

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad
Unaudited Financial Results Q2FY2021
Year Ended 31 January 2021



SAPURA RESOURCES BERHAD
(Company No.: 3136-D)

Interim Financial Statements for the 2nd Quarter Ended 31 July 2020

The Board of Directors hereby announce the
Unaudited financial results of the Group for the Year Ended 31 January 2021

CONTENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EXPLANATORY NOTES

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)
Unaudited Condensed Consolidated Statements of Comprehensive Income
for the 2nd Quarter Ended 31 July 2020

	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		Unaudited 31.7.2020	Unaudited 31.7.2019	Unaudited 31.7.2020	Audited 31.7.2019
		RM'000	RM'000	RM'000	RM'000
Revenue		11,843	12,841	22,887	24,847
Operating expenses		(15,671)	(17,943)	(30,638)	(32,472)
Other income	3	409	2,881	1,181	4,823
Operating loss		(3,419)	(2,221)	(6,570)	(2,802)
Finance costs		(350)	(549)	(654)	(1,022)
Loss before tax before share of result		(3,769)	(2,770)	(7,224)	(3,824)
Share of result of an associate		239	187	(6)	128
Share of result of joint ventures		(1,901)	(238)	(4,601)	(268)
Loss before tax		(5,431)	(2,821)	(11,831)	(3,964)
Taxation	18	-	(175)	-	(350)
Loss after tax, representing total comprehensive loss for the period		(5,431)	(2,996)	(11,831)	(4,314)
Loss, represent total comprehensive loss for the period attributable to:					
Owners of the parent		(5,066)	(2,872)	(11,417)	(4,141)
Non-controlling interests		(365)	(124)	(414)	(173)
		(5,431)	(2,996)	(11,831)	(4,314)
Earnings per share attributable to Owners of the parent (sen):					
Basic, loss for the period	26	(3.63)	(2.06)	(8.18)	(2.97)
		(3.63)	(2.06)	(8.18)	(2.97)

These unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2020.

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 July 2020

	Note	Unaudited 31.7.2020 RM'000	Audited 31.1.2020 RM'000
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		43,469	45,990
Investment properties		123,961	125,523
Right-of-use assets		23,938	26,854
Intangible assets	19	-	-
Investments in an associate		16,725	16,731
Investments in joint ventures		167,765	172,366
		<u>375,858</u>	<u>387,464</u>
CURRENT ASSETS			
Trade and other receivables		12,383	12,447
Prepayments		2,477	431
Tax recoverable		1,296	1,311
Other current financial assets	20	41	106
Short term investment		72,947	51,396
Cash and cash equivalents		12,167	41,119
		<u>101,311</u>	<u>106,810</u>
TOTAL ASSETS		<u>477,169</u>	<u>494,274</u>
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Parent			
Share capital		139,600	139,600
Other reserves		2,581	2,581
Retained profits		270,891	282,308
Equity attributable to owners of the parent		413,072	424,489
Non-controlling interests		(514)	(100)
Total Equity		<u>412,558</u>	<u>424,389</u>
Non-current liabilities			
Deferred tax liabilities		3,879	3,879
Lease liabilities		25,473	28,575
Loans and borrowings	23	212	127
		<u>29,564</u>	<u>32,581</u>
Current Liabilities			
Trade and other payables		16,701	16,549
Provisions	22	12,047	12,047
Lease liabilities		6,209	5,946
Loans and borrowings	23	90	2,762
		<u>35,047</u>	<u>37,304</u>
Total liabilities		<u>64,611</u>	<u>69,885</u>
TOTAL EQUITY AND LIABILITIES		<u>477,169</u>	<u>494,274</u>
NET ASSETS PER SHARE (RM)		<u>2.96</u>	<u>3.04</u>

These unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2020.

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)
Unaudited Condensed Consolidated Statement of Changes in Equity
for the 2nd Quarter Ended 31 July 2020

	-----Attributable to owners of the parent-----					
	<- Non-distributable->		<----- Distributable----->			
	Share Capital	Capital Reserve	General Reserve	Retained Profits	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.2.2020	139,600	1,481	1,100	282,308	(100)	424,389
Total comprehensive loss for the period	-	-	-	(11,417)	(414)	(11,831)
At 31.7.2020	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>270,891</u>	<u>(514)</u>	<u>412,558</u>
At 1.2.2019						
As previously reported	139,600	1,481	1,100	314,100	-	456,281
Effect of adoption of MFRS 16	-	-	-	(7,981)	-	(7,981)
At 1.2.2019, restated	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>306,119</u>	<u>-</u>	<u>448,300</u>
Subscription of shares in a subsidiary	-	-	-	-	500	500
Total comprehensive loss for the period	-	-	-	(4,141)	(173)	(4,314)
At 31.7.2019	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>301,978</u>	<u>327</u>	<u>444,486</u>

These unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2020.

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)
Unaudited Condensed Consolidated Statement of Cash Flows
for the 2nd Quarter Ended 31 July 2020

	Unaudited For the period ended 31.7.2020 <u>RM'000</u>	Unaudited For the period ended 31.7.2019 <u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(11,831)	(3,964)
Adjustment for:		
Non-cash items	<u>14,118</u>	<u>5,127</u>
Operating profit before working capital changes	2,287	1,163
Net change in current assets	(2,373)	(3,610)
Net change in current liabilities	152	131
Tax refund	<u>15</u>	<u>1,116</u>
Net cash generated from/(used in) operating activities	<u>81</u>	<u>(1,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,427)	(3,745)
Profits distribution received from short term investment	722	4,552
Profits distribution received from short term deposit	296	-
Net (investment)/withdrawal from short term investment	(21,551)	26,654
Investment in joint venture companies	-	(17,958)
Net cash (used in)/generated from investing activities	<u>(22,960)</u>	<u>9,503</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of lease liabilities	(2,832)	(2,534)
Interest paid	(654)	(1,022)
Net withdrawal/(repayment) of hire-purchase	113	(35)
Net repayment of other short term borrowings	(2,700)	(3,000)
Proceeds from subscription of shares by non-controlling interest	-	500
Net cash used in financing activities	<u>(6,073)</u>	<u>(6,091)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(28,952)	2,212
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>41,119</u>	<u>5,296</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>12,167</u>	<u>7,508</u>

These unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2020.

EXPLANATORY NOTES

1 BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and Chapter 9.22, part K of Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report is in compliance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the explanatory notes attached to the interim financial statements which provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

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 adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2020.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 3: Business Combinations (Definition of a Business)	1 January 2020
Amendments to MFRS 7 and MFRS 9: Financial Instruments (Interest Rate Benchmark Reform)	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements (Definition of Material)	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020

The adoption of the above Amendments to MFRS and IC Interpretation did not have any significant financial impact to the Group.

Standards and interpretations issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 16: Leases (Covid-19 Related Rent Concessions)	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Presentation of Financial Statements (Classification of Current or Non-current)	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
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group.

EXPLANATORY NOTES (CONT'D.)

3 OTHER INCOME

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31.7.2020	31.7.2019	31.7.2020	31.7.2019
	RM'000	RM'000	RM'000	RM'000
Profits distribution received from short term investment	362	2,757	722	4,552
Profits distribution received from short term deposit	85	-	296	-
Miscellaneous income	(38)	124	163	271
	<u>409</u>	<u>2,881</u>	<u>1,181</u>	<u>4,823</u>

4 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 January 2020 was not qualified.

5 SEASONAL OR CYCLICAL FACTORS

The Group's performance is not significantly affected by any seasonal or cyclical fluctuations.

6 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

7 CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in estimates of the amounts reported in the previous financial period that have a material effect on the results of the current reporting period.

8 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities.

9 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) Investment holding - equity investment, including group-level corporate services and business development functions.
- (ii) Property investment - rental of investment properties.
- (iii) Aviation - provision of hangarage services, ground handling, aircraft management, engineering services and other aviation related services.
- (iv) Maintenance, repair and overhaul ("MRO") - provision of MRO services for aircraft and the related services.

EXPLANATORY NOTES (CONT'D.)

9 SEGMENTAL INFORMATION (CONT'D)

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31.7.2020	31.7.2019	31.7.2020	31.7.2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment holding	1,822	777	2,588	1,560
Property Investment	6,652	6,700	13,278	13,489
Aviation	4,879	6,487	8,986	11,454
MRO	333	252	665	536
Eliminations	(1,843)	(1,375)	(2,630)	(2,192)
	<u>11,843</u>	<u>12,841</u>	<u>22,887</u>	<u>24,847</u>
(Loss)/Profit before tax:				
Investment holding	(1,209)	(1,224)	(3,540)	(2,144)
Property Investment	2,934	2,641	5,773	5,263
Aviation	(627)	(218)	(1,290)	(1,855)
MRO	(4,882)	(2,473)	(8,284)	(3,592)
Eliminations	15	(1,496)	117	(1,496)
	<u>(3,769)</u>	<u>(2,770)</u>	<u>(7,224)</u>	<u>(3,824)</u>
Share of result of an associate	239	187	(6)	128
Share of result of joint ventures	(1,901)	(238)	(4,601)	(268)
Loss before tax	<u>(5,431)</u>	<u>(2,821)</u>	<u>(11,831)</u>	<u>(3,964)</u>

No geographical segment is presented as the Group's activities are carried out in Malaysia.

10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to end of the reporting period.

11 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group since the last annual reporting date.

12 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities of the Group since the last annual reporting date.

EXPLANATORY NOTES (CONT'D.)

13 CAPITAL COMMITMENTS

	As at 31.7.2020 RM'000	As at 31.1.2020 RM'000
Approved and contracted for:		
Property, plant and equipment	4,506	5,905
Approved but not contracted for:		
Property, plant and equipment	6,255	3,870
Investment in joint ventures	94,926	94,926
	<u>105,687</u>	<u>104,701</u>

14 REVIEW OF GROUP PERFORMANCE

14.1 Three (3) months results - Q2FY2021 vs Q2FY2020

The Group revenue for the three (3) months period under review decreased from RM12.8 million to RM11.8 million (a decrease of RM1.0 million) mainly attributable to the lower revenue from Aviation segment.

Loss before tax for the three (3) months period under review increased from RM2.8 million to RM5.4 million (an increase of RM2.6 million) mainly attributable to higher operating loss from MRO segment and higher share of losses of joint venture companies

14.2 Current year vs. corresponding preceding year (YTD Q2FY2021 vs. YTD Q2FY2020)

The Group revenue for the six (6) months period under review decreased from RM24.8 million to RM22.9 million (a decrease of RM1.9 million or 8%) mainly attributable to the lower revenue from Aviation segment.

Loss before tax for the six (6) months period under review increased from RM4.0 million to RM11.8 million (an increase of RM7.8 million) mainly attributable to higher share of losses of joint venture companies of RM4.3 million and lower other income.

14.2 Current quarter vs. immediate preceding quarter (Q2FY2021 vs Q1FY2021)

	Current Quarter 31.7.2020 RM'000	Immediate Preceding Quarter 30.04.2020 RM'000
Revenue	11,843	11,044
Operating loss	(3,419)	(3,151)
Loss before tax	<u>(5,431)</u>	<u>(6,400)</u>

The Group recorded a loss before taxation of RM5.4 million in the current quarter, which was lower by RM1.0 million as compared to the loss before taxation of RM6.4 million in the immediate preceding quarter mainly due to lower share of losses from of joint venture companies and associates of RM1.3 million and higher revenue of RM0.8 million, partially offset with higher operating expenses of RM0.7 million.

EXPLANATORY NOTES (CONT'D.)

15 SEGMENTAL ANALYSIS

(i) Investment holding

YTD Q2FY2021 vs YTD Q2FY2020

The segment recorded higher loss before taxation of RM3.5 million in YTD Q2FY2021 as compared to RM2.1 million in YTD Q2FY2020 mainly due to lower profits earned from short term investments in Q2FY2021.

(ii) Property Investment

Q2FY2021 vs Q2FY2020

The segment recorded higher profit before taxation of RM2.9 million in Q2FY21 as compared to RM2.6 million in Q2FY20 mainly due to lower operating expenses incurred.

YTD Q2FY2021 vs YTD Q2FY2020

The segment recorded higher profit before taxation of RM5.8 million in YTD Q2FY2021 as compared to RM5.3 million in YTD Q2FY2020 mainly due to lower operating expenses.

(iii) Aviation

Q2FY2021 vs Q2FY2020

Revenue decreased from RM6.5 million in Q2FY2020 to RM4.9 million in Q2FY2021 mainly due to lower ground operations revenue.

The segment recorded higher loss before taxation of RM0.6 million in Q2FY21 as compared to RM0.2 million in Q2FY20 mainly due to lower revenue earned partially offset with lower operating expense.

YTD Q2FY2021 vs YTD Q2FY2020

Revenue decreased from RM11.5 million in YTD Q2FY2020 to RM9.0 million in YTD Q2FY2021 mainly due to lower ground operations revenue.

The segment recorded lower loss before taxation of RM1.3 million in YTD Q2FY2021 as compared to RM1.9 million in YTD Q2FY2020 mainly due lower operating expense, partially offset with lower revenue earned.

(iv) MRO

Q2FY2021 vs Q2FY2020

The segment recorded higher loss before taxation of RM4.9 million in Q2FY2021 as compared to RM2.5 million in Q2FY2020 mainly due to increase in operating expenses.

YTD Q2FY2021 vs YTD Q2FY2020

The segment recorded higher loss before taxation of RM8.3 million in YTD Q2FY2021 as compared to RM3.6 million in YTD Q2FY2020 mainly due to increase in operating expenses.

EXPLANATORY NOTES (CONT'D.)

16 PROFIT FORECAST

No profit forecast was issued for the financial period.

17 PROSPECTS

The Company is currently driven by property and aviation businesses whilst its new businesses in Aviation MRO and in naval engine MRO services are still in the early gestation period.

The Company acknowledges the adverse impacts the COVID-19 has on its businesses currently (especially in the Aviation and MRO businesses) as well as the uncertainties going forward especially as there is little visibility as to when the air travel segment would recover from COVID-19 pandemic. Therefore, the Group is expected to operate in a challenging environment at least for the rest of its FY2021 period and the Group has implemented cost saving measures, explored new markets and will continue to assess new opportunities going forward.

18 TAXATION

6 months ended 31.7.2020	6 months ended 31.7.2019
RM'000	RM'000
-	350

Malaysian taxation

19 INTANGIBLE ASSETS

As at 31.7.2020	As at 31.1.2020
RM'000	RM'000
Cost	
At beginning/ end of period	2,389
Accumulated impairment	
At beginning/ end of period	2,389
Net carrying amount	-

Cost

At beginning/ end of period

Accumulated impairment

At beginning/ end of period

Net carrying amount

The cost of goodwill, which has been allocated to the Group's CGUs identified according to the business segments is as follows:

As at 31.7.2020	As at 31.1.2020
RM'000	RM'000
2,389	2,389

Premium automotive

The recoverable amounts of CGU for Automotive segment was determined based on fair value less cost to sell (determined by management based on best information available on recoverable amount of the CGU).

EXPLANATORY NOTES (CONT'D.)

20 OTHER CURRENT FINANCIAL ASSETS

	As at 31.7.2020 RM'000	As at 31.1.2020 RM'000
Held for trading investments:		
Quoted equity shares	41	106
Total financial assets at fair value through profit or loss	<u>41</u>	<u>106</u>

21 CORPORATE PROPOSALS

There were no corporate proposals since the last annual reporting date.

22 PROVISIONS

	As at 31.7.2020 RM'000	As at 31.1.2020 RM'000
At the beginning of year	12,047	3,830
Current year provision	-	8,217
At the end of year	<u>12,047</u>	<u>12,047</u>

As part of the disposal of associates in prior year, SRB has provided indemnity to APIIT Sdn. Bhd. ("APIIT") and ILMU Education Group Sdn. Bhd. ("**ILMU**") against any losses and damages incurred as a direct result of any ruling by the Sri Lanka Tax Authority for the appeal filed by APIIT Lanka on the payment of Value Added Tax for an amount up to RM3 million and for period of 6 years until 24th August, 2022.

During the previous financial year, the Group has made a provision in relation to a claim from a previous customer, among others, claiming for compensation for the loss of market value of an aircraft. Further information as disclosed in Note 24.

EXPLANATORY NOTES (CONT'D.)

23 LOAN AND BORROWINGS

(a) Details of Group's borrowings are as follows:

	As at 31.7.2020 RM'000
Current:	
Secured:	
Obligations under finance leases	90
Unsecured:	
Revolving credit	-
	<u>90</u>
Non-current:	
Secured:	
Obligations under finance leases	212
	<u>212</u>
Total borrowings	<u>302</u>

(b) Currency denominations

All the loan and borrowings are denominated in Ringgit Malaysia.

24 MATERIAL LITIGATION

There are no material litigations that have material effect to the Group except for the following:

- (i) Aerodome Sdn. Bhd. ("**Aerodome**") a 100%-owned subsidiary of DNest Aviation Sdn. Bhd. ("**DNest**"), which in turn is a wholly-owned subsidiary of Sapura Resources Berhad ("**the Company**"). The Company wishes to announce that Aerodome had on 10 October 2019 received a Writ of Summons together with a Statement of Claim dated 30 September 2019 filed by (1) Best Perfection Holdings Limited (2) Pan Asia Property Management Sdn. Bhd. (3) Allianz Global Corporate & Specialty ("**Plaintiffs**") through its solicitor Messrs. Joseph & Partners acting on behalf of the Plaintiffs while the Defendants are (1) Aerodome Sdn. Bhd. and (2) Execujet Malaysia Sdn. Bhd.

The Plaintiff is claiming for the following :-

- (a) Loss of use of the Aircraft due to the Aircraft Damage in the sum of USD203,090.00 (equivalent to MYR850,340.37 at the Central Bank Malaysia rate of exchange of USD1=MYR4.187 as at 30 September 2019;
- (b) Pre-judgment interest, pursuant to Section 11 of the Civil Law Act 1956 at the rate of 5% per annum on the sum of USD203,090.00 from 1.11.2015 until the date of Judgment;
- (c) Post-judgment interest at the rate of 5% per annum on the sum of USD203,090.00 from the date of Judgment until full realization thereof;
- (d) Costs on a solicitor client basis; and
- (e) Any or other Order or further relief as the Court may deem fit and expedient.

EXPLANATORY NOTES (CONT'D.)

24 MATERIAL LITIGATION (CONT'D.)

On 18 December 2019, Execujet had filed its Application to Strike Out the Plaintiffs' case. During the case management on 10 March 2020, the Court has decided to adjourn the date of its decision in relation to Execujet's Application to Strike Out the Plaintiffs' case pending the outcome of the Plaintiffs' Application to consolidate and transfer the proceedings to High Court. On 12 June 2020, **Execujet's** solicitor has informed the Sessions Court that the **Plaintiffs'** Application to consolidate and transfer the proceedings to High Court has been allowed by the High Court judge and the same has been transferred on 1 September 2020. However, a new High Court case number is still pending.

Details of the circumstances leading to the filing of Writ of Summons against the Company

The circumstances leading to the filing of Writ of Summons was due to the alleged breach of Aircraft Management and Maintenance Agreement dated 6 July 2012 between Pan Asia Property Management Sdn. Bhd. and Aerodome involving the incident of the Aircraft owned by Best Perfection Holdings Limited and operated by Pan Asia Property Management Sdn. Bhd. where the tail of the Aircraft tipped downwards and struck the raised concrete of the apron at Subang Airport.

- (ii) Aerodome Sdn. Bhd. ("**Aerodome**") a 100%-owned subsidiary of DNest Aviation Sdn. Bhd. ("**DNest**"), which in turn is a wholly-owned subsidiary of Sapura Resources Berhad ("**the Company**"). The Company wishes to announce that Aerodome had on 9 January 2020 received a Writ of Summons dated 5 January 2020 together with a Statement of Claim dated 3 January 2020 filed by (1) TVPX ARS INC. (2) Best Perfection Holdings Limited and (3) Pan Asia Property Management Sdn. Bhd. ("**Plaintiffs**") through its solicitor Messrs. Song & Partners acting on behalf of the Plaintiffs while the Defendants are (1) Aerodome Sdn. Bhd. and (2) Execujet MRO Services Sdn. Bhd. (formerly known as Execujet Malaysia Sdn. Bhd.).

The 2nd Plaintiff is claiming for the following :-

- (a) Compensation or damages or indemnity in the sum of USD2,010,000.00 for the loss of market value of the Aircraft due to the Aircraft Damage and resulting damage history;
- (b) Interest at the rate of 5% per annum on the aforesaid sum from 2 November 2015 till the date of
- (c) Costs;
- (d) Interest at the rate of 5% per annum on the aforesaid sums from the date of judgment till full satisfaction; and
- (e) Such further, ancillary or other relief as the Court may deem fit.

Details of the circumstances leading to the filing of Writ of Summons against the Company

Aerodome has signed an Aircraft Management and Maintenance Agreement dated 6 July 2012 ("**AMMA**") with Pan Asia Property Management Sdn. Bhd. ("**Pan-Asia**"). Whilst the Aircraft was being defueled at the Aerodome Hangar by Execujet or its agent or contractor, the tail of the Aircraft tipped downwards and struck the raised concrete of the apron at Aerodome Hangar ("**Incident**"). Due to the incident, the Aircraft sustained damage to the aft lower fuselage in its access door area, including to, inter alia, its lower frame and skin at fuselage FS731, **aft equipment bay door, LH EQPT bay door frame and RH EQPT bay door frame ("Aircraft Damage")**.

EXPLANATORY NOTES (CONT'D.)

24 MATERIAL LITIGATION (CONT'D.)

- (ii) The Plaintiffs claimed that Aerodome is in breach of the express and implied terms of the AMMA made between Pan-Asia and Aerodome, of which Aerodome failed to:
- (a) exercise due care and diligence in the performance of the services required by Aerodome;
 - (b) take any or any reasonable care of the Aircraft;
 - (c) obtain in advance the written approval of Pan-Asia for such party or parties to perform the checking or **work including the defueling process ("the Work")**;
 - (d) impose or implement any adequate method of work to ensure that the defueling process would be carried out without incident or damage to the Aircraft;
 - (e) ensure that Execujet or any sub-contractor involved in the Work delivers their work and services in conformity with accepted standards and practices;
 - (f) ensure that a proper, reasonable or appropriate guarantee, bond, insurance, warranty, indemnity or other form of protection be given in favour of Pan-Asia by Execujet or any subcontractor involved in the Work; and
 - (g) **supervise and direct Execujet and/or Execujet's contractor (if any) during the Work.**

The Plaintiffs are claiming that as a result of the Aircraft Damage and the resulting damage history, the Aircraft had depreciated in its fair market value by approximately USD2,010,000.00 as at or about 28 April 2016 notwithstanding the repair works that had been carried out.

During the hearing on 12 June 2020, the Plaintiffs' application to consolidate the Sessions Court Suit with the High Court Suit is not allowed, however, the Judge also felt that in the interest of justice, the Sessions Court Suit should be transferred to the High Court and be heard before the same judge. Directions on the order and manner of proceeding for the 2 suits will be given by the new judge and the Parties are allowed to make an application for any ancillary reliefs. On the other hand, the Case Management for the Writ of Summons and the Striking Out suit filed by Execujet had been filed and heard and on 5 August 2020, the Court dismissed **Execujet's** striking out application with costs of RM5,000.00 to be paid to the Plaintiffs. During the case management on 1 September 2020, Aerodome had updated the Court that Aerodome's intention to file interlocutory applications to amend the pleadings and to strike out the Plaintiffs' case is still pending the Plaintiffs' response to Aerodome's letter requesting for further and better particulars. The next case management via e-review has been fixed by the Court on 19 October 2020.

25 DIVIDEND

The Board of Directors did not recommend any dividend for the quarter under review.

26 EARNINGS PER SHARE

The earnings per share has been calculated based on the profit attributable to Owners of the Parent divided by the number of ordinary shares in issue during the period of RM139,600,000.

EXPLANATORY NOTES (CONT'D.)

27 ADDITIONAL INFORMATION

The following items are included in the statement of comprehensive income:

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31.7.2020	31.7.2019	31.7.2020	31.7.2019
	RM'000	RM'000	RM'000	RM'000
Finance cost	14	73	42	103
Finance cost on lease liabilities	336	476	612	919
Impairment loss on trade receivables	481	-	481	-
Depreciation of property, plant and equipment	3,491	4,044	6,508	5,423
Depreciation of right-of-use assets	1,456	1,407	2,913	2,632
Net fair value gain on held for trading investment	(4)	13	65	(15)
Net realised foreign exchange gain	138	(43)	(15)	(43)
Reversal of allowances for impairment of trade receivables	(90)	(177)	(90)	(186)

28 APPROVAL OF INTERIM FINANCIAL STATEMENT

The interim financial statements have been approved by the Board of Directors.

Chua Siew Chuan (MAICSA 0777689)
 Company Secretary