728,359	13,573,675	4,894,960	4,521,705
Total equity and liabilities		22,665,109	22,748,343	13,719,999	13,570,312

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 2021

	Attributable to the owners of the Parent								Non-controlling interests RM'000	Total equity RM'000
	Non-distributable					Distributable		Total equity attributable to owners of the Parent 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/ (Accumulated losses) RM'000				
At 1 February 2020	10,872,078	982,713	(11,587)	109,110	1,703,428	(4,473,221)	9,182,521	(7,853)	9,174,668	
Total comprehensive loss	-	-	-	-	(76,081)	(160,870)	(236,951)	(967)	(237,918)	
	10,872,078	982,713	(11,587)	109,110	1,627,347	(4,634,091)	8,945,570	(8,820)	8,936,750	
Transactions with owners:										
Lapsed of certain ESOS, representing total transaction with owners	-	-	-	-	(8,676)	8,676	-	-	-	
At 31 January 2021	10,872,078	982,713	(11,587)	109,110	1,618,671	(4,625,415)	8,945,570	(8,820)	8,936,750	
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 (Note 36)	-	-	-	-	70,073	-	70,073	-	70,073	
Dividend on ordinary shares (Note 13)	-	-	-	-	-	(79,896)	(79,896)	-	(79,896)	
Shares transferred under LTIP (Note 28)	-	-	25,375	-	-	(21,070)	4,305	-	4,305	
Disposal of shares held under trust (Note 28)	-	-	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	

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 2021

	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/ (Accumulated losses) RM'000	
At 1 February 2020	10,872,078	982,713	(11,587)	109,110	130,963	(3,034,670)	9,048,607
Total comprehensive loss	-	-	-	-	-	(223,568)	(223,568)
	10,872,078	982,713	(11,587)	109,110	130,963	(3,258,238)	8,825,039
Transactions with owners:							
Lapsed of certain ESOS, representing total transaction with owners	-	-	-	-	(8,676)	8,676	-
At 31 January 2021	10,872,078	982,713	(11,587)	109,110	122,287	(3,249,562)	8,825,039
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 13)	-	-	-	-	-	(79,896)	(79,896)
Shares transferred under LTIP (Note 28)	-	-	25,375	-	-	(21,070)	4,305
Disposal of shares held under trust (Note 28)	-	-	29,850	-	-	(25,133)	4,717
Fair value of share options granted under ESOS (Note 36)	-	-	-	-	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

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 2021

	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Loss before taxation	(31,725)	(4,551,794)
Adjustments for:		
Amortisation of intangible assets (Note 15)	3,092	3,782
Depreciation of property, plant and equipment (Note 14)	540,437	521,137
Net gain on disposal of property, plant and equipment	(287)	(19,970)
Share of profits from associates and joint ventures	(158,827)	(154,950)
Provision for impairment on:		
- Goodwill	-	3,043,430
- Property, plant and equipment	-	240,910
LTIP expense	-	9,205
Restructuring expenses (Note 9)	33,658	-
Fair value of share options granted under ESOS	-	70,073
Inventories written off (Note 21)	80	813
Reversal of provision for inventory obsolescence	(2,299)	-
Property, plant and equipment written off	454	913
Net settlement of claim from previous acquisition of former subsidiaries	-	(87,656)
Net additional income from previous disposal of 50% equity stake in a former subsidiary (Note 5)	(50,055)	-
Net unrealised foreign exchange loss/(gain) (Note 5 and 8)	6,217	(37,336)
Finance costs (Note 7)	492,364	664,557
Interest income (Note 5)	(35,659)	(19,028)
Provision for expected credit loss (Note 23)	38,690	-
Net (reversal)/provision for foreseeable losses (Note 34)	(196,003)	253,388
	640,137	(62,526)
Increase in inventories	(36,917)	(32,549)
Increase in trade and other receivables	(280,624)	(178,260)
(Decrease)/increase in trade and other payables	(30,341)	373,264
Changes in balances with joint ventures and associates	(145,661)	67,902
Cash generated from operating activities	146,594	167,831
Taxes refunded/(paid)	18,189	(71,664)
Net cash generated from operating activities	164,783	96,167

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

As at 31 January 2021

	2021 RM'000	2020 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(164,151)	(345,525)
Proceeds from disposal of property, plant and equipment	2,006	32,851
Purchase of intangible asset (Note 15)	(151)	(5,675)
Repayment of advances from a joint venture	23,532	99,390
Net settlement of claim from previous acquisition of former subsidiaries	-	87,656
Net additional income from previous disposal of 50% equity stake in a former subsidiary (Note 5)	50,055	-
Interest received	11,990	19,028
Dividends received from joint venture	6,364	25,408
Net cash used in investing activities	(70,355)	(86,867)
Cash flows from financing activities		
Net drawdown/(repayment) of revolving credit, trade financing, term loans, Islamic Facility and Sukuk Programme (Note 31(c))	71,479	(6,806,252)
Repayment of lease liabilities (Note 35)	(14,682)	(12,528)
Finance costs paid	(422,414)	(564,672)
Dividend paid on ordinary shares	-	(79,896)
(Payment for)/proceed from settlement of derivative assets	(2,550)	136,764
Net cash used in financing activities	(368,167)	(7,326,584)
Net decrease in cash and cash equivalents	(273,739)	(7,317,284)
Effects of exchange rate changes	(9,669)	(8,739)
Cash and cash equivalents at beginning of the year	772,374	8,098,397
Cash and cash equivalents at end of the year (Note 25)	488,966	772,374

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 2021

	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Loss before taxation	(226,265)	(3,915,499)
Adjustments for:		
Depreciation of plant and equipment (Note 14)	11,996	10,724
Net additional income from previous disposal of 50% equity stake in a former subsidiary (Note 5)	(50,055)	-
Net settlement of claim from previous acquisition of former subsidiaries	-	(87,656)
Net unrealised foreign exchange loss/(gain)	9,059	(290)
Provision for impairment on investment in subsidiaries and amounts due from subsidiaries (Note 6, 16 and Note 22)	61,714	3,938,540
Restructuring expenses (Note 9)	5,465	-
Finance costs	231,066	145,780
Interest income	(9,111)	(8,142)
LTIP expense	-	5,777
Fair value of share options granted under ESOS	-	56,935
	33,869	146,169
Net changes in balances with related companies	(58,481)	49,216
Decrease in other receivables	(1,327)	3,058
Decrease in other payables	(38,890)	(200,091)
Cash used in operating activities	(64,829)	(1,648)
Taxes refunded/(paid)	6,929	(2,056)
Net cash used in operating activities	(57,900)	(3,704)
Cash flows from investing activities		
Net additional income from previous disposal of 50% equity stake in a former subsidiary (Note 5)	50,055	-
Net settlement of claim from previous acquisition of former subsidiaries	-	87,656
Purchase of plant and equipment	(6,541)	(12,924)
Proceeds from disposal of plant and equipment	1,484	542
Net cash generated from investing activities	44,998	75,274
Cash flows used in financing activity		
Dividends paid on ordinary shares, representing net cash used in financing activity	-	(79,896)
Net decrease in cash and cash equivalents	(12,902)	(8,326)
Cash and cash equivalents at beginning of the year	18,133	26,459
Cash and cash equivalents at end of the year (Note 25)	5,231	18,133

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

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 44.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 May 2021.

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 2020, the Group and the Company adopted the following new and amended MFRSs:

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
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 16: Leases (COVID-19 Related Rent Concessions)	1 June 2020

Adoption of the above amended standards did not have material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 3: Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts (Cost of Fulfilling a Contract)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle - MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Subsidiary as a first-time adopter)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle - MFRS 9 Financial Instruments (Fees in the '10 percent' Test for Derecognition of Financial Liabilities)	1 January 2022
Amendment to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
Amendment to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to MFRS 10 and MFRS 128: Investments in Associates and Joint Venture (Sale or Contribution 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.

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 to 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.4 Basis of consolidation (cont'd.)**

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 (“OCI”) 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.

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.

Business combinations under common control are accounted for using the pooling of interests method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.4 Basis of consolidation (cont'd.)*****Business Combinations (cont'd.)***

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 in statement of profit or loss. 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 at cost, being 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 the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of comprehensive income.

2.5 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The method of assessing impairment of the investment in subsidiary companies is as disclosed in Note 2.12.

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 venture. 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, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.6 Investments in associates and joint ventures (cont'd.)**

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate or joint venture is shown on the face of the statement of profit or loss outside operating profit and represents the profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associates and joint ventures are prepared for the same reporting date as the Group. 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.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in the profit or loss.

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. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.9 Foreign currency****(a) Functional and presentation currency**

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency. The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(b) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at their respective functional currency spot rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are measured at historical costs denominated in foreign currencies are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items which are measured at fair values denominated in foreign currencies 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 OCI 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 OCI 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.

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) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date. Income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the cumulative amount recognised in OCI 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

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.10 Property, plant and equipment (cont'd.)**

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	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%
Right-of-use assets	Depends on lease term

Freehold land has an unlimited useful life and therefore is not depreciated.

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.

Property, plant and equipment are 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 (difference between the net disposal proceeds and the carrying amount 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 measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of ROU assets includes the following:

- The amount of lease liabilities recognised;
- Any initial direct costs; and
- Any lease payments made at or before the commencement date less any lease incentive received.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.12 Impairment of non-financial assets (cont'd.)**

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 pre-tax 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 statement of profit or loss in expense categories consistent with the function of the impaired asset.

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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of profit or loss. Impairment loss recognised 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 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.13 Financial assets (cont'd.)****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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.13 Financial assets (cont'd.)****(c) Financial assets at fair value through profit or loss (cont'd.)**

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.

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 OCI 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

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.14 Impairment of financial assets**

The Group and the Company recognise a provision for expected credit losses ("ECLs") 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 banks and on hand, short-term deposits with licensed banks, short-term and highly liquid investments that are readily convertible to known amounts 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 basis. 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. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

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) 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, lease liabilities, loans and borrowings and amounts due to subsidiaries.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.18 Financial liabilities (cont'd.)****Subsequent measurement (cont'd.)****(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 in accordance with the terms of a debt instrument.

Financial guarantee contracts 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 guarantee contracts 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.

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 directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the Group undertakes activities that are necessary to prepare the asset for its intended use or sale 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**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) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(e) Executive Share Option Scheme

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.

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 retained earnings. When the share options or share awards are lapsed, the ESOS reserve relating to the lapsed share options is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.21 Leases**

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 recognises 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 recognises 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 uses 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.21 Leases****(b) As lessor (cont'd.)****Identifying and separating of lease and non-lease components of a contract and allocating contract consideration (cont'd.)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

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.)**

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 judgment to ensure that revenue is recognised when the performance obligation has been satisfied and collectability assured.

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, subsea services, 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

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring goods or services to a customer, which is when the customer obtains control of the goods or services. 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. The Group principally satisfies its performance obligations over time.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.22 Revenue (cont'd.)****(i) Revenue from contracts with customers (cont'd.)****(c) Drilling related services (cont'd.)**

Revenue from drilling related services include supply of manpower, mobilisation costs, demobilisation fees and performance bonuses.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

In relation to mobilisation services, 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.

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 for, 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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.22 Revenue (cont'd.)****(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.

2.23 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 at the reporting date in the countries where the Group and the Company operates and generates taxable income.

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 OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 arrangements, when 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.23 Income taxes (cont'd.)****(b) Deferred tax (cont'd.)**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any 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 arrangements, 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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 OCI 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

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision-maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be reasonably allocated to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**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.

2.28 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 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.29 Derivatives financial instruments and hedge accounting (cont'd.)****Initial recognition and measurement (cont'd.)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.30 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.

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.

2.31 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.31 Fair value measurement (cont'd.)**

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.

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.

2.32 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.32 Significant accounting judgements and estimates (cont'd.)****(a) Judgements made in applying accounting policies (cont'd.)****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 15.

(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.

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 14.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

2. Summary of significant accounting policies (cont'd.)**2.32 Significant accounting judgements and estimates (cont'd.)****(b) Key sources of estimation uncertainty (cont'd.)****(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 24.

(iii) Provision for impairment of receivables and contract assets

For major oil and gas customers and national oil companies, the Group undergoes a specific review of the 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 40(d).

The information about the provision for impairment on the Group's receivables is disclosed in Note 23.

(iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 11.

3. Revenue**Disaggregation of revenue**

The Group disaggregates revenue by type of services, geographic location and timing of transfer of services.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

3. Revenue (cont'd.)**3.1 Type of services**

The following tables represent revenue by type of services:

	Group	
	2021 RM'000	2020 RM'000
(i) Revenue from contracts with customers:		
Engineering and Construction		
Construction contracts	3,568,071	4,499,327
Offshore support, subsea services, geotechnical, maintenance and consultation services	918,316	917,335
Drilling		
Drilling related services	419,280	607,502
	4,905,667	6,024,164
(ii) Lease:		
Drilling		
Charter of rigs	309,164	333,929
Engineering and Construction		
Charter of other assets	132,991	91,062
	442,155	424,991
	5,347,822	6,449,155
	Company	
	2021 RM'000	2020 RM'000
(i) Revenue from contracts with customers:		
Management fees from subsidiaries	96,999	131,679
(ii) Other revenue:		
Intellectual property rights, trademarks and branding fees from subsidiaries	10,000	10,000
Dividend income	6,920	-
	16,920	10,000
	113,919	141,679

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

3. Revenue (cont'd.)

3.2 Geographic location

The following tables represent revenue by geographic location:

31 January 2021	Engineering and Construction RM'000	Drilling RM'000	Total RM'000
Group			
Asia*	1,977,335	378,575	2,355,910
Malaysia	1,772,508	267,916	2,040,424
Americas	651,777	-	651,777
Australia	147,453	-	147,453
Middle East	53,912	-	53,912
Africa	10,436	81,953	92,389
Others	5,957	-	5,957
Total revenue	4,619,378	728,444	5,347,822
31 January 2020			
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
Australia	304,073	-	304,073
Middle East	367,876	-	367,876
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

* Excluding Malaysia and Middle East.

3.3 Timing of transfer of services

The Group recognises its revenue from contracts with customers predominantly over time.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

3. Revenue (cont'd.)**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 2021, the aggregate amounts of the transaction price allocated to the remaining unsatisfied performance obligations of the Group is RM4.27 billion (2020: RM4.86 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, related drilling services and other services recognised.

5. Other income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income:				
- third parties	9,464	16,647	-	7
- joint ventures	26,195	2,381	-	-
- subsidiaries	-	-	9,111	8,135
Net gain on disposal of property, plant and equipment	287	19,970	-	-
Foreign exchange differences:				
- net realised exchange gain	-	-	246	-
- net unrealised exchange gain	-	37,336	-	290
Net settlement of claim from previous acquisition of former subsidiaries (Note 5(a))	-	87,656	-	87,656
Net additional income from previous disposal of 50% equity stake in a former subsidiary (Note 5(b))	50,055	-	50,055	-
Technical and management fees charged to joint ventures	71,020	-	-	-
Miscellaneous income	26,696	23,933	-	-
	183,717	187,923	59,412	96,088

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

5. Other income (cont'd.)

- (a) In the current financial year, the Company and OMV Aktiengesellschaft ("OMV AG") had agreed on the closing settlement with additional receipt of USD12.0 million comprises mainly purchase consideration adjustment, oil prices additional consideration and tax indemnity claim by SapuraOMV Sdn. Bhd., in relation to the previous disposal of 50% equity stake in Sapura Upstream Sdn. Bhd. and its subsidiaries on 31 January 2019. The USD12.0 million (equivalent to RM50.1 million) has been received and recognised as other income.
- (b) In the previous financial year, the Company had 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 had recognised a gain of RM87.7 million (net of transaction costs) in the statement of profit or loss as part of other income.

6. Provision for impairment

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Provision for impairment on:				
- property, plant and equipment (Note 14)	-	240,910	-	-
- goodwill (Note 15)	-	3,043,430	-	-
- investment in subsidiaries and amount due from subsidiaries (Note 16 and Note 22)	-	-	61,714	3,938,540
	-	3,284,340	61,714	3,938,540

7. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on borrowings	100,789	173,741	-	-
Profit sharing on Islamic financing	373,947	486,593	-	-
Interest on lease liabilities (Note 35)	1,196	1,484	-	-
Amortisation of cumulative changes in relation to previous hedge instruments	16,432	2,739	-	-
Interest expense on amounts due to a subsidiary	-	-	231,066	145,780
	492,364	664,557	231,066	145,780

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

8. Loss before taxation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
This is arrived at after charging/(crediting):				
Employee benefits expense (Note 9)	1,176,341	1,389,224	(3,806)	589
Non-executive directors' remuneration (Note 10)	4,452	4,786	4,436	4,725
Auditors' remuneration:				
- Statutory audits:				
- Group auditors	3,750	3,717	185	185
- Other services:				
- Group auditors	850	871	786	786
Charter of vessels, barges and rigs and hire of equipment*	338,012	361,833	-	-
Depreciation of property, plant and equipment (Note 14)	540,437	521,137	11,996	10,724
Property, plant and equipment written off	454	913	-	-
Amortisation of intangible assets (Note 15)	3,092	3,782	-	-
Inventories written off (Note 21)	80	813	-	-
Rental of premises*	29,673	38,740	7,403	7,074
Foreign exchange differences:				
- net unrealised exchange loss	6,217	-	9,059	-
- net realised exchange loss	2,773	8,581	-	83
Provision for foreseeable losses (Note 34)	255,462	348,254	-	-
Provision for expected credit loss (Note 23)	38,690	-	-	-
Intellectual property rights, trademarks and branding fees (Note 39(a))	10,000	10,000	10,000	10,000

* As allowed under MFRS 16, the Group and the Company had elected not to recognise the right-of-use assets and lease liabilities in relation to short-term lease.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

9. Employee benefits expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	1,063,524	1,240,095	23,530	74,744
Restructuring expenses*	33,658	-	5,465	-
Social security contributions	14,051	10,664	104	113
Contributions to defined contribution plan	48,757	73,051	3,984	10,854
Fair value of share options granted under ESOS	-	70,073	-	56,935
Other benefits	56,546	101,414	3,306	1,979
	1,216,536	1,495,297	36,389	144,625
Overprovision in prior year	(40,195)	(106,073)	(40,195)	(144,036)
	1,176,341	1,389,224	(3,806)	589

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 as disclosed in Note 28 and fair value of share options granted under the ESOS as disclosed in Note 36.

* The Group undertook a restructuring exercise during the financial year to reduce manpower cost in response to the COVID-19 pandemic and the cyclical nature of the industry.

10. Directors' remuneration

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	5,702	9,246	5,702	9,246
Benefits-in-kind	352	351	352	351
	6,054	9,597	6,054	9,597
Non-Executive:				
Fees [^]	4,415	4,746	4,399	4,685
Other emoluments	37	40	37	40
Total remuneration (Note 8)	4,452	4,786	4,436	4,725
Benefits-in-kind	51	37	51	37
	4,503	4,823	4,487	4,762
	10,557	14,420	10,541	14,359

[^] The fees for certain directors were paid to the organisation that the directors represent.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

10. Directors' remuneration (cont'd.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000

Directors of the Company (cont'd.)

Analysis excluding benefits-in-kind:

Total executive directors' remuneration	5,702	9,246	5,702	9,246
Total non-executive directors' remuneration	4,452	4,786	4,436	4,725
Total directors' remuneration	10,154	14,032	10,138	13,971

No LTIP shares were granted for the financial years ended 31 January 2021 and 2020. The amount vested to a director for the previous financial year was RM6.8 million which relates to the LTIP shares granted in financial year ended 31 January 2017.

No ESOS has been exercised by the director in the current and previous financial year.

11. Income tax expense/(credit)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000

Income tax:

Malaysian income tax	39,639	39,299	316	885
Foreign tax	53,872	70,708	-	-
	93,511	110,007	316	885

Under/(over) provision in prior years:

Malaysian income tax	2,721	(21,234)	-	-
Foreign tax	(4,009)	9,297	-	-
	(1,288)	(11,937)	-	-
	92,223	98,070	316	885

Deferred tax:

Relating to origination of temporary differences	49,428	(71,958)	(6)	6,112
Over provision in prior years	(13,124)	(13,323)	(3,007)	(272)
	36,304	(85,281)	(3,013)	5,840
Total income tax expense/(credit)	128,527	12,789	(2,697)	6,725

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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 FINANCIAL STATEMENTS

- 31 January 2021

11. Income tax expense/(credit) (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	
	2021 RM'000	2020 RM'000
Loss before taxation	(31,725)	(4,551,794)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(7,614)	(1,092,431)
Effect of different tax rates in other countries and jurisdictions	89,824	534,956
Effect of income not subject to tax	(78,460)	(91,159)
Effect of double deduction of expenses and tax incentive	(1,074)	-
Effect of expenses not deductible for tax purposes	153,146	517,621
Effect of share of results of associates and joint ventures	(41,368)	(36,831)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(21,201)	(28,985)
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	49,686	234,878
Over provision of income tax in prior years	(1,288)	(11,937)
Over provision of deferred tax in prior years	(13,124)	(13,323)
Total income tax expense for the year	128,527	12,789

	Company	
	2021 RM'000	2020 RM'000
Loss before taxation	(226,265)	(3,915,499)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(54,304)	(939,720)
Effect of income not subject to tax	(14,164)	(22,042)
Effect of expenses not deductible for tax purposes	68,778	968,759
Over provision of deferred tax in prior years	(3,007)	(272)
Income tax (credit)/expense for the year	(2,697)	6,725

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

12. Loss per share

Basic/diluted loss per share are calculated by dividing loss for the year attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the financial year is as follows:

	Group	
	2021	2020
In respect of financial year:		
Loss for the year attributable to owners of the Parent (RM'000)	(160,870)	(4,560,806)
Weighted average number of ordinary shares in issue ('000)*		
- Basic/Diluted*	15,971,804	15,947,122
Loss per share from continuing operations (sen)		
- Basic/Diluted*	(1.01)	(28.60)

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

13. Dividends

	Group and Company	
	2021 RM'000	2020 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

The Board of Directors does not recommend any dividend in respect of the financial year ended 31 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

14. Property, plant and equipment

Group	Freehold 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	Assets under construction RM'000	Right-of-use assets* RM'000	Total RM'000
At 31 January 2021									
Cost									
At 1 February 2020	4,520	424,129	5,470,564	11,361,222	758,161	329,683	1,357,427	171,051	19,876,757
Additions	-	370	40,241	58,239	4,398	12,291	49,813	11,633	176,985
Disposals	-	-	-	-	-	(3,239)	-	-	(3,239)
Write-off	-	-	-	-	(18,881)	(1,212)	-	-	(20,093)
Reclassification	-	-	-	-	16,189	-	(16,189)	-	-
Exchange differences	-	(12)	(75,629)	(41,269)	3,270	(711)	(3,115)	208	(117,258)
At 31 January 2021	4,520	424,487	5,435,176	11,378,192	763,137	336,812	1,387,936	182,892	19,913,152
Accumulated depreciation and impairment									
At 1 February 2020	-	91,884	2,164,645	6,466,201	578,329	272,967	634,880	28,920	10,237,826
Depreciation charge for the year (Note 8)	-	7,782	160,369	290,945	38,400	26,047	-	16,894	540,437
Disposals	-	-	-	-	-	(1,520)	-	-	(1,520)
Write-off	-	-	-	-	(18,486)	(1,153)	-	-	(19,639)
Exchange differences	-	(11)	(49,977)	(16,686)	3,604	(470)	536	440	(62,564)
At 31 January 2021	-	99,655	2,275,037	6,740,460	601,847	295,871	635,416	46,254	10,694,540
Net carrying amount									
At 31 January 2021	4,520	324,832	3,160,139	4,637,732	161,290	40,941	752,520	136,638	9,218,612

* Represents leasehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

14. 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	Assets 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	141,329	56,801	26,613	38,463	-	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	-	-	814	215	(3,182)	-	-
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	11,361,222	758,161	329,683	1,357,427	171,051	19,876,757

[^] Certain balances have been reclassified to conform with current year's presentation.

* Represents leasehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

14. Property, plant and equipment (cont'd.)

Group (cont'd.)	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	Assets under construction RM'000	Right-of-use assets* RM'000	Total RM'000
At 31 January 2020 (cont'd.)										
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 (Note 8)	-	-	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	4,895,021	179,832	56,716	722,547	142,131	9,638,931

[^] Certain balances have been reclassified to conform with current year's presentation.

* Represents leasehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

14. Property, plant and equipment (cont'd.)

	Equipment, furniture and motor vehicles RM'000
Company	
At 31 January 2021	
Cost	
At 1 February 2020	109,230
Additions	6,541
Disposal	(1,814)
At 31 January 2021	113,957
Accumulated depreciation	
At 1 February 2020	88,193
Depreciation charge for the year (Note 8)	11,996
Disposal	(330)
At 31 January 2021	99,859
Net carrying amount	
At 31 January 2021	14,098
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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

14. 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. In the current financial year, there was no impairment was made in respect of property, plant and equipment.

In the previous financial year, included in the total impairment was an impairment loss of:

- i) 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%-10.0%.
- ii) 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 was derived based on level 3 of the fair value hierarchy. Further details of fair value hierarchy are disclosed in Note 2.31.
- (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 (2020: RM4,672.7 million).

15. 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 2021						
Cost						
At 1 February 2020	37,559	2,063	26,234	109,443	4,933,776	5,109,075
Additions	151	-	-	-	-	151
Retirement on intangible assets	-	(2,059)	-	(108,730)	-	(110,789)
Exchange differences	(205)	(4)	(224)	(713)	(16,968)	(18,114)
At 31 January 2021	37,505	-	26,010	-	4,916,808	4,980,323
Accumulated amortisation						
At 1 February 2020	36,243	2,063	13,553	109,443	-	161,302
Charge for the year (Note 8)	355	-	2,737	-	-	3,092
Retirement on intangible assets	-	(2,059)	-	(108,730)	-	(110,789)
Exchange differences	(97)	(4)	(211)	(713)	-	(1,025)
At 31 January 2021	36,501	-	16,079	-	-	52,580
Net carrying amount						
At 31 January 2021	1,004	-	9,931	-	4,916,808	4,927,743

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

15. 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 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

Included in the Group's intangible assets are accumulated impairment of RM3,151.8 million (2020: RM3,151.8 million).

Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	Group	
	2021 RM'000	2020 RM'000
Engineering and Construction ("E&C")	2,908,579	2,908,579
Drilling	2,008,229	2,025,197
	4,916,808	4,933,776

During the financial year, there was no impairment was made in respect of goodwill as the recoverable amount is higher than the carrying amount of the respective CGU.

In the previous financial year, the Group recognised an impairment loss on goodwill in Drilling segment of RM1,988.4 million and E&C segment of RM1,055.0 million respectively due to the prolonged recovery expected in the industry.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

15. 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 10-year period (2020: 5 to 10-year period) for the E&C CGUs, representing the foreseeable period based on the cyclical nature of the industry.

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 E&C is 9.5% (2020: 10.0%) and Drilling is 8.5% (2020:9.0%) respectively.

(iv) Terminal growth rate

Cash flow beyond the terminal period is extrapolated using the growth rate of 3.0% (2020: 3.0%).

Sensitivity to changes in assumptions

A reasonably possible change to certain key assumptions would cause the recoverable amount to be equal to the respective CGU's carrying amount. At 31 January 2021, the recoverable amount of the E&C and Drilling CGUs exceeded the carrying amount by RM1.3 billion and RM802 million respectively.

The following changes in the key assumptions, in isolation, would lead to the recoverable amount to be equal to its carrying amount.

E&C CGU

Forecasted revenue	A decrease by 16%
Discount rate	An increase to 11.0%
Terminal growth rate	A decrease to -1%

Drilling CGU

Forecasted revenue	A decrease by 3%
Discount rate	An increase to 9.2%
Terminal growth rate	A decrease to 1.6%

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

16. Investment in subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	11,393,077	11,393,077
Capitalisation of amounts due from subsidiaries	6,296,226	5,820,380
Total	17,689,303	17,213,457
Less: Accumulated impairment losses	(4,983,995)	(4,586,221)
	12,705,308	12,627,236

The details of the subsidiaries are set out in Note 44.

- (a) The Company increased its investment in certain subsidiaries amounting to RM475.8 million (2020: RM4,163.6 million) by way of capitalisation of certain amounts due from subsidiaries. The amounts are unsecured, non-interest bearing and treated as deemed investment. Included in current year capitalisation, RM281.5 million has been impaired.
- (b) In the previous financial year, included in the cost of investment is ESOS granted to eligible senior management of subsidiaries of RM13.1 million.
- (c) As at 31 January 2021, one of the subsidiary has reported continuing operating losses and/or depleting shareholder funds. These are indicators that the investment in the subsidiary may be impaired. This resulted in impairment losses on its investment in subsidiaries of RM116.2 million (2020: RM4,100.2 million).

17. Investment in associates

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	2,265,681	2,265,681
Share of post-acquisition reserves	(161,861)	(117,746)
	2,103,820	2,147,935

- (i) Details of the associates are as follows:

	Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
				2021 %	2020 %
(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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

17. Investment in associates (cont'd.)

(i) Details of the associates are as follows (cont'd.):

	Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
				2021 %	2020 %
(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. and its subsidiaries	Malaysia	Investment holding, exploration, development and production of crude, oil and natural gas	50	50

The financial statements of the associates that are not coterminous with those of the Company are as follows:

	Financial year end
(i) Geowell Sdn. Bhd.	31 December
(ii) Labuan Shipyard & Engineering Sdn. Bhd.	31 December
(iii) Matrix Maintenance Sdn. Bhd.	31 December
(iv) Best Wide Engineering (M) Sdn. Bhd.	30 November
(v) SapuraOMV Upstream Sdn. Bhd.	31 December

For the purpose of applying the equity method of accounting, the 12 months ended 31 January 2021 management accounts have been used.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

17. Investment in associates (cont'd.)

(ii) Information relating to the associates:

Summarised financial information of the Group's material associates comprising 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:

	2021 RM'000	2020 RM'000
Current assets		
Cash and cash equivalents	181,901	119,880
Other current assets	139,172	621,547
Total current assets	321,073	741,427
Non-current assets held for sale*	402,998	-
	724,071	741,427
Non-current assets		
Other non-current assets	7,422,742	8,048,207
Total assets	8,146,813	8,789,634
Current liabilities		
Other current liabilities	191,744	708,237
Liabilities directly associated to assets held for sale*	354,350	-
	546,094	708,237
Non-current liabilities		
Borrowings	1,716,869	1,839,825
Other non-current liabilities	1,729,173	1,977,356
Total non-current liabilities	3,446,042	3,817,181
Total liabilities	3,992,136	4,525,418
Net assets	4,154,677	4,264,216
Interest in associates	50%	50%
Carrying value of interest in the associates	2,077,339	2,132,108

* During the financial year, certain assets and liabilities have been classified as held of sale.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

17. Investment in associates (cont'd.)

(ii) Information relating to the associates: (cont'd.)

(b) Summarised statement of comprehensive income:

	2021 RM'000	2020 RM'000
Revenue	1,051,606	839,448
Operating expenses	(422,889)	(472,055)
Depletion, depreciation and amortisation	(491,432)	(286,608)
Provision for impairment	(47,481)	-
Interest income	6,433	1,701
Interest expense	(86,076)	(97,756)
Profit/(loss) before tax	10,161	(15,270)
Income tax expense	(86,359)	(137,960)
Loss after tax	(76,198)	(153,230)
Other comprehensive (loss)/income	(33,341)	1,326
Total comprehensive loss	(109,539)	(151,904)

(c) Aggregate information of other associates that are not individually material:

	2021 RM'000	2020 RM'000
Carrying value of interest in associates	26,481	15,827
Share of profit before tax	10,654	933
Share of total comprehensive income	10,654	933

18. Investment in joint ventures

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	196,211	196,211
Share of post-acquisition reserves	1,496,490	1,320,627
	1,692,701	1,516,838
Shareholders' advances to joint ventures ^	312,890	316,569
	2,005,591	1,833,407

^ The shareholders' advances are unsecured, non-interest bearing and treated as deemed investment.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

18. 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	
				2021 %	2020 %
(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

* Commenced liquidation since 1 February 2018

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

18. 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	
				2021 %	2020 %
(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
(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 Baker Hughes TPS Sdn. Bhd. (formerly known as Sapura GE Oil & Gas Services Sdn. Bhd.)	Malaysia	Provision of repair and maintenance services and sales of parts to the energy sector	51	51

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

18. Investment in joint ventures (cont'd.)

Details of the joint ventures are as follows (cont'd.):

The annual financial statements of the 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 2021 management accounts have been used.

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:

	2021 RM'000	2020 RM'000
Current assets		
Cash and cash equivalents [^]	511,421	618,989
Other current assets	359,801	291,045
Total current assets	871,222	910,034
Non-current assets		
Cash and cash equivalents [^]	166,703	28,184
Other non-current assets	5,799,726	6,070,276
Total non-current assets	5,966,429	6,098,460
Total assets	6,837,651	7,008,494

[^] Included in the cash and cash equivalents are RM378.4 million (2020: RM373.1 million), pledged as security over the borrowings as at 31 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

18. Investment in joint ventures (cont'd.)

Information relating to the joint ventures (cont'd.):

- (a) (i) Summarised statements of financial position and reconciliation to the carrying amount of the Group's interest in material joint venture (cont'd.):

	2021 RM'000	2020 RM'000
Current liabilities		
Borrowings [#]	345,882	343,966
Other current liabilities	1,849,763	1,814,017
Total current liabilities	2,195,645	2,157,983
Non-current liabilities		
Borrowings [#]	1,632,561	2,052,756
Other non-current liabilities	61,163	22,230
Total non-current liabilities	1,693,724	2,074,986
Total liabilities	3,889,369	4,232,969
Net assets	2,948,282	2,775,525
Interest in joint ventures	50%	50%
Carrying value of interest in joint ventures	1,474,141	1,387,763
Shareholders' advances	312,890	316,943
Net carrying value of interest in joint ventures	1,787,031	1,704,706

[#] The borrowings are secured by the joint ventures' vessels.

- (ii) Summarised statements of comprehensive income:

	2021 RM'000	2020 RM'000
Revenue	1,485,981	1,763,511
Operating expenses	(740,000)	(699,337)
Depreciation and amortisation	(313,621)	(296,007)
Interest income	16,334	44,074
Interest expense	(151,268)	(309,685)
Profit before tax	297,426	502,556
Income tax credit/(expense)	10,595	(41,901)
Profit after tax	308,021	460,655
Other comprehensive loss	(135,267)	(122,984)
Total comprehensive income	172,754	337,671

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

18. Investment in joint ventures (cont'd.)

Information relating to the joint ventures (cont'd.):

(b) Aggregate information of joint ventures that are not individually material:

	2021 RM'000	2020 RM'000
Carrying value of interest in joint ventures	218,560	128,701
Share of profit after tax	32,261	305
Share of total comprehensive income	95,850	5,338
Dividends paid during the year to the Group	6,364	25,408

19. Deferred tax

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 February 2020/2019	(53,573)	34,499	(13,305)	(19,145)
Recognised in the profit or loss	36,304	(85,281)	(3,013)	5,840
Exchange differences	(320)	(2,791)	-	-
As at 31 January	(17,589)	(53,573)	(16,318)	(13,305)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(120,336)	(96,295)	(16,318)	(13,305)
Deferred tax liabilities	102,747	42,722	-	-
	(17,589)	(53,573)	(16,318)	(13,305)

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

19. 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 2020	138,733	37,763	176,496
Recognised in the profit or loss	17,386	1,769	19,155
Exchange differences	(108)	(706)	(814)
At 31 January 2021	156,011	38,826	194,837
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

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 2020	(200,034)	(17,654)	(12,381)	(230,069)
Recognised in the profit or loss	25,892	(14,283)	5,540	17,149
Exchange differences	361	334	(201)	494
At 31 January 2021	(173,781)	(31,603)	(7,042)	(212,426)
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)

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

19. Deferred tax (cont'd.)

The components and movements of deferred tax liabilities and (assets) during the financial year prior to offsetting are as follows: (cont'd.)

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 2020	(8,261)	(5,044)	(13,305)
Recognised in the profit or loss	(6,361)	3,348	(3,013)
At 31 January 2021	(14,622)	(1,696)	(16,318)
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)

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 RM3,468.4 million (2020: RM3,349.7 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 these items as the entities 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.

20. 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 amount at reporting date are as follows:

	Group			
	2021		2020	
	Notional Value RM'000	Assets Fair Value RM'000	Notional Value RM'000	Assets Fair Value RM'000
Islamic Cross-Currency Swap	2,528,606	55,083	2,704,606	18,778

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 previous financial year, 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

21. Inventories

	Group	
	2021 RM'000	2020 RM'000
At cost		
Consumables, materials and spares	385,109	382,351
Work-in-progress	38,142	1,537
	423,251	383,888

The cost of inventories recognised as an expense during the financial year amounted to RM91.9 million (2020: RM56.9 million).

During the year, the Group has written off inventories totalling RM0.1 million (2020: written off of RM0.8 million).

22. Amounts due from subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Non-current assets		
Amounts due from subsidiaries	558,279	161,102
Less: Provision for impairment	(97,663)	(105,001)
	460,616	56,101
Current assets		
Amounts due from subsidiaries	1,302,657	1,946,095
Less: Provision for impairment	(849,708)	(1,182,992)
	452,949	763,103

Amounts due from subsidiaries are unsecured, interest free and repayable on demand except for RM123.6 million (2020: RM124.2 million) which is subject to interest rates ranging from 3.43% to 8.00% (2020: 5.01% to 8.00%) per annum.

The Company recognised a net reversal of impairment loss on amounts due from its subsidiaries of RM54.5 million (2020: RM161.6 million) in the current financial year.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

23. Trade and other receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current assets				
Trade and other receivables				
Amounts due from joint ventures	19,282	43,406	-	-
Retention sums	22,331	34,317	-	-
Third parties	2,513	4,837	-	-
	44,126	82,560	-	-
Current assets				
Trade receivables				
Third parties	716,207	878,328	-	-
Less: Provision for expected credit loss	(39,175)	(39,880)	-	-
	677,032	838,448	-	-
Other receivables				
Amounts due from:				
Related parties	2,838	3,775	2,838	3,775
Joint ventures and associates	435,484	358,240	17,781	17,771
	438,322	362,015	20,619	21,546
Deposits and prepayments	76,890	81,390	15,160	9,800
Sundry receivables	280,774	175,374	12,589	15,696
	357,664	256,764	27,749	25,496
Less: Provision for expected credit loss	(38,690)	-	-	-
Other receivables	318,974	256,764	27,749	25,496
Total current trade and other receivables	1,434,328	1,457,227	48,368	47,042

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

23. Trade and other receivables (cont'd.)**(a) Trade receivables**

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (2020: 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 RM22.3 million (2020: RM34.3 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.

Movement in provision for impairment of trade receivables based on lifetime ECL are as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 February 2020/2019	39,880	38,172
Exchange differences	(705)	1,708
At 31 January	39,175	39,880

(b) Sundry receivables

Sundry receivables, which include GST and VAT receivables, are unsecured, interest free and repayable on demand.

Movement in provision for impairment of other receivables based on lifetime ECL are as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 February 2020/2019	-	-
Charge for the year (Note 8)	38,690	-
At 31 January	38,690	-

Details of how the credit risk is determined and managed is described in Note 40(d).

(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 RM198.3 million (2020: RM105.9 million) provided to certain joint ventures which is subject to interest rates ranging from 3.0% to 3.99% (2020: 3.0% to 3.4%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

24. Contract assets/(liabilities)

	Group	
	2021 RM'000	2020 RM'000
Contract assets		
Current	1,752,716	1,200,397
Contract liabilities		
Non-current	(37,790)	(72,532)
Current	(239,572)	(199,436)
	(277,362)	(271,968)

	Group	
	2021 RM'000	2020 RM'000
Revenue recognised which was included in construction contract liabilities at the beginning of the financial year	199,436	123,353
Revenue recognised from performance obligations satisfied in the previous periods	-	193

The Group receives payments from customers based on a billing schedule, as established in the contracts. The contract asset relates the rights to consideration in exchange for goods or services transferred to the customer before the customer pays the consideration or before payment is due. 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.

25. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	462,240	563,078	5,231	18,133
Deposits with licensed banks	26,726	209,296	-	-
Cash and cash equivalents	488,966	772,374	5,231	18,133

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest rate (%)	1.35 - 2.60	1.35 - 3.15	-	-
Maturities (days)	1 - 90	1 - 90	-	-

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

26. Share capital

	Group and Company			
	Number of shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000

Issued and fully paid:**Ordinary shares**

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.

27. Islamic redeemable convertible preference shares (“RCPS-i”)

	Group and Company			
	Number of shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000

RCPS-i

At 31 January	2,396,862	2,396,862	982,713	982,713
---------------	------------------	-----------	----------------	---------

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

28. Shares held under trust

	Group and Company			
	Number of shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
At 1 February 2020/2019	7,276	41,956	11,587	66,812
Transferred during the year	-	(15,935)	-	(25,375)
Disposed during the year	-	(18,745)	-	(29,850)
At 31 January	7,276	7,276	11,587	11,587

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 LTIP scheme which have been fully vested in the previous financial year had the following features:

- 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.
- The selected executive directors and employees must elect in writing to participate in the scheme.
- 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.

In the previous financial year:

- the amounts charged to the Group's and the Company's employee benefits expense were RM9.2 million and RM5.8 million respectively.
- the amounts charged for key management personnel of the Group and of the Company were RM6.2 million and RM5.2 million respectively, as included in Note 39(b).
- the trustee appointed by the Company disposed 18,745,250 units of its issued ordinary shares in the open market at an average price of RM0.25 per share. Furthermore, a total of 15,934,600 units of shares, at a weighted average cost of 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.

29. 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 2021, the entire 998,692,020 warrants remain unexercised.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

30. Other reserves

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Foreign currency translation reserve	1,486,591	1,580,724	-	-
Hedge reserve	(42,196)	(60,248)	-	-
Merger reserve	51,989	51,989	-	-
ESOS reserve	122,287	130,963	122,287	130,963
	1,618,671	1,703,428	122,287	130,963

	Group	
	2021 RM'000	2020 RM'000

The movements in the reserves are as follows:

Foreign currency translation reserve

At 1 February 2020/2019	1,582,309	1,653,456
Exchange differences on translation of foreign subsidiaries, joint ventures and associates	(95,718)	(71,147)
At 31 January	1,486,591	1,582,309

	Group	
	2021 RM'000	2020 RM'000

Hedge reserve

At 1 February 2020/2019	(60,248)	(458)
Changes in fair value of derivatives held by a subsidiary and joint ventures	19,374	(197,100)
Foreign exchange impact on hedged items	(17,754)	134,571
Amount reclassified to profit or loss	16,432	2,739
At 31 January	(42,196)	(60,248)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ESOS reserve				
At 1 February 2020/2019	130,963	60,890	130,963	60,890
Lapsed of certain ESOS	(8,676)	-	(8,676)	-
Fair value of share options granted under ESOS	-	70,073	-	70,073
At 31 January	122,287	130,963	122,287	130,963

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

30. 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.

(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.

In the previous financial year, the Group terminated an existing hedge instrument and entered into new hedge instruments on the same day. As a result, RM16.4 million (2020: RM2.7 million) has been recycled to profit or loss in the current financial year. 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 36.

The reserve is made up of the cumulative value of services received from the eligible executive directors and senior management recorded from the grant date of equity-settled share options, and is reduced by the expiry, exercise or lapsed of the share options.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

31. Borrowings

	Group	
	2021 RM'000	2020 RM'000
Short term borrowings		
Unsecured:		
Conventional borrowings		
Revolving credits	1,762,856	1,680,667
Trade financing	93,251	120,465
Term loans	86,780	-
	1,942,887	1,801,132
Islamic financings		
Islamic Facility	1,157,643	1,169,345
Sukuk Programme	162,927	175,188
	1,320,570	1,344,533
	3,263,457	3,145,665
Long term borrowings		
Unsecured:		
Islamic financings		
Sukuk Programme	4,402,290	4,374,718
	4,402,290	4,374,718
Conventional borrowings		
Term loans	2,666,435	2,735,711
	7,068,725	7,110,429
Total borrowings		
Islamic financings		
Islamic Facility	1,157,643	1,169,345
Sukuk Programme	4,565,217	4,549,906
	5,722,860	5,719,251
Conventional borrowings		
Term loans	2,753,215	2,735,711
Trade financing	93,251	120,465
Revolving credits	1,762,856	1,680,667
	4,609,322	4,536,843
	10,332,182	10,256,094

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

31. Borrowings (cont'd.)

	Group	
	2021 RM'000	2020 RM'000
Maturity of borrowings:		
Within one year	3,263,457	3,145,665
More than 1 year and less than 2 years	2,999,290	86,874
More than 2 years and less than 5 years	4,069,435	7,023,555
	10,332,182	10,256,094

(a) The range of the interest rates and profit sharing (per annum) during the financial year for borrowings was as follows:

	Group	
	2021 %	2020 %
Term loans, Islamic Facility and Sukuk Programme	2.11 to 6.52	3.81 to 6.85
Revolving credits and Trade financing	1.60 to 4.46	3.19 to 4.95

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

31. Borrowings (cont'd.)

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

	Short term borrowings		Long term borrowings		Total borrowings	
	USD denomination RM'000	RM denomination RM'000	USD denomination RM'000	RM denomination RM'000	USD denomination RM'000	RM denomination RM'000
As at 31 January 2021						
Unsecured						
Revolving credits	721,888	1,040,968	-	-	721,888	1,040,968
Trade financing	-	93,251	-	-	-	93,251
Term loans	86,780	-	2,666,435	-	2,753,215	-
Islamic Facility	635,063	522,580	-	-	635,063	522,580
Sukuk Programme	-	162,927	1,113,078	3,289,212	1,113,078	3,452,139
	1,443,731	1,819,726	3,779,513	3,289,212	5,223,244	5,108,938
Total		3,263,457		7,068,725		10,332,182
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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

31. 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 1.2.2020 RM'000	Net cash changes RM'000	Non-cash changes		At 31.1.2021 RM'000
			Amortisation of borrowing cost [^] RM'000	Foreign exchange movement RM'000	
Borrowings*	10,256,094	71,479	49,517	(44,908)	10,332,182

	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

* Term loans, revolving credits, trade financing, Islamic Facility and Sukuk Programme

[^] Charged to profit or loss

- (d) Other information relating to borrowings:
- (i) The key terms of the term loans, revolving credits, Islamic Facility and Sukuk Programme are as follows:
- Corporate guarantee from the Company and key subsidiaries;
 - Negative pledge over existing assets including assets under construction;
 - Debenture over STMC fixed and floating assets;
 - First legal charge over certain bank accounts of the Company and STMC; and
 - Compliance with the facilities' covenants.
- (ii) The Group has refinanced its borrowings on 31 March 2021, the details of which are disclosed in Note 47. Subsequent to the refinancing, the Group's short term borrowings of RM3.1 billion will be reclassified as long term borrowings.

32. Amounts due to subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Non-current liability		
Amount due to a subsidiary	3,767,595	3,767,595
Current liabilities		
Amounts due to subsidiaries	1,052,379	646,548

Amounts due to subsidiaries are unsecured, interest free and repayable on demand, except for a loan of RM3,767.6 million (2020: RM3,767.6 million) which is subject to interest rate of 2% (2020: 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 39.

Other information on financial risks of amounts due to subsidiaries are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

33. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities				
Other payables	30,243	10,000	-	10,000
Current liabilities				
Trade payables				
Third parties	1,940,546	1,617,151	-	-
Other payables				
Staff costs	41,509	108,634	2,205	45,750
Accruals	381,499	517,143	20,733	24,303
Sundry payables	193,246	138,496	51,240	16,652
	616,254	764,273	74,178	86,705
Amounts due to:				
Joint ventures	87,824	90,868	-	-
Associated companies	23,075	27,617	784	10,857
Related parties	1,346	3,641	24	-
	112,245	122,126	808	10,857
	2,669,045	2,503,550	74,986	97,562

(a) Trade payables - Third parties

Trade payables are non-interest bearing and trade credit terms granted to the Group range from 30 days to 90 days (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

34. Provision

The provision recognised in relation to onerous contracts represents the foreseeable losses arising from certain construction contracts.

The movement of provisions during the financial year are as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 February 2020/2019	348,254	94,866
Utilised during the year	(388,923)	(94,866)
Reversal during the year	(62,542)	-
Recognised during the year in relation to onerous contracts, net (Note 8)	255,462	348,254
At 31 January	152,251	348,254

35. Lease liabilities

	Group	
	2021 RM'000	2020 RM'000
Non-current		
Lease liabilities	9,631	9,148
Current		
Lease liabilities	11,123	13,771
Total lease liabilities	20,754	22,919

The movement of lease liabilities during the year is as follows:

	Group	
	2021 RM'000	2020 RM'000
As at 1 February 2020/2019	22,919	33,847
Additions	11,445	-
Payments	(14,682)	(12,528)
Interest expense (Note 7)	1,196	1,484
Exchange differences	(124)	116
As at 31 January	20,754	22,919

As allowed under MFRS 16, the Group and the Company had elected not to recognise the right-of-use assets and lease liabilities in relation to short-term lease.

The Group has total cash outflows for lease liabilities and short-term leases of RM382.4 million (2020: RM413.1 million).

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

35. Lease liabilities (cont'd.)

The maturities of the lease liabilities as at 31 January 2021 are as follows:

	Group	
	2021 RM'000	2020 RM'000
Within one year	11,123	13,771
More than 1 year but not later than 2 years	7,499	7,170
More than 2 years but not later than 5 years	2,132	1,978
	20,754	22,919

36. Executive share option scheme

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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

36. Executive share option scheme (cont'd.)Movement of share options

The following table illustrates the number of, and movements in, share options during the financial year:

	Group and Company	
	Number	
	2021 '000	2020 '000
Outstanding and exercisable at 1 February 2020/2019	1,278,326	691,938
Granted on 12 April 2019 ("Tranche 2")	-	586,388
Lapsed during the year	(84,689)	-
Outstanding and exercisable at 31 January	1,193,637	1,278,326

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 was RM0.30.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

37. Commitments

	Group	
	2021 RM'000	2020 RM'000

Capital expenditure**Approved and contracted for:**

Property, plant and equipment	396,142	397,483
-------------------------------	----------------	---------

38. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000

Secured

Financial guarantee contracts given to financial institutions
for credit facilities and performance bonds granted to joint
ventures and associate

	722,233	833,506	-	-
	722,233	833,506	-	-

Unsecured

Financial guarantee contracts given on behalf of subsidiaries

	-	-	1,181,744	1,278,665
	722,233	833,506	1,181,744	1,278,665

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) On 1 October 2020 and 18 November 2020, the Inland Revenue Board of Malaysia ("IRB") has raised assessments to Sapura TMC Sdn. Bhd. ("Sapura TMC"), for the years of assessment 2014 to 2019 in respect of the tax incentive for Treasury Management Centre, deemed interest income on non-interest bearing intercompany balances and the tax treatment of interest income earned from year of assessment 2019 onwards. On 28 October 2020 and 3 December 2020, Sapura TMC has lodged the Notices of Appeal ("Forms Q") against the assessments raised for the years of assessments 2014 to 2019 outlining the relevant grounds of appeal. The Dispute Resolution Department of IRB is currently reviewing the case and have requested for additional supporting documents and information to support the appeal. Based on valid justifications and merits to appeal against the assessments, Sapura TMC is currently in formal discussion with the Dispute Resolution Department to resolve the matter at the earliest.
- (c) Other than as described above and Note 46(ii) and (iii), there were no other changes in contingent liabilities in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

39. 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	
	2021 RM'000	2020 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	10,000
(b) Rental of office premises paid and payable		
Sapura Resources Berhad	17,548	16,374
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	10,000
(b) Rental of office premises paid and payable		
Sapura Resources Berhad	7,403	6,364
(ii) Transactions with subsidiaries		
(a) Management fees from subsidiaries	(96,999)	(131,679)
(b) Intellectual property rights, trademarks and branding fees from subsidiaries	(10,000)	(10,000)
(c) Interest charged to subsidiaries	(9,111)	(8,135)
(d) Interest charged by a subsidiary	231,066	145,780
(e) Shared service fees charged by a subsidiary	8,984	9,778

^ The amount payable to Sapura Holdings Sdn. Bhd. in relation to the previous financial year's intellectual property rights, trademarks and branding fees of RM10.0 million was due and payable in more than 12 months from reporting date.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Employee benefits and other emoluments	27,999	45,730	13,424	22,047
Contributions to defined contribution plan	1,876	6,341	1,613	5,450
Fair value of share options granted under ESOS	-	70,073	-	56,935
	29,875	122,144	15,037	84,432

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

40. 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% (2020: 87%) 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 before tax (through the impact on interest expense and profit sharing on floating rate loans and borrowings).

	2021		2020	
	Increase/ decrease in basis points	Effect on loss before tax RM'000	Increase/ decrease in basis points	Effect on loss before tax RM'000
Group				
- Ringgit Malaysia	+ 25	(5,599)	+ 25	(6,345)
- US Dollar	+ 25	(17,211)	+ 25	(17,640)
- Ringgit Malaysia	- 25	5,599	- 25	6,345
- US Dollar	- 25	17,211	- 25	17,640
Company				
- Ringgit Malaysia	+ 25	(5,421)	+ 25	(5,406)
- Ringgit Malaysia	- 25	5,421	- 25	5,406

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

40. 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 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 before tax		Loss before tax	
		Group		Company	
		Increase/(decrease)		Increase/(decrease)	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD/RM	- strengthened 5%	27,671	13,751	20,444	26,507
	- weakened 5%	(27,671)	(13,751)	(20,444)	(26,507)

(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 32% (2020: 31%) of the Group's borrowings (Note 31), excluding lease liabilities, will mature in less than one year based on the carrying amount reflected in the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

40. 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.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
At 31 January 2021				
Financial liabilities:				
Trade and other payables	2,669,045	-	-	2,669,045
Lease liabilities	11,123	9,631	-	20,754
Borrowings	3,481,179	7,435,732	-	10,916,911
	6,161,347	7,445,363	-	13,606,710
Financial guarantee contracts	41,627	357,998	322,608	722,233
Total undiscounted financial liabilities	6,202,974	7,803,361	322,608	14,328,943
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
	6,047,045	8,067,109	-	14,114,154
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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

40. Financial risk management objectives and policies (cont'd.)**(c) Liquidity risk (cont'd.)****Analysis of financial instruments by remaining contractual maturities (cont'd.)**

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Company			
At 31 January 2021			
Financial liabilities:			
Amounts due to subsidiaries	1,298,087	4,770,903	6,068,990
Other payables	74,986	-	74,986
	1,373,073	4,770,903	6,143,976
Financial guarantee contracts	1,181,744	-	1,181,744
Total undiscounted financial liabilities	2,554,817	4,770,903	7,325,720
At 31 January 2020			
Financial liabilities:			
Amounts due to subsidiaries	851,305	4,525,195	5,376,500
Other payables	97,562	-	97,562
	948,867	4,525,195	5,474,062
Financial guarantee contracts	1,278,665	-	1,278,665
Total undiscounted financial liabilities	2,227,532	4,525,195	6,752,727

At the reporting date, the counterparty to the financial guarantee contracts have no right to demand cash as no event of defaults has occurred.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

40. Financial risk management objectives and policies (cont'd.)

(d) Credit risk (cont'd.)

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 41.
- The carrying amount of contract assets as disclosed in Note 24.

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			
	2021		2020	
	RM'000	% of total	RM'000	% of total
Malaysia	301,019	43%	404,506	46%
Asia	244,256	35%	91,324	10%
Africa	53,653	8%	60,822	7%
Americas	46,349	6%	148,823	17%
Australia	36,947	5%	34,003	4%
Middle East	14,395	2%	124,964	14%
Others	5,257	1%	13,160	2%
	701,876	100%	877,602	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.

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.

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.

41. 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

41. 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:

	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 2021					
Group					
Assets					
Trade and other receivables	*	1,331,601	-	-	1,331,601
Cash and cash equivalents	25	488,966	-	-	488,966
Derivative assets	20	-	55,083	-	55,083
Total financial assets		1,820,567	55,083	-	1,875,650
Total non-financial assets					20,789,459
Total assets					22,665,109
Liabilities					
Borrowings	31	-	-	10,332,182	10,332,182
Trade and other payables	*	-	-	2,648,423	2,648,423
Lease liabilities	35	-	-	20,754	20,754
Total financial liabilities		-	-	13,001,359	13,001,359
Total non-financial liabilities					727,000
Total liabilities					13,728,359

* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

41. 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.):

	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 2020					
Group					
Assets					
Trade and other receivables	*	1,472,993	-	-	1,472,993
Cash and cash equivalents	25	772,374	-	-	772,374
Derivative assets	20	-	18,778	-	18,778
Total financial assets		2,245,367	18,778	-	2,264,145
Total non-financial assets					20,484,198
Total assets					<u>22,748,343</u>
Liabilities					
Borrowings	31	-	-	10,256,094	10,256,094
Trade and other payables	*	-	-	2,512,673	2,512,673
Lease liabilities	35	-	-	22,919	22,919
Total financial liabilities		-	-	12,791,686	12,791,686
Total non-financial liabilities					781,989
Total liabilities					<u>13,573,675</u>

* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

41. 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.):

	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
As at 31 January 2021				
Company				
Assets				
Amounts due from subsidiaries	22	913,565	-	913,565
Other receivables	*	42,853	-	42,853
Cash and cash equivalents	25	5,231	-	5,231
Total financial assets		961,649	-	961,649
Total non-financial assets				12,758,350
Total assets				13,719,999
Liabilities				
Amounts due to subsidiaries	32	-	4,819,974	4,819,974
Other payables	33	-	74,986	74,986
Total financial liabilities		-	4,894,960	4,894,960
Total non-financial liabilities				-
Total liabilities				4,894,960

* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

41. 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.):

	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
As at 31 January 2020				
Company				
Assets				
Amounts due from subsidiaries	22	819,204	-	819,204
Other receivables	*	44,163	-	44,163
Cash and cash equivalents	25	18,133	-	18,133
Total financial assets		881,500	-	881,500
Total non-financial assets				12,688,812
Total assets				<u>13,570,312</u>
Liabilities				
Amounts due to subsidiaries	32	-	4,414,143	4,414,143
Other payables	33	-	107,562	107,562
Total financial liabilities		-	4,521,705	4,521,705
Total non-financial liabilities				-
Total liabilities				<u>4,521,705</u>

* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

41. 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	23
Trade and other payables	33
Borrowings	31
Amounts due from subsidiaries	22
Amounts due to subsidiaries	32

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 approximations 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 2.31.

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.

42. 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

42. Capital management (cont'd.)

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.

	Note	Group	
		2021 RM'000	2020 RM'000
Borrowings	31	10,332,182	10,256,094
Add: Unamortised transaction cost		46,477	97,251
Less: Cash and cash equivalents	25	(488,966)	(772,374)
Net debt		9,889,693	9,580,971
Total equity		8,936,750	9,174,668
Add: Non-controlling interests		8,820	7,853
Total capital		8,945,570	9,182,521
Net gearing ratio		1.11	1.04

43. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

43. Segment information (cont'd.)**(a) Operating segments (cont'd.)**

	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Consolidated RM'000
31 January 2021						
Revenue						
External sales	4,619,378	728,444	-	-	-	5,347,822
Inter-segment sales	1,706	-	-	164,620	(166,326)	-
Total revenue	4,621,084	728,444	-	164,620	(166,326)	5,347,822
Results						
Segment profit/(loss)	317,687	4,540	(436)	12,992	(68,630)	266,153
Finance costs						(492,364)
Interest income						35,659
Share of profit/(loss) from associates and joint ventures	187,721	-	(38,099)	9,205	-	158,827
Loss before tax						(31,725)
Income tax expense						(128,527)
Loss net of tax						(160,252)
Non-controlling interests						(618)
Loss for the year attributable to owners of the Parent						(160,870)
Assets						
Segment assets	7,321,084	5,792,928	-	411,125	(6,583)	13,518,554
Investment in associates and joint ventures	2,032,072	-	2,077,339	-	-	4,109,411
Goodwill on consolidation	2,908,579	2,008,229	-	-	-	4,916,808
Deferred tax assets	102,108	1,910	-	16,318	-	120,336
Consolidated total assets						22,665,109
Liabilities						
Segment liabilities	2,681,021	562,595	16	123,416	(73,618)	3,293,430
Borrowings						10,332,182
Deferred tax liabilities	68,267	34,480	-	-	-	102,747
Consolidated total liabilities						13,728,359
Other Information						
Capital expenditure	109,655	60,706	-	6,624	-	176,985
Depreciation of property, plant and equipment	239,627	286,307	-	12,019	2,484	540,437
Amortisation of intangible assets	3,092	-	-	-	-	3,092

* Inter-segment transactions are eliminated on consolidation

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

43. Segment information (cont'd.)

(a) Operating segments (cont'd.)

	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations*	Consolidated RM'000
31 January 2020						
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)

* Inter-segment transactions are eliminated on consolidation

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

43. Segment information (cont'd.)**(a) Operating segments (cont'd.)**

	Engineering and Construction RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Consolidated RM'000
31 January 2020 (cont'd)						
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						<u>22,748,343</u>
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						<u>13,573,675</u>
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

* Inter-segment transactions are eliminated on consolidation

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

43. 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 and Middle East) - 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 - 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 the Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(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

- 31 January 2021

44. 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	
			2021 %	2020 %
(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 Taiwan 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	Provision of engineering, fabrication and construction services	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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(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	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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(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 and Azerbaijan	Design, fabricate, install, commission and maintenance of marine offshore facilities	100	100
Sapura Energy (UK) Limited	England and Wales	Dormant	100	100
Sapura Energy, (EG) S.L.	Republic of Equatoria Guinea	Dormant	65	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
(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	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(i) Held through Sapura GeoSurvey Sdn. Bhd.				
Sapura GeoSurvey Pte. Ltd.	Singapore	Hydrographic surveys and related services	100	100
[^] Sapura GeoSurvey Pty. Ltd.	Australia	Dormant	-	100
(j) Held through Sapura Oilserve Sdn. Bhd.				
Sapura Oilserve Labuan Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	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

- 31 January 2021

44. 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	
			2021 %	2020 %
(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
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
(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

* In the process of members' voluntary winding-up

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(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
Normand Sapura Pty. Ltd.	Australia	Sub-charter and provision of project delivery capabilities, technology and proprietary offshore assets	100	100
(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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(u) Held through Sapura USA Holdings Incorporated (cont'd.)				
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 Peritus International Pty. Ltd.				
Peritus International Sdn. Bhd.	Malaysia	Provision of engineering consultancy services for the oil and gas industry	100	100
(w) Held through Sapura Constructor Pte. Ltd.				
Sapura Projects Singapore Pte. Ltd.	Singapore	Dormant	100	100
(x) Held through Geomark Sdn. Bhd.				
Quippo Prakash Pte. Ltd.	Singapore	Dormant	100	100
(y) 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
Sapura Energy Vietnam Limited	Vietnam	Dormant	100	100
(z) 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

^ Dissolved effective 4 May 2021

~ Dissolved effective 15 November 2020

* In the process of members' voluntary winding-up

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(aa) Held through Sapura Energy Services Sdn. Bhd.				
~ Sapura HUC Sdn. Bhd.	Malaysia	Dormant	-	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
(ab) 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
(ac) 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	94
(ad) Held through Sapura Fabrication Sdn. Bhd. and Sapura Petroleum Ventures Sdn. Bhd.				
Sapura Energy (B) Sdn. Bhd.	Brunei	Investment holding	100	100
(ae) Held through Sapura Energy (B) Sdn. Bhd.				
Sapura Energy Services (B) Sdn. Bhd. (formerly known as RSK Petroleum Sdn. Bhd.)	Brunei	Service provider for oil and gas industry	70	70
(af) 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

* In the process of members' voluntary winding-up

~ Dissolved effective 15 November 2020

^ Dissolved effective 5 November 2020

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(ag) 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
Sapura Nautilus Sdn. Bhd.	Malaysia	Service provider for offshore support vessels	100	100
(ah) 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
(ai) 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
(aj) Held through Sapura Subsea Services Sdn. Bhd., Sapura Marine Services Sdn. Bhd. and Sapura Subsea Corporation				
Sapura Energy (Thailand) Limited	Thailand	Provision of offshore diving and related services	100	100

* In the process of alternative voluntary winding-up

~ Dissolved effective 5 November 2020

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(ak) 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
(al) 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-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
Sapura Drilling Alliance Ltd.	Bermuda	Dormant	100	100
* Sapura Drilling Pelaut Ltd.	Bermuda	Dormant	100	100

* Dissolved effective 7 May 2021

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(al) Held through Sapura Drilling (Bermuda) Ltd. (cont'd.)				
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 service to offshore oil and gas industry	100	100
Sapura Drilling Jaya Ltd.	Bermuda/ Republic of Trinidad & Tobago	Leasing of drilling rig and providing drilling service 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
(am) Held through Sapura Drilling Asia Limited				
Sapura Drilling Holdings Limited	Hong Kong /Ivory Coast	Investment holding and provision of oil drilling services	100	100
(an) 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
(ao) Held through Sapura Drilling Asia Limited and Sapura Drilling Holdings Limited				
Sapura Energy Angola, LDA	Republic of Angola	Provision of drilling services to oil and gas industry	100	100

* In the process of alternative voluntary winding-up

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

44. 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	
			2021 %	2020 %
(ap) 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
(aq) Held through SapuraCrest Ventures Sdn. Bhd.				
Sapura Exploration and Production (RSC) Sdn. Bhd.	Malaysia	Dormant	100	100
(ar) Held through Sapura Exploration and Production (RSC) Sdn. Bhd.				
Sapura Sambang Sdn. Bhd.	Malaysia	Dormant	100	100
(as) 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
(at) Held through Sapura Management Services Sdn. Bhd.				
* Sapura Talent Pte. Ltd.	Singapore	Manpower contracting services. Manage crews, seafarers including marine crews	100	-
(au) Held through Sapura Energy (UK) Limited				
~ Sapura Energy Ghana Limited	Ghana	Engineering, procurement, construction, installation, commissioning, maintenance and decommissioning fixed and floating oil and gas facilities, marine construction, marine conversion, marine repair, infrastructure construction, construction and installation of offshore renewable facilities	100	-
(av) Held through Sapura Offshore Sdn. Bhd. and Sapura Fabrication Sdn. Bhd.				
# Sapura Energy Engineering & Construction, LDA	Angola	Dormant	100	-
(aw) Held through Sapura Energy DMCC				
^ Alta Navegación de México, S. de R.L. de C.V.	Mexico	The acquisition, lease, chartering, flagging, administration, matriculation and operation of vessels	49	-

* Incorporated on 11 August 2020

~ Incorporated on 26 March 2020

Incorporated on 21 January 2021

^ Transferred from Sapura Energy DMCC on 11 February 2021

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

45. Joint operation arrangements

Details of the joint operation arrangements are as follows:

Production Sharing Contracts:	Participating Interest	
	2021 %	2020 %
Sabah		
SB331	70	70
SB332	70	70

46. 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 USD3,009,789 by the arbitral tribunal, comprised of work done of USD1,983,521 (subject to 4.368% withholding tax to be deducted by ONGC) and interest of USD1,026,267 (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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

46. Material litigation (cont'd.)**(i) Sarku Engineering Services Sdn. Bhd. (cont'd.)**

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

The application of ONGC for correction of the errors in the award was allowed by the tribunal on 29 August 2020. The total amount payable by ONGC as per the Final Award is USD413,037 ("Final Award"). The tribunal initially awarded SESSB a sum of USD3,009,789 ("First Award"). The difference between the First Award and the Final award is in the sum of USD2,596,752. Parties will have 90 days from the date of the Final Award to file an appeal to the courts.

SESSB's solicitor has accordingly advised that the Tribunal's decision will not affect SESSB's position in respect of its challenge to the Final Award and as such, SESSB has instructed the counsel in charge for this matter to file an appeal against the Final Award dated 29 August 2020. The Appeal was duly filed on 8 December 2020. The matter is now pending admission stage where it is to be listed for hearing upon filing of the Petition.

As of 12 May 2021, the SESSB's Appeal against the Final Award has yet to be listed for hearing.

For the sums awarded to SESSB under the Final Award which are not being appealed against, a Letter of Demand was issued to ONGC on 7 May 2021 to demand for the sum of INR19,693,815 and USD146,904.

(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 and RM16,785,227 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.

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

46. Material litigation (cont'd.)**(ii) Sapura Fabrication Sdn. Bhd. (cont'd.)**

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

- (a) 26, 27, 28 & 30 April 2021;
- (b) 3, 4, 5, 6, 7 & 10 May 2021.
- (c) 20 September 2021 to 24 September 2021;
- (d) 27 September 2021 to 1 October 2021; and
- (e) 4 October 2021 to 6 October 2021.

During the case management fixed on 6 April 2021, the tribunal has vacated May 2021 dates as two of the PML's witnesses are unable to attend the upcoming April 2021 and May 2021 tranche of hearing dates due to their work arrangement.

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

- (a) The upcoming hearing will proceed on:
 - (i) 20 September 2021 to 24 September 2021;
 - (ii) 27 September 2021 to 1 October 2021; and
 - (iii) 4 October 2021 to 6 October 2021.
- (b) Further hearing dates were fixed and they are set out as follows:
 - (i) 7 & 8 October 2021;
 - (ii) 7 February 2022 to 11 February 2022;
 - (iii) 24 January 2022 to 28 January 2022; and
 - (iv) 17 May 2022 to 20 May 2022.

(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. The arbitration tribunal comprises of 3 arbitrators. Chairman for the arbitration proceeding has been appointed.

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

SE Brasil filed their Statement of Claims for the sum of USD84,606,035 on 29 March 2021, to be followed by CELSE's Statement of Defense on 28 May 2021, Replies on 28 June 2021, Rejoinders on 28 July 2021 and submissions on the issues to be determined by the Arbitral Tribunal on 27 August 2021, together with Parties' request for additional evidence. After that, a hearing for the presentation of the case shall take place.

CELSE's counter claim against SE Brasil is for the estimated amount of USD76,714,069 of which comprise of claim for delay penalties, damages and/or expenses due to failure to perform the contract, breach of warranty provision and claim for warranty extension items which CELSE had or will have to perform correction given SE Brasil's inaction.

NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

47. Subsequent event

On 26 February 2021, the Company through its wholly-owned subsidiary, Sapura TMC, had signed an agreement for its additional working capital facilities of up to RM700 million with Maybank Islamic Berhad ("Maybank Islamic Facility").

With the acceptance of the Maybank Islamic Facility, the total facilities available for working capital purposes is now approximately RM1.2 billion being the combined value with the existing Multi-Option line under Trade Financing of up to USD135 million secured from CIMB Bank Berhad in November 2019, through its wholly-owned subsidiary, Sapura Fabrication Sdn. Bhd..

On 29 March 2021, Sapura TMC had executed multi-currency financing facilities agreements (collectively, the "MCF 2021") consisting of:

- (a) the Conventional Facilities Agreement 2021; and
- (b) the Sukuk Murabahah Issuance 2021 under the Multi-Currency Sukuk Programme (as described in the Company's announcement dated 8 September 2015).

with a consortium of Malaysian banks for the Sukuk Murabahah Issuance 2021 and Malaysian, regional and international banks for the Conventional Facilities Agreement 2021.

The relevant participating banks have made available and Sapura TMC has drawn down the USD term loan facility of approximately USD602.1 million and the RM term loan facility of RM906.0 million under the Conventional Facilities Agreement 2021. In addition, Sapura TMC has also made further issuance of Sukuk Murabahah amounting to RM6,380.2 million and USD124.5 million in nominal value under the Multi-Currency Sukuk Programme.

The proceeds from the MCF 2021 have been utilised towards full settlement of all amounts payable and outstanding by Sapura TMC under a 2014 conventional facility, a 2015 Islamic facility, a 2017 conventional facility and the existing outstanding Sukuk Murabahah under the Multi-Currency Sukuk Programme.

The MCF 2021 has a tenure of 7 years and is guaranteed by the Company and material subsidiaries within the Group. The security package and restrictions for the MCF 2021, comprise, among others, a negative pledge over all assets of the Group (save for certain permitted security), debenture over Sapura TMC and assignments and charges over certain bank accounts.

The refinancing was completed on 31 March 2021. Subsequently, the Group's short term borrowings of RM3.1 billion will be reclassified as long term borrowings.

48. Impact of COVID-19 pandemic

The COVID-19 pandemic impacted the global oil and gas industry throughout the financial year. The Group's operations were affected due to the direct delays arising from the movement control restriction measures and related standard operating procedures worldwide, and this had indirectly pushed some of the Group's operations into monsoon season. These delays resulted in additional costs to the Group. The Group is currently engaging with its clients to acknowledge and resolve these costs. In addition, the Group has undertaken radical but necessary changes to its operations, including implementing revenue and cost optimisation measures as well as initiatives to improve operational efficiency and productivity.

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

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 : 71,861

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	2,333	3.25	82,389	0.00
100 – 1,000	6,948	9.67	4,540,654	0.03
1,001 – 10,000	26,474	36.84	144,164,259	0.90
10,001 – 100,000	27,761	38.63	1,088,254,544	6.81
100,001 – less than 5% of issued shares	8,343	11.61	9,300,116,323	58.20
5% and above of issued shares	2	0.00	5,441,922,063	34.06
Total	71,861	100.00	15,979,080,232	100.00

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	% of Shares
1.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	4,515,762,406	28.26
2.	SAPURA TECHNOLOGY SDN. BHD.	926,159,657	5.80
3.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR SAPURA TECHNOLOGY SDN. BHD. (420284)	760,178,151	4.76
4.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	638,409,866	4.00
5.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	550,133,333	3.44
6.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	462,295,924	2.89
7.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	348,675,200	2.18
8.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR JURUDATA SDN. BHD. (PB)	313,522,000	1.96
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	219,270,740	1.37
10.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK PRIVATE WEALTH MANAGEMENT FOR SHAHRIL BIN SHAMSUDDIN (12020671) (430412)	152,808,688	0.96
11.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	144,428,622	0.90
12.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	112,369,968	0.70
13.	CARTABAN NOMINEES (ASING) SDN. BHD. SS LUXEMBOURG FUND B11K FOR BLACKROCK STRATEGIC FUNDS-BLACKROCK EMERGING MARKETS EQUITY STRATEGIES FUND	111,083,800	0.70
14.	CHAI KIN LOONG	85,061,900	0.53

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

No.	Name of Shareholders	No. of Shares	% of Shares
15.	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG SINGAPORE FOR KEEN CAPITAL INVESTMENTS LIMITED	80,000,000	0.50
16.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	54,000,000	0.34
17.	TAN YU WEI	51,000,033	0.32
18.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR SAPURA CAPITAL SDN. BHD. (PB)	46,387,227	0.29
19.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR BOEY TZE NIN (PB)	44,989,400	0.28
20.	CTIIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	40,548,688	0.25
21.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	37,573,217	0.24
22.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	36,957,000	0.23
23.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	36,506,800	0.23
24.	HSBC NOMINEES (ASING) SDN. BHD. HSBC BANK PLC (LONDON)	35,151,600	0.22
25.	CTIIGROUP NOMINEES (ASING) SDN. BHD. UBS AG	29,419,130	0.18
26.	HSBC NOMINEES (ASING) SDN. BHD. JPMBI FOR BLACKROCK SPECIALIST STRATEGIES FUNDS	26,490,300	0.17
27.	CHOONG KEAN LEANG	26,000,000	0.16
28.	YEAT SIAW PING	25,197,900	0.16
29.	LEMBAGA TABUNG ANGKATAN TENTERA	24,931,200	0.16
30.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR LAERERNES PENSION. FORSIKRINGSAKTIESELSKAB	24,225,700	0.15
	Total	9,959,538,450	62.33

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

Size of Shareholdings	Direct Interest		Indirect Interest	
	No. of Share Held	%	No. of Share Held	%
AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	4,515,762,406	28.26	-	-
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 Share Held	%	No. of Share Held	%	
Tan Sri Dato’ Seri Shamsul Azhar Abbas	2,455,000	0.02	6,774,100 ⁽¹⁾	0.04	-
Datuk Mohd Anuar Taib	1,200,000	0.01	-	-	-
Tan Sri Dato’ Megat Zaharuddin Megat Mohd Nor	509,786	0.00*	12,570 ⁽¹⁾	0.00*	-
Dato’ Mohammad Azlan Abdullah	-	-	-	-	-
Bernard Rene Francois Di Tullio	-	-	-	-	-
Dato’ Shahrman Shamsuddin	506,385	0.00*	2,048,149,790 ⁽²⁾	12.82	-
Datuk Muhamad Noor Hamid	-	-	-	-	-
Datuk Ramlan Abdul Rashid	-	-	-	-	-
Lim Tiang Siew	-	-	-	-	-
Dato’ Azmi Mohd Ali	-	-	-	-	-
Datuk Iain John Lo	-	-	200,000 ⁽¹⁾	0.00*	-

* Negligible

Notes:

- ⁽¹⁾ Deemed interested by virtue of the shareholding held by his spouse 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..

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

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: <ul 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	: 1,219

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	32	2.63	1,356	0.00
100 - 1,000	242	19.85	143,412	0.01
1,001 - 10,000	576	47.25	2,393,289	0.10
10,001 - 100,000	311	25.52	9,437,747	0.39
100,001 - less than 5% of issued Shares	56	4.59	170,437,331	7.11
5% and above of issued shares	2	0.16	2,214,448,900	92.39
Total	1,219	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
8.	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	10,000,000	0.42
9.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 2	3,600,000	0.15

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

No.	Name of RCPS-i Holders	No. of RCPS-i	%
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 MORGAN 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.	ZAINAL ABIDIN BIN MOHD KASSIM	624,000	0.03
21.	TAN CHIA CHIN	588,000	0.02
22.	CHAI KIM SIN	520,000	0.02
23.	LAU CHUAN CHAI	448,800	0.02
24.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	438,000	0.02
25.	TOB WENG KIN	400,000	0.02
26.	LEE LAI FONG	364,700	0.02
27.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR AZIZAN BIN ABD RAHMAN (PB)	280,000	0.01
28.	LIM CHOW SEN @ LIM CHOW SOON	280,000	0.01
29.	MOHD JAMEL BIN ABDUL MUNIN	280,000	0.01
30.	TAN CHOO LYE	219,600	0.01
	Total	2,380,825,685	99.32

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

DIRECTORS' RCPS-i HOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of RCPS-i Held	%	No. of RCPS-i Held	%
Tan Sri Dato' Seri Shamsul Azhar Abbas	-	-	-	-
Datuk Mohd Anuar Taib	-	-	-	-
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor	-	-	-	-
Dato' Mohammad Azlan Abdullah	-	-	-	-
Bernard Rene Francois Di Tullio	-	-	-	-
Dato' Shahrman Shamsuddin	-	-	-	-
Datuk Muhamad Noor Hamid	-	-	-	-
Datuk Ramlan Abdul Rashid	-	-	-	-
Lim Tiang Siew	-	-	-	-
Dato' Azmi Mohd Ali	-	-	-	-
Datuk Iain John Lo	-	-	-	-

WARRANTS 2019/2026 ("WARRANTS")

Class of Security : Warrants 2019/2026
Number of Warrants Not Exercised : 998,692,020 Warrants
Number of Warrant Holders : 6,131

DISTRIBUTION BY SIZE OF WARRANT HOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	167	2.72	7,867	0.00
100 - 1,000	805	13.13	437,007	0.04
1,001 - 10,000	1,619	26.41	8,706,352	0.87
10,001 - 100,000	2,458	40.09	110,059,538	11.02
100,001 - less than 5% of issued Warrants	1,080	17.62	696,147,923	69.71
5% and above of issued Warrants	2	0.03	183,333,333	18.36
Total	6,131	100.00	998,692,020	100.00

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

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.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY SEANG WAH (MP0471)	24,200,000	2.42
5.	LIM TSUI PHENG	23,000,066	2.30
6.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEO ENG TEE	12,000,100	1.20
7.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK PRIVATE WEALTH MANAGEMENT FOR SHAHRIL BIN SHAMSUDDIN(12020671) (430412)	11,822,608	1.18
8.	LEE HAU GHEE	10,725,000	1.07
9.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHI KAIN SANG	10,300,000	1.03
10.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	9,000,000	0.90
11.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. AB RAZAK BIN ALI	7,234,500	0.72
12.	TAN YU WEI	6,510,333	0.65
13.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	6,031,535	0.60
14.	SU SONG UNG	6,000,000	0.60
15.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	5,400,000	0.54
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOW YEE CHIN (KEBUN TEH-CL)	5,351,000	0.54
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHI KAIN SANG (LBU)	5,300,000	0.53
18.	RAYI A/L PULLAIYAR	5,100,000	0.51
19.	HAM YEAN MING	5,024,800	0.50
20.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	5,000,000	0.50
21.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/KEN)	5,000,000	0.50
22.	TNAY MENG CHON	4,960,000	0.50
23.	TEE YONG	4,500,000	0.45
24.	PUBLIC INVEST NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	4,268,500	0.43
25.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MOHD ALIM BIN HARON	4,106,300	0.41
26.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN OIY POW (8045795)	4,000,000	0.40

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

No.	Name of Warrant Holders	No. of Warrants	%
27.	HOE CHEAH HOW	3,850,000	0.39
28.	ONN KIEN HOE	3,800,000	0.38
29.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR TAY SEANG WAH	3,790,000	0.38
30.	LEE CHERN YAN	3,594,700	0.36
	Total	413,902,775	41.42

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 Dato' Seri Shamsul Azhar Abbas	-	-	-	-
Datuk Mohd Anuar Taib	-	-	-	-
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor	-	-	-	-
Dato' Mohammad Azlan Abdullah	-	-	-	-
Bernard Rene Francois Di Tullio	-	-	-	-
Dato' Shahrman Shamsuddin	-	-	164,060,506 ⁽¹⁾	16.43
Datuk Muhamad Noor Hamid	-	-	-	-
Datuk Ramlan Abdul Rashid	-	-	-	-
Lim Tiang Siew	-	-	-	-
Dato' Azmi Mohd Ali	-	-	-	-
Datuk Iain John Lo	-	-	-	-

Notes:

⁽¹⁾ 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 and Jurudata Sdn. Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of Sapura Energy Berhad (“the Company”) will be conducted on a fully virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Venue : <https://web.lumiagm.com> (Virtual Meeting Platform)
Day and Date : Tuesday, 27 July 2021
Time : 10.00 a.m.

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 January 2021 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’ Mohammad Azlan Abdullah **Ordinary Resolution 1**
 - (b) Datuk Muhamad Noor Hamid **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) Tan Sri Dato’ Seri Shamsul Azhar Abbas **Ordinary Resolution 3**
 - (b) Datuk Mohd Anuar Taib **Ordinary Resolution 4**
 - (c) Tan Sri Dato’ Megat Zaharuddin Megat Mohd Nor **Ordinary Resolution 5**
 - (d) Bernard Rene Francois Di Tullio **Ordinary Resolution 6**
 - (e) Dato’ Azmi Mohd Ali **Ordinary Resolution 7**
 - (f) Datuk Iain John Lo **Ordinary Resolution 8***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 28 July 2021 until the next Annual General Meeting of the Company in 2022.
Please refer to Explanatory Note C **Ordinary Resolution 9**
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 10**
6. 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.

NOTICE OF ANNUAL GENERAL MEETING**BY ORDER OF THE BOARD****AZNI ARIFFIN**

(SSM Practicing Certificate No. 202008003324)

(LS 0008791)

Company Secretary

Seri Kembangan, Selangor Darul Ehsan

4 June 2021

Notes:**1. Mode of Meeting**

The Tenth Annual General Meeting ("10th AGM") of the Company will be conducted on a fully virtual basis at <https://web.lumiagm.com> ("Virtual Meeting Platform"). Please follow the steps and procedures provided in the Administrative Notes for the 10th AGM of the Company (available in the Annual Report 2021 of the Company) in order to register, participate and vote remotely via the Virtual Meeting Platform.

The primary mode of communication by shareholders for the 10th AGM is via text messaging facilities provided under the Virtual Meeting Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication are acceptable for the 10th AGM.

2. Venue

The venue of the 10th AGM is the Virtual Meeting Platform which is located in Malaysia being 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. For health and safety measures due to COVID-19 pandemic, the 10th AGM will be held fully virtual (online) and shareholders are required to participate through the Virtual Meeting Platform only.

3. Voting

All resolutions in the Notice of the 10th AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") via the Virtual Meeting 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 10th AGM is entitled to appoint up to two (2) proxies to attend and vote on a poll in his/her 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/she specifies the proportion of his/her 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/her 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 Ground Floor or 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 25 July 2021 at 10.00 a.m. or any adjournment thereof.

Alternatively, the instrument appointing a proxy may be deposited via electronic means through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com/> 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 25 July 2021 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 10th 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 10th 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 19 July 2021. Only a depositor whose name appears on the Record of Depositors as at 19 July 2021 shall be entitled to attend the 10th AGM or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING

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 10th 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 8

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' Mohammad Azlan Abdullah and Datuk Muhamad Noor Hamid are standing for re-election at the 10th 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, Tan Sri Dato' Seri Shamsul Azhar Abbas, Datuk Mohd Anuar Taib, Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor, Bernard Rene Francois Di Tullio, Dato' Azmi Mohd Ali and Datuk Iain John Lo are standing for re-election at the 10th AGM.

The Board has conducted an assessment and satisfied on the independence of the Independent Directors and the skills, experiences, character, integrity, competencies and contributions of all Directors who are seeking for re-election at the 10th AGM under Articles 80 and 85 of the Company's Constitution.

The profiles of the Directors standing for re-election are provided on pages 62, 63, 64, 65, 66, 68, 71 and 72 of the Annual Report 2021 of the Company.

10. Explanatory Note C for Ordinary Resolution 9

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 under the proposed Ordinary Resolution 9 comprising Directors' fees and benefits to Non-Executive Directors of the Company is estimated for the period from 28 July 2021 until the next Annual General Meeting of the Company to be held in 2022.

The Directors' fees have been reduced in the financial year ended 31 January 2016 (10% reduction), financial year ended 31 January 2018 (5% reduction) and from the last Annual General Meeting held on 30 July 2020 (15% reduction).

Benefits for Non-Executive Chairman of the Company comprised of medical and insurance coverage, car allowance, meeting allowance, driver, petrol and other claimable benefits. Benefits for other Non-Executive Directors comprised of meeting allowance, Senior Independent Director allowance, medical and insurance coverage and other claimable benefits.

Payment of Directors' fees will be made on monthly basis and/or as and when incurred.

11. Explanatory Note D for Ordinary Resolution 10

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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities

Individuals who are standing for election as Directors at the Tenth 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 62, 63, 64, 65, 66, 68, 71 and 72 of this Annual Report. Details of their interests in the securities of the Company are set out in the “Analysis of Shareholders” on pages 267, 270 and 272 of this Annual Report.

ADMINISTRATIVE NOTES – TENTH ANNUAL GENERAL MEETING (FULLY VIRTUAL)

Day, Date and Time	Tuesday, 27 July 2021 at 10.00 a.m.
Venue for the Meeting	https://web.lumiagm.com (Virtual Meeting Platform), provided and operated by Boardroom Share Registrars Sdn. Bhd., Malaysia.

MODE OF MEETING

The Company's Tenth Annual General Meeting (“10th AGM”) will be conducted on a fully virtual basis at <https://web.lumiagm.com> (“Virtual Meeting Platform”), provided and operated by Boardroom Share Registrars Sdn. Bhd., Malaysia in view of the COVID-19 outbreak and in line with the revised *Guidance and FAQs on the Conduct of General Meetings for Listed Issuers* issued by the Securities Commission Malaysia on 1 June 2021 which includes any amendments and updates that may be made from time to time.

The venue of the 10th AGM is the Virtual Meeting Platform which is located in Malaysia being 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. For health and safety measures due to COVID-19 pandemic, the 10th AGM will be held fully virtual (online) and shareholders are required to participate through the Virtual Meeting Platform only.

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 4 June 2021 and closed at 10.00 a.m. on 26 July 2021]

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://investor.boardroomlimited.com/>
- Click <<Login>> and click <<Register>> to sign-up as a user.
- Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG, PNG or PDF format.
- 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 4 June 2021 and closed at 10.00 a.m. on 26 July 2021]

Individual Members

- Login to <https://investor.boardroomlimited.com/> using your user ID and password from Step 1 above.
- Select “Corporate Meeting” and browse the Meeting List for Corporate Meeting “**SAPURA ENERGY BERHAD TENTH (10TH) VIRTUAL ANNUAL GENERAL MEETING**”.
- Read and agree to the terms and conditions.
- Enter your CDS Account Number and click **submit**.

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 or Proxy Holder's MyKad (front and back) or Passport in JPEG, PNG or PDF format 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) or Passport in JPEG, PNG or PDF format 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 19 July 2021, 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 26 July 2021.
- The Login User Guide for participation, posing questions and voting at the 10th 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 Virtual Meeting Platform (<https://web.lumiagm.com>)

[The quality of the connectivity to the Virtual Meeting Platform 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 Virtual Meeting Platform will be opened for login starting one (1) hour before the commencement of the 10th AGM at 10.00 a.m. on 27 July 2021.
- Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting Platform. (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 10th AGM.
- You can then logout from the Virtual Meeting Platform.

ADMINISTRATIVE NOTES – TENTH ANNUAL GENERAL MEETING (FULLY VIRTUAL)

VIRTUAL MEETING

- (1) In line with the Malaysian Code on Corporate Governance 2021 Practice 13.3, 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 Virtual Meeting Platform, 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 10th AGM using Virtual Meeting Platform. 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 Form of Proxy. You will not be allowed to attend the virtual AGM together with a proxy appointed by you.
- (3) The Form of Proxy can be deposited with the Share Registrar, 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 Boardroom Smart Investor Portal, not later than forty-eight (48) hours before the Meeting, i.e., no later than 25 July 2021 at 10.00 a.m. Kindly follow the link at <https://investor.boardroomlimited.com/> to login and deposit your Form of Proxy electronically (E-PROXY LODGEMENT).
- (4) **EPROXY LODGEMENT**
 - Access website <https://investor.boardroomlimited.com/>
 - Using your user ID and password from Step 1 above.
 - Go to Corporate Meeting and browse the Meeting List for “**SAPURA ENERGY BERHAD TENTH (10TH) VIRTUAL ANNUAL GENERAL MEETING**.” and click “**Enter**”.
 - Read the terms & conditions and confirm the Declaration.
 - Enter your CDS Account Number and indicate the number of securities.
 - Appoint your proxy(ies) or the Chairman of the Meeting and enter the required particulars for your proxy(ies).
 - Review and confirm your proxy(ies) appointment.
 - Click submit.
 - Download or print the eProxy Form acknowledgment.

REMOTE PARTICIPATION AND ELECTRONIC VOTING

- (1) Please note that the remote participation and electronic voting is available to:
 - (a) Individual member/proxy(ies);
 - (b) Corporate shareholder;
 - (c) Authorised Nominee; and
 - (d) 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.

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 SKY Corporate Services Sdn. Bhd. as scrutineers to verify the poll results.

- (3) During the AGM, you may proceed to cast your votes on each of the proposed resolutions to be tabled at the AGM as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll. You are reminded to cast your votes before the poll is closed.
- (4) For the purposes of this AGM, E-Voting can be carried via personal smart mobile phones, tablets or laptops.
- (5) The Scrutineers will verify the poll results upon the closure of the poll session by the Chairman. Thereafter, the Chairman will declare whether the resolutions put to vote are successfully carried or not.
- (6) There are two (2) methods for members and proxies who wish to use their personal voting device to vote remotely. The methods are:
 - (a) Use QR Scanner Code given to you in the email received after successful registration; OR
 - (b) Go to the website with URL <https://web.lumiagm.com>.

PROCEDURES DURING VIRTUAL AGM

No recording or photography of the AGM proceeding 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 VOUCHER AND DOOR GIFT

There will be no voucher or any door gift for shareholders/proxies who participate in the 10th AGM.

ANNUAL REPORT

The Annual Report 2021 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 <https://www.sapuraenergy.com/ar2021/>. Alternatively, you may scan the QR code which is printed on the 10th AGM Notification which was circulated to shareholders on 4 June 2021 (“AGM Notification”) for the Annual Report 2021. No CD-ROM for Annual Report 2021 be provided to shareholders.

ENQUIRIES

If you have any queries prior to the meeting, please contact the following persons during office hours:

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

E-mail Address

Hastini.Hassim@boardroomlimited.com

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
Ahmad Fadzil Roslee : +603-8659 9212

PROXY FORM



Sapura Energy Berhad
 Registration No: 201101022755 (950894-T)
 (Incorporated in Malaysia)

CDS Account No.		
Total No. of ordinary shares held		
Telephone No.		
E-mail Address		
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/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/Passport No. _____
 of _____
 (Full Address & Email Address)

or failing him/her, _____
 (Full Name as per NRIC/Passport in Capital Letters)

NRIC/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 Tenth Annual General Meeting of Sapura Energy Berhad ("the Company") that will be conducted on a fully virtual basis at <https://web.lumiagm.com> ("Virtual Meeting Platform"), provided and operated by Boardroom Share Registrars Sdn. Bhd., Malaysia. on Tuesday, 27 July 2021 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' Mohammad Azlan Abdullah as Director of the Company		
ORDINARY RESOLUTION 2	Re-election of Datuk Muhamad Noor Hamid as Director of the Company		
ORDINARY RESOLUTION 3	Re-election of Tan Sri Dato' Seri Shamsul Azhar Abbas as Director of the Company		
ORDINARY RESOLUTION 4	Re-election of Datuk Mohd Anuar Taib as Director of the Company		
ORDINARY RESOLUTION 5	Re-election of Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor as Director of the Company		
ORDINARY RESOLUTION 6	Re-election of Bernard Rene Francois Di Tullio as Director of the Company		
ORDINARY RESOLUTION 7	Re-election of Dato' Azmi Mohd Ali as Director of the Company		
ORDINARY RESOLUTION 8	Re-election of Datuk Iain John Lo as Director of the Company		
ORDINARY RESOLUTION 9	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 28 July 2021 and until the next Annual General Meeting of the Company in 2022		
ORDINARY RESOLUTION 10	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		

 Signature/Common Seal of Shareholder

Dated this _____ day of _____ 2021

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 Tenth Annual General Meeting ("10th 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 Ground Floor or 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 25 July 2021 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://investor.boardroomlimited.com/> 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 25 July 2021 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 10th 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 10th AGM 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 10th 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 268 of the Analysis of Shareholdings under Voting Rights for RCPS-i.

Fold here




**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


Fold here

Sapura Energy Berhad 201101022755 (950894-T)


No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor, Malaysia

Tel : (6)03 8659 8800 Fax : (6)03 8659 8873

 sapuraenergy.com

 [sapuraenergy](https://www.linkedin.com/company/sapuraenergy)

 [fb.com/sapuraenergy](https://www.facebook.com/sapuraenergy)

 [@sapuraenergy](https://www.instagram.com/sapuraenergy)