



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 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>6 months ended</i>	
		30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000	30 June 2023 Unaudited RM'000	30 June 2022 Unaudited RM'000
Revenue		184,787	83,097	266,290	126,895
Cost of sales		(159,089)	(75,201)	(240,112)	(134,838)
Gross profit/(loss)		25,698	7,896	26,178	(7,943)
Other income		878	632	1,806	1,562
Administrative expenses		(6,168)	(5,681)	(11,645)	(10,260)
Profit/(Loss) from operations		20,408	2,847	16,339	(16,641)
Finance income		839	337	1,454	921
Finance costs		(1,962)	(269)	(3,509)	(832)
Share of results of an associate		-	-	-	(156)
Profit/(Loss) before taxation	11	19,285	2,915	14,284	(16,708)
Income tax expense	12	(3,050)	(1,529)	(3,940)	(2,415)
Profit/(Loss) for the financial period, representing total comprehensive income/(expenses) for the financial period		16,235	1,386	10,344	(19,123)
Earnings/(Loss) per share (sen)					
Basic/ diluted	13	5.06	0.43	3.22	(5.96)

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 2023 Unaudited RM'000	31 December 2022 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		174,106	184,549
Exploration and evaluation		14,858	7,853
Right-of-use assets		61,168	80,890
Investment in associate		3,331	3,331
Deferred tax asset		7,911	7,503
		261,374	284,126
Current assets			
Inventories		9,753	7,182
Trade and other receivables		71,658	28,789
Amount due from an associate company		-	60
Contract assets		157,788	114,141
Tax recoverable		8,772	10,885
Cash and bank balances	14	151,907	184,824
		399,878	345,881
Total Assets		661,252	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		110,047	109,332
Total equity		388,043	387,328
Non-current liabilities			
Lease liabilities		10,522	38,170
Deferred tax liabilities		22	22
		10,544	38,192
Current liabilities			
Lease liabilities		38,269	30,243
Loans and borrowings	15	57,227	36,860
Trade and other payables		161,440	129,980
Contract liabilities		5,652	908
Income tax payable		77	77
Dividend payable		-	6,419
		262,665	204,487
Total liabilities		273,209	242,679
Total equity and liabilities		661,252	630,007
Net assets per share of RM0.50 each		1.21	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 →					Total Equity RM'000
	Share Capital RM'000	Merger Reserve RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings 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	-	-	-	-	10,344	10,344
<u>Transactions with owners:</u>						
Interim dividend in respect of financial year ended 31 December 2022	-	-	-	-	(9,629)	(9,629)
As at 30 June 2023	299,809	(31,000)	(840)	10,027	110,047	388,043
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>6 months ended</i>	
	30 June 2023	30 June 2022
	Unaudited	Unaudited
	RM'000	RM'000
Profit/(Loss) before tax	14,284	(16,708)
Adjustments for:		
Finance income	(1,454)	(921)
Finance costs	3,509	832
Depreciation charge		
- property, plant and equipment	14,595	13,539
- right-of-use asset	19,722	15,270
Unrealised foreign exchange gain	35	(610)
Share of results of associate	-	(156)
Total adjustments	36,407	27,954
Operating cash flows before changes in working capital	50,691	11,246
Changes in working capital:		
Inventories	(2,571)	(1,872)
Trade and other receivables	(86,515)	21,052
Trade and other payables	25,185	4,433
Contract liabilities	4,744	327
Total changes in working capital	(59,157)	23,940
Cash flows generated from operations	(8,466)	35,186
Net income tax paid	(2,235)	(5,023)
Net cash flows generated from operating activities	(10,701)	30,163
Net cash flows (used in)/generated from investing activities	(9,704)	1,124
Net cash flows used in financing activities	(12,392)	(49,448)
Net changes in cash and cash equivalents	(32,797)	(18,161)
Effects of exchange rate changes	(120)	775
Cash and cash equivalents at 1 January	148,234	107,652
Cash and cash equivalents at 30 June (Note 14)	115,317	90,266
Cash and bank balances, representing cash and cash equivalents	151,907	125,669
Less: Cash restricted in use		
- Debt Service Reserve Account	(36,187)	(35,000)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	115,317	90,266

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 2022.

The audited financial statements of the Group for the year ended 31 December 2022 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 2022.

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
Amendments to MFRS 16 ‘Covid-19-Related Rent Concessions beyond 30 June 2021	1 January 2022
Amendments to MFRS 116 ‘Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 ‘Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS 9 ‘Fees in the ‘10 per cent’ test for Derecognition of Financial Liabilities	1 January 2022
Annual Improvements to MFRS 1 ‘Subsidiary as First-time Adopter	1 January 2022
Annual Improvements to Illustrative Example accompanying MFRS 16 Leases : Lease Incentives	1 January 2022
Annual Improvements to MFRS 141 ‘Taxation in Fair Value Measurements	1 January 2022
Amendments to MFRS 3 ‘References to Conceptual Framework	1 January 2022

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 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 June 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
- Property, plant and equipment

30 June 2023 RM'000
95,795
1,800
97,595

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

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

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Revenue (RM'000)										
External customers	127,201	54,586	57,586	28,511	-	-	-	-	184,787	83,097
Inter-segment	5,631	1,844	37,907	25,601	-	-	(43,538)	(27,445)	-	-
Total revenue	132,832	56,430	95,493	54,112	-	-	(43,538)	(27,445)	184,787	83,097
Results (RM'000)										
Segment results	4,812	276	18,877	5,088	-	-	(2,442)	(2,180)	21,247	3,184
Finance costs	(1,955)	(265)	(7)	(4)	-	-	-	-	(1,962)	(269)
Segment profit/(loss) before tax	2,857	11	18,870	5,084	-	-	(2,442)	(2,180)	19,285	2,915

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 30 June 2023 (6 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Revenue (RM'000)										
External customers	186,275	92,054	80,015	34,841	-	-	-	-	266,290	126,895
Inter-segment	7,134	3,473	57,600	33,705	-	-	(64,734)	(37,178)	-	-
Total revenue	193,409	95,527	137,615	68,546	-	-	(64,734)	(37,178)	266,290	126,895
Results (RM'000)										
Segment results	10,232	630	11,689	(12,947)	-	-	(4,128)	(3,403)	17,793	(15,720)
Finance costs	(3,500)	(824)	(9)	(8)	-	-	-	-	(3,509)	(832)
Share of results of associate	-	-	-	-	-	(156)	-	-	-	(156)
Segment profit/(loss) before tax	6,732	(194)	11,680	(12,955)	-	(156)	(4,128)	(3,403)	14,284	(16,708)

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 RM184.8 million, as compared to RM83.1 million reported in corresponding quarter of the preceding year. The Group recorded profit before taxation of RM19.3 million in Q2 2023 as compared to RM2.9 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter increase from RM56.4 million in Q2 2022 to RM132.8 million in Q2 2023. As a result, the segment recorded higher profit before taxation of RM2.9 million in Q2 2023 as compared to RM0.01 million in Q2 2022.

- Marine Assets Segment

The segment recorded revenue of RM95.5 million in the current quarter due to higher vessel utilisation as compared to RM54.1 million in Q2 2022. The segment recorded profit before taxation of RM18.9 million in Q2 2023 as compared to RM5.1 million in Q2 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 (six-months)

For the current six-months period under review, the Group recorded revenue of RM266.3 million, as compared to RM126.9 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM14.3 million in the current period as compared to loss before taxation of RM16.7 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current six-months period increase to RM193.4 million from RM95.5 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 RM6.7 million in current period as compared to loss before tax of RM0.2 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 RM137.6 million in the current six-months period due to higher vessel utilisation as compared to RM68.5 million in the preceding year's corresponding period. As a result, the segment recorded profit before taxation of RM11.7 million as compared to loss before tax of RM13.0 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.

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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
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(839)	(377)	(1,454)	(921)
Interest expense	1,962	269	3,509	832
(Gain)/Loss on foreign exchange - realised	(24)	(23)	(183)	(53)
Loss/(Gain) on foreign exchange - unrealised	35	(573)	35	(610)
Depreciation charges				
- Property, plant and equipment	7,349	6,791	14,595	13,539
- Right-of-use asset	9,834	7,576	19,722	15,270

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
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	3,196	1,529	4,086	2,415
Under provision in prior year	262	-	262	-
Deferred tax	(408)	-	(408)	-
	3,050	1,529	3,940	2,415

13. Loss per share (sen)

The calculation of basic loss per share as at 30 June 2023 and 30 June 2022 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
	2023	2022
	RM'000	RM'000
Loss for the financial year	10,344	(19,123)
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted loss per share (sen)	3.22	(5.96)

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 2023 RM'000	31 December 2022 RM'000
Short term deposits with licensed banks	81,309	113,171
Cash at banks and on hand	70,598	71,653
	151,907	184,824

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 2022 RM'000
Cash and bank balances, representing cash and cash equivalents	151,907	184,824
Less: Cash restricted in use		
- Debt Service Reserve Account	(36,187)	(36,187)
- Fixed deposits pledged for borrowing	(403)	(403)
Net cash and cash equivalents	115,317	148,243

15. Loans and borrowings

	30 June 2023 RM'000	31 December 2022 RM'000
Short term borrowings		
Secured	57,227	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 June 2023 and 30 June 2022:

	30 June 2023 RM'000	30 June 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 RM184.8 million was higher by RM103.3 million or 126.7% compared to immediate preceding quarter of RM81.5 million. This is mainly due to higher vessel utilisation, coupled with higher activities executed in the existing contract during the quarter.

As a result, the Group recorded profit before taxation of RM19.3 million as compared to loss before taxation of RM5.0 million in Q1 2023.

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. 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 June 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 June 2023.

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

25. Changes in Material Litigations

As at 30 June 2023, 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 23 August 2023.