



PETRA ENERGY BERHAD
200501036241 (718388-H)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2020**

PETRA ENERGY BERHAD
200501036241 (718388-H)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>	
		31 March 2020 Unaudited RM'000	31 March 2019 Unaudited RM'000
Revenue		72,386	111,854
Cost of sales		(84,482)	(102,859)
Gross (loss)/profit		(12,096)	8,995
Other income		1,265	670
Administrative expenses		(7,395)	(6,588)
(Loss)/Profit from operations		(18,226)	3,077
Finance income		679	480
Finance costs		(573)	(2,307)
Share of results of an associate		(2,627)	465
(Loss)/Profit before taxation	11	(20,747)	1,715
Income tax expense	12	-	-
(Loss)/Profit for the financial period		(20,747)	1,715
<u>Other comprehensive income:</u>			
Item that may be subsequently reclassified to profit or loss			
- Share of other comprehensive income of an associate		1,315	3,051
Other comprehensive income for the financial period, net of tax		1,315	3,051
Total comprehensive (loss)/income for the financial period		(19,432)	4,766
(Loss)/Earnings per share (sen)			
Basic/ diluted	13	(6.46)	0.53

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 2020 Unaudited RM'000	31 December 2019 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		236,499	239,188
Right-of-use assets		12,516	17,239
Lease receivable		11,354	14,097
Investment in associate		29,365	30,677
		289,734	301,201
Current assets			
Inventories		10,072	6,425
Trade and other receivables		31,024	33,344
Amount due from an associate company		7,850	7,590
Lease receivable		7,152	7,546
Contract assets		54,631	110,082
Tax recoverable		174	6
Cash and bank balances	14	142,484	158,844
		253,387	323,837
Total Assets		543,121	625,038
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		11,272	9,957
Retained earnings		82,068	102,815
Total equity		361,309	380,741
Non-current liabilities			
Lease liabilities		3,271	3,345
		3,271	3,345
Current liabilities			
Lease liabilities		7,882	12,487
Loans and borrowings	15	22,000	28,706
Trade and other payables		122,132	177,461
Amount due to an associate company		14,192	8,580
Contract liabilities		12,335	13,718
		178,541	240,952
Total liabilities		181,812	244,297
Total equity and liabilities		543,121	625,038
Net assets per share of RM0.50 each		1.13	1.18

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 2020	299,809	(31,000)	(840)	9,957	102,815	380,741
Loss for the financial period	-	-	-	-	(20,747)	(20,747)
Other comprehensive income for the financial period	-	-	-	1,315	-	1,315
Total comprehensive income/(loss) for the financial period	-	-	-	1,315	(20,747)	(19,432)
As at 31 March 2020	299,809	(31,000)	(840)	11,272	82,068	361,309
As at 1 January 2019	299,809	(31,000)	(840)	10,357	55,032	333,358
Impact of adoption of MFRS 16	-	-	-	-	(1,298)	(1,298)
Total As at 1 January 2019	-	-	-	-	53,734	332,060
Profit for the financial year	-	-	-	-	61,919	61,919
Other comprehensive income for the financial year	-	-	-	(400)	-	(400)
Total comprehensive income for the financial year	-	-	-	(400)	61,919	61,519
Interim dividend in respect of financial year ended 31 December 2019	-	-	-	-	(12,838)	(12,838)
As at 31 December 2019	299,809	(31,000)	(840)	9,957	102,815	380,741

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 2020	31 March 2019
	Unaudited	Unaudited
	RM'000	RM'000
(Loss)/Profit before tax	(20,747)	1,715
Adjustments for:		
Finance income	(679)	(480)
Finance costs	573	2,307
Depreciation charge		
- property, plant and equipment	5,781	5,704
- right-of-use asset	4,723	4,171
Loss on disposal of property, plant and equipment	-	80
Unrealised foreign exchange gain	(3)	(88)
Share of results of associate	2,627	(465)
Total adjustments	13,022	11,229
Operating cash flows before changes in working capital	(7,725)	12,944
Changes in working capital:		
Inventories	(3,647)	(11,813)
Trade and other receivables	2,320	12,783
Lease receivable	3,137	-
Contract assets	55,451	-
Trade and other payables	(48,914)	(7,984)
Contract liabilities	(1,383)	-
Total changes in working capital	6,964	(7,014)
Cash flows (used in)/generated from operations	(761)	5,930
Net income tax (paid)/refund	(168)	1,066
Net cash flows (used in)/generated from operating activities	(929)	6,996
Net cash flows generated from investing activities	2,947	812
Net cash flows used in financing activities	(13,845)	(20,248)
Net changes in cash and cash equivalents	(11,827)	(12,440)
Effects of exchange rate changes	208	378
Cash and cash equivalents at 1 January	152,877	88,640
Cash and cash equivalents at 31 March (Note 14)	141,258	76,578

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

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 2019.

The audited financial statements of the Group for the year ended 31 December 2019 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 2019.

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 2019 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

During the period, the widespread of the Covid-19 pandemic, coupled with the decline in global oil prices has resulted in deferments in key client’s activity schedule, revision of activities budget by client and delays in mobilisation of the Group’s marine assets, as well as offshore execution activities. The events have affected the Group’s equity and net income during the quarter ended 31 March 2020.

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 March 2020 RM'000
5,000
5,000

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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 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Revenue (RM'000)										
External customers	50,687	77,650	21,699	34,204	-	-	-	-	72,386	111,854
Inter-segment	2,078	1,618	3,544	31,187	-	-	(5,622)	(32,805)	-	-
Total revenue	52,765	79,268	25,243	65,391	-	-	(5,622)	(32,805)	72,386	111,854
Results (RM'000)										
Segment results	6,996	9,052	(22,725)	(4,355)	(320)	309	(1,498)	(1,449)	(17,547)	3,557
Finance costs	(537)	(2,139)	(4)	(3)	(32)	(165)	-	-	(573)	(2,307)
Share of results of associate	-	-	-	-	(2,627)	465	-	-	(2,627)	465
Segment profit/(loss) before tax	6,459	6,913	(22,729)	(4,358)	(2,979)	609	(1,498)	(1,449)	(20,747)	1,715

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 RM72.4 million, as compared to RM111.9 million reported in corresponding quarter of the preceding year. The widespread of Covid-19 pandemic and decline in global oil price has led to deferment of client's scheduled activities, revision of activities budget by the client and delays in vessels mobilisation which affected the Group's revenue from both services and marine segment. As a result, the Group recorded loss before taxation of RM20.7 million in Q1 2020 as compared to profit before tax of RM1.7 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter decrease from RM79.3 million in Q1 2019 to RM52.8 million in Q1 2020. Lower revenue recorded in Q1 2020 resulted from lower activities in existing contracts due to the deferment of client's scheduled activities and revision of activities budget by client. The segment recorded profit before taxation of RM6.5 million in Q1 2020 as compared to RM6.9 million in Q1 2019. This is mainly due to lower revenue recorded on projects executed during the quarter.

- Marine Assets Segment

The segment recorded revenue of RM25.2 million in the current quarter due to lower vessel utilization arising from delays in mobilisation of the Group's marine assets, as compared to RM65.4 million in Q1 2019. As a result, the segment recorded higher loss before taxation of RM22.7 million in Q1 2020 as compared to loss of RM4.4 million in Q1 2019.

- Production and Development Segment

The segment recorded loss before taxation of RM3.0 million in Q1 2020 as compared to profit before taxation of RM0.6 million in Q1 2019 predominantly due to lower price of oil lifted as a result from the decline in the global oil price during the period.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. (Loss)/Profit before taxation

Included in the (loss)/profit before taxation are the following items:

	<i>Current quarter</i>	
	<i>3 months ended</i>	
	31 March 2020 RM'000	31 March 2019 RM'000
Interest income	(679)	(480)
Interest expense	573	2,307
Loss on foreign exchange - realised	25	73
(Gain)/Loss on foreign exchange - unrealised	(3)	(88)
Loss/(Gain) on disposal of property, plant and equipment	-	80
Depreciation charge		
- property, plant and equipment	5,781	5,704
- right-of-use asset	4,723	4,171

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 2020 RM'000	31 March 2019 RM'000
Current tax:		
Malaysian income tax	-	-

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

The calculation of basic (loss)/earnings per share as at 31 March 2020 and 31 March 2019 was based on the (loss)/earnings for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	31 March 2020 RM'000	31 March 2019 RM'000
(Loss)/Profit for the financial year	(20,747)	1,715
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted (loss)/earnings per share (sen)	(6.46)	0.53

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted (loss)/earnings 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 March 2020 RM'000	31 December 2019 RM'000
Short term deposits with licensed banks	40,228	97,660
Cash at banks and on hand	102,256	61,184
	142,484	158,844

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

	31 March 2020 RM'000	31 December 2019 RM'000
Cash and bank balances, representing cash and cash equivalents	142,484	158,844
Less: Cash restricted in use		
- Debt Service Reserve Account	-	(3,413)
- Fixed deposits pledged for borrowing	(1,226)	(2,554)
Net cash and cash equivalents	141,258	152,877

15. Loans and borrowings

	31 March 2020 RM'000	31 December 2019 RM'000
Short term borrowings		
Secured	22,000	28,706

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

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 2020 and 31 March 2019:

	31 March 2020 RM'000	31 March 2019 RM'000
Rental of buildings paid to parties related to a Corporate Shareholder	411	411

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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 RM72.4 million was lower by 36.9% compared to immediate preceding quarter. This is mainly due to deferment in client's activities executed for HuC/TMM contracts, revision of activities budget by client, coupled with delay in mobilisation of the Group's marine assets in view of the global Covid-19 pandemic and decline in oil price throughout the quarter.

As a result, the Group recorded loss before taxation of RM20.7 million as compared to profit before taxation of RM22.2 million in Q4 2019, in line with the decrease in activities occurred during Q1 2020.

20. Commentary on prospects

The widespread of the Covid-19 pandemic is a fluid and challenging situation facing all economies globally. Additionally, sharp decline in global oil price in quarter one 2020 has impacted the oil and gas industry.

The Group and the Company continues to monitor the situation closely and have continue to take appropriate and timely actions to minimise any adverse financial impact arising from this situation.

In addition, the Group is exploring for new opportunities within the energy sector while continuing its cost management and improving its execution efficiency in anticipation of prolonged and slow recovery of the industry.

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 2020 nor for the previous year ended 31 December 2019.

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 2020.

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

25. Changes in Material Litigations

As at 31 March 2020, 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 14 May 2020.