



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 SEPTEMBER 2021**

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>9 months ended</i>	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		92,970	147,683	245,016	290,596
Cost of sales		(77,794)	(118,011)	(218,784)	(262,753)
Gross profit		15,176	29,672	26,232	27,843
Other income		679	190	1,785	2,649
Administrative expenses		(5,245)	(5,405)	(15,795)	(17,605)
Profit from operations		10,610	24,457	12,222	12,887
Finance income		529	532	1,394	2,807
Finance costs		(1,037)	(834)	(2,740)	(2,072)
Share of results of an associate		(175)	(155)	(723)	(2,765)
Profit before taxation	11	9,927	24,000	10,153	10,857
Income tax expense	12	(4,037)	(277)	(6,752)	(5,323)
Profit for the financial period		5,890	23,723	3,401	5,534
<u>Other comprehensive income/(loss):</u>					
Item that may be subsequently reclassified to profit or loss					
- Share of other comprehensive income/(loss) of an associate		87	(872)	525	334
Other comprehensive income/(loss) for the financial period, net of tax		87	(872)	525	334
Total comprehensive income for the financial period		5,977	22,851	3,926	5,868
Earnings per share (sen)					
Basic/ diluted	13	1.84	7.39	1.06	1.72

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 2021 Unaudited RM'000	31 December 2020 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		188,250	207,860
Right-of-use assets		39,281	62,463
Lease receivable		6,373	11,542
Investment in associate		10,345	10,543
Deferred tax asset		643	809
		244,892	293,217
Current assets			
Inventories		2,089	2,267
Trade and other receivables		62,782	76,967
Amount due from an associate company		60	60
Lease receivable		11,789	7,182
Contract assets		74,308	84,067
Tax recoverable		6,207	1,322
Cash and bank balances	14	157,854	172,961
		315,089	344,826
Total Assets		559,981	638,043
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		10,033	9,508
Retained earnings		96,554	105,991
Total equity		374,556	383,468
Non-current liabilities			
Lease liabilities		873	15,923
Deferred tax liabilities		581	-
		1,454	15,923
Current liabilities			
Lease liabilities		22,190	30,216
Loans and borrowings	15	34,711	27,170
Trade and other payables		121,941	171,654
Contract liabilities		525	8,096
Income tax payable		4,604	1,516
		183,971	238,652
Total liabilities		185,425	254,575
Total equity and liabilities		559,981	638,043
Net assets per share of RM0.50 each		1.16	1.19

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 2021	299,809	(31,000)	(840)	9,508	105,991	383,468
Loss for the financial period	-	-	-	-	3,401	3,401
Other comprehensive income for the financial period	-	-	-	525	-	525
Total comprehensive income for the financial period	-	-	-	525	3,401	3,926
<u>Transactions with owners:</u>						
Interim dividend in respect of financial year ended 31 December 2020	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of financial year ended 31 December 2021	-	-	-	-	(6,419)	(6,419)
As at 30 September 2021	299,809	(31,000)	(840)	10,033	96,554	374,556
As at 1 January 2020	299,809	(31,000)	(840)	9,957	102,815	380,741
Profit for the financial year	-	-	-	-	16,014	16,014
Other comprehensive loss for the financial year	-	-	-	(449)	-	(449)
Total comprehensive (loss)/income for the financial year	-	-	-	(449)	16,014	15,565
<u>Transactions with owners:</u>						
Interim dividend in respect of the financial year ended 31 December 2019	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of the financial year ended 31 December 2020	-	-	-	-	(6,419)	(6,419)
As at 31 December 2020	299,809	(31,000)	(840)	9,508	105,991	383,468

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>	
	30 September 2021	30 September 2020
	Unaudited	Unaudited
	RM'000	RM'000
Profit before tax	10,153	10,857
Adjustments for:		
Finance income	(1,394)	(2,807)
Finance costs	2,740	2,070
Depreciation charge		
- property, plant and equipment	22,028	21,168
- right-of-use asset	23,180	11,731
Loss on disposal of property, plant and equipment	-	40
Unrealised foreign exchange (gain)/loss	(206)	4
Share of results of associate	723	2,765
Total adjustments	47,071	34,971
Operating cash flows before changes in working capital	57,224	45,828
Changes in working capital:		
Inventories	179	681
Trade and other receivables	14,185	(36,455)
Lease receivable	563	2,416
Contract assets	9,759	5,142
Trade and other payables	(49,208)	11,889
Contract liabilities	(7,571)	239
Total changes in working capital	(32,093)	(16,088)
Cash flows generated from operations	25,131	29,740
Net income tax paid	(7,802)	(576)
Net cash flows generated from operating activities	17,329	29,164
Net cash flows used in investing activities	(586)	(1,594)
Net cash flows used in financing activities	(66,211)	(28,299)
Net changes in cash and cash equivalents	(49,468)	(729)
Effects of exchange rate changes	(739)	(404)
Cash and cash equivalents at 1 January	172,658	152,877
Cash and cash equivalents at 30 September	122,451	151,744
	30 September 2021	30 September 2020
	Unaudited	Unaudited
	RM'000	RM'000
Cash and bank balances, representing cash and cash equivalent	157,854	153,992
Less : Cash restricted in use		
- Fixed deposits pledged for borrowing	(35,403)	(2,248)
Net cash and cash equivalent	122,451	151,744

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 2020.

The audited financial statements of the Group for the year ended 31 December 2020 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 2020.

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 16 ‘COVID-19-Related Rent Concessions’	1 June 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 2020 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 September 2021.

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 September 2021 RM'000
2,556
2,556

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 30 September 2021 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenue (RM'000)										
External customers	31,914	91,549	35,229	34,667	25,827	21,467	-	-	92,970	147,683
Inter-segment	1,354	1,469	30,163	34,874	-	-	(31,517)	(36,343)	-	-
Total revenue	33,268	93,018	65,392	69,541	25,827	21,467	(31,517)	(36,343)	92,970	147,683
Results (RM'000)										
Segment results	1,040	20,071	7,547	5,152	4,322	4,274	(1,770)	(4,508)	11,139	24,989
Finance costs	(568)	(346)	(4)	(223)	(465)	(265)	-	-	(1,037)	(834)
Share of results of associate	-	-	-	-	(175)	(155)	-	-	(175)	(155)
Segment profit/(loss) before tax	472	19,725	7,543	4,929	3,682	3,854	(1,770)	(4,508)	9,927	24,000

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 30 September 2021 (9 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenue (RM'000)										
External customers	88,456	196,779	88,713	72,350	67,847	21,467	-	-	245,016	290,596
Inter-segment	5,143	5,037	68,799	76,749	-	-	(73,942)	(81,786)	-	-
Total revenue	93,599	201,816	157,512	149,099	67,847	21,467	(73,942)	(81,786)	245,016	290,596
Results (RM'000)										
Segment results	3,726	16,819	3,504	2,040	11,654	4,200	(5,266)	(7,365)	13,618	15,694
Finance costs	(1,556)	(1,535)	(10)	(231)	(1,174)	(306)	-	-	(2,740)	(2,072)
Share of results of associate	-	-	-	-	(725)	(2,765)	-	-	(725)	(2,765)
Segment profit/(loss) before tax	2,170	15,284	3,494	1,809	9,755	1,129	(5,266)	(7,365)	10,153	10,857

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 RM93.0 million, as compared to RM147.7 million reported in corresponding quarter of the preceding year. As a result, the Group recorded lower profit before taxation of RM9.9 million in Q3 2021 as compared to RM24.0 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter decrease from RM93.0 million in Q3 2020 to RM33.3 million in Q3 2021. Lower revenue recorded in Q3 2021 resulted from lower activities in existing contracts. As a result, the segment recorded lower profit before taxation of RM0.5 million in Q3 2021 as compared to RM19.7 in Q3 2020.

- Marine Assets Segment

The segment recorded revenue of RM65.4 million in the current quarter as compared to RM69.5 million in Q3 2020. The segment recorded profit before taxation of RM7.5 million in Q3 2021 as compared to profit before tax of RM4.9 million in Q3 2020 due to improved efficiency in vessel management.

- Production and Development Segment

The segment recorded revenue of RM25.8 million in the current quarter as compared to RM21.4 million in Q3 2020. The segment recorded profit before taxation of RM3.7 million in Q3 2021 as compared to RM3.9 million in Q3 2020.

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 RM245.0 million, as compared to RM290.6 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM10.2 million in the current period as compared profit before taxation of RM10.9 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current nine-months period decrease to RM93.6 million from RM201.8 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 RM2.2 million in current period as compared to RM15.3 million in the preceding year's corresponding period, mainly due to lower revenue recorded on projects executed.

- Marine Assets Segment

The segment recorded revenue of RM157.5 million in the current nine-months period due to higher vessel utilisation as compared to RM149.1 million in the preceding year's corresponding period. As a result, the segment incurred higher profit before taxation of RM3.5 million as compared to RM1.8 million in the preceding year's corresponding period.

- Production and Development Segment

The segment recorded revenue of RM67.8 million in the current nine-months period as compared to RM21.5 million in the preceding year's corresponding period as Technical Service Agreement ("TSA") only starts to operate on 28 June 2020. The segment recorded profit before taxation of RM9.8 million in the current nine-months period as compared to RM1.1 million in the corresponding period of the preceding year due to positive contribution from TSA as well as lower share of loss from an associate.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Profit before taxation

Included in the profit 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 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(529)	(532)	(1,394)	(2,807)
Interest expense	1,036	834	2,740	2,072
Loss/(Gain) on foreign exchange - realised	145	(68)	244	4
(Gain)/Loss on foreign exchange - unrealised	(61)	111	(206)	80
(Gain) on disposal of property, plant and equipment	-	-	-	(40)
Depreciation charges				
- Property, plant and equipment	7,329	7,913	22,028	21,168
- Right-of-use asset	7,683	3,556	23,180	11,731

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 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	2,270	277	4,985	5,323
Under provision in prior year	1,020	-	1,020	-
Deferred tax:				
Under provision in prior year	747	-	747	-
	4,037	277	6,752	5,323

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Earning per share (sen)

The calculation of basic earning per share as at 30 September 2021 and 30 September 2020 was based on the earning for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	30 September 2021 RM'000	30 September 2020 RM'000
Profit for the financial year	3,401	5,534
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted earning per share (sen)	1.06	1.72

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

14. Cash and bank balances

	30 September 2021 RM'000	31 December 2020 RM'000
Short term deposits with licensed banks	117,555	112,072
Cash at banks and on hand	40,299	60,889
	157,854	172,961

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

	30 September 2021 RM'000	31 December 2020 RM'000
Cash and bank balances, representing cash and cash equivalents	157,854	172,961
Less: Cash restricted in use		
- Fixed deposits pledged for borrowing	(35,403)	(303)
Net cash and cash equivalents	122,451	172,658

15. Loans and borrowings

	30 September 2021 RM'000	31 December 2020 RM'000
Short term borrowings		
Secured	34,711	27,170

The Group is not 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 2021 and 30 September 2020:

	30 September 2021 RM'000	30 September 2020 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 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 RM93.0 million was higher by 25.3% compared to immediate preceding quarter. This is mainly due to increase in client's activities executed for HuC/TMM contract.

As a result, the Group recorded higher profit before taxation of RM9.9 million as compared to RM4.1 million in Q2 2021.

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 period ended 30 September 2021 nor for the previous year ended 31 December 2020.

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 2021.

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

25. Changes in Material Litigations

As at 30 September 2021, 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 18 November 2021.