



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

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

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

**Condensed Consolidated Statements of Comprehensive Income**

	Note	Current quarter 3 months ended		Cumulative period 9 months ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		219,006	119,735	468,517	275,592
Cost of sales		(200,615)	(132,836)	(418,305)	(303,533)
Gross profit/(loss)		18,391	(13,101)	50,212	(27,941)
Other income		2,897	(26)	3,675	14,264
Administrative expenses		(21,825)	(5,081)	(35,672)	(23,257)
Impairment loss on trade and other receivables		(2,090)	-	(2,090)	-
Impairment loss on property, plant and equipment		(7,390)	-	(7,390)	-
(Loss)/Profit from operations		(10,017)	(18,208)	8,735	(36,934)
Finance income		275	76	865	1,700
Finance costs		(770)	(2,111)	(5,116)	(8,047)
Share of results of an associate		35,553	(4,331)	36,386	3,794
Profit/(Loss) before taxation	11	25,041	(24,574)	40,870	(39,487)
Income tax (expense)/credit	12	-	(2,392)	-	(2,392)
<b>Profit/(Loss) for the financial period</b>		<b>25,041</b>	<b>(26,966)</b>	<b>40,870</b>	<b>(41,879)</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		(578)	1,867	(30)	1,054
<b>Other comprehensive (loss)/income for the financial period, net of tax</b>		<b>(578)</b>	<b>1,867</b>	<b>(30)</b>	<b>1,054</b>
<b>Total comprehensive income/(loss) for the financial period</b>		<b>24,463</b>	<b>(25,099)</b>	<b>40,840</b>	<b>(40,825)</b>
<b>Earnings per share (sen)</b>					
Basic/ diluted	13	7.80	(8.40)	12.73	(13.05)

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 September 2019 Unaudited RM'000	31 December 2018 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		253,197	265,818
Right-of-use assets		20,327	-
Investment in associate		91,132	54,776
		<b>364,656</b>	<b>320,594</b>
<b>Current assets</b>			
Inventories		17,223	5,023
Trade and other receivables		62,447	36,055
Contract assets		189,112	181,488
Tax recoverable		6,206	11,249
Cash and bank balances	14	141,868	94,368
		<b>416,856</b>	<b>328,183</b>
<b>Total Assets</b>		<b>781,512</b>	<b>648,777</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		10,327	10,357
Retained earnings		89,483	55,032
<b>Total equity</b>		<b>367,779</b>	<b>333,358</b>
<b>Non-current liabilities</b>			
Lease liabilities		3,569	-
Hire purchase liabilities		207	412
Amount due to an associate company		57,168	19,024
		<b>60,944</b>	<b>19,436</b>
<b>Current liabilities</b>			
Lease liabilities		16,497	-
Loans and borrowings	15	27,032	123,522
Hire purchase liabilities		178	180
Trade and other payables		297,295	166,707
Contract liabilities		11,787	5,574
		<b>352,789</b>	<b>295,983</b>
<b>Total liabilities</b>		<b>413,733</b>	<b>315,419</b>
<b>Total equity and liabilities</b>		<b>781,512</b>	<b>648,777</b>
<b>Net assets per share of RM0.50 each</b>		<b>1.15</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	-	-	-	-	40,870	40,870
Other comprehensive loss for the financial period	-	-	-	(30)	-	(30)
Total comprehensive income for the financial year	-	-	-	(30)	40,870	40,840
Interim dividend in respect of financial year ended 31 December 2019	-	-	-	-	(6,419)	(6,419)
	-	-	-	-	(6,419)	(6,419)
<b>As at 30 September 2019</b>	299,809	(31,000)	(840)	10,327	89,483	367,779
<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>9 months ended</i>	
	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax	40,870	(39,487)
Adjustments for:		
Finance income	(865)	(1,700)
Finance costs	5,116	8,047
Depreciation of property, plant and equipment	19,970	23,166
Impairment loss on property, plant and equipment	7,390	-
Gain on disposal of property, plant and equipment	(33)	(12,429)
Impairment loss on trade and other receivables	2,090	-
Unrealised foreign exchange loss/(gain)	22	(183)
Share of results of associate	(36,386)	(3,794)
Total adjustments	(2,696)	13,107
Operating cash flows before changes in working capital	38,174	(26,380)
Changes in working capital:		
Inventories	(12,200)	(8,844)
Trade and other receivables	(28,743)	69,720
Contract assets	(7,624)	-
Trade and other payables	130,588	(36,222)
Contract liabilities	6,212	-
Amount due from customers	-	2,561
Total changes in working capital	88,233	27,215
Cash flows generated from operations	126,407	835
Net income tax refund/(paid)	5,043	(33)
Net cash flows generated from operating activities	131,450	802
Net cash flows generated from investing activities	24,195	44,904
Net cash flows used in financing activities	(106,260)	(102,072)
Net changes in cash and cash equivalents	49,385	(56,366)
Effects of exchange rate changes	87	(35)
Cash and cash equivalents at 1 January	88,640	135,682
Cash and cash equivalents at 30 Sep (Note 14)	138,112	79,281

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**

Discussion to resolve the dispute pertaining to a disapproved petroleum cost that affected the share result of an associate has been concluded. Settlement conditions have been met and subsequently the amount was collected by the associate during the quarter. Hence, this has allowed the Group to recognize in full the share of results of the associate accumulated from Q2 2018.

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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 September 2019 RM'000</b>
13,177
<b>13,177</b>

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

**10. Segment Information**

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

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018
<b>Revenue (RM'000)</b>										
External customers	163,171	68,423	55,835	51,312	-	-	-	-	219,006	119,735
Inter-segment	1,984	1,536	28,814	28,024	-	-	(30,798)	(29,560)	-	-
Total revenue	165,155	69,959	84,649	79,336	-	-	(30,798)	(29,560)	219,006	119,735
<b>Results (RM'000)</b>										
Segment results	9,343	(19,015)	(874)	2,062	(6,393)	458	(11,818)	(1,637)	(9,742)	(18,132)
Finance costs	(893)	(1,870)	(4)	(156)	(116)	(221)	243	136	(770)	(2,111)
Share of results of associate	-	-	-	-	35,553	(4,331)	-	-	35,553	(4,331)
Segment profit/(loss) before tax	8,450	(20,885)	(878)	1,906	29,044	(4,094)	(11,575)	(1,501)	25,041	(24,574)



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

**10. Segment Information**

(ii) Current Year-to-date Ended 30 September 2019 (9 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018
<b>Revenue (RM'000)</b>										
External customers	346,580	176,654	121,937	98,938	-	-	-	-	468,517	275,592
Inter-segment	5,145	4,954	100,551	64,434	-	-	(105,696)	(69,388)	-	-
Total revenue	351,725	181,608	222,488	163,372	-	-	(105,696)	(69,388)	468,517	275,592
<b>Results (RM'000)</b>										
Segment results	35,252	(13,506)	(4,138)	(16,964)	(6,588)	(474)	(14,926)	(4,290)	9,600	(35,234)
Finance costs	(5,228)	(6,235)	(12)	(791)	(446)	(1,248)	570	227	(5,116)	(8,047)
Share of results of associate	-	-	-	-	36,386	3,794	-	-	36,386	3,794
Segment profit/(loss) before tax	30,024	(19,741)	(4,150)	(17,755)	29,352	2,072	(14,356)	(4,063)	40,870	(39,487)

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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 RM219.0 million, as compared to RM119.7 million reported in Q3 2018. As a result, the Group recorded profit before taxation of RM34.5 million (excluding impairment loss on trade and other receivable of RM2.1 million and impairment loss on property, plant and equipment of RM7.4 million) in Q3 2019 as compared to loss before taxation of RM24.6 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter grew from RM70.0 million in Q3 2018 to RM165.2 million in Q3 2019. Higher revenue recorded in Q3 2019 resulted from higher activities in existing services contracts. The segment recorded profit before taxation of RM10.5 million (excluding impairment loss on trade and other receivables of RM2.1 million) in Q3 2019 as compared to loss before taxation of RM20.9 million in Q3 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 RM84.6 million in the current quarter as compared to RM79.3 million in Q3 2018. Correspondingly, the segment recorded profit before taxation of RM6.5 million (excluding impairment loss on property, plant and equipment of RM7.4 million) in current quarter as compared to profit before taxation of RM1.9 million in Q3 2018 due to higher vessel utilisation.

- Production and Development Segment

The segment recorded profit before taxation of RM29.0 million in Q3 2019 as compared to loss before taxation RM4.1 million in Q3 2018. The dispute pertaining to disapproved petroleum cost that affected the share of result of associate has been resolved. Hence, this has allowed the Group to recognize in full the share of results of the associate accumulated from Q2 2018.

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

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

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

For the current nine-months period under review, the Group recorded revenue of RM468.5 million, as compared to RM275.6 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM50.4 million (excluding impairment loss on trade and other receivable of RM2.1 million and impairment loss on property, plant and equipment of RM7.4 million) in the current period as compared to loss before taxation of RM39.5 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current nine-months period increased to RM351.7 million from RM181.6 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 RM32.1 million (excluding impairment loss on trade and other receivables of RM2.1 million) in current period as compared to loss before taxation of RM19.7 million in the preceding year's corresponding period. 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 RM222.5 million in the current nine-months period due to higher vessel utilisation as compared to RM163.3 million in the preceding year's corresponding period. Subsequently, the segment recorded profit before taxation of RM3.2 million (excluding impairment loss on property, plant and equipment of RM7.4 million) as compared to loss before tax RM17.7 million in the preceding year's corresponding period, due to higher vessel utilization.

- Production and Development Segment

The segment recorded higher profit before taxation of RM29.4 million in the current nine-months period as compared to RM2.1 million in the corresponding period of the preceding year. The dispute pertaining to disapproved petroleum cost that affected the share of result of associate has been resolved. Hence, this has allowed the Group to recognize in full the share of results of the associate accumulated from Q2 2018.

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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>9 months ended</i>	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(275)	(76)	(865)	(1,700)
Interest expense	770	2,111	5,116	8,047
Loss/(Gain) on foreign exchange - realised	180	(215)	361	(498)
Loss/(Gain) on foreign exchange - unrealised	48	171	22	(183)
Impairment loss on trade and other receivables	2,090	-	2,090	-
Impairment of property, plant and equipment	7,390	-	7,390	-
Loss/(Gain) on disposal of property, plant and equipment	50	-	(33)	(12,429)
Depreciation of property, plant and equipment	7,077	7,544	19,970	23,166

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>9 months ended</i>	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Under provision in respect of previous years	-	(2,392)	-	(2,392)

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

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

	30 September	30 September
	2019	2018
	RM'000	RM'000
Profit/(Loss) for the financial period	40,870	(41,879)
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted EPS (sen)	12.73	(13.05)

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 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Short term deposits with licensed banks	39,346	20,999
Cash at banks and on hand	102,522	73,369
	<b>141,868</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 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Cash and bank balances	141,868	94,368
Less: Cash restricted in use		
- Debt Service Reserve Account	(1,177)	(4,496)
- Fixed deposits pledged for banking facilities	(2,579)	(1,232)
Net cash and cash equivalents	<b>138,112</b>	<b>88,640</b>

**15. Loans and borrowings**

	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Short term borrowings</b>		
Secured	-	90,622
Unsecured	27,032	32,900
	<b>27,032</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 September 2019 and 30 September 2018:

	<b>30 September 2019 RM'000</b>	<b>30 September 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 was no material event subsequent to the end of the interim period reported which has not been reflected in the financial statements.

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**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 RM219.0 million was 59% higher than the immediate preceding quarter, as a result of higher activities executed for existing services contracts.

The Group recorded profit before taxation of RM34.5 million (excluding impairment loss on trade and other receivable of RM2.1 million and impairment loss on property, plant and equipment of RM7.4 million) as compared to profit before taxation of RM14.1 million in Q2 2019. Higher profit recorded in the current quarter mainly due to full recognition of share of results from an associate accumulated from Q2 2018 as the dispute between the associate and its client has been resolved. In addition, the Group recorded positive results from the projects executed during the quarter.

**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 September 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 September 2019.

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

**25. Changes in Material Litigations**

As at 30 September 2019, there was no material litigation against the Group.

**26. Dividend payable**

The Board has declared a single tier interim dividend of 2 sen 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 3 February 2020 to shareholders whose name appear in the Record of Depositors at the close business on 24 December 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 21 November 2019.