



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 DECEMBER 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>12 months ended</i>	
		31 December 2020 Unaudited RM'000	31 December 2019 Unaudited RM'000	31 December 2020 Unaudited RM'000	31 December 2019 Audited RM'000
Revenue		136,362	106,583	426,958	575,100
Cost of sales		(119,183)	(85,515)	(381,936)	(503,820)
Gross profit		17,179	21,068	45,022	71,280
Other income		1,856	144	4,505	3,819
Administrative expenses		(6,920)	(1,338)	(24,525)	(37,010)
Other expenses		(3,319)	(887)	(3,319)	(10,367)
Profit from operations		8,796	18,987	21,683	27,722
Finance income		2,069	692	4,876	1,557
Finance costs		(1,342)	(2,454)	(3,414)	(7,570)
Share of results of an associate		2,655	3,935	(110)	40,321
Profit before taxation	11	12,178	21,160	23,035	62,030
Income tax expense	12	(2,533)	(111)	(7,856)	(111)
Profit for the financial period		9,645	21,049	15,179	61,919
<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		(783)	(370)	(449)	(400)
Other comprehensive (loss)/income for the financial period, net of tax		(783)	(370)	(449)	(400)
Total comprehensive income for the financial period		8,862	20,679	14,730	61,519
Earnings per share (sen)					
Basic/ diluted	13	3.01	6.56	4.73	19.29

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 2020 Unaudited RM'000	31 December 2019 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		224,641	239,188
Right-of-use assets		45,728	17,239
Lease receivable		13,089	14,097
Investment in associate		10,543	30,677
		294,001	301,201
Current assets			
Inventories		3,378	6,425
Trade and other receivables		28,671	33,344
Amount due from an associate company		1,288	7,590
Lease receivable		6,356	7,546
Contract assets		88,113	110,082
Tax recoverable		-	6
Cash and bank balances	14	171,569	158,844
		299,375	323,837
Total Assets		593,376	625,038
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		9,508	9,957
Retained earnings		105,156	102,815
Total equity		382,633	380,741
Non-current liabilities			
Lease liabilities		17,100	3,345
		17,100	3,345
Current liabilities			
Lease liabilities		31,169	12,487
Loans and borrowings	15	27,170	28,706
Trade and other payables		121,939	177,461
Amount due to an associate company		1,579	8,580
Contract liabilities		11,592	13,718
Income tax payable		194	-
		193,643	240,952
Total liabilities		210,743	244,297
Total equity and liabilities		593,376	625,038
Net assets per share of RM0.50 each		1.19	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 →					Total Equity RM'000
	← Non-distributable		→ Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	
As at 1 January 2020	299,809	(31,000)	(840)	9,957	102,815	380,741
Loss for the financial period	-	-	-	-	15,179	15,179
Other comprehensive income for the financial period	-	-	-	(449)	-	(449)
Total comprehensive income/(loss) for the financial period	-	-	-	(449)	15,179	14,730
Interim dividend in respect of financial year ended 31 December 2019	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of financial year ending 31 December 2020	-	-	-	-	(6,419)	(6,419)
As at 31 December 2020	299,809	(31,000)	(840)	9,508	105,156	382,633
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>12 months ended</i>	
	31 December 2020	31 December 2019
	Unaudited	Audited
	RM'000	RM'000
Profit before tax	23,035	62,030
Adjustments for:		
Finance income	(4,876)	(1,557)
Finance costs	3,414	7,570
Depreciation charge		
- property, plant and equipment	27,633	24,196
- right-of-use asset	29,192	16,684
Impairment loss on property, plant and equipment	4,805	7,483
(Gain)/loss on disposal of property, plant and equipment	(40)	89
(Reversal)/impairment loss on trade and other receivables	(1,247)	2,099
Unrealised loss/(gain) foreign exchange loss	355	(536)
Share of results of associate	(110)	(40,321)
Total adjustments	59,126	15,707
Operating cash flows before changes in working capital	82,161	77,737
Changes in working capital:		
Inventories	3,045	(1,402)
Trade and other receivables	5,919	1,289
Lease receivable	2,199	-
Contract assets	21,969	71,406
Trade and other payables	(55,524)	4,334
Contract liabilities	(2,124)	8,144
Total changes in working capital	(24,516)	83,771
Cash flows generated from operations	57,645	161,508
Net income tax (paid)/refund	(7,656)	11,132
Net cash flows generated from operating activities	49,989	172,640
Net cash flows generated from investing activities	6,123	18,795
Net cash flows used in financing activities	(38,701)	(127,171)
Net changes in cash and cash equivalents	17,411	64,264
Effects of exchange rate changes	(353)	(27)
Cash and cash equivalents at 1 January	152,877	88,640
Cash and cash equivalents at 31 December 2020 (Note 14)	169,935	152,877

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 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 31 December 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 December 2020 RM'000

4,875

4,875

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 31 December 2020 (3 months)

	Services		Marine Assets		Development and Production		Adjustments and eliminations		Group	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revenue (RM'000)										
External customers	53,957	77,346	61,577	47,022	20,827	-	-	-	136,361	124,368
Inter-segment	2,387	2,391	23,841	17,473	-	-	(26,228)	(19,864)	-	-
Total revenue	56,344	79,737	85,418	64,495	20,827	-	(26,228)	(19,864)	136,361	124,368
Results (RM'000)										
Segment results	6,619	17,728	2,389	5,124	3,271	(913)	(1,414)	(2,260)	10,865	19,679
Finance costs	(196)	(1,868)	(4)	(7)	(1,142)	(213)	-	(366)	(1,342)	(2,454)
Share of results of associate	-	-	-	-	2,655	3,935	-	-	2,655	3,935
Segment profit/(loss) before tax	6,423	15,860	2,385	5,117	4,784	2,809	(1,414)	(2,626)	12,178	21,160

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 31 December 2020 (12 months)

	Services		Marine Assets		Development and Production		Adjustments and eliminations		Group	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revenue (RM'000)										
External customers	250,737	423,925	133,927	168,958	42,294	-	-	-	426,958	592,883
Inter-segment	7,424	7,536	100,590	118,024	-	-	(108,014)	(125,560)	-	-
Total revenue	258,161	431,461	234,517	286,982	42,294	-	(108,014)	(125,560)	426,958	592,883
Results (RM'000)										
Segment results	23,438	39,530	4,429	4,434	7,471	(7,501)	(8,779)	(7,184)	26,559	29,279
Finance costs	(1,731)	(7,097)	(235)	(18)	(1,448)	(659)	-	204	(3,414)	(7,570)
Share of results of associate	-	-	-	-	(110)	40,321	-	-	(110)	40,321
Segment profit/(loss) before tax	21,707	32,433	4,194	4,416	5,913	32,161	(8,779)	(6,980)	23,035	62,030

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 higher revenue of RM136.4 million, as compared to RM124.4 million reported in Q4 2019. The Group recorded lower profit before taxation of RM15.8 million in Q4 2020 (excluding write-back of impairment on trade and other receivable of RM1.2 million and impairment loss on property, plant and equipment of RM4.8 million) as compared to RM24.2 million (excluding impairment loss on trade and other receivable of RM3.0 million) in the preceding year's corresponding quarter. The overall results were mainly affected by lower contribution from services segment.

- Services Segment

The segment revenue for the current quarter decrease from RM79.7 million in Q4 2019 to RM56.3 million in Q4 2020. Lower revenue recorded in Q4 2020 resulted from lower activities in existing services contracts. The segment recorded profit before taxation of RM5.2 million (excluding write-back of impairment on trade and other receivable of RM1.2 million) in Q4 2020 as compared to RM18.9 million (excluding impairment loss on trade and other receivables of RM3.0 million) in Q4 2019. This is mainly due to lower revenue recorded on projects executed during the quarter.

- Marine Assets Segment

The segment recorded higher revenue of RM85.4 million in the current quarter as compared to RM64.5 million in Q4 2019 due to higher vessel utilisation. As a result, the segment recorded higher profit before taxation of RM7.2 million (excluding impairment loss on property, plant and equipment of RM4.8 million) in current quarter as compared to RM5.1 million in Q4 2019.

- Development and Production Segment

The segment recorded higher profit before taxation of RM4.8 million in Q4 2020 as compared to profit of 2.8 million in Q4 2019 due to positive contribution from Technical Service Agreement.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information (cont'd)

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

For the current twelve-months period under review, the Group recorded revenue of RM427.0 million, as compared to RM592.9 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. The Group recorded lower profit before taxation of RM26.6 million (excluding write-back of impairment on trade and other receivable of RM1.2 million and impairment loss on property, plant and equipment of RM4.8 million) in the current period as compared to RM65.0 million (excluding impairment loss on trade and other receivable of RM3.0 million) in the preceding year's corresponding period. The overall results were mainly affected by lower contribution from development and production segment and services segment.

- Services Segment

The segment revenue for the current twelve-months period decrease to RM258.2 million from RM431.5 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 RM20.5 million (excluding write-back of impairment on trade and other receivable of RM1.2 million) in current period as compared to RM35.4 million (excluding impairment loss on trade and other receivable of RM3.0 million) in the preceding year's corresponding period. This is mainly due to lower revenue recorded on projects executed during the period.

- Marine Assets Segment

The segment recorded revenue of RM234.5 million in the current twelve-months period as compared to RM287.0 million in the preceding year's corresponding period. The segment recorded profit before taxation of RM9.0 million (excluding impairment loss on property, plant and equipment of RM4.8 million) as compared to RM4.4 million in the preceding year's corresponding period due to improved efficiency in vessel management.

- Development and Production Segment

The segment revenue relates to service rendered to operate and maintain a client's field. This contract was awarded to the Group during the period upon expiring of previous contract, namely the Kapal Banang Meranti Small Field Risk Service Contract, in June 2020. The segment recorded lower profit before taxation of RM5.9 million in the current twelve-months period as compared to profit before tax of RM32.2 million in the corresponding period of the preceding year.

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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 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(2,069)	(618)	(4,876)	(1,557)
Interest expense	1,342	936	3,414	7,570
(Gain)/Loss on foreign exchange - realised	(188)	763	(184)	1,124
Loss/(Gain) on foreign exchange - unrealised	275	(558)	355	(536)
(Reversal)/Impairment loss on trade and other receivables	(1,247)	2,950	(1,247)	2,099
Impairment loss on property, plant and equipment	4,805	-	4,805	7,483
(Gain)/Loss on disposal of property, plant and equipment	-	7,512	(40)	89
Depreciation charges				
- Property, plant and equipment	6,465	4,259	27,633	25,985
- Right-of-use asset	21,017	12,512	29,192	16,684

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 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(2,533)	-	(7,856)	-

13. Earnings per share (sen)

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

	31 December 2020	31 December 2019
	RM'000	RM'000
Profit for the financial year	15,179	61,919
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted EPS (sen)	4.73	19.29

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Cash and bank balances

	31 December 2020 RM'000	31 December 2019 RM'000
Short term deposits with licensed banks	112,072	97,660
Cash at banks and on hand	59,497	61,184
	171,569	158,844

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

	31 December 2020 RM'000	31 December 2019 RM'000
Cash and bank balances	171,569	158,844
Less: Cash restricted in use		
- Debt Service Reserve Account	(101)	(4,496)
- Fixed deposits pledged for borrowing	(1,533)	(1,232)
Net cash and cash equivalents	169,935	152,877

15. Loans and borrowings

	31 December 2020 RM'000	31 December 2019 RM'000
Short term borrowings		
Secured	27,170	28,706

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 2020 and 31 December 2019:

	31 December 2020 RM'000	31 December 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 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 RM136.4 million was 7.7% lower than the immediate preceding quarter. This is mainly due to lower activities performed in the Group's existing services contract. Accordingly, profit after tax reduced from RM23.7m recorded in the immediate preceding quarter to RM13.2 million in the current quarter (excluding write-back of impairment on trade and other receivable of RM1.2 million and impairment loss on property, plant and equipment of RM4.8 million).

20. Commentary on prospects

The Covid-19 pandemic in late 2019 is a fluid and challenging situation facing all economies globally especially in the oil and gas industry, despite recent uptrend in oil price. 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 31 December 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 December 2020.

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

25. Changes in Material Litigations

As at 31 December 2020, 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 2020, amounting to a dividend payable of RM6,418,844. The dividend will be paid on 17 May 2021 to shareholders whose name appear in the Record of Depositors at the close business on 20 April 2021.

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 22 February 2021.