



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2019**

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>	
		31 March 2019 Unaudited RM'000	31 March 2018 Unaudited RM'000
Revenue		111,854	67,505
Cost of sales		(102,859)	(74,379)
Gross profit/(loss)		8,995	(6,874)
Other income		670	15,822
Administrative expenses		(6,588)	(9,767)
Profit/(Loss) from operations		3,077	(819)
Finance income		480	702
Finance costs		(2,307)	(2,952)
Share of results of an associate		465	4,088
Profit before taxation	11	1,715	1,019
Income tax expense	12	-	-
Profit for the financial period		1,715	1,019
<u>Other comprehensive income/loss:</u>			
Item that may be subsequently reclassified to profit or loss			
- Share of other comprehensive income/(loss) of an associate		3,051	(7,310)
Other comprehensive income/(loss) for the financial period, net of tax		3,051	(7,310)
Total comprehensive income/(loss) for the financial period		4,766	(6,291)
Earnings per share (sen)			
Basic/ diluted	13	0.53	0.32

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 March 2019 Unaudited RM'000	31 December 2018 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		260,114	265,818
Investment in associate		58,292	54,776
		318,406	320,594
Current assets			
Inventories		11,723	5,023
Trade and other receivables		64,667	36,055
Contract assets		144,399	181,488
Tax recoverable		10,183	11,249
Cash and bank balances	14	78,664	94,368
		309,636	328,183
Total Assets		628,042	648,777
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		13,408	10,357
Retained earnings		56,747	55,032
Total equity		338,124	333,358
Non-current liabilities			
Hire purchase liabilities		373	412
Amount due to an associate company		18,926	19,024
		19,299	19,436
Current liabilities			
Loans and borrowings	15	102,039	123,522
Hire purchase liabilities		110	180
Trade and other payables		163,094	166,707
Contract liabilities		5,376	5,574
		270,619	295,983
Total liabilities		289,918	315,419
Total equity and liabilities		628,042	648,777
Net assets per share of RM0.50 each		1.05	1.04

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 →					
	← Non-distributable →				Distributable	
	Share Capital RM'000	Merger Reserve RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
As at 1 January 2019	299,809	(31,000)	(840)	10,357	55,032	333,358
Profit for the financial year	-	-	-	-	1,715	1,715
Other comprehensive income for the financial year	-	-	-	3,051	-	3,051
Total comprehensive income/(loss) for the financial year	-	-	-	3,051	1,715	4,766
As at 31 March 2019	299,809	(31,000)	(840)	13,408	56,747	338,124
As at 1 January 2018	299,809	(31,000)	(840)	9,525	75,951	353,445
Loss for the financial year	-	-	-	-	(20,919)	(20,919)
Other comprehensive loss for the financial year	-	-	-	832	-	832
Total comprehensive loss for the year	-	-	-	832	(20,919)	(20,087)
As at 31 December 2018	299,809	(31,000)	(840)	10,357	55,032	333,358

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

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Condensed Consolidated Statements of Cash Flows

	<i>3 months ended</i>	
	31 March 2019 Unaudited RM'000	31 March 2018 Audited RM'000
Profit before tax	1,715	1,019
Adjustments for:		
Finance income	(480)	(702)
Finance costs	2,307	2,952
Depreciation of property, plant and equipment	5,704	7,811
Loss/(gain) on disposal of property, plant and equipment	80	(12,400)
Unrealised foreign exchange gain	(88)	(2,126)
Share of results of associate	(465)	(4,088)
Total adjustments	7,058	(8,553)
Operating cash flows before changes in working capital	8,773	(7,534)
Changes in working capital:		
Inventories	(11,813)	(3,608)
Trade and other receivables	12,783	(11,306)
Trade and other payables	(3,813)	3,318
Total changes in working capital	(2,843)	(11,595)
Cash flows generated from/(used in) operations	5,930	(19,130)
Net income tax refund/(paid)	1,066	(408)
Net cash flows generated from/(used in) operating activities	6,996	(19,538)
Net cash flows generated from investing activities	812	37,374
Net cash flows used in financing activities	(20,248)	(18,591)
Net changes in cash and cash equivalents	(12,440)	(755)
Effects of exchange rate changes	387	(603)
Cash and cash equivalents at 1 January	88,640	135,682
Cash and cash equivalents at 31 March (Note 14)	76,587	134,324

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 2018.

The audited financial statements of the Group for the year ended 31 December 2018 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 2018.

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 yet been applied by the Group:

Description	Effective for financial periods beginning on or after
MFRS 3 Amendments to MFRS 3 “Definition of a Business”	1 January 2020

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 2018 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 or cash flows during the quarter ended 31 March 2019.

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 March 2019 RM'000
20,338
20,338

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

Current Quarter Ended 31 March 2019 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Revenue (RM'000)										
External customers	77,650	43,310	34,204	24,195	-	-	-	-	111,854	67,505
Inter-segment	1,618	1,721	31,187	13,790	-	-	(32,805)	(15,511)	-	-
Total revenue	79,268	45,031	65,390	37,985	-	-	(32,805)	(15,511)	111,854	67,505
Results (RM'000)										
Segment results	9,052	8,881	(4,355)	(12,662)	309	5,318	(1,449)	(1,654)	3,557	(117)
Finance costs	(2,139)	(2,225)	(3)	(343)	(165)	(442)	-	58	(2,307)	(2,952)
Share of results of associate	-	-	-	-	465	4,088	-	-	465	4,088
Segment profit/(loss) before tax	6,913	6,657	(4,358)	(13,005)	609	8,964	(1,449)	(1,596)	1,715	1,019

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)

For the current quarter under review, the Group recorded revenue of RM111.9 million, as compared to RM67.5 million reported in corresponding quarter of the preceding year. The Group recorded higher profit before taxation of RM1.7 million in Q1 2019 as compared to RM1.0 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter grew from RM45.0 million in Q1 2018 to RM79.3 million in Q1 2019. Higher revenue recorded in Q1 2019 resulted from higher activities in Hook up, Commissioning and Top-side Major Maintenance ("HuC/TMM") contract with Petronas Carigali Sdn Bhd ("PCSB"). The segment recorded profit before taxation of RM6.9 million in Q1 2019 as compared to loss before taxation of RM5.7 million in Q1 2018 (excluding gain on disposal on property, plant and equipment of RM12.4 million). This is mainly due to higher revenue recorded, coupled with improved margins on projects executed during the quarter.

- Marine Assets Segment

The segment recorded revenue of RM65.4 million in the current quarter due to higher vessel utilisation as compared to RM38.0 million in Q1 2018. The segment recorded lower loss before taxation of RM4.4 million in Q1 2019 as compared to RM13.0 million in Q1 2018.

- Production and Development Segment

The segment recorded lower profit before taxation of RM0.6 million in Q1 2019 as compared to RM9.0 million in Q1 2018 due to lower share of results of an associate.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Profit before taxation

Included in the profit before taxation are the following items:

	<i>Current quarter</i>	
	<i>3 months ended</i>	
	31 March 2019 RM'000	31 March 2018 RM'000
Interest income	(480)	(702)
Interest expense	2,307	2,952
Loss on foreign exchange - realised	73	23
Gain on foreign exchange - unrealised	(88)	(2,126)
Loss/(gain) on disposal of property, plant and equipment	80	(12,400)
Depreciation of property, plant and equipment	5,704	7,811

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>3 months ended</i>	
	31 March 2019 RM'000	31 March 2018 RM'000
Current tax:		
Malaysian income tax	-	-

13. Earnings per share (sen)

The calculation of basic earnings per share as at 31 March 2019 and 31 March 2018 was based on the earnings for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	31 March 2019 RM'000	31 March 2018 RM'000
Profit for the financial year	1,715	1,019
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted EPS (sen)	0.53	0.32

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Cash and bank balances

	31 March 2019 RM'000	31 December 2018 RM'000
Short term deposits with licensed banks	23,126	20,999
Cash at banks and on hand	55,538	73,369
	78,664	94,368

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

	31 March 2019 RM'000	31 December 2018 RM'000
Cash and bank balances, representing cash and cash equivalents	78,664	94,368
Less: Cash restricted in use		
- Debt Service Reserve Account	(3)	(4,496)
- Fixed deposits pledged for borrowing	(2,074)	(1,232)
Net cash and cash equivalents	76,587	88,640

15. Loans and borrowings

	31 March 2019 RM'000	31 December 2018 RM'000
Short term borrowings		
Secured	70,639	90,622
Unsecured	31,400	32,900
	102,039	123,522

The Group is not exposed 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 March 2019 and 31 March 2018:

	31 March 2019 RM'000	31 March 2018 RM'000
Rental of buildings paid to parties related to a Corporate Shareholder	411	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 RM111.8 million was lower by 41.7% compared to immediate preceding quarter. This is mainly due to decrease in client's activities executed for HuC/TMM contract.

The Group recorded profit after taxation of RM1.7 million as compared to RM20.8 million in Q4 2018, in line with the decrease in activities occurred during Q1 2019.

20. Commentary on prospects

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 period ended 31 March 2019 nor for the previous year ended 31 December 2018.

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 March 2019.

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

25. Changes in Material Litigations

As at 31 March 2019, 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 7 May 2019.