



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 DECEMBER 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>12 months ended</i>	
		31 December 2019 Unaudited RM'000	31 December 2018 Unaudited RM'000	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Revenue		124,368	191,832	592,883	467,424
Cost of sales		(103,849)	(160,916)	(522,153)	(461,357)
Gross profit		20,519	30,916	70,730	6,067
Other income		2,280	4,473	5,955	19,168
Administrative expenses		(1,779)	(8,116)	(37,450)	(34,895)
Impairment loss on trade and other receivables		(2,950)	(1,641)	(5,040)	(1,641)
Impairment loss on property, plant and equipment		-	-	(7,390)	-
Profit/(Loss) from operations		18,070	25,632	26,805	(11,301)
Finance income		618	341	1,484	2,040
Finance costs		(936)	(2,251)	(6,052)	(10,298)
Share of results of an associate		4,435	(2,743)	40,821	1,051
Profit/(Loss) before taxation	11	22,187	20,979	63,058	(18,508)
Income tax expense	12	(511)	(20)	(511)	(2,411)
Profit/(Loss) for the financial period		21,676	20,959	62,547	(20,919)
<u>Other comprehensive income:</u>					
Item that may be subsequently reclassified to profit or loss					
- Share of other comprehensive income of an associate		(370)	(222)	(400)	832
Other comprehensive (loss)/income for the financial period, net of tax		(370)	(222)	(400)	832
Total comprehensive income/(loss) for the financial period		21,306	20,737	62,147	(20,087)
Earnings/(Loss) per share (sen)					
Basic/ diluted	13	6.75	6.51	19.49	(6.52)

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 2019 Unaudited RM'000	31 December 2018 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		236,414	265,818
Right-of-use assets		15,475	-
Lease receivable		13,799	-
Investment in associate		32,475	54,776
		298,163	320,594
Current assets			
Inventories		7,282	5,023
Trade and other receivables		35,525	36,055
Lease receivable		7,844	-
Contract assets		127,397	181,488
Tax recoverable		-	11,249
Cash and bank balances	14	160,978	94,368
		339,026	328,183
Total Assets		637,189	648,777
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		9,957	10,357
Retained earnings		104,741	55,032
Total equity		382,667	333,358
Non-current liabilities			
Lease liabilities		3,168	-
Hire purchase liabilities		207	412
Amount due to an associate company		1,050	19,024
		4,425	19,436
Current liabilities			
Lease liabilities		12,307	-
Loans and borrowings	15	28,706	123,522
Hire purchase liabilities		150	180
Trade and other payables		194,793	166,707
Tax payable		394	-
Contract liabilities		13,747	5,574
		250,097	295,983
Total liabilities		254,522	315,419
Total equity and liabilities		637,189	648,777
Net assets per share of RM0.50 each		1.19	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	-	-	-	-	62,547	62,547
Other comprehensive loss for the financial year	-	-	-	(400)	-	(400)
Total comprehensive income for the financial year	-	-	-	(400)	62,547	62,147
Interim dividend in respect of financial year ended 31 December 2019	-	-	-	-	(12,838)	(12,838)
	-	-	-	-	(12,838)	(12,838)
As at 31 December 2019	299,809	(31,000)	(840)	9,957	104,741	382,667
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 income 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.

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

	<i>12 months ended</i>	
	31 December 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Profit/(Loss) before tax	63,058	(18,508)
Adjustments for:		
Finance income	(1,484)	(2,040)
Finance costs	6,052	10,298
Depreciation of property, plant and equipment	40,579	25,985
Impairment loss on property, plant and equipment	7,390	-
Loss/(Gain) on disposal of property, plant and equipment	89	(13,246)
Impairment loss/(reversal) on trade and other receivables	5,040	(2,391)
Unrealised foreign exchange (gain)/loss	(536)	246
Share of results of associate	(40,821)	(1,051)
Reversal of discounting	-	(431)
Total adjustments	16,309	17,370
Operating cash flows before changes in working capital	79,367	(1,138)
Changes in working capital:		
Inventories	(2,259)	431
Trade and other receivables	(4,510)	(2,686)
Lease receivable	(21,643)	-
Contract assets	54,091	-
Right-of-use assets	(16,350)	-
Trade and other payables	28,086	(18,288)
Contract liabilities	8,173	-
Amount due from customers	-	5,088
Total changes in working capital	45,588	(15,455)
Cash flows generated from/(used in) operations	124,955	(16,593)
Net income tax refund/(paid)	11,132	(48)
Net cash flows generated from/(used in) operating activities	136,087	(16,641)
Net cash flows generated from investing activities	44,863	50,214
Net cash flows used in from financing activities	(114,179)	(81,297)
Net changes in cash and cash equivalents	66,771	(47,724)
Effects of exchange rate changes	(400)	682
Cash and cash equivalents at 1 January	88,640	135,682
Cash and cash equivalents at 31 December (Note 14)	155,011	88,640

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.

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 item affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 December 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

31 December 2019 RM'000
6,177
6,177

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 31 December 2019 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Revenue (RM'000)										
External customers	77,346	134,263	47,022	57,569	-	-	-	-	124,368	191,832
Inter-segment	2,391	1,902	17,473	36,494	-	-	(19,864)	(38,396)	-	-
Total revenue	79,737	136,165	64,495	94,063	-	-	(19,864)	(38,396)	124,368	191,832
Results (RM'000)										
Segment results	16,737	20,257	5,124	6,182	(913)	1,104	(2,260)	(1,570)	18,688	25,973
Finance costs	(350)	(2,418)	(7)	(109)	(213)	(1)	(366)	277	(936)	(2,251)
Share of results of associate	-	-	-	-	4,435	(2,743)	-	-	4,435	(2,743)
Segment profit/(loss) before tax	16,387	17,839	5,117	6,073	3,309	(1,640)	(2,626)	(1,293)	22,187	20,979

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 31 December 2019 (12 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Revenue (RM'000)										
External customers	423,925	310,917	168,958	156,507	-	-	-	-	592,883	467,424
Inter-segment	7,536	6,856	118,024	100,928	-	-	(125,560)	(107,784)	-	-
Total revenue	431,461	317,773	286,982	257,435	-	-	(125,560)	(107,784)	592,883	467,424
Results (RM'000)										
Segment results	38,540	6,750	4,434	(10,782)	(7,501)	630	(7,184)	(5,859)	28,289	(9,261)
Finance costs	(5,579)	(8,654)	(18)	(900)	(659)	(1,249)	204	505	(6,052)	(10,298)
Share of results of associate	-	-	-	-	40,821	1,051	-	-	40,821	1,051
Segment (loss)/profit before tax	32,961	(1,904)	4,416	(11,682)	32,661	432	(6,980)	(5,354)	63,058	(18,508)

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 RM124.4 million, as compared to RM191.8 million reported in Q4 2018. The Group recorded profit before taxation of RM25.2 million (excluding impairment loss on trade and other receivables of RM3.0 million) in Q4 2019 as compared to profit before taxation of RM22.6 million (excluding impairment loss on trade and other receivables of RM1.6 million) in the preceding year's corresponding quarter.

- Services Segment

The segment recorded revenue of RM79.7 million in Q4 2019 as compared to RM136.2 million in Q4 2018. Lower revenue recorded in Q4 2019 resulted from lower activities in existing services contracts. The segment recorded similar profit before taxation of RM19.4 million (excluding impairment loss on trade and other receivables of RM3.0 million) in Q4 2019 as compared to profit before taxation of RM19.4 million (excluding impairment loss on trade and other receivables of RM1.6 million) in Q4 2018 due to efficiency in projects executed and effective cost management.

- Marine Assets Segment

The segment recorded revenue of RM64.5 million in the current quarter due to lower vessel utilization as compared to RM94.1 million in Q4 2018. Correspondingly, the segment recorded profit before taxation of RM5.1 million in current quarter as compared to profit before taxation of RM6.1 million in Q4 2018.

- Production and Development Segment

The segment recorded profit before taxation of RM3.3 million in Q4 2019 as compared to loss before taxation RM1.6 million in Q4 2018 due to higher share of result of associate in current quarter.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information (cont'd)

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

For the current year under review, the Group recorded revenue of RM592.9 million, as compared to RM467.4 million reported in the preceding year. The Group recorded profit before taxation of RM75.5 million (excluding impairment loss on trade and other receivables of RM5.0 million and impairment loss on property, plant and equipment of RM7.4 million) in the current year as compared to loss before taxation of RM16.9 million (excluding impairment loss on trade and other receivables of RM1.6 million) in the preceding year.

- Services Segment

The segment revenue for the current year increased to RM431.5 million from RM317.8 million in the preceding year. Higher revenue recorded in current year resulted from higher activities in existing services contracts. The segment recorded profit before taxation of RM38.0 million (excluding impairment loss on trade and other receivables of RM5.0 million) in current year as compared to loss before taxation of RM0.3 million (excluding impairment loss on trade and other receivables of RM1.6 million) in the preceding year. This is mainly due to higher revenue recorded coupled with the improved efficiency on projects executed and effective cost management during the year.

- Marine Assets Segment

The segment recorded revenue of RM287.0 million in the current year due to higher vessel utilisation as compared to RM257.4 million in the preceding year. Subsequently, the segment recorded profit before taxation of RM11.8 million (excluding impairment loss on property, plant and equipment of RM7.4 million) as compared to loss before tax RM11.7 million in the preceding year.

- Production and Development Segment

The segment recorded higher profit before taxation of RM32.7 million in the current year as compared to RM0.4 million in 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>12 months ended</i>	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Interest income	(618)	(341)	(1,484)	(2,040)
Interest expense	936	2,251	6,052	10,298
Loss on foreign exchange - realised	763	839	1,124	341
(Gain)/Loss on foreign exchange - unrealised	(558)	429	(536)	246
Impairment of property, plant and equipment	-	-	(7,390)	-
Impairment loss/(reversal) on trade and other receivables	2,950	(2,391)	5,040	(2,391)
Loss/(Gain) on disposal of property, plant and equipment	7,512	(817)	89	(13,246)
Depreciation of property, plant and equipment	4,259	2,819	40,579	25,985

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 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Current income tax:				
- Current financial year	(511)	-	(511)	-
- Under provision in respect of previous years	-	(20)	-	(2,412)

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

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

	31 December 2019 RM'000	31 December 2018 RM'000
Profit/(Loss) for the financial period	62,547	(20,919)
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted EPS (sen)	19.49	(6.52)

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

	31 December 2019 RM'000	31 December 2018 RM'000
Short term deposits with licensed banks	83,586	20,999
Cash at banks and on hand	77,392	73,369
	160,978	94,368

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

	30 December 2019 RM'000	31 December 2018 RM'000
Cash and bank balances	160,978	94,368
Less: Cash restricted in use		
- Debt Service Reserve Account	(3,413)	(4,496)
- Fixed deposits pledged for banking facilities	(2,554)	(1,232)
Net cash and cash equivalents	155,011	88,640

15. Loans and borrowings

	30 December 2019 RM'000	31 December 2018 RM'000
Short term borrowings		
Secured	28,706	90,622
Unsecured	-	32,900
	28,706	123,522

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 31 December 2019 and 31 December 2018:

	31 December 2019 RM'000	31 December 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 RM124.4 million was 43% lower than the immediate preceding quarter, as a result of lower activities executed for existing services contracts.

The Group recorded profit before taxation of RM22.2 million as compared to profit before taxation of RM25.0 million in Q3 2019.

20. Commentary on prospects

While the industry seems to have recovered, there are still volatility especially on the oil price which consequently might affect the activities in the operation that we are involved in. 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 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 December 2019.

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

25. Changes in Material Litigations

As at 31 December 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 ended 31 December 2019, amounting to a dividend payable of RM6,418,844. The dividend will be paid on 15 May 2020 to shareholders whose name appear in the Record of Depositors at the close business on 17 April 2020.

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 17 February 2020.