



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED  
30 JUNE 2019**

**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>6 months ended</i>	
		<b>30 June 2019 Unaudited RM'000</b>	<b>30 June 2018 Unaudited RM'000</b>	<b>30 June 2019 Unaudited RM'000</b>	<b>30 June 2018 Unaudited RM'000</b>
Revenue		137,656	88,352	249,510	155,857
Cost of sales		(114,831)	(96,318)	(217,690)	(170,697)
Gross profit/(loss)		22,825	(7,966)	31,820	(14,840)
Other income		108	(1,532)	778	14,290
Administrative expenses		(7,259)	(8,409)	(13,847)	(18,176)
Profit/(Loss) from operations		15,674	(17,907)	18,751	(18,726)
Finance income		111	923	591	1,625
Finance costs		(2,039)	(2,984)	(4,346)	(5,936)
Share of results of an associate		369	4,037	833	8,125
Profit/(Loss) before taxation	11	14,115	(15,931)	15,829	(14,912)
Income tax expense	12	-	-	-	-
<b>Profit/(Loss) for the financial period</b>		<b>14,115</b>	<b>(15,931)</b>	<b>15,829</b>	<b>(14,912)</b>
<u>Other comprehensive (loss)/income:</u>					
Item that may be subsequently reclassified to profit or loss					
- Share of other comprehensive (loss)/income of an associate		(2,503)	6,497	548	(813)
<b>Other comprehensive (loss)/income for the financial period, net of tax</b>		<b>(2,503)</b>	<b>6,497</b>	<b>548</b>	<b>(813)</b>
<b>Total comprehensive income/(loss) for the financial period</b>		<b>11,612</b>	<b>(9,434)</b>	<b>16,377</b>	<b>(15,725)</b>
<b>Earnings/(Loss) per share (sen)</b>					
Basic/ diluted	13	4.40	(4.96)	4.93	(4.65)

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	30 June 2019 Unaudited RM'000	31 December 2018 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		253,725	265,818
Investment in associate		56,157	54,776
		309,882	320,594
<b>Current assets</b>			
Inventories		16,414	5,023
Trade and other receivables		54,825	36,055
Contract assets		153,756	181,488
Tax recoverable		8,223	11,249
Cash and bank balances	14	86,039	94,368
		319,257	328,183
<b>Total Assets</b>		629,139	648,777
<b>EQUITY AND LIABILITIES</b>			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		10,905	10,357
Retained earnings		70,861	55,032
<b>Total equity</b>		349,735	333,358
<b>Non-current liabilities</b>			
Hire purchase liabilities		341	412
Amount due to an associate company		19,438	19,024
		19,779	19,436
<b>Current liabilities</b>			
Loans and borrowings	15	65,593	123,522
Hire purchase liabilities		110	180
Trade and other payables		183,089	166,707
Contract liabilities		10,833	5,574
		259,625	295,983
<b>Total liabilities</b>		279,404	315,419
<b>Total equity and liabilities</b>		629,139	648,777
<b>Net assets per share of RM0.50 each</b>		<b>1.09</b>	<b>1.04</b>

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
<b>As at 1 January 2019</b>	299,809	(31,000)	(840)	10,357	55,032	333,358
Profit for the financial year	-	-	-	-	15,829	15,829
Other comprehensive income for the financial year	-	-	-	548	-	548
Total comprehensive income for the financial year	-	-	-	548	15,829	16,377
<b>As at 30 June 2019</b>	299,809	(31,000)	(840)	10,905	70,861	349,735
<b>As at 1 January 2018</b>	299,809	(31,000)	(840)	9,525	75,951	353,445
Loss for the financial year	-	-	-	-	(20,919)	(20,919)
Other comprehensive income for the financial year	-	-	-	832	-	832
Total comprehensive loss for the year	-	-	-	832	(20,919)	(20,087)
<b>As at 31 December 2018</b>	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>6 months ended</i>	
	<b>30 June 2019</b> <b>Unaudited</b> <b>RM'000</b>	<b>30 June 2018</b> <b>Unaudited</b> <b>RM'000</b>
Profit/(Loss) before tax	15,829	(14,912)
Adjustments for:		
Finance income	(591)	(1,625)
Finance costs	4,346	5,936
Depreciation of property, plant and equipment	12,093	15,622
Gain on disposal of property, plant and equipment	(83)	(12,429)
Unrealised foreign exchange gain	(26)	(354)
Share of results of associate	(833)	(8,125)
Total adjustments	14,906	(975)
Operating cash flows before changes in working capital	30,735	(15,887)
Changes in working capital:		
Inventories	(11,391)	(4,290)
Trade and other receivables	(18,770)	74,054
Contract assets	32,992	-
Trade and other payables	16,382	(61,771)
Amount due from customer	-	1,117
Total changes in working capital	19,213	9,110
Cash flows generated from/(used in) operations	49,948	(6,777)
Income tax refund/(paid)	3,027	(835)
Net cash flows generated from/(used in) operating activities	52,975	(7,612)
Net cash flows generated from investing activities	1,114	44,745
Net cash flows used in financing activities	(68,398)	(83,990)
Net changes in cash and cash equivalents	(14,309)	(46,857)
Effects of exchange rate changes	(9)	(367)
Cash and cash equivalents at 1 January	88,640	135,682
Cash and cash equivalents at 30 June (Note 14)	74,322	88,458

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:

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
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.

**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 30 June 2019.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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

<b>30 June 2019 RM'000</b>
18,826
<b>18,826</b>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**10. Segment Information**

**(i) Current Quarter Ended 30 June 2019 (3 months)**

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Revenue (RM'000)</b>										
External customers	105,759	61,714	31,897	26,638	-	-	-	-	137,656	88,352
Inter-segment	1,542	1,697	40,550	22,620	-	-	(42,092)	(24,317)	-	-
Total revenue	107,301	63,411	72,447	49,258	-	-	(42,092)	(24,317)	137,656	88,352
<b>Results (RM'000)</b>										
Segment results	16,857	(3,370)	1,091	(6,364)	(504)	(6,250)	(1,659)	(1,000)	15,785	(16,984)
Finance costs	(2,197)	(2,140)	(4)	(292)	(165)	(585)	327	33	(2,039)	(2,984)
Share of results of associate	-	-	-	-	369	4,037	-	-	369	4,037
Segment profit/(loss) before tax	14,660	(5,510)	1,087	(6,656)	(300)	(2,798)	(1,332)	(967)	14,115	(15,931)



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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**10. Segment Information**

(ii) Current Year-to-date Ended 30 June 2019 (6 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Revenue (RM'000)</b>										
External customers	183,409	108,231	66,101	47,626	-	-	-	-	249,510	155,857
Inter-segment	3,161	3,418	71,737	36,410	-	-	(74,898)	(39,828)	-	-
Total revenue	186,570	111,649	137,838	84,036	-	-	(74,898)	(39,828)	249,510	155,857
<b>Results (RM'000)</b>										
Segment results	25,909	5,511	(3,264)	(19,026)	(195)	(932)	(3,108)	(2,654)	19,342	(17,101)
Finance costs	(4,335)	(4,365)	(7)	(635)	(330)	(1,027)	326	91	(4,346)	(5,936)
Share of results of associate	-	-	-	-	833	8,125	-	-	833	8,125
Segment profit/(loss) before tax	21,574	1,146	(3,271)	(19,661)	308	6,166	(2,782)	(2,563)	15,829	(14,912)

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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)*

For the current quarter under review, the Group recorded revenue of RM137.7 million, as compared to RM88.4 million reported in Q2 2018. The Group recorded profit before taxation of RM14.1 million in Q2 2019 as compared to loss before taxation of RM15.9 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter grew from RM63.4 million in Q2 2018 to RM107.3 million in Q2 2019. Higher revenue recorded in Q2 2019 resulted from higher activities in existing services contracts. The segment recorded profit before taxation of RM14.7 million in Q2 2019 as compared to loss before taxation of RM5.5 million in Q2 2018. This is mainly due to higher revenue recorded, coupled with the improved efficiency on projects executed during the quarter.

- Marine Assets Segment

The segment recorded revenue of RM72.4 million in the current quarter due to higher vessel utilisation as compared to RM49.3 million in Q2 2018. The segment recorded profit before taxation of RM1.0 million in current quarter as compared to loss before taxation of RM6.7 million in Q2 2018.

- Production and Development Segment

The segment recorded lower loss before taxation of RM0.3 million in Q2 2019 as compared to RM2.8 million in Q2 2018. The improved result is mainly due to lower unrealised forex loss recorded.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**10. Segment Information (cont'd)**

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

For the current six-months period under review, the Group recorded revenue of RM249.5 million, as compared to RM155.9 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM15.8 million in the current period as compared to loss before taxation of RM14.9 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current six-months period increase to RM186.6 million from RM111.6 million in the preceding year's corresponding period. Higher revenue recorded in current period resulted from higher activities in existing services contracts. The segment recorded profit before taxation of RM21.6 million in current period as compared to loss before taxation of RM11.3 million in the preceding year's corresponding period (excluding gain on disposal on property, plant and equipment of RM12.4 million). This is mainly due to higher revenue recorded coupled with the improved efficiency on projects executed during the period.

- Marine Assets Segment

The segment recorded revenue of RM137.8 million in the current six-months period due to higher vessel utilisation as compared to RM84.0 million in the preceding year's corresponding period. Subsequently, the segment incurred lower loss before taxation of RM3.3 million as compared to RM19.7 million in the preceding year's corresponding period.

- Production and Development Segment

The segment recorded lower profit before taxation of RM0.3 million in the current six-months period as compared to RM6.1 million in the corresponding period of the preceding year mainly resulting from lower share of results of an associate.

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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>6 months ended</i>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(111)	(923)	(591)	(1,625)
Interest expense	2,039	2,984	4,346	5,936
Loss/(Gain) on foreign exchange - realised	108	(306)	181	(283)
Loss/(Gain) on foreign exchange - unrealised	62	1,772	(26)	(354)
(Gain) on disposal of property, plant and equipment	(163)	(29)	(83)	(12,429)
Depreciation of property, plant and equipment	5,704	8,253	12,093	15,622

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>6 months ended</i>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian income tax	-	-	-	-

**13. Earnings/(Loss) per share (sen)**

The calculation of basic earnings/(loss) per share as at 30 June 2019 and 30 June 2018 was based on the earnings/(loss) for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) for the financial year	15,829	(14,912)
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted EPS (sen)	4.93	(4.65)

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

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**14. Cash and bank balances**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Short term deposits with licensed banks	22,661	20,999
Cash at banks and on hand	63,378	73,369
	<b>86,039</b>	<b>94,368</b>

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

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Cash and bank balances	86,039	94,368
Less: Cash restricted in use		
- Debt Service Reserve Account	(10,485)	(4,496)
- Fixed deposits pledged for borrowing	(1,232)	(1,232)
Net cash and cash equivalents	<b>74,322</b>	<b>88,640</b>

**15. Loans and borrowings**

	<b>30 June 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Short term borrowings</b>		
Secured	36,293	90,622
Unsecured	29,300	32,900
	<b>65,593</b>	<b>123,522</b>

The Group is no 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 30 June 2019 and 30 June 2018:

	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>
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 is a material event subsequent to the end of the interim period reported which has not been reflected in the financial statements. Discussion to resolve the ongoing dispute pertaining to a disapproved petroleum cost that affected the share result of an associate has reached final stage. Settlement has been agreed subject to conditions to be met.

**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 RM137.6 million was 23% higher than the immediate preceding quarter, as a result of higher activities executed for existing services contracts.

The Group recorded profit before taxation of RM14.1 million as compared to profit before taxation of RM1.7 million in Q1 2019. Higher profit recorded in the current quarter due to improved results from project execution as well as higher vessel utilizations.

**20. Commentary on prospects**

There are signs that the industry is recovering from a period of low activities. 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 30 June 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 30 June 2019.

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

**25. Changes in Material Litigations**

As at 30 June 2018, there was no material litigation against the Group.

**26. Dividend payable**

The Board has declared a single tier interim dividend of RM0.02 per ordinary shares of RM0.50 each on 320,942,200 ordinary shares for the period ending 31 December 2019, amounting to a dividend payable of RM6,418,844. The dividend will be paid on 18 October 2019 to shareholders whose name appear in the Record of Depositors at the close business on 1 October 2019.

**27. 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 29 August 2019.