



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 DECEMBER 2022**

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 2022	31 December 2021	31 December 2022	31 December 2021
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
Revenue		110,383	77,326	370,724	322,342
Cost of sales		(97,340)	(54,735)	(335,906)	(273,519)
Gross profit		13,043	22,591	34,818	48,823
Other income		(1,849)	1,620	1,900	3,405
Administrative expenses		(7,581)	(8,002)	(23,935)	(23,796)
Other expenses		(1,145)	(5,760)	(3,419)	(5,759)
Profit from operations		2,468	10,449	9,364	22,673
Finance income		1,227	2,438	3,440	3,832
Finance costs		(1,009)	(783)	(2,365)	(3,524)
Share of results of an associate		(264)	311	(420)	(412)
Profit before taxation	11	2,422	12,415	10,019	22,569
Income tax	12	5,482	124	3,057	(6,628)
Profit for the financial period		7,904	12,539	13,076	15,941
<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		78	(6)	-	519
Other comprehensive (loss)/income for the financial period, net of tax		78	(6)	-	519
Total comprehensive income for the financial period		7,982	12,533	13,076	16,460
Earnings per share (sen)					
Basic/ diluted	13	2.46	3.91	4.07	4.97

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 2022 Unaudited RM'000	31 December 2021 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		192,402	185,486
Right-of-use assets		77,897	32,597
Lease receivable		-	12,679
Investment in associate		3,391	10,650
Deferred tax asset		7,503	1,532
		281,193	242,944
Current assets			
Inventories		7,182	1,934
Trade and other receivables		28,789	45,408
Amount due from an associate company		-	60
Lease receivable		-	7,112
Contract assets		114,141	102,864
Tax recoverable		10,885	7,811
Cash and bank balances	14	184,824	143,055
		345,821	308,244
Total Assets		627,014	551,188
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		10,027	10,027
Retained earnings		109,332	109,094
Total equity		387,328	387,090
Non-current liabilities			
Lease liabilities		35,085	1,015
Deferred tax liabilities		22	1,137
		35,107	2,152
Current liabilities			
Lease liabilities		30,335	16,263
Loans and borrowings	15	36,860	32,837
Trade and other payables		136,399	108,535
Contract liabilities		908	3,988
Income tax payable		77	323
		204,579	161,946
Total liabilities		239,686	164,098
Total equity and liabilities		627,014	551,188
Net assets per share of RM0.50 each		1.21	1.21

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 2022	299,809	(31,000)	(840)	10,027	109,094	387,090
Profit for the financial period	-	-	-	-	13,076	13,076
Other comprehensive income for the financial period	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	13,076	13,076
<u>Transactions with owners:</u>						
Interim dividend in respect of financial year ended 31 December 2021	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of financial year ended 31 December 2022	-	-	-	-	(6,419)	(6,419)
As at 31 December 2022	299,809	(31,000)	(840)	10,027	109,332	387,328
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 year	-	-	-	519	-	519
Total comprehensive income for the financial year	-	-	-	519	15,941	16,460
<u>Transactions with owners:</u>						
Interim dividend in respect of the financial year ended 31 December 2020	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of the 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

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 2022	31 December 2021
	Unaudited	Audited
	RM'000	RM'000
Profit before tax	10,019	22,569
Adjustments for:		
Finance income	(3,440)	(3,832)
Finance costs	2,365	3,524
Depreciation charge		
- property, plant and equipment	25,400	22,676
- right-of-use asset	20,045	31,197
Impairment of property, plant and equipment	-	4,482
Impairment loss/(reversal) on trade and other receivables	3,106	(865)
Loss on modification of finance lease liability	-	1,066
Gain on disposal	(159)	-
Unrealised foreign exchange gain	69	334
Share of results of associate	420	412
Total adjustments	47,806	58,994
Operating cash flows before changes in working capital	57,825	81,563
Changes in working capital:		
Inventories	(5,248)	332
Trade and other receivables	13,513	32,424
Lease receivable	-	(1,476)
Trade and other payables	21,309	(63,119)
Contract assets	(11,277)	(18,797)
Contract liabilities	(3,081)	(4,108)
Total changes in working capital	15,216	(54,744)
Cash flows generated from operations	73,041	26,819
Net income tax paid	(7,350)	(13,897)
Net cash flows generated from operating activities	65,691	12,922
Net cash flows used in investing activities	6,973	(952)
Net cash flows used in financing activities	(28,817)	(76,883)
Net changes in cash and cash equivalents	43,847	(64,913)
Effects of exchange rate changes	69	(93)
Cash and cash equivalents at 1 January	107,652	172,658
Cash and cash equivalents at 31 Dec (Note 14)	151,568	107,652

	31 December	31 December
	2022	2021
	RM'000	RM'000
Cash and bank balances, representing cash and cash equivalents	184,824	143,055
Less: Cash restricted in use		
- Debt Service Reserve Account	(32,853)	(35,000)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	151,568	107,652

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 2021.

The audited financial statements of the Group for the year ended 31 December 2021 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 2021.

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
Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 4 – Insurance Contracts	1 January 2021
Amendments to MFRS 7 – Financial Instruments: Disclosures	1 January 2021
Amendments to MFRS 9 – Financial Instruments	1 January 2021
Amendments to MFRS 6 – Leases	1 January 2021
Amendments to MFRS 139 – Financial Instruments: Recognition and Measurement	1 January 2021

The adoption of the above standards and interpretations did not have a significant impact on the financial statements in the period of application.

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2021 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 2022.

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 2022 RM'000
22,359
22,359

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 31 December 2022 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Revenue (RM'000)										
External customers	81,302	51,737	29,081	25,589	-	-	-	-	110,383	77,326
Inter-segment	1,972	1,564	25,557	26,113	-	-	(27,529)	(27,677)	-	-
Total revenue	83,274	53,301	54,638	51,702	-	-	(27,529)	(27,677)	110,383	77,326
Results (RM'000)										
Segment results	5,598	16,894	6,771	3,455	-	-	(8,674)	(7,462)	3,695	12,887
Finance costs	(1,005)	(780)	(4)	(3)	-	-	-	-	(1,009)	(783)
Share of results of associate	-	-	-	-	(264)	311	-	-	(264)	311
Segment profit/(loss) before tax	4,593	16,114	6,767	3,452	(264)	311	(8,674)	(7,462)	2,422	12,415

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 31 December 2022 (12 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Revenue (RM'000)										
External customers	263,401	208,039	107,323	114,303	-	-	-	-	370,724	322,342
Inter-segment	7,279	6,708	102,954	94,912	-	-	(110,233)	(101,620)	-	-
Total revenue	270,680	214,747	210,277	209,215	-	-	(110,233)	(101,620)	370,724	322,342
Results (RM'000)										
Segment results	19,104	32,274	7,704	6,959	-	-	(14,004)	(12,728)	12,804	26,505
Finance costs	(2,349)	(3,511)	(16)	(13)	-	-	-	-	(2,365)	(3,524)
Share of results of associate	-	-	-	-	(420)	(412)	-	-	(420)	(412)
Segment profit/(loss) before tax	16,755	28,763	7,688	6,946	(420)	(412)	(14,004)	(12,728)	10,019	22,569

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 RM110.4 million, as compared to RM77.3 million reported in corresponding quarter of the preceding year. The Group recorded profit before taxation of RM2.4 million in Q4 2022 as compared to profit before taxation of RM12.4 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter increase from RM53.3 million in Q4 2021 to RM83.3 million in Q4 2022. Higher revenue recorded in Q4 2022 resulted from the non-routine scope within the extended TSA contract. The segment recorded profit before taxation of RM4.6 million in Q4 2022 as compared to RM16.1 million in Q4 2021, due to the different product mix of the work executed during the quarter compared to corresponding quarter in the previous year.

- Marine Assets Segment

The segment recorded revenue of RM54.6 million in the current quarter compared to RM51.7 million in Q4 2021. The segment recorded profit before taxation of RM6.8 million in Q4 2022 as compared to RM3.5 million in Q4 2021, in line with higher vessel utilization during the quarter.

- Production and Development Segment

Minimal share of results of an associate company as the previous Kapal Banang Meranti Small Field Risk Service Contract ("KBMSFRC") has been concluded.

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 RM370.7 million, as compared to RM322.3 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM10.0 million in the current period as compared profit before taxation of RM22.6 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current twelve-months period increase to RM270.7 million from RM214.7 million in the preceding year's corresponding period. Higher revenue recorded resulted from non-routine scope within the extended TSA contract coupled with, higher activities executed in existing contracts. The segment recorded profit before taxation of RM16.8 million in current period as compared to RM28.8 million in the preceding year's corresponding period due to the different product mix of the work executed during the period.

- Marine Assets Segment

The segment recorded revenue of RM210.3 million in the current twelve-months period compared to RM209.2 million in the preceding year's corresponding period. The segment incurred profit before taxation of RM7.7 million as compared to RM6.9 million in the preceding year's corresponding period.

- Production and Development Segment

Minimal share of results of an associate company as the previous KBMSFRC has been concluded.

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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 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,227)	(2,438)	(3,440)	(3,832)
Interest expense	1,009	783	2,365	3,524
(Gain)/Loss on foreign exchange - realised	(94)	145	(161)	268
Loss/(Gain) on foreign exchange - unrealised	1,958	(61)	69	334
Impairment /(reversal) on trade and other receivables	1,198	-	3,106	(865)
Impairment of property, plant and equipment	-	-	-	4,482
(Gain)/Loss on disposal of fixed assets	(159)	-	(159)	-
Depreciation charges				
- Property, plant and equipment	3,311	7,329	25,400	22,676
- Right-of-use asset	3,739	7,683	20,045	31,197

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 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	251	2,104	5,315	7,089
Under/(over) provision in prior year	434	(1,895)	(841)	(875)
Deferred tax	(6,167)	(333)	(7,531)	414
	(5,482)	(124)	(3,057)	6,628

13. Earnings per share (sen)

The calculation of basic earnings per share as at 31 December 2022 and 31 December 2021 was based on the earnings for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	31 December 2022	31 December 2021
	RM'000	RM'000
Profit for the financial period	13,076	15,941
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted earnings per share (sen)	4.07	4.97

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 2022 RM'000	31 December 2021 RM'000
Short term deposits with licensed banks	113,170	109,677
Cash at banks and on hand	71,654	33,378
	184,824	143,055

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

	31 December 2022 RM'000	31 December 2021 RM'000
Cash and bank balances, representing cash and cash equivalents	184,824	143,055
Less: Cash restricted in use		
- Debt Service Reserve Account	(32,853)	(35,000)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	151,568	107,652

15. Loans and borrowings

	31 December 2022 RM'000	31 December 2021 RM'000
Short term borrowings		
Secured	36,860	32,837

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 2022 and 31 December 2021:

	31 December 2022 RM'000	31 December 2021 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 RM110.4 million was lower by RM23 million or 17.3% compared to immediate preceding quarter of RM133.4 million. This is mainly due to lower vessel utilisation, coupled with lower activities executed in the existing contract during the quarter partially offset by increase in revenue from non-routine scope from TSA extension.

As a result, the Group recorded profit before taxation of RM2.4 million as compared to RM24.3 million in Q3 2022.

20. Commentary on prospects

After several years of low activities, the industry appears to be recovering due to higher oil and spot LNG prices as demand outstrips supply aggravated by the impact of the Ukraine war. However, the Group remains guarded against over optimism and will continue to pursue other opportunities within the industry and cost management and improving its execution efficiencies.

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 2022 nor for the previous year ended 31 December 2021.

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 2022.

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

25. Changes in Material Litigations

As at 31 December 2022, there was no material litigation against the Group.

26. Dividend Payable

The Board has declared a single tier interim dividend of 3 sen per ordinary shares of RM0.50 each on 320,942,200 ordinary shares for the period ended 31 December 2022, amounting to a dividend payable of RM9,628,266. The dividend will be paid on 27 April 2023 to shareholders whose name appear in the Record of Depositors at the close of business on 28 March 2023.

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 2023.