



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 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>6 months ended</i>	
		30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2021 Unaudited RM'000
Revenue		83,097	74,210	126,895	152,045
Cost of sales		(75,201)	(64,929)	(134,838)	(140,990)
Gross profit/(loss)		7,896	9,281	(7,943)	11,055
Other income		632	940	1,562	1,106
Administrative expenses		(5,681)	(5,151)	(10,260)	(10,550)
Profit/(Loss) from operations		2,847	5,070	(16,641)	1,611
Finance income		337	375	921	865
Finance costs		(269)	(1,114)	(832)	(1,704)
Share of results of an associate		-	(196)	(156)	(549)
Profit/(Loss) before taxation	11	2,915	4,135	(16,708)	223
Income tax expense	12	(1,529)	(1,646)	(2,415)	(2,715)
Profit/(Loss) for the financial period		1,386	2,489	(19,123)	(2,492)
<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		-	(12)	-	438
Other comprehensive (loss)/income for the financial period, net of tax		-	(12)	-	438
Total comprehensive income/(loss) for the financial period		1,386	2,477	(19,123)	(2,054)
Earnings/(Loss) per share (sen)					
Basic/ diluted	13	0.43	0.78	(5.96)	(0.78)

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 June 2022 Unaudited RM'000	31 December 2021 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		178,645	185,486
Right-of-use assets		20,124	32,597
Lease receivable		6,925	12,679
Investment in associate		3,654	10,650
Deferred tax asset		1,532	1,532
		210,880	242,944
Current assets			
Inventories		3,806	1,934
Trade and other receivables		40,137	45,408
Amount due from an associate company		-	60
Lease receivable		12,871	7,112
Contract assets		87,080	102,864
Tax recoverable		10,171	7,811
Cash and bank balances	14	125,669	143,055
		279,734	308,244
Total Assets		490,614	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		83,552	109,094
Total equity		361,548	387,090
Non-current liabilities			
Lease liabilities		845	1,015
Deferred tax liabilities		1,137	1,137
		1,982	2,152
Current liabilities			
Lease liabilities		3,237	16,263
Loans and borrowings	15	13,050	32,837
Trade and other payables		106,405	108,535
Contract liabilities		4,315	3,988
Income tax payable		77	323
		127,084	161,946
Total liabilities		129,066	164,098
Total equity and liabilities		490,614	551,188
Net assets per share of RM0.50 each		1.12	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 2022	299,809	(31,000)	(840)	10,027	109,094	387,090
Loss for the financial period	-	-	-	-	(19,123)	(19,123)
Other comprehensive loss for the financial period	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	(19,123)	(19,123)
<u>Transactions with owners:</u>						
Interim dividend in respect of financial year ended 31 December 2021	-	-	-	-	(6,419)	(6,419)
As at 30 June 2022	299,809	(31,000)	(840)	10,027	83,552	361,548
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>6 months ended</i>	
	30 June 2022	30 June 2021
	Unaudited	Unaudited
	RM'000	RM'000
(Loss)/Profit before tax	(16,708)	223
Adjustments for:		
Finance income	(921)	(865)
Finance costs	832	1,704
Depreciation charge		
- property, plant and equipment	13,539	14,699
- right-of-use asset	15,270	15,497
Unrealised foreign exchange gain	(610)	(145)
Share of results of associate	(156)	(549)
Total adjustments	27,954	30,341
Operating cash flows before changes in working capital	11,246	30,564
Changes in working capital:		
Inventories	(1,872)	(948)
Trade and other receivables	21,052	28,271
Lease receivable	-	576
Trade and other payables	4,433	(31,522)
Contract liabilities	327	5,476
Total changes in working capital	23,940	1,853
Cash flows generated from operations	35,186	32,417
Net income tax paid	(5,023)	(6,131)
Net cash flows generated from operating activities	30,163	26,286
Net cash flows generated from investing activities	1,124	537
Net cash flows used in financing activities	(49,448)	(33,481)
Net changes in cash and cash equivalents	(18,161)	(6,658)
Effects of exchange rate changes	775	659
Cash and cash equivalents at 1 January	107,652	172,658
Cash and cash equivalents at 30 June (Note 14)	90,266	166,659
	30 June	31 December
	2022	2021
	RM'000	RM'000
Cash and bank balances, representing cash and cash equivalents	125,669	143,055
Less: Cash restricted in use		
- Debt Service Reserve Account	(35,000)	(35,000)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	90,266	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

In the current quarter, the Group has reclassified revenue and results of a certain project from Production and Development segment to Services segment due to the nature of providing project management services to the client. The comparative has been reclassified to conform with the current period’s presentation. Otherwise, there were no unusual and extraordinary items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 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

30 June 2022 RM'000
26,475
26,475

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 30 June 2022 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Revenue (RM'000)										
External customers	54,586	41,751	28,511	32,459	-	-	-	-	83,097	74,210
Inter-segment	1,844	1,688	25,601	24,229	-	-	(27,445)	(25,917)	-	-
Total revenue	56,430	43,439	54,112	56,688	-	-	(27,445)	(25,917)	83,097	74,210
Results (RM'000)										
Segment results	276	2,099	5,088	5,561	-	-	(2,180)	(2,215)	3,184	5,445
Finance costs	(265)	(1,110)	(4)	(4)	-	-	-	-	(269)	(1,114)
Share of results of associate	-	-	-	-	-	(196)	-	-	-	(196)
Segment profit/(loss) before tax	11	989	5,084	5,557	-	(196)	(2,180)	(2,215)	2,915	4,135

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 30 June 2021 (6 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Revenue (RM'000)										
External customers	92,054	98,561	34,841	53,484	-	-	-	-	126,895	152,045
Inter-segment	3,473	3,789	33,705	38,636	-	-	(37,178)	(42,425)	-	-
Total revenue	95,527	102,350	68,546	92,120	-	-	(37,178)	(42,425)	126,895	152,045
Results (RM'000)										
Segment results	630	12,015	(12,947)	(6,043)	-	-	(3,403)	(3,496)	(15,720)	2,476
Finance costs	(824)	(1,698)	(8)	(6)	-	-	-	-	(832)	(1,704)
Share of results of associate	-	-	-	-	(156)	(549)	-	-	(156)	(549)
Segment profit/(loss) before tax	(194)	10,317	(12,955)	(6,049)	(156)	(549)	(3,403)	(3,496)	(16,708)	223

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 RM83.1 million, as compared to RM74.2 million reported in corresponding quarter of the preceding year. The Group recorded profit before taxation of RM2.9 million in Q2 2022 as compared to RM4.1 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter increase from RM43.4 million in Q2 2021 to RM56.4 million in Q2 2022. The segment recorded profit before taxation of RM11 thousand in Q2 2022 as compared to RM1.0 million in Q2 2021.

- Marine Assets Segment

The segment recorded revenue of RM54.1 million in the current quarter due to slightly lower vessel utilisation as compared to RM56.7 million in Q2 2021. The segment recorded profit before taxation of RM5.1 million in Q2 2022 as compared to RM5.6 million in Q2 2021.

- 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 (six-months)

For the current six-months period under review, the Group recorded revenue of RM126.9 million, as compared to RM152.0 million reported in the preceding year's corresponding period. The Group recorded loss before taxation of RM16.7 million in the current period as compared to profit before taxation of RM0.2 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current six-months period decrease to RM95.5 million from RM102.3 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 loss before taxation of RM0.2 million in current period as compared to profit before tax of RM10.3 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 RM68.5 million in the current six-months period due to lower vessel utilisation as compared to RM92.1 million in the preceding year's corresponding period. As a result, the segment incurred higher loss before taxation of RM13.0 million as compared to RM6.0 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. The segment results for the current six-months period relates under provision of share of results of an associate in prior year.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. (Loss)/Profit before taxation

Included in the (loss)/profit before taxation are the following items:

	<i>Current quarter</i>		<i>Cumulative period</i>	
	<i>3 months ended</i>		<i>6 months ended</i>	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(337)	(375)	(921)	(865)
Interest expense	269	1,114	832	1,704
(Gain)/Loss on foreign exchange - realised	(23)	36	(53)	99
(Gain)/Loss on foreign exchange - unrealised	(573)	(1)	(610)	(145)
Depreciation charges				
- Property, plant and equipment	6,791	7,247	13,539	14,699
- Right-of-use asset	7,576	7,880	15,270	15,497

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>6 months ended</i>	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(1,529)	(1,646)	(2,415)	(2,715)

13. Loss per share (sen)

The calculation of basic loss per share as at 30 June 2022 and 30 June 2021 was based on the loss for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	30 June	30 June
	2022	2021
	RM'000	RM'000
Loss for the financial year	(19,123)	(2,492)
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted loss per share (sen)	(5.96)	(0.78)

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted loss 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

	30 June 2022 RM'000	31 December 2021 RM'000
Short term deposits with licensed banks	99,860	109,677
Cash at banks and on hand	25,809	33,378
	125,669	143,055

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

	30 June 2022 RM'000	31 December 2021 RM'000
Cash and bank balances, representing cash and cash equivalents	125,669	143,055
Less: Cash restricted in use		
- Debt Service Reserve Account	(35,000)	(35,000)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	90,266	107,652

15. Loans and borrowings

	30 June 2022 RM'000	31 December 2021 RM'000
Short term borrowings		
Secured	13,050	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 30 June 2022 and 30 June 2021:

	30 June 2022 RM'000	30 June 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 RM83.1 million was higher by 89.7% 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 profit before taxation of RM2.9 million as compared to loss before taxation of RM19.6 million in Q1 2022.

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 June 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 30 June 2022.

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

25. Changes in Material Litigations

As at 30 June 2022, 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 24 August 2022.