



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 DECEMBER 2021**

PETRA ENERGY BERHAD
200501036241 (718388-H)
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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 2021 Unaudited RM'000	31 December 2020 Unaudited RM'000	31 December 2021 Unaudited RM'000	31 December 2020 Audited RM'000
Revenue		77,326	131,766	322,342	422,362
Cost of sales		(54,735)	(114,191)	(273,519)	(376,944)
Gross profit		22,591	17,575	48,823	45,418
Other income		97	1,475	1,883	4,124
Administrative expenses		(8,002)	(8,862)	(23,796)	(26,467)
Other expenses		(4,237)	(1,355)	(4,237)	(1,355)
Profit from operations		10,449	8,833	22,673	21,720
Finance income		2,438	2,064	3,832	4,871
Finance costs		(783)	(1,348)	(3,524)	(3,420)
Share of results of an associate		311	2,655	(412)	(110)
Profit before taxation	11	12,415	12,204	22,569	23,061
Income tax expense	12	124	(1,724)	(6,628)	(7,047)
Profit for the financial period		12,539	10,480	15,941	16,014
<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		(6)	(783)	519	(449)
Other comprehensive (loss)/income for the financial period, net of tax		(6)	(783)	519	(449)
Total comprehensive income for the financial period		12,533	9,697	16,460	15,565
Earnings per share (sen)					
Basic/ diluted	13	3.91	3.27	4.97	4.99

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 2021 Unaudited RM'000	31 December 2020 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		185,486	207,860
Right-of-use assets		32,597	62,463
Lease receivable		12,679	11,542
Investment in associate		10,650	10,543
Deferred tax asset		1,532	809
		242,944	293,217
Current assets			
Inventories		1,934	2,267
Trade and other receivables		45,408	76,967
Amount due from an associate company		60	60
Lease receivable		7,112	7,182
Contract assets		102,864	84,067
Tax recoverable		7,811	1,322
Cash and bank balances	14	143,055	172,961
		308,244	344,826
Total Assets		551,188	638,043
EQUITY AND LIABILITIES			
Share capital			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		10,027	9,508
Retained earnings		109,094	105,991
Total equity		387,090	383,468
Non-current liabilities			
Lease liabilities		1,015	15,923
Deferred taxation		1,137	-
		2,152	15,923
Current liabilities			
Lease liabilities		16,263	30,216
Loans and borrowings	15	32,837	27,170
Trade and other payables		110,521	171,654
Contract liabilities		2,002	8,096
Income tax payable		323	1,516
		161,946	238,652
Total liabilities		164,098	254,575
Total equity and liabilities		551,188	638,043
Net assets per share of RM0.50 each		1.21	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
Profit for the financial year	-	-	-	-	15,941	15,941
Other comprehensive income for the financial period	-	-	-	519	-	519
Total comprehensive income/(loss) for the financial period	-	-	-	519	15,941	16,460
<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 31 December 2021	299,809	(31,000)	(840)	10,027	109,094	387,090
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 income for the financial year	-	-	-	(449)	-	(449)
Total comprehensive 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>12 months ended</i>	
	31 December 2021 Unaudited RM'000	31 December 2020 Audited RM'000
Profit before tax	22,569	23,061
Adjustments for:		
Finance income	(3,832)	(4,871)
Finance costs	3,524	3,420
Depreciation charge		
- property, plant and equipment	22,368	27,649
- right-of-use asset	31,195	29,597
Gain on disposal of property, plant and equipment	-	(40)
Impairment loss on property, plant and equipment	4,482	4,805
Net reversal of impairment on trade receivable	(865)	(1,262)
Loss on modification finance lease receivable	1,067	570
Unrealised foreign exchange loss/(gain)	334	(2,092)
Share of results of associate	412	110
Total adjustments	58,685	57,886
Operating cash flows before changes in working capital	81,254	80,947
Changes in working capital:		
Inventories	332	4,158
Trade and other receivables	13,627	(16,346)
Lease receivable	482	2,349
Trade and other payables	(61,134)	(6,100)
Contract liabilities	(6,094)	(5,622)
Total changes in working capital	(52,787)	(21,561)
Cash flows generated from operations	28,467	59,386
Net income tax paid	(13,897)	(7,656)
Net cash flows generated from operating activities	14,570	51,730
Net cash flows (used in)/generated from investing activities	(2,642)	5,360
Net cash flows used in financing activities	(76,882)	(37,360)
Net changes in cash and cash equivalents	(64,954)	19,730
Effects of exchange rate changes	(52)	51
Cash and cash equivalents at 1 January	172,658	152,877
Cash and cash equivalents at 31 December (Note 14)	107,652	172,658
	31 December 2021 RM'000	31 December 2020 RM'000
Cash and bank balances, representing cash and cash equivalents	143,055	172,961
Less: Cash restricted in use		
- Debt Service Reserve Account	(35,000)	-
- Fixed deposits pledged for borrowing	(403)	(303)
Net cash and cash equivalents	107,652	172,658

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 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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 31 December 2021.

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 2021 RM'000
2,348
2,348

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 31 December 2021 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Revenue (RM'000)										
External customers	31,489	49,362	25,589	61,577	20,248	20,827	-	-	77,326	131,766
Inter-segment	1,564	2,387	26,113	23,841	-	-	(27,677)	(26,228)	-	-
Total revenue	33,053	51,749	51,702	85,418	20,248	20,827	(27,677)	(26,228)	77,326	131,766
Results (RM'000)										
Segment results	2,435	6,651	3,455	2,389	10,059	3,271	(3,062)	(1,414)	12,887	10,897
Finance costs	(589)	(202)	(3)	(4)	(191)	(1,142)	-	-	(783)	(1,348)
Share of results of associate	-	-	-	-	311	2,655	-	-	311	2,655
Segment profit/(loss) before tax	1,846	6,449	3,452	2,385	10,179	4,784	(3,062)	(1,414)	12,415	12,204

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 31 December 2021 (12 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Revenue (RM'000)										
External customers	119,945	245,328	114,303	134,739	88,094	42,295	-	-	322,342	422,362
Inter-segment	6,708	7,424	94,912	102,289	-	-	(101,620)	(109,713)	-	-
Total revenue	126,653	252,752	209,215	237,028	88,094	42,295	(101,620)	(109,713)	322,342	422,362
Results (RM'000)										
Segment results	6,161	23,470	6,959	4,429	21,713	7,471	(8,328)	(8,779)	26,505	26,591
Finance costs	(2,146)	(1,737)	(13)	(235)	(1,365)	(1,448)	-	-	(3,524)	(3,420)
Share of results of associate	-	-	-	-	(412)	(110)	-	-	(412)	(110)
Segment profit/(loss) before tax	4,015	21,733	6,946	4,194	19,936	5,913	(8,328)	(8,779)	22,569	23,061

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 RM72.3 million, as compared to RM131.8 million reported in corresponding quarter of the preceding year. The Group recorded higher profit before taxation of RM16.0 million (excluding write-back of impairment on trade and other receivable of RM0.9 million and impairment loss on property, plant and equipment of RM4.5 million) in Q4 2021 as compared to RM15.8 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 preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter decrease from RM51.7 million in Q4 2020 to RM33.1 million in Q4 2021. Lower revenue recorded in Q4 2021 primarily due to deferment in project execution in existing contracts following Covid-19 pandemic and weather downtime. As a result, the segment recorded lower profit before taxation of RM0.9 million (excluding write-back of impairment on trade and other receivable of RM0.9 million) in Q4 2021 as compared to profit RM5.2million (excluding write-back of impairment on trade and other receivable of RM1.2 million) in Q4 2020.

- Marine Assets Segment

The segment recorded revenue of RM51.7 million in the current quarter as compared to RM85.4 million in Q4 2020. The segment recorded higher profit before taxation of RM8.0 million (excluding impairment loss on property, plant and equipment of RM4.5 million) in Q4 2021 as compared to RM7.2 million (excluding impairment loss on property, plant and equipment of RM4.8 million) in Q4 2020.

- Production and Development Segment

The segment recorded revenue of RM20.2 million in the current quarter as compared to RM20.8 million in Q4 2020. The segment recorded higher profit before taxation of RM10.2 million in Q4 2021 as compared to RM4.8 million in Q4 2020 due to improved operational efficiency in project execution.

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-month period under review, the Group recorded revenue of RM322.3 million, as compared to RM422.4 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM26.2 million (excluding write-back of impairment on trade and other receivable of RM0.9 million and impairment loss on property, plant and equipment of RM4.5 million) in the current period as compared to RM26.7 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 preceding year's corresponding period.

- Services Segment

The segment revenue for the current twelve-month period decrease to RM126.7 million from RM252.8 million in the preceding year's corresponding period. Lower revenue recorded in current period resulted from lower activities in existing services contracts primarily due to deferment in project execution following Covid-19 pandemic and weather downtime. The segment recorded profit before taxation of RM3.1 million (excluding write-back of impairment on trade and other receivable of RM0.9 million) in current period as compared to RM20.5 million (excluding write-back of impairment on trade and other receivable of RM1.2 million) in the preceding year's corresponding period, mainly due to lower activities executed during the period.

- Marine Assets Segment

The segment recorded revenue of RM209.2 million in the current twelve-month period as compared to RM237.0 million in the preceding year's corresponding period. The segment recorded profit before taxation of RM11.4 million (excluding impairment loss on property, plant and equipment of RM4.5 million) as compared to RM9.0 million (excluding impairment loss on property, plant and equipment of RM4.8 million) in the preceding year's corresponding period, mainly due to efficiency in marine cost management.

- Production and Development Segment

The segment recorded revenue of RM88.1 million in the current twelve-month period as compared to RM42.3 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 RM19.9 million in the current twelve-month period as compared to RM5.9 million in the corresponding period of the preceding year in line with higher revenue generated as well as improved operational efficiency in project execution.

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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>12 months ended</i>	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(2,483)	(2,064)	(3,832)	(4,871)
Interest expense	783	1,348	3,524	3,420
Loss/(Gain) on foreign exchange - realised	42	(126)	286	(122)
Loss/(Gain) on foreign exchange - unrealised	540	(2,172)	334	(2,092)
(Reversal)/Impairment loss on trade receivables	(865)	(1,262)	(865)	(1,262)
Impairment of property, plant and equipment	4,482	4,805	4,482	4,805
(Gain)/Loss on disposal of fixed assets	-	-	-	(40)
Depreciation charges				
- Property, plant and equipment	340	6,481	22,368	27,649
- Right-of-use asset	8,015	17,866	31,195	29,597

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	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	(312)	2,533	7,917	7,856
Over provision in prior year	(145)	-	(875)	-
Deferred tax:				
(Over)/Under provision in prior year	333	(809)	(414)	(809)
	(124)	1,724	6,628	7,047

13. Earning per share (sen)

The calculation of basic earning per share as at 31 December 2021 and 31 December 2020 was based on the earning for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	31 December	31 December
	2021	2020
	RM'000	RM'000
Profit for the financial year	15,941	16,014
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted earning per share (sen)	4.97	4.99

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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Cash and bank balances

	31 December 2021 RM'000	31 December 2020 RM'000
Short term deposits with licensed banks	109,677	112,072
Cash at banks and on hand	33,378	60,889
	143,055	172,961

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

	31 December 2021 RM'000	31 December 2020 RM'000
Cash and bank balances, representing cash and cash equivalents	143,055	172,961
Less: Cash restricted in use		
- Debt Service Reserve Account	(35,000)	-
- Fixed deposits pledged for borrowing	(403)	(303)
Net cash and cash equivalents	107,652	172,658

15. Loans and borrowings

	31 December 2021 RM'000	31 December 2020 RM'000
Short term borrowings		
Secured	32,837	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 31 December 2021 and 31 December 2020:

	31 December 2021 RM'000	31 December 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 RM77.3 million was lower by 16.8% compared to immediate preceding quarter. This is mainly due to decrease in client's activities executed for HuC/TMM contract.

The Group recorded higher profit before taxation of RM16.0 million (excluding write-back of impairment on trade and other receivable of RM0.9 million and impairment loss on property, plant and equipment of RM4.5 million) as compared to RM9.9 million in Q3 2021 mainly due to improved efficiency in project execution.

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 31 December 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 31 December 2021.

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

25. Changes in Material Litigations

As at 31 December 2021, 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 2021, amounting to a dividend payable of RM6,418,844. The dividend will be paid on 15 April 2022 to shareholders whose name appear in the Record of Depositors at the close of business on 22 March 2022.

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 18 February 2022.