

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q4FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad
Unaudited Financial Results Q4FY2021
Year Ended 31 January 2021



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

Interim Financial Statements for the 4th Quarter Ended 31 January 2021

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 Q4FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)
Unaudited Condensed Consolidated Statements of Comprehensive Income
for the 4th Quarter Ended 31 January 2021

	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
		Unaudited 31.1.2021	Unaudited 31.1.2020	Unaudited 31.1.2021	Audited 31.1.2020
		RM'000	RM'000	RM'000	RM'000
Revenue		11,415	13,273	46,001	50,172
Operating expenses		(16,560)	(29,663)	(63,301)	(79,590)
Other income	3	2,086	525	3,845	7,141
Operating loss		(3,059)	(15,865)	(13,455)	(22,277)
Finance costs		(940)	(158)	(1,775)	(1,691)
Loss before tax before share of result		(3,999)	(16,023)	(15,230)	(23,968)
Share of result of an associate		981	1,050	1,003	736
Share of result of joint ventures		(537)	(813)	(6,136)	(1,797)
Loss before tax		(3,555)	(15,786)	(20,363)	(25,029)
Taxation	18	(149)	151	(1,177)	(691)
Loss after tax, representing total comprehensive loss for the year		(3,704)	(15,635)	(21,540)	(25,720)
Loss, represent total comprehensive loss for the year attributable to:					
Owners of the parent		(3,318)	(15,370)	(20,740)	(25,120)
Non-controlling interests		(386)	(265)	(800)	(600)
		(3,704)	(15,635)	(21,540)	(25,720)
Earnings per share attributable to Owners of the parent (sen):					
Basic, loss for the year	26	(2.38)	(11.01)	(14.86)	(17.99)
		(2.38)	(11.01)	(14.86)	(17.99)

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 Q4FY2021
YEAR ENDED 31 JANUARY 2021

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

Unaudited Condensed Consolidated Statement of Financial Position as at 31 January 2021

	Note	Unaudited 31.1.2021 RM'000	Audited 31.1.2020 RM'000
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		48,697	45,990
Investment properties		120,891	125,523
Right-of-use assets		31,218	26,854
Intangible assets	19	-	-
Investments in an associate		17,734	16,731
Investments in joint ventures		195,830	172,366
		<u>414,370</u>	<u>387,464</u>
CURRENT ASSETS			
Trade and other receivables		6,853	12,447
Prepayments		738	431
Tax recoverable		1,111	1,311
Other current financial assets	20	50	106
Short term investment		67,522	51,396
Cash and cash equivalents		13,999	41,119
		<u>90,273</u>	<u>106,810</u>
TOTAL ASSETS		<u>504,643</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		261,568	282,308
Equity attributable to owners of the parent		403,749	424,489
Non-controlling interests		(900)	(100)
Total Equity		<u>402,849</u>	<u>424,389</u>
Non-current liabilities			
Deferred tax liabilities		3,764	3,879
Lease liabilities		31,912	28,575
Loans and borrowings	23	175	127
		<u>35,851</u>	<u>32,581</u>
Current Liabilities			
Trade and other payables		48,456	16,549
Provisions	22	11,972	12,047
Lease liabilities		5,424	5,946
Loans and borrowings	23	91	2,762
		<u>65,943</u>	<u>37,304</u>
Total liabilities		<u>101,794</u>	<u>69,885</u>
TOTAL EQUITY AND LIABILITIES		<u>504,643</u>	<u>494,274</u>
NET ASSETS PER SHARE (RM)		<u>2.89</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 Q4FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)
Unaudited Condensed Consolidated Statement of Changes in Equity
for the 4th Quarter Ended 31 January 2021

	-----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 year	-	-	-	(20,740)	(800)	(21,540)
At 31.1.2021	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>261,568</u>	<u>(900)</u>	<u>402,849</u>
At 1.2.2019						
As previously reported	139,600	1,481	1,100	314,100	-	456,281
Effect of adoption of MFRS 16	-	-	-	(6,672)	-	(6,672)
At 1.2.2019, restated	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>307,428</u>	<u>-</u>	<u>449,609</u>
Subscription of shares in a subsidiary	-	-	-	-	500	500
Total comprehensive loss for the year	-	-	-	(25,120)	(600)	(25,720)
At 31.1.2020	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>282,308</u>	<u>(100)</u>	<u>424,389</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 Q4FY2021
YEAR ENDED 31 JANUARY 2021

Sapura Resources Berhad (Company No.: 3136-D)
Unaudited Condensed Consolidated Statement of Cash Flows
for the 4th Quarter Ended 31 January 2021

	Unaudited For the period ended 31.1.2021 <u>RM'000</u>	Audited For the period ended 31.1.2020 <u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(20,363)	(25,029)
Adjustment for:		
Non-cash items	<u>23,890</u>	<u>25,459</u>
Operating profit before working capital changes	3,527	430
Net change in current assets	4,413	449
Net change in current liabilities	2,306	(5,356)
Tax paid	<u>(1,092)</u>	<u>(253)</u>
Net cash generated from/(used in) operating activities	<u>9,154</u>	<u>(4,730)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,251)	(15,867)
Profits distribution received from short term investment	1,406	6,632
Profits distribution received from short term deposit	296	257
Profits distribution received from money market instrument	2	33
Dividend received	-	2
Proceeds from disposal of property, plant and equipment	-	82
Net (investment)/withdrawal from short term investment	(16,126)	91,544
Investment in joint venture companies	-	(32,711)
Net cash (used in)/generated from investing activities	<u>(26,673)</u>	<u>49,972</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of lease liabilities	(6,892)	(6,744)
Interest paid	(86)	(187)
Net withdrawal of hire-purchase	77	12
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>(9,601)</u>	<u>(9,419)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(27,120)	35,823
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>41,119</u>	<u>5,296</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>13,999</u>	<u>41,119</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		12 Months Ended	
	31.1.2021	31.1.2020	31.1.2021	31.1.2020
	RM'000	RM'000	RM'000	RM'000
Profits distribution received from short term investment	330	472	1,406	6,632
Profits distribution received from short term deposit	-	257	296	257
Profits distribution received from money market instrument	-	33	2	33
Gain on disposal of property, plant and equipment	-	15	4	82
Gain on lease modification	1,819	-	1,819	-
Reversal of allowances for impairment of trade receivables	(216)	24	-	272
Miscellaneous income	153	(172)	318	155
	<u>2,086</u>	<u>525</u>	<u>3,845</u>	<u>7,141</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		12 Months Ended	
	31.1.2021	31.1.2020	31.1.2021	31.1.2020
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment holding	(820)	1,549	3,014	3,877
Property Investment	6,219	6,730	25,865	26,891
Aviation	5,128	6,324	19,201	22,959
MRO	90	240	1,021	995
Eliminations	798	(1,570)	(3,100)	(4,550)
	<u>11,415</u>	<u>13,273</u>	<u>46,001</u>	<u>50,172</u>
Loss before tax:				
Investment holding	(3,765)	(12,251)	(8,993)	(16,708)
Property Investment	1,147	2,585	9,240	10,092
Aviation	2,239	(11,020)	(116)	(15,156)
MRO	(3,919)	(5,058)	(15,991)	(12,139)
Eliminations	299	9,721	630	9,943
	<u>(3,999)</u>	<u>(16,023)</u>	<u>(15,230)</u>	<u>(23,968)</u>
Share of result of an associate	981	1,050	1,003	736
Share of result of joint ventures	(537)	(813)	(6,136)	(1,797)
Loss before tax	<u>(3,555)</u>	<u>(15,786)</u>	<u>(20,363)</u>	<u>(25,029)</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 31.1.2021 RM'000	As at 31.1.2020 RM'000
Approved and contracted for:		
Property, plant and equipment	4,590	5,905
Approved but not contracted for:		
Property, plant and equipment	4,450	3,870
Investment in joint ventures	94,926	94,926
	<u>103,966</u>	<u>104,701</u>

14 REVIEW OF GROUP PERFORMANCE

14.1 Three (3) months results - Q4FY2021 vs Q4FY2020

The Group revenue for the three (3) months period under review decreased from RM13.3 million to RM11.4 million mainly attributable to the lower revenue from Aviation segment.

Loss before tax for the three (3) months period under review decreased from RM15.8 million to RM3.6 million mainly attributable to one-off provision for a claim from a previous customer of RM8.2 million and one-off impairment loss of RM3.3 million in Q4FY2020.

14.2 Current year vs. corresponding preceding year (FY2021 vs. FY2020)

The Group revenue for the year under review decreased from RM50.2 million to RM46.0 million mainly attributable to the lower revenue from Aviation segment.

Loss before tax for the year under review decreased from RM25.0 million to RM20.4 million (a decrease of RM4.6 million) mainly attributable to lower operating expenses of RM16.3 million; partially offset with higher share of losses from joint venture companies of RM4.3 million, lower other income of RM3.3 million and lower revenue of RM4.2 million.

14.2 Current quarter vs. immediate preceding quarter (Q4FY2021 vs Q3FY2021)

	Current Quarter 31.1.2021 RM'000	Immediate Preceding Quarter 31.10.2021 RM'000
Revenue	11,415	11,699
Operating loss	(3,059)	(3,826)
Loss before tax	<u>(3,555)</u>	<u>(4,977)</u>

The Group recorded a loss before taxation of RM3.6 million in the current quarter, which was lower by RM1.4 million as compared to the loss before taxation of RM5.0 million in the immediate preceding quarter mainly due to higher share of result from an associate and higher other income earned.

EXPLANATORY NOTES (CONT'D.)

15 SEGMENTAL ANALYSIS

(i) Investment holding

FY2021 vs FY2020

The segment recorded lower loss before taxation of RM9.0 million in FY2021 as compared to RM16.7 million in FY2020 mainly due to one-off impairment loss on investment in subsidiaries recorded in FY2020.

(ii) Property Investment

Q4FY2021 vs Q4FY2020

Revenue decreased from RM6.7 million in FY2020 to RM6.2 million in FY2021 mainly due to lower rental income.

The segment recorded lower profit before taxation of RM1.1 million in Q4FY2021 as compared to RM2.6 million in Q4FY2020 mainly due to lower revenue earned and higher operating expenses.

FY2021 vs FY2020

Revenue decreased from RM26.9 million in FY2020 to RM25.9 million in FY2021 mainly due to lower rental income.

The segment recorded lower profit before taxation of RM9.3 million in FY2021 as compared to RM10.1 million in FY2020 mainly due to lower revenue earned in FY2021.

(iii) Aviation

Q4FY2021 vs Q4FY2020

Revenue decreased from RM6.3 million in Q4FY2020 to RM5.1 million in Q4FY2021 mainly due to lower ground operations revenue.

The segment recorded profit before taxation of RM2.2 million in Q4FY2021 as compared to loss of RM11.0 million in Q4FY2020 mainly due to one-off operating expenses incurred in Q4FY2020 and one-off gain on lease modification earned in Q4FY2021.

FY2021 vs FY2020

Revenue decreased from RM23.0 million in FY2020 to RM19.2 million in FY2021 mainly due to lower ground operations revenue.

The segment recorded lower loss before taxation of RM0.1 million FY2021 as compared to RM15.2 million in FY2020 mainly due to one-off operating expenses incurred in FY2020 and partially offset with lower revenue earned in FY2021.

(iv) MRO

Q4FY2021 vs Q4FY2020

The segment recorded lower loss before taxation of RM3.9 million in Q4FY2021 as compared to RM5.1 million in Q4FY2020 mainly due to decrease in operating expenses.

FY2021 vs FY2020

The segment recorded higher loss before taxation of RM16.0 million in FY2021 as compared to RM12.1 million in FY2020 mainly due to increase in operating expenses mainly due to increase in depreciation 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 but the Property segment will continue to contribute towards the **Group's** revenue. The Group is reviewing all our investment portfolio and our resources to ensure long-term sustainability of our investments.

18 TAXATION

	12 months ended 31.1.2021 <u>RM'000</u>	12 months ended 31.1.2020 <u>RM'000</u>
Malaysian taxation	<u>1,177</u>	<u>691</u>

19 INTANGIBLE ASSETS

	As at 31.1.2021 <u>RM'000</u>	As at 31.1.2020 <u>RM'000</u>
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 31.1.2021 <u>RM'000</u>	As at 31.1.2020 <u>RM'000</u>
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 31.1.2021 RM'000	As at 31.1.2020 RM'000
Held for trading investments:		
Quoted equity shares	50	106
Total financial assets at fair value through profit or loss	<u>50</u>	<u>106</u>

21 CORPORATE PROPOSALS

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

22 PROVISIONS

	As at 31.1.2021 RM'000	As at 31.1.2020 RM'000
At the beginning of year	12,047	3,830
Current year provision	-	8,217
Unrealised foreign exchange gain	(75)	-
At the end of year	<u>11,972</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 31.1.2021 RM'000
Current:	
Hire-purchase	91
Non-current:	
Hire-purchase	175
Total borrowings	<u>266</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. ("Aerodome") 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.)

- (i) 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. The Court had granted an extension of time for parties to comply with the pre-trial directions of filing the necessary cause papers and the next case management date will be on 15 June 2021.

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

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) 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 Aerodome

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.

However on 14 April 2021, the Court had dismissed **Aerodome's** striking out application where the Court is of the opinion that the claims and the action by the Plaintiffs are not obviously unsustainable. The Court also allowed the amendment application by the Plaintiffs and the next case management date is fixed on 15 June 2021.

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		12 Months Ended	
	31.1.2021	31.1.2020	31.1.2021	31.1.2020
	RM'000	RM'000	RM'000	RM'000
Finance cost	37	(873)	86	187
Finance cost on lease liabilities	903	108	1,689	1,504
Impairment loss on trade receivables	718	744	1,037	773
Impairment loss on amount due from a joint venture	345	1,363	345	1,363
Depreciation of property, plant and equipment	4,449	4,759	14,180	11,836
Depreciation of right-of-use assets	1,106	1,374	5,441	5,542
Gain on disposal of property, plant and equipment	-	(2)	(4)	(69)
Gain on lease modification	(1,819)	-	(1,819)	-
Unrealised forex exchange gain on provision	(75)	-	(75)	-
Net fair value gain on held for trading investment	(10)	11	57	9
Net realised foreign exchange loss	83	22	42	22
Reversal of allowances for impairment of trade receivables	(292)	(24)	(508)	(272)

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