



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 SEPTEMBER 2023**

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 2023	30 September 2022	30 September 2023	30 September 2022
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		149,052	133,446	415,342	260,341
Cost of sales		(99,734)	(103,729)	(339,846)	(238,566)
Gross profit		49,318	29,717	75,496	21,775
Other income		1,099	2,187	2,905	3,749
Administrative expenses		(11,062)	(6,094)	(22,707)	(16,354)
Other expenses		(12,495)	(2,274)	(12,495)	(2,274)
Profit from operations		26,860	23,536	43,199	6,896
Finance income		717	1,291	2,171	2,213
Finance costs		(1,986)	(524)	(5,495)	(1,356)
Share of results of an associate		-	-	-	(156)
Profit before taxation	11	25,591	24,303	39,875	7,597
Income tax expense	12	(9,103)	(10)	(13,043)	(2,425)
Profit for the financial year		16,488	24,293	26,832	5,172
Other comprehensive loss for the financial period, net of tax		-	(78)	-	(78)
Profit for the financial period, representing total comprehensive income for the financial period		16,488	24,215	26,832	5,094
Earnings per share (sen)					
Basic/ diluted	13	5.14	7.57	8.36	1.61

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 2023 Unaudited RM'000	31 December 2022 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		138,080	184,549
Exploration and evaluation		35,025	7,853
Right-of-use assets		53,729	80,890
Investment in associate		3,331	3,331
Deferred tax asset		4,139	7,503
		234,304	284,126
Current assets			
Inventories		7,100	7,182
Trade and other receivables		72,645	28,789
Amount due from an associate company		-	60
Contract assets		148,521	114,141
Tax recoverable		7,099	10,885
Cash and bank balances	14	154,522	184,824
Asset held for sale		18,989	-
		408,876	345,881
Total Assets		643,180	630,007
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		126,535	109,332
Total equity		404,531	387,328
Non-current liabilities			
Lease liabilities		5,700	38,170
Deferred tax liabilities		22	22
		5,722	38,192
Current liabilities			
Lease liabilities		35,558	30,243
Loans and borrowings	15	31,871	36,860
Trade and other payables		158,026	129,980
Contract liabilities		4,705	908
Income tax payable		2,767	77
Dividend payable		-	6,419
		232,927	204,487
Total liabilities		238,649	242,679
Total equity and liabilities		643,180	630,007
Net assets per share of RM0.50 each		1.26	1.20

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 2023	299,809	(31,000)	(840)	10,027	109,332	387,328
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	26,832	26,832
<u>Transactions with owners:</u>						
Interim dividend in respect of financial year ended 31 December 2022	-	-	-	-	(9,629)	(9,629)
As at 30 September 2023	299,809	(31,000)	(840)	10,027	126,535	404,531
As at 1 January 2022	299,809	(31,000)	(840)	10,027	109,094	387,090
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	13,076	13,076
<u>Transactions with owners:</u>						
Interim dividend in respect of the financial year ended 31 December 2021	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of the 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

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 2023	30 September 2022
	Unaudited RM'000	Unaudited RM'000
Profit before tax	39,875	7,597
Adjustments for:		
Finance income	(2,171)	(2,213)
Finance costs	5,495	1,356
Depreciation charge		
- property, plant and equipment	22,123	22,089
- right-of-use asset	29,819	16,306
Loss on disposal of property, plant and equipment	14	-
Impairment loss on trade and other receivables	-	1,908
Impairment loss on property, plant and equipment	12,000	-
Unrealised foreign exchange gain	(138)	(1,889)
Share of results of associate	-	(156)
Total adjustments	67,142	37,401
Operating cash flows before changes in working capital	107,017	44,998
Changes in working capital:		
Inventories	85	(4,219)
Trade and other receivables	(43,856)	12,712
Contract assets	(34,380)	(26,289)
Trade and other payables	21,771	7,906
Contract liabilities	3,797	(1,604)
Total changes in working capital	(52,583)	(11,494)
Cash flows generated from operations	54,434	33,504
Net income tax paid	(3,205)	(6,072)
Net cash flows generated from operating activities	51,229	27,432
Net cash flows used in investing activities	(31,658)	(3,097)
Net cash flows used in financing activities	(43,384)	(27,598)
Net changes in cash and cash equivalents	(23,813)	(3,263)
Effects of exchange rate changes	53	312
Cash and cash equivalents at 1 January	148,234	107,652
Cash and cash equivalents at 30 September (Note 14)	124,474	104,701
Cash and bank balances, representing cash and cash equivalents	154,522	140,104
Less: Cash restricted in use		
- Debt Service Reserve Account	(29,645)	(35,000)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	124,474	104,701

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 unaudited condensed consolidated interim financial statements have 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. The unaudited condensed consolidated interim financial statements are in compliance with IAS 34 “Interim Financial Reporting”.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2022. These explanatory notes attached to the unaudited condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2022.

The significant 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 2022.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board but are not yet effective to the Group:

Description	Effective for financial periods beginning on or after
Amendments to MFRS 108 Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising From a Single Transaction	1 January 2023
Amendments to MFRS 16 Lease liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2022 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 2023.

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

Approved but not contracted for:

- Exploration and evaluation assets
- Property, plant and equipment

30 September 2023 RM'000
75,628
1,600
77,228

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 30 September 2023 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Revenue (RM'000)										
External customers	79,033	90,045	70,019	43,401	-	-	-	-	149,052	133,446
Inter-segment	2,120	1,834	57,292	43,692	-	-	(59,412)	(45,526)	-	-
Total revenue	81,153	91,879	127,311	87,093	-	-	(59,412)	(45,526)	149,052	133,446
Results (RM'000)										
Segment results	10,990	12,874	18,944	13,880	-	-	(2,357)	(1,927)	27,577	24,827
Finance costs	(1,984)	(520)	(2)	(4)	-	-	-	-	(1,986)	(524)
Share of results of associate	-	-	-	-	-	-	-	-	-	-
Segment profit/(loss) before tax	9,006	12,354	18,942	13,876	-	-	(2,357)	(1,927)	25,591	24,303

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 30 September 2023 (9 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Revenue (RM'000)										
External customers	265,308	182,099	150,034	78,242	-	-	-	-	415,342	260,341
Inter-segment	9,254	5,307	114,892	77,397	-	-	(124,146)	(82,704)	-	-
Total revenue	274,562	187,406	264,926	155,639	-	-	(124,146)	(82,704)	415,342	260,341
Results (RM'000)										
Segment results	21,222	13,506	30,633	933	-	-	(6,485)	(5,330)	45,370	9,109
Finance costs	(5,484)	(1,344)	(11)	(12)	-	-	-	-	(5,495)	(1,356)
Share of results of associate	-	-	-	-	-	(156)	-	-	-	(156)
Segment profit/(loss) before tax	15,738	12,162	30,622	921	-	(156)	(6,485)	(5,330)	39,875	7,597

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(iii) Total Assets as at 30 September 2023

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Total assets										
Segment assets	374,273	319,559	13,369	9,418	-	-	-	-	387,642	328,977
Property, plant and equipment	6,430	5,110	131,104	183,943	-	-	-	-	137,534	189,053
Exploration and evaluation	-	-	-	-	35,025	9,248	-	-	35,025	9,248
Right-of-use assets	52,020	1,606	-	-	-	-	-	-	52,020	1,606
Investment in associate	-	-	-	-	3,331	3,576	-	-	3,331	3,576
Asset held for sale	-	-	18,989	-	-	-	-	-	18,989	-
	432,723	326,275	163,462	193,361	38,356	12,824	-	-	634,541	532,460
Unallocated corporate asset										
Property, plant and equipment									546	134
Right-of-use assets									1,709	971
Cash and bank balances									4,088	2,750
Others									2,296	1,465
Total									643,180	537,780

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 RM149.1 million, as compared to RM133.4 million reported in corresponding quarter of the preceding year. The Group recorded profit before taxation of RM25.6 million in Q3 2023 as compared to RM24.3 million in the preceding year's corresponding quarter.

- Services Segment

The segment recorded revenue of RM81.2 million in Q3 2023 as compared to RM91.9 million in Q3 2022. As a result, the segment recorded lower profit before taxation of RM9.0 million in Q3 2023 as compared to RM12.4 million in Q3 2022.

- Marine Assets Segment

The segment recorded revenue of RM127.3 million in the current quarter due to higher vessel utilisation as compared to RM87.1 million in Q3 2022. The segment recorded profit before taxation of RM18.9 million in Q3 2023 as compared to RM13.9 million in Q3 2022.

- Production and Development Segment

The associate has ceased its operations and is under the Member's Voluntary Liquidation (MVL) which is in progress.

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 RM415.3 million, as compared to RM260.3 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM39.9 million in the current period as compared to RM7.6 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current nine-months period increase to RM274.6 million from RM187.4 million in the preceding year's corresponding period. Higher revenue recorded in current period resulted from higher activities in existing services contracts. The segment recorded profit before taxation of RM15.7 million in current period as compared RM12.2 million in the preceding year's corresponding period, mainly due to higher revenue recorded on projects executed.

- Marine Assets Segment

The segment recorded revenue of RM264.9 million in the current nine-months period due to higher vessel utilisation as compared to RM155.6 million in the preceding year's corresponding period. As a result, the segment recorded profit before taxation of RM30.6 million as compared to profit before tax of RM0.9 million in the preceding year's corresponding period.

- Production and Development Segment

The associate has ceased its operations and is under the Member's Voluntary Liquidation (MVL) which is in progress. The total assets of RM38.4 mil in the segment mainly relates to Exploration and Evaluation assets in Block SK433, onshore Sarawak.

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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	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(717)	(1,291)	(2,171)	(2,213)
Interest expense	1,986	524	5,495	1,356
Loss on foreign exchange - realised	(543)	(14)	(726)	(67)
Loss on foreign exchange - unrealised	(173)	(2,497)	(138)	(1,889)
Impairment of receivables	-	1,908	-	1,908
Impairment of property, plant and equipment	12,000	-	12,000	-
Loss on disposal of fixed assets	14	-	14	-
Depreciation charges				
- Property, plant and equipment	7,528	8,550	22,123	22,089
- Right-of-use asset	10,097	1,036	29,819	16,306

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	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	4,410	2,650	8,496	5,065
- Under/(over) provision in prior year	922	(1,275)	1,184	(1,275)
Deferred tax	3,771	(1,365)	3,363	(1,365)
	9,103	10	13,043	2,425

13. Earnings per share (sen)

The calculation of basic earnings per share as at 30 September 2023 and 30 September 2022 was based on the profit for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	30 September	30 September
	2023	2022
	RM'000	RM'000
Profit for the financial year	26,832	5,172
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted earnings per share (sen)	8.36	1.61

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

	30 September 2023 RM'000	31 December 2022 RM'000
Short term deposits with licensed banks	80,152	113,171
Cash at banks and on hand	74,370	71,653
	154,522	184,824

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

	30 September 2023 RM'000	31 December 2022 RM'000
Cash and bank balances, representing cash and cash equivalents	154,522	184,824
Less: Cash restricted in use		
- Debt Service Reserve Account	(29,645)	(36,187)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	124,474	148,243

15. Loans and borrowings

	30 September 2023 RM'000	31 December 2022 RM'000
Short term borrowings		
Secured	31,871	36,860

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 2023 and 30 September 2022:

	30 September 2023 RM'000	30 September 2022 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 RM149.1 million was lower by RM35.7 million or 19.3% compared to immediate preceding quarter of RM184.8 million. This is mainly due to lower activities executed in the existing contract during the quarter.

Nevertheless, the Group recorded profit before taxation of RM25.6 million as compared to RM19.3 million in Q2 2023 due to product mix margin between the quarters.

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. However, the Group remains guarded against over optimism and will continue to pursue other opportunities within the industry. Cost management and improving its execution efficiencies remains a priority.

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 2023 nor for the previous year ended 31 December 2022.

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 2023.

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

25. Changes in Material Litigations

As at 30 September 2023, 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 ending 31 December 2023, amounting to a dividend payable of RM9,628,266. The dividend will be paid on 19 January 2024 to shareholders whose name appear in the Record of Depositors at the close business on 22 December 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 24 November 2023.