

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3FY2021  
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad  
Unaudited Financial Results Q3FY2021  
Year Ended 31 January 2021



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

Interim Financial Statements for the 3rd Quarter Ended 31 October 2020

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

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SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3FY2021  
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)  
Unaudited Condensed Consolidated Statements of Comprehensive Income  
for the 3rd Quarter Ended 31 October 2020

	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		Unaudited 31.10.2020	Unaudited 31.10.2019	Unaudited 31.10.2020	Audited 31.10.2019
		RM'000	RM'000	RM'000	RM'000
Revenue		11,699	12,052	34,586	36,899
Operating expenses		(16,103)	(17,455)	(46,741)	(49,927)
Other income	3	578	1,793	1,759	6,616
Operating loss		(3,826)	(3,610)	(10,396)	(6,412)
Finance costs		(181)	(511)	(835)	(1,533)
Loss before tax before share of result		(4,007)	(4,121)	(11,231)	(7,945)
Share of result of an associate		28	(442)	22	(314)
Share of result of joint ventures		(998)	(716)	(5,599)	(984)
Loss before tax		(4,977)	(5,279)	(16,808)	(9,243)
Taxation	18	(1,028)	(492)	(1,028)	(842)
Loss after tax, representing total comprehensive loss for the period		(6,005)	(5,771)	(17,836)	(10,085)
Loss, represent total comprehensive loss for the period attributable to:					
Owners of the parent		(5,815)	(5,609)	(17,232)	(9,750)
Non-controlling interests		(190)	(162)	(604)	(335)
		(6,005)	(5,771)	(17,836)	(10,085)
Earnings per share attributable to Owners of the parent (sen):					
Basic, loss for the period	26	(4.17)	(4.02)	(12.34)	(6.98)
		(4.17)	(4.02)	(12.34)	(6.98)

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 Q3FY2021  
YEAR ENDED 31 JANUARY 2021

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

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

	Note	Unaudited 31.10.2020 RM'000	Audited 31.1.2020 RM'000
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		41,608	45,990
Investment properties		123,180	125,523
Right-of-use assets		22,213	26,854
Intangible assets	19	-	-
Investments in an associate		16,752	16,731
Investments in joint ventures		166,767	172,366
		<u>370,520</u>	<u>387,464</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables		13,066	12,447
Prepayments		2,712	431
Tax recoverable		676	1,311
Other current financial assets	20	39	106
Short term investment		69,003	51,396
Cash and cash equivalents		14,353	41,119
		<u>99,849</u>	<u>106,810</u>
<b>TOTAL ASSETS</b>		<u>470,369</u>	<u>494,274</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Owners of the Parent</b>			
Share capital		139,600	139,600
Other reserves		2,581	2,581
Retained profits		265,076	282,308
Equity attributable to owners of the parent		407,257	424,489
Non-controlling interests		(704)	(100)
<b>Total Equity</b>		<u>406,553</u>	<u>424,389</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,879	3,879
Lease liabilities		25,480	28,575
Loans and borrowings	23	201	127
		<u>29,560</u>	<u>32,581</u>
<b>Current Liabilities</b>			
Trade and other payables		17,805	16,549
Provisions	22	12,047	12,047
Lease liabilities		4,323	5,946
Loans and borrowings	23	81	2,762
		<u>34,256</u>	<u>37,304</u>
<b>Total liabilities</b>		<u>63,816</u>	<u>69,885</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>470,369</u>	<u>494,274</u>
<b>NET ASSETS PER SHARE (RM)</b>		<u>2.91</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 Q3FY2021  
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)  
Unaudited Condensed Consolidated Statement of Changes in Equity  
for the 3rd Quarter Ended 31 October 2020

	-----Attributable to owners of the parent-----					Total Equity RM'000
	Share Capital RM'000	<- Non- distributable->		<----- Distributable----->		
		Capital Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	Non-controlling interests RM'000	
At 1.2.2020	139,600	1,481	1,100	282,308	(100)	424,389
Total comprehensive loss for the period	-	-	-	(17,232)	(604)	(17,836)
At 31.10.2020	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>265,076</u>	<u>(704)</u>	<u>406,553</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	-	-	-	(9,750)	(335)	(10,085)
At 31.10.2019	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>296,369</u>	<u>165</u>	<u>438,715</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 Q3FY2021  
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)  
Unaudited Condensed Consolidated Statement of Cash Flows  
for the 3rd Quarter Ended 31 October 2020

	Unaudited For the period ended 31.10.2020 <u>RM'000</u>	Unaudited For the period ended 31.10.2019 <u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(16,808)	(9,243)
Adjustment for:		
Non-cash items	<u>19,270</u>	<u>9,854</u>
Operating profit before working capital changes	2,462	611
Net change in current assets	(3,003)	(3,370)
Net change in current liabilities	1,256	(4,313)
Tax (paid)/refund	<u>(393)</u>	<u>384</u>
Net cash generated from/(used in) operating activities	<u>322</u>	<u>(6,688)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,001)	(7,740)
Profits distribution received from short term investment	1,078	6,160
Profits distribution received from short term deposit	296	-
Dividend received	-	2
Proceeds from disposal of property, plant and equipment	9	67
Net (investment)/withdrawal from short term investment	(17,607)	69,811
Investment in joint venture companies	<u>-</u>	<u>(17,958)</u>
Net cash (used in)/generated from investing activities	<u>(19,225)</u>	<u>50,342</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of lease liabilities	(4,421)	(3,921)
Interest paid	(835)	(1,533)
Net withdrawal/(repayment) of hire-purchase	93	(70)
Net repayment of other short term borrowings	(2,700)	(3,000)
Proceeds from subscription of shares by non-controlling interest	<u>-</u>	<u>500</u>
Net cash used in financing activities	<u>(7,863)</u>	<u>(8,024)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(26,766)	35,630
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>14,353</u>	<u>40,926</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 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.10.2020 RM'000	31.10.2019 RM'000	31.10.2020 RM'000	31.10.2019 RM'000
Profits distribution received from short term investment	356	1,608	1,078	6,160
Profits distribution received from short term deposit	-	-	296	-
Gain on disposal of property, plant and equipment	2	67	4	67
Reversal of allowances for impairment of trade receivables	216	62	216	248
Miscellaneous income	4	56	165	141
	<u>578</u>	<u>1,793</u>	<u>1,759</u>	<u>6,616</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		9 Months Ended	
	31.10.2020	31.10.2019	31.10.2020	31.10.2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment holding	1,246	768	3,834	2,328
Property Investment	6,368	6,672	19,646	20,161
Aviation	5,086	5,181	14,072	16,635
MRO	266	219	931	755
Eliminations	(1,267)	(788)	(3,898)	(2,980)
	<u>11,699</u>	<u>12,052</u>	<u>34,585</u>	<u>36,899</u>
(Loss)/Profit before tax:				
Investment holding	(1,688)	(2,692)	(5,228)	(4,834)
Property Investment	2,320	2,141	8,093	7,393
Aviation	(1,065)	(940)	(2,355)	(2,798)
MRO	(3,788)	(3,156)	(12,072)	(7,081)
Eliminations	214	526	331	(625)
	<u>(4,007)</u>	<u>(4,121)</u>	<u>(11,231)</u>	<u>(7,945)</u>
Share of result of an associate	28	(442)	22	(314)
Share of result of joint ventures	(998)	(716)	(5,599)	(984)
Loss before tax	<u>(4,977)</u>	<u>(5,279)</u>	<u>(16,808)</u>	<u>(9,243)</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 31.10.2020 RM'000	As at 31.1.2020 RM'000
Approved and contracted for:		
Property, plant and equipment	4,186	5,905
Approved but not contracted for:		
Property, plant and equipment	4,459	3,870
Investment in joint ventures	94,926	94,926
	<u>103,571</u>	<u>104,701</u>

14 REVIEW OF GROUP PERFORMANCE

14.1 Three (3) months results - Q3FY2021 vs Q3FY2020

The Group revenue for the three (3) months period under review decreased from RM12.1 million to RM11.7 million mainly attributable to the lower revenue from Property segment.

Loss before tax for the three (3) months period under review decreased from RM5.3 million to RM5.0 million mainly attributable to higher share of profits of an associate.

14.2 Current year vs. corresponding preceding year (YTD Q3FY2021 vs. YTD Q3FY2020)

The Group revenue for the nine (9) months period under review decreased from RM36.9 million to RM34.6 million mainly attributable to the lower revenue from Aviation segment.

Loss before tax for the nine (9) months period under review increased from RM9.2 million to RM16.8 million (an increase of RM7.6 million) mainly attributable to higher share of losses from joint venture companies of RM4.6 million and lower other income.

14.2 Current quarter vs. immediate preceding quarter (Q3FY2021 vs Q2FY2021)

	Current Quarter 31.10.2020 RM'000	Immediate Preceding Quarter 31.07.2020 RM'000
Revenue	11,699	11,843
Operating loss	(3,826)	(3,419)
Loss before tax	<u>(4,977)</u>	<u>(5,431)</u>

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

EXPLANATORY NOTES (CONT'D.)

15 SEGMENTAL ANALYSIS

(i) Investment holding

YTD Q3FY2021 vs YTD Q3FY2020

The segment recorded higher loss before taxation of RM5.2 million in YTD Q3FY2021 as compared to RM4.8 million in YTD Q3FY2020 mainly due to lower profits earned from short term investments in YTD Q3FY2021.

(ii) Property Investment

Q3FY2021 vs Q3FY2020

Revenue decreased from RM6.7 million in Q3FY2020 to RM6.4 million in Q3FY2021 mainly due to lower rental income.

The segment recorded higher profit before taxation of RM2.3 million in Q2FY21 as compared to RM2.1 million in Q2FY20 mainly due to lower operating expenses incurred.

YTD Q3FY2021 vs YTD Q3FY2020

Revenue decreased from RM20.2 million in YTD Q3FY2020 to RM19.6 million in YTD Q3FY2021 mainly due to lower rental income.

The segment recorded higher profit before taxation of RM8.1 million in YTD Q3FY2021 as compared to RM7.4 million in YTD Q3FY2020 mainly due to lower operating expenses.

(iii) Aviation

Q3FY2021 vs Q3FY2020

Revenue decreased from RM5.2 million in Q3FY2020 to RM5.1 million in Q3FY2021 mainly due to lower ground operations revenue.

The segment recorded higher loss before taxation of RM1.1 million in Q3FY21 as compared to RM0.9 million in Q3FY20 mainly due to lower revenue earned and higher operating expense.

YTD Q3FY2021 vs YTD Q3FY2020

Revenue decreased from RM16.6 million in YTD Q3FY2020 to RM14.1 million in YTD Q3FY2021 mainly due to lower ground operations revenue.

The segment recorded lower loss before taxation of RM2.4 million in YTD Q3FY2021 as compared to RM2.8 million in YTD Q3FY2020 mainly due lower operating expense.

(iv) MRO

Q3FY2021 vs Q3FY2020

The segment recorded higher loss before taxation of RM3.8 million in Q3FY2021 as compared to RM3.2 million in Q3FY2020 mainly due to increase in operating expenses.

YTD Q3FY2021 vs YTD Q3FY2020

The segment recorded higher loss before taxation of RM12.1 million in YTD Q3FY2021 as compared to RM6.7 million in YTD Q3FY2020 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 Group is currently driven by its property and aviation business, whilst the new ventures in aircraft MRO and sales and service of high powered engines and parts, are still in the period of gestation.

The Group acknowledges that the COVID-19 pandemic continues to adversely impact the performance of the Aviation and aircraft MRO segments. The Property segment is presently maintained by tenured contracts from large tenants, whereby the office oversupply in the market may have a future lag effect on the **Group's** tenancy revenue. Hence, the Group is expected to continue operating in a challenging environment at least for the rest of its FY2021 period. The Group has implemented cost saving measures, explored new markets and will continue to assess new opportunities going forward.

18 TAXATION

	9 months ended 31.10.2020 RM'000	9 months ended 31.10.2019 RM'000
Malaysian taxation	<u>1,028</u>	<u>842</u>

19 INTANGIBLE ASSETS

	As at 31.10.2020 RM'000	As at 31.1.2020 RM'000
Cost		
At beginning/ end of period	2,389	2,389
Accumulated impairment		
At beginning/ end of period	2,389	2,389
Net carrying amount	<u>-</u>	<u>-</u>

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

	As at 31.10.2020 RM'000	As at 31.1.2020 RM'000
Premium automotive	<u>2,389</u>	<u>2,389</u>

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 31.10.2020 RM'000	As at 31.1.2020 RM'000
Held for trading investments:		
Quoted equity shares	39	106
Total financial assets at fair value through profit or loss	<u>39</u>	<u>106</u>

21 CORPORATE PROPOSALS

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

22 PROVISIONS

	As at 31.10.2020 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 31.10.2020 RM'000
Current:	
Hire-purchase	81
Non-current:	
Hire-purchase	201
Total borrowings	<u>282</u>

Hire-purchase obligations are secured by the charge over the leased assets.

(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 MRO Services Sdn. Bhd. (formerly known as 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 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. During the case management on 24 November 2020, the Court had fixed 21 December 2020 as the next case management date for parties to finalize the pre-trial documents.

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 Judge 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 for the High Court suit. Aerodome has filed its application for striking-out the 1st and 2nd Plaintiffs' case on 23 November 2020. During the case management on 24 November 2020, the Court had fixed 21 December 2020 as the next case management date for parties to finalize the pre-trial documents. The Court also informed that further directions would be given in due course with regards to Aerodome's striking-out application.

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 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.10.2020 RM'000	31.10.2019 RM'000	31.10.2020 RM'000	31.10.2019 RM'000
Finance cost	7	38	49	137
Finance cost on lease liabilities	174	473	786	1,396
Impairment loss on trade receivables	(162)	-	319	-
Depreciation of property, plant and equipment	3,223	1,749	9,731	8,648
Depreciation of right-of-use assets	1,422	1,441	4,335	4,168
Gain on disposal of property, plant and equipment	(2)	(67)	(4)	(67)
Net fair value gain on held for trading investment	2	13	67	(2)
Net realised foreign exchange gain	(26)		(41)	-
Reversal of allowances for impairment of trade receivables	(126)	(62)	(216)	(248)

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