



PETRA ENERGY BERHAD
20501036241 (718388-H)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2020**

PETRA ENERGY BERHAD
200501036241 (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>	
		30 June 2020 Unaudited RM'000	30 June 2019 Unaudited RM'000	30 June 2020 Unaudited RM'000	30 June 2019 Unaudited RM'000
Revenue		70,528	137,656	142,914	249,510
Cost of sales		(60,260)	(114,831)	(144,742)	(217,690)
Gross profit/(loss)		10,268	22,825	(1,828)	31,820
Other income		1,194	108	2,459	778
Administrative expenses		(4,805)	(7,259)	(12,200)	(13,847)
Profit/(Loss) from operations		6,657	15,674	(11,569)	18,751
Finance income		1,596	111	2,275	591
Finance costs		(665)	(2,039)	(1,238)	(4,346)
Share of results of an associate		17	369	(2,611)	833
Profit/(Loss) before taxation	11	7,605	14,115	(13,143)	15,829
Income tax expense	12	(4,518)	-	(4,518)	-
Profit/(Loss) for the financial period		3,087	14,115	(17,661)	15,829
<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		(109)	(2,503)	1,206	548
Other comprehensive (loss)/income for the financial period, net of tax		(109)	(2,503)	1,206	548
Total comprehensive income/(loss) for the financial period		2,978	11,612	(16,455)	16,377
Earnings/(Loss) per share (sen)					
Basic/ diluted	13	0.96	4.40	(5.50)	4.93

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

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

Condensed Consolidated Statements of Financial Position

	Note	30 June 2020 Unaudited RM'000	31 December 2019 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		242,093	239,188
Right-of-use assets		7,732	17,239
Lease receivable		13,071	14,097
Investment in associate		29,273	30,677
		292,169	301,201
Current assets			
Inventories		10,308	6,425
Trade and other receivables		46,737	33,344
Amount due from an associate company		8,350	7,590
Lease receivable		6,607	7,546
Contract assets		54,813	110,082
Tax recoverable		-	6
Cash and bank balances	14	128,442	158,844
		255,257	323,837
Total Assets		547,426	625,038
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		11,163	9,957
Retained earnings		78,735	102,815
Total equity		357,867	380,741
Non-current liabilities			
Lease liabilities		2,475	3,345
		2,475	3,345
Current liabilities			
Lease liabilities		3,929	12,487
Loans and borrowings	15	18,500	28,706
Trade and other payables		131,526	177,461
Amount due to an associate company		14,126	8,580
Contract liabilities		14,697	13,718
Income tax payable		4,306	-
		187,084	240,952
Total liabilities		189,559	244,297
Total equity and liabilities		547,426	625,038
Net assets per share of RM0.50 each		1.12	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.

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

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	-	-	-	-	(17,661)	(17,661)
Other comprehensive income for the financial period	-	-	-	1,206	-	1,206
Total comprehensive income/(loss) for the financial period	-	-	-	1,206	(17,661)	(16,455)
Interim dividend in respect of financial year ended 31 December 2019	-	-	-	-	(6,419)	(6,419)
As at 30 June 2020	299,809	(31,000)	(840)	11,163	78,735	357,867
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.

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

Condensed Consolidated Statements of Cash Flows

	<i>6 months ended</i>	
	30 June 2020	30 June 2019
	Unaudited	Unaudited
	RM'000	RM'000
(Loss)/Profit before tax	(13,143)	15,829
Adjustments for:		
Finance income	(2,275)	(591)
Finance costs	1,238	4,346
Depreciation charge		
- property, plant and equipment	13,255	12,093
- right-of-use asset	8,175	8,174
Loss on disposal of property, plant and equipment	40	(83)
Unrealised foreign exchange gain	(31)	(26)
Share of results of associate	2,611	(833)
Total adjustments	23,013	23,080
Operating cash flows before changes in working capital	9,870	38,909
Changes in working capital:		
Inventories	(3,883)	(11,391)
Trade and other receivables	(13,393)	(18,770)
Lease receivable	1,965	-
Contract assets	55,269	32,992
Trade and other payables	(45,937)	8,208
Contract liabilities	979	-
Total changes in working capital	(5,000)	11,039
Cash flows generated from operations	4,870	49,948
Net income tax (paid)/refund	(206)	3,027
Net cash flows generated from operating activities	4,664	52,975
Net cash flows (used in)/generated from investing activities	(9,223)	1,114
Net cash flows used in financing activities	(22,254)	(68,398)
Net changes in cash and cash equivalents	(26,813)	(14,309)
Effects of exchange rate changes	115	(9)
Cash and cash equivalents at 1 January	152,877	88,640
Cash and cash equivalents at 30 June (Note 14)	126,179	74,322

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

There were no unusual and extraordinary items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 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

30 June 2020 RM'000
4,449
4,449

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

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 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Revenue (RM'000)										
External customers	54,544	105,759	15,984	31,897	-	-	-	-	70,528	137,656
Inter-segment	1,490	1,542	18,003	40,550	-	-	(19,493)	(42,092)	-	-
Total revenue	56,034	107,301	33,987	72,447	-	-	(19,493)	(42,092)	70,528	137,656
Results (RM'000)										
Segment results	10,081	16,857	(715)	1,091	246	(504)	(1,359)	(1,659)	8,253	15,785
Finance costs	(652)	(2,197)	(4)	(4)	(9)	(165)	-	327	(665)	(2,039)
Share of results of associate	-	-	-	-	17	369	-	-	17	369
Segment profit/(loss) before tax	9,429	14,660	(719)	1,087	254	(300)	(1,359)	(1,332)	7,605	14,115

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 30 June 2020 (6 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Revenue (RM'000)										
External customers	105,231	183,409	37,683	66,101	-	-	-	-	142,914	249,510
Inter-segment	3,568	3,161	21,547	71,737	-	-	(25,115)	(74,898)	-	-
Total revenue	108,799	186,570	59,230	137,838	-	-	(25,115)	(74,898)	142,914	249,510
Results (RM'000)										
Segment results	17,077	25,909	(23,440)	(3,264)	(74)	(195)	(2,857)	(3,108)	(9,294)	19,342
Finance costs	(1,189)	(4,335)	(8)	(7)	(41)	(330)	-	326	(1,238)	(4,346)
Share of results of associate	-	-	-	-	(2,611)	833	-	-	(2,611)	833
Segment profit/(loss) before tax	15,888	21,574	(23,448)	(3,271)	(2,726)	308	(2,857)	(2,782)	(13,143)	15,829

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 lower revenue of RM70.5 million, as compared to RM137.7 million reported in Q2 2019. As a result, the Group recorded lower profit before taxation of RM7.6 million in Q2 2020 as compared to RM14.1 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter decrease from RM107.3 million in Q2 2019 to RM56.0 million in Q2 2020. Lower revenue recorded in Q2 2020 resulted from lower activities in existing services contracts. The segment recorded profit before taxation of RM9.4 million in Q2 2020 as compared to profit before taxation of RM14.7 million in Q2 2019. This is mainly due to lower revenue recorded on projects executed during the quarter.

- Marine Assets Segment

The segment recorded revenue of RM34.0 million in the current quarter due to lower vessel utilisation as compared to RM72.4 million in Q2 2019. As a result, the segment recorded loss before taxation of RM0.7 million in current quarter as compared to profit before taxation of RM1.1 million in Q2 2019.

- Production and Development Segment

The segment recorded profit before taxation of RM0.3 million in Q2 2019 as compared to loss before tax of RM0.3 million in Q2 2019 due to share results of an associate.

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 RM142.9 million, as compared to RM249.5 million reported in the preceding year's corresponding period. The Covid-19 pandemic and decline in global oil price has led to deferment of projects and delays in vessels mobilisation which affected the Group's revenue. As a result, the Group recorded loss before taxation of RM13.1 million in the current period as compared to profit before taxation of RM15.8 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current six-months period decrease to RM108.8 million from RM186.6 million in the preceding year's corresponding period. Lower revenue recorded in current period resulted from lower activities in existing services contracts. The segment recorded profit before taxation of RM15.9 million in current period as compared to RM21.6 million in the preceding year's corresponding period. This is mainly due to lower revenue recorded on projects executed during the quarter.

- Marine Assets Segment

The segment recorded revenue of RM59.2 million in the current six-months period due to lower vessel utilisation as compared to RM137.8 million in the preceding year's corresponding period. Subsequently, the segment incurred higher loss before taxation of RM23.4 million as compared to RM3.3 million in the preceding year's corresponding period.

- Production and Development Segment

The segment recorded loss before taxation of RM2.7 million in the current six-months period as compared to profit before tax of RM0.3 million in the corresponding period of the preceding year mainly resulting from lower share of results of an associate.

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

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>	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Interest income	(1,596)	(111)	(2,275)	(591)
Interest expense	665	2,039	1,238	4,346
Loss/(Gain) on foreign exchange - realised	47	108	72	181
(Gain)/Loss on foreign exchange - unrealised	(28)	62	(31)	(26)
(Gain) on disposal of property, plant and equipment	(40)	(163)	(40)	(83)
Depreciation charges				
- Property, plant and equipment	7,474	5,704	13,255	12,093
- Right-of-use asset	4,087	4,087	8,175	8,174

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>	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Current tax:				
Malaysian income tax	4,518	-	4,518	-

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

The calculation of basic earnings/(loss) per share as at 30 June 2020 and 30 June 2019 was based on the earnings/(loss) for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	30 June 2020 RM'000	30 June 2019 RM'000
Profit/(Loss) for the financial year	(17,661)	15,829
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted EPS (sen)	(5.50)	4.93

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.

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Cash and bank balances

	30 June 2020 RM'000	31 December 2019 RM'000
Short term deposits with licensed banks	92,993	97,660
Cash at banks and on hand	35,449	61,184
	128,442	158,844

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

	30 June 2020 RM'000	31 December 2019 RM'000
Cash and bank balances	128,442	158,844
Less: Cash restricted in use		
- Debt Service Reserve Account	-	(4,496)
- Fixed deposits pledged for borrowing	(2,263)	(1,232)
Net cash and cash equivalents	126,179	152,877

15. Loans and borrowings

	30 June 2020 RM'000	31 December 2019 RM'000
Short term borrowings		
Secured	18,500	28,706

The Group is no exposed to any transactional currency risk as the borrowings are denominated in RM.

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

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 2020 and 30 June 2019:

	30 June 2020 RM'000	30 June 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.

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.

**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 RM70.5 million was 2.5% lower than the immediate preceding quarter. This is mainly due to deferment in client's activities executed for HuC/TMM contract in view of the global Covid-19 pandemic and decline in oil price throughout the quarter.

The Group recorded profit before taxation of RM7.6 million as compared to loss before tax of RM20.7 million in Q1 2020. Higher profit recorded in current quarter due to improved result from project execution as well as higher vessel utilisations.

20. Commentary on prospects

The Covid-19 pandemic in late 2019 and decline in global oil prices since March 2020 is a fluid and challenging situation facing all economies globally especially in the oil and gas industry. The restricted movement and lockdown measures implemented in multiple jurisdictions brought about by the Covid-19 pandemic will remain in short to medium term.

The Group will explore 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 year ended 30 June 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 30 June 2020.

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

25. Changes in Material Litigations

As at 30 June 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 19 August 2020.