



PETRA ENERGY BERHAD (718388-H)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 DECEMBER 2018**

PETRA ENERGY BERHAD (718388-H)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter</i>		<i>Cumulative period</i>	
		<i>3 months ended</i>		<i>12 months ended</i>	
		31 December 2018 Unaudited RM'000	31 December 2017 Unaudited RM'000	31 December 2018 Unaudited RM'000	31 December 2017 Audited RM'000
Revenue		191,832	118,438	467,424	460,230
Cost of sales		(160,916)	(143,969)	(461,072)	(510,027)
Gross profit/(loss)		30,916	(25,531)	6,352	(49,797)
Other income		4,473	(10,296)	18,737	13,755
Administrative expenses		(8,191)	(10,770)	(34,825)	(38,952)
Impairment loss on property, plant and equipment		-	(9,811)	-	(9,811)
Impairment loss on receivables		(1,641)	305	(1,641)	(4,515)
Profit/(Loss) from operations		25,557	(56,103)	(11,377)	(89,320)
Finance income		341	1,089	2,040	4,250
Finance costs		(2,251)	(3,528)	(10,298)	(12,425)
Share of results of an associate		(2,743)	11,863	1,051	51,283
Profit/(Loss) before taxation	11	20,904	(46,679)	(18,584)	(46,212)
Income tax expense	12	(20)	179	(2,412)	179
Profit/(Loss) for the financial period		20,884	(46,500)	(20,996)	(46,033)
<u>Other comprehensive income:</u>					
Item that may be subsequently reclassified to profit or loss					
- Share of other comprehensive income of an associate		(222)	(13,611)	832	(12,079)
Other comprehensive (loss)/income for the financial period, net of tax		(222)	(13,611)	832)	(12,079)
Total comprehensive income/(loss) for the financial period		20,662	(60,111)	(20,164)	(58,112)
Earnings/(Loss) per share (sen)					
Basic/ diluted	13	6.51	(14.49)	(6.54)	(14.34)

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statements of Financial Position

	Note	31 December 2018 Unaudited RM'000	31 December 2017 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		265,818	287,655
Investment in associate		54,776	150,058
		320,594	437,713
Current assets			
Inventories		8,178	8,609
Trade and other receivables		37,815	209,000
Contract assets		169,993	-
Amount due from customers on contracts		-	5,102
Tax recoverable		11,249	13,612
Cash and bank balances	14	94,368	145,260
Assets of disposal group classified as held for sale		-	15,339
		321,603	396,922
Total Assets		642,197	834,635
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		10,357	9,525
Retained earnings		54,566	75,562
Total equity		332,892	353,056
Non-current liabilities			
Loans and borrowings	15	-	1,600
Hire purchase liabilities		412	585
Amount due to an associate company		18,971	91,685
		19,383	93,870
Current liabilities			
Loans and borrowings	15	123,522	196,606
Hire purchase liabilities		181	172
Trade and other payables		166,219	190,917
Amount due to customer on contract		-	14
		289,922	387,709
Total liabilities		309,305	481,579
Total equity and liabilities		642,197	834,635
Net assets per share of RM0.50 each		1.03	1.10

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statements of Changes in Equity

	← Attributable to Equity Holders of the Company →						Total Equity RM'000
	← Non-distributable →			Distributable			
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	
As at 1 January 2018	299,809	-	(31,000)	(840)	9,525	75,562	353,056
Loss for the financial year	-	-	-	-	-	(20,996)	(20,996)
Other comprehensive income for the financial year	-	-	-	-	832	-	832
Total comprehensive income/(loss) for the financial year	-	-	-	-	832	(20,996)	(20,164)
As at 31 December 2018	299,809	-	(31,000)	(840)	10,357	54,566	332,892
As at 1 January 2017	160,875	138,934	(31,000)	(836)	21,604	128,014	417,591
Transition to no-par value regime on 31 January 2017	138,934	(138,934)	-	-	-	-	-
Loss for the financial year	-	-	-	-	-	(46,033)	(46,033)
Other comprehensive loss for the financial year	-	-	-	-	(12,079)	-	(12,079)
Total comprehensive loss for the year	-	-	-	-	(12,079)	(46,033)	(58,112)
<u>Transactions with owners:</u>							
Purchase of treasury shares	-	-	-	(4)	-	-	(4)
Interim and special dividend in respect of financial year ended 31 December 2016	-	-	-	-	-	(6,419)	(6,419)
As at 31 December 2017	299,809	-	(31,000)	(840)	9,525	75,562	353,056

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

PETRA ENERGY BERHAD (718388-H)
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Condensed Consolidated Statements of Cash Flows

	<i>12 months ended</i>	
	31 December 2018 Unaudited RM'000	31 December 2017 Audited RM'000
Loss before tax	(18,584)	(46,212)
Adjustments for:		
Finance income	(2,040)	(4,250)
Finance costs	10,298	12,425
Depreciation of property, plant and equipment	26,045	30,040
Impairment loss on property, plant and equipment	-	9,811
Gain on disposal of property, plant and equipment	(13,257)	(55)
Impairment loss on trade and other receivables	1,641	4,515
Unrealised foreign exchange gain	268	(849)
Share of results of associate	(1,051)	(51,283)
Total adjustments	21,904	354
Operating cash flows before changes in working capital	3,320	(45,858)
Changes in working capital:		
Inventories	431	(606)
Trade and other receivables	1,082	(105,787)
Trade and other payables	(24,699)	69,974
Amount due from customers	3,557	6,571
Total changes in working capital	(19,629)	(29,848)
Cash flows used in operations	(16,309)	(75,706)
Net income tax paid	(49)	(2,274)
Net cash flows used in operating activities	(16,358)	(77,980)
Net cash flows generated from investing activities	50,223	47,471
Net cash flows (used in)/generated from financing activities	(81,296)	91,574
Net changes in cash and cash equivalents	(47,431)	61,065
Effects of exchange rate changes	389	(5,008)
Cash and cash equivalents at 1 January	135,682	79,625
Cash and cash equivalents at 31 December (Note 14)	88,640	135,682

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2017.

The audited financial statements of the Group for the year ended 31 December 2017 were prepared in accordance with MFRS.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2017.

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

Description	Effective for financial periods beginning on or after
MFRS 16	Leases
Interpretation 23	Uncertainty over Income Tax Treatments
MFRS 128	Long-term interest in Associates and Joint Ventures
MFRS 112	Annual improvements to MFRS standards 2015-2017 cycle
MFRS 119	Amendments to MFRS119 “Plan Amendment, Curtailment Or Settlement”
	1 January 2019

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The impact of the new accounting standards, amendments and improvements to published standards and interpretations on the financial statements of the Group is currently being assessed by the management.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

3. Seasonal or Cyclical Factors

Seasonal and cyclical factors do not have any material impact on the Group's business operations except for severe weather conditions.

4. Unusual and Extraordinary Items

There were no unusual and extraordinary items affecting assets, liabilities, equity, net income of cash flows during the quarter ended 31 December 2018.

5. Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current financial period.

6. Changes in Composition of the Group

There were no changes in the composition of the Group for the financial period under review.

7. Valuation of Property, Plant and Equipment

The Group states its property, plant and equipment at cost less any accumulated depreciation and any accumulated impairment losses, and does not adopt a policy to revalue its property, plant and equipment.

8. Contingencies

There were no contingencies as at the end of the reporting period.

9. Commitments

Capital expenditure

Property, plant and equipment:

- Approved but not contracted for

31 December 2018 RM'000
20,600
20,600

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 31 December 2018 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Revenue (RM'000)										
External customers	134,263	74,981	57,569	43,457	-	-	-	-	191,832	118,438
Inter-segment	1,902	1,960	36,494	34,270	-	-	(38,396)	(36,230)	-	-
Total revenue	136,165	76,941	94,063	77,727	-	-	(38,396)	(36,230)	191,832	118,438
Results (RM'000)										
Segment results	20,257	(51,262)	6,182	(167)	1,104	(1,749)	(1,646)	(1,836)	25,897	(55,014)
Finance costs	(2,418)	(2,164)	(109)	(490)	(1)	(693)	278	(181)	(2,250)	(3,528)
Share of results of associate	-	-	-	-	(2,743)	11,863	-	-	(2,743)	11,863
Segment profit/(loss) before tax	17,839	(53,426)	6,073	(657)	(1,640)	9,421	(1,368)	(2,017)	20,904	(46,679)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 31 December 2018 (12 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Revenue (RM'000)										
External customers	310,917	359,581	156,507	100,649	-	-	-	-	467,424	460,230
Inter-segment	6,856	8,597	100,928	111,919	-	-	(107,784)	(120,516)	-	-
Total revenue	317,773	368,178	257,435	212,568	-	-	(107,784)	(120,516)	467,424	460,230
Results (RM'000)										
Segment results	6,750	(64,929)	(10,782)	(13,233)	630	(510)	(5,935)	(6,398)	(9,337)	(85,070)
Finance costs	(8,654)	(8,166)	(900)	(2,291)	(1,249)	(2,778)	505	810	(10,298)	(12,425)
Share of results of associate	-	-	-	-	1,051	51,283	-	-	1,051	51,283
Segment (loss)/profit before tax	(1,904)	(73,095)	(11,682)	(15,524)	432	47,995	(5,430)	(5,588)	(18,584)	(46,212)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information (cont'd)

Current quarter compared with the corresponding quarter of the preceding year (three-months)

The Group recorded revenue of RM191.8 million in Q4 2018 as compared to RM118.4 million reported in Q4 2017. This is mainly due to higher activities in Hook up, Commissioning and Top-side Major Maintenance (“HuC/TMM”) contract with Petronas Carigali Sdn Bhd (“PCSB”). The Group recorded profit before taxation of RM20.9 million in Q4 2018 as compared to loss before taxation of RM46.7 million in Q4 2017.

- Services Segment

The segment recorded revenue of RM136.2 million in Q4 2018 as compared to RM76.9 million in Q4 2017. The higher revenue recorded in Q4 2018 resulted from higher activities in HuC/TMM contract with PCSB. Subsequently, the segment recorded profit before taxation of RM17.8 million in Q4 2018 as compared to loss before taxation of RM53.4 million in Q4 2017, in line with higher activities during the quarter.

- Marine Assets Segment

The segment recorded revenue of RM94.1 million in Q4 2018 as compared to RM77.7 million in Q4 2017. The segment recorded profit before taxation of RM6.1 million in the current quarter as compared to loss before taxation of RM0.7 million Q4 2017 due to improved vessel utilization.

- Production and Development Segment

The segment recorded loss before taxation of RM1.6 million arising from share of expenses of an associate during the quarter.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information (cont'd)

Current period compared with the corresponding period of the preceding year (twelve-months)

The Group recorded revenue of RM467.4 million in 2018 as compared to RM460.2 million reported in the preceding year. In addition, the Group recorded lower loss before taxation of RM18.6 million as compared to RM46.2 million in the preceding year.

- Services Segment

The segment recorded revenue of RM317.8 million in the current year as compared to RM368.2 million in the preceding year. Lower revenue recorded in the year resulted from lower activities in HuC/TMM contract with PCSB. The segment recorded loss before taxation of RM1.9 million as compared to loss before taxation of RM73.1 million in the preceding year. The improved results mainly relates to increase in activities and margins in Q4 2018.

- Marine Assets Segment

The segment recorded revenue of RM257.4 million in the current year as compared to RM212.6 million in the preceding year. Subsequently, the segment incurred lower loss before taxation of RM11.7 million as compared to RM15.5 million in the preceding year mainly due to improved vessel utilization.

- Production and Development Segment

The segment recorded lower profit before taxation of RM0.4 million in the current year as compared to RM48.0 million in the preceding year arising from ongoing dispute with a client.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Loss before taxation

Included in the loss before taxation are the following items:

	<i>Current quarter</i>		<i>Cumulative period</i>	
	<i>3 months ended</i>		<i>12 months ended</i>	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(341)	(1,089)	(2,040)	(4,250)
Interest expense	2,251	3,528	10,298	12,425
(Gain)/Loss on foreign exchange - realised	(157)	(302)	341	(1,133)
Loss/(Gain) on foreign exchange - unrealised	85	2,935	268	(849)
Impairment/(reversal) loss on trade and other receivables	1,641	(1,036)	1,641	4,515
Impairment loss on property, plant and equipment	-	9,811	-	9,811
Gain on disposal of property, plant and equipment	(828)	(55)	(13,257)	(55)
Depreciation of property, plant and equipment	2,879	3,261	26,045	30,040

Save as disclosed above, the other items required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

12. Income tax expense

	<i>Current quarter</i>		<i>Cumulative period</i>	
	<i>3 months ended</i>		<i>12 months ended</i>	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Under provision in respect of previous years	(20)	-	(2,412)	-

13. Loss per share (sen)

The calculation of basic loss per share as at 31 December 2018 and 31 December 2017 was based on the loss for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	31 December	31 December
	2018	2017
	RM'000	RM'000
Loss for the financial year	(20,996)	(46,033)
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted EPS (sen)	(6.54)	(14.34)

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted loss per share are the same as basic loss per share.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Cash and bank balances

	31 December 2018 RM'000	31 December 2017 RM'000
Short term deposits with licensed banks	20,999	58,217
Cash at banks and on hand	73,369	87,043
	94,368	145,260

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	31 December 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	94,368	145,260
Less: Cash restricted in use		
- Debt Service Reserve Account	(4,496)	(963)
- Fixed deposits pledged for borrowing	(1,232)	(8,615)
Net cash and cash equivalents	88,640	135,682

15. Loans and borrowings

	31 December 2018 RM'000	31 December 2017 RM'000
Short term borrowings		
Secured	123,522	160,361
Unsecured	-	36,245
	123,522	196,606
Long term borrowings		
Secured	-	1,600
	123,522	198,206

The Group is not expose to any transactional currency risk as the borrowings are denominated in RM.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 December 2018 and 31 December 2017:

	31 December 2018 RM'000	31 December 2017 RM'000
Rental of buildings paid to parties related to a Corporate Shareholder	465	465

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

17. Material Events After the Reporting Period

There was no material event subsequent to the end of the interim period reported which has not been reflected in the financial statements.

**PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENTS: CHAPTER 9, APPENDIX 9B**

18. Performance review

Explanatory comment on the performance of each of the Group's business segments is provided in Note 10.

19. Comment on material change in profit before taxation for the quarter reported as compared with immediate preceding quarter

The Group revenue of RM191.8 million was 60.2% higher than the immediate preceding quarter, resulted from higher activities executed for HuC/TMM contract. As a result, the Group recorded profit before taxation of RM20.9 million as compared to loss before taxation of RM27.0 million in Q3 2018.

20. Commentary on prospects

Globally, there are signs that the industry is recovering from a period of low activities. Concerns, however, remain on the sustainability of this recovery. The Group is cautiously optimistic and will explore for new opportunities within the energy sector while continuing its cost management and improving its execution efficiency.

21. Profit Forecast

No profit forecast or profit guarantee has been issued by the Group.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at the reporting date.

23. Derivative Financial Instruments

The Group did not enter into any derivatives during the year ended 31 December 2018 nor for the previous year ended 31 December 2017.

24. Gains and Losses Arising from Fair Value Changes of Financial Liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2018.

**PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENTS: CHAPTER 9, APPENDIX 9B**

25. Changes in Material Litigations

As at 31 December 2018, there was no material litigation against the Group.

26. Authorisation For Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 February 2019.