



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 SEPTEMBER 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>9 months ended</i>	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue		133,446	92,970	260,341	245,016
Cost of sales		(103,729)	(77,794)	(238,566)	(218,784)
Gross profit		29,717	15,176	21,775	26,232
Other income		2,187	679	3,749	1,785
Administrative expenses		(6,094)	(5,245)	(16,354)	(15,795)
Other expenses		(2,274)	-	(2,274)	-
Profit from operations		23,536	10,610	6,896	12,222
Finance income		1,291	529	2,213	1,394
Finance costs		(524)	(1,037)	(1,356)	(2,740)
Share of results of an associate		-	(175)	(156)	(723)
Profit before taxation	11	24,303	9,927	7,597	10,153
Income tax expense	12	(10)	(4,037)	(2,425)	(6,752)
Profit for the financial period		24,293	5,890	5,172	3,401
<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		(78)	87	(78)	525
Other comprehensive (loss)/income for the financial period, net of tax		(78)	87	(78)	525
Total comprehensive income for the financial period		24,215	5,977	5,094	3,926
Earnings per share (sen)					
Basic/ diluted	13	7.57	1.84	1.61	1.06

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 2022 Unaudited RM'000	31 December 2021 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		175,608	185,486
Right-of-use assets		17,677	32,597
Lease receivable		-	12,679
Investment in associate		3,576	10,650
Deferred tax asset		2,897	1,532
		199,758	242,944
Current assets			
Inventories		6,153	1,934
Trade and other receivables		29,939	45,408
Amount due from an associate company		-	60
Lease receivable		22,827	7,112
Contract assets		129,153	102,864
Tax recoverable		9,846	7,811
Cash and bank balances	14	140,104	143,055
		338,022	308,244
Total Assets		537,780	551,188
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		9,949	10,027
Retained earnings		107,847	109,094
Total equity		385,765	387,090
Non-current liabilities			
Lease liabilities		2,654	1,015
Deferred tax liabilities		1,137	1,137
		3,791	2,152
Current liabilities			
Lease liabilities		2,229	16,263
Loans and borrowings	15	26,794	32,837
Trade and other payables		116,740	108,535
Contract liabilities		2,384	3,988
Income tax payable		77	323
		148,224	161,946
Total liabilities		152,015	164,098
Total equity and liabilities		537,780	551,188
Net assets per share of RM0.50 each		1.20	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
Profit for the financial period	-	-	-	-	5,172	5,172
Other comprehensive loss for the financial period	-	-	-	(78)	-	(78)
Total comprehensive (loss)/income for the financial period	-	-	-	(78)	5,172	5,094
<u>Transactions with owners:</u>						
Interim dividend in respect of financial year ended 31 December 2021	-	-	-	-	(6,419)	(6,419)
As at 30 September 2022	299,809	(31,000)	(840)	9,949	107,847	385,765
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>9 months ended</i>	
	30 September 2022	30 September 2021
	Unaudited	Unaudited
	RM'000	RM'000
Profit before tax	7,597	10,153
Adjustments for:		
Finance income	(2,213)	(1,394)
Finance costs	1,356	2,740
Depreciation charge		
- property, plant and equipment	22,089	22,028
- right-of-use asset	16,306	23,180
Impairment loss on trade and other receivables	1,908	-
Unrealised foreign exchange gain	(1,889)	(206)
Share of results of associate	(156)	723
Total adjustments	37,401	47,071
Operating cash flows before changes in working capital	44,998	57,224
Changes in working capital:		
Inventories	(4,219)	179
Trade and other receivables	(12,732)	23,944
Lease receivable	(845)	563
Trade and other payables	7,906	(49,208)
Contract liabilities	(1,604)	(7,571)
Total changes in working capital	(11,494)	(32,093)
Cash flows generated from operations	33,504	25,131
Net income tax paid	(6,072)	(7,802)
Net cash flows generated from operating activities	27,432	17,329
Net cash flows used in investing activities	(3,097)	(586)
Net cash flows used in financing activities	(27,598)	(66,211)
Net changes in cash and cash equivalents	(3,263)	(49,468)
Effects of exchange rate changes	312	(739)
Cash and cash equivalents at 1 January	107,652	172,658
Cash and cash equivalents at 30 June (Note 14)	104,701	122,451
	30 September	30 September
	2022	2021
	RM'000	RM'000
Cash and bank balances, representing cash and cash equivalents	140,104	157,854
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	104,701	122,451

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 30 September 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 September 2022 RM'000
24,552
24,552

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

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

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Revenue (RM'000)										
External customers	90,045	57,741	43,401	35,229	-	-	-	-	133,446	92,970
Inter-segment	1,834	1,354	43,692	30,163	-	-	(45,526)	(31,517)	-	-
Total revenue	91,879	59,095	87,093	65,392	-	-	(45,526)	(31,517)	133,446	92,970
Results (RM'000)										
Segment results	12,874	5,362	13,880	7,547	-	-	(1,927)	(1,770)	24,827	11,139
Finance costs	(520)	(1,033)	(4)	(4)	-	-	-	-	(524)	(1,037)
Share of results of associate	-	-	-	-	-	(175)	-	-	-	(175)
Segment profit/(loss) before tax	12,354	4,329	13,876	7,543	-	(175)	(1,927)	(1,770)	24,303	9,927

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(ii) Current Year-to-date Ended 30 September 2022 (9 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Revenue (RM'000)										
External customers	182,099	156,303	78,242	88,713	-	-	-	-	260,341	245,016
Inter-segment	5,307	5,143	77,397	68,799	-	-	(82,704)	(73,942)	-	-
Total revenue	187,406	161,446	155,639	157,512	-	-	(82,704)	(73,942)	260,341	245,016
Results (RM'000)										
Segment results	13,506	15,380	933	3,504	-	-	(5,330)	(5,266)	9,109	13,618
Finance costs	(1,344)	(2,730)	(12)	(10)	-	-	-	-	(1,356)	(2,740)
Share of results of associate	-	-	-	-	(156)	(725)	-	-	(156)	(725)
Segment profit/(loss) before tax	12,162	12,650	921	3,494	(156)	(725)	(5,330)	(5,266)	7,597	10,153

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 RM133.4 million, as compared to RM93.0 million reported in corresponding quarter of the preceding year. The Group recorded profit before taxation of RM24.3 million in Q3 2022 as compared to RM9.9 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter increase from RM59.1 million in Q3 2021 to RM91.9 million in Q3 2022. Higher revenue recorded in Q3 2022 resulted from higher activities in existing contracts. As a result, the segment recorded higher profit before taxation of RM12.4 million in Q3 2022 as compared to RM4.3 million in Q3 2021.

- Marine Assets Segment

The segment recorded revenue of RM87.1 million in the current quarter due to higher vessel utilisation as compared to RM65.4 million in Q3 2021. As a result, the segment recorded profit before taxation of RM13.9 million in Q3 2022 as compared to RM7.5 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 (nine-months)

For the current nine-months period under review, the Group recorded revenue of RM260.3 million, as compared to RM245.0 million reported in the preceding year's corresponding period. The Group recorded profit before taxation of RM7.6 million in the current period as compared profit before taxation of RM10.2 million in the preceding year's corresponding period.

- Services Segment

The segment revenue for the current nine-months period increase to RM187.4 million from RM161.4 million in the preceding year's corresponding period. Higher revenue recorded resulted from higher activities in existing contracts. The segment recorded profit before taxation of RM12.2 million in current period as compared to RM12.7 million in the preceding year's corresponding period due to the product mix composition of the work executed.

- Marine Assets Segment

The segment recorded lower revenue of RM155.6 million in the current nine-months period compared to RM157.5 million in the preceding year's corresponding period. As a result, the segment incurred profit before taxation of RM0.9 million as compared to RM3.5 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 nine-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. 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 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,291)	(529)	(2,213)	(1,394)
Interest expense	524	1,037	1,356	2,740
(Gain)/Loss on foreign exchange - realised	(14)	145	(67)	244
(Gain) on foreign exchange - unrealised	(2,497)	(61)	(1,889)	(206)
Impairment of receivables	1,908	-	1,908	-
Depreciation charges				
- Property, plant and equipment	8,550	7,329	22,089	22,028
- Right-of-use asset	1,036	7,683	16,306	23,180

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 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	2,650	2,270	5,065	4,985
(Over)/Under provision in prior year	(1,275)	1,020	(1,275)	1,020
Deferred tax	(1,365)	747	(1,365)	747
	10	4,037	2,425	6,752

13. Earnings per share (sen)

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

	30 September 2022	30 September 2021
	RM'000	RM'000
Profit for the financial period	5,172	3,401
Weighted average numbers of shares ('000)	320,942	320,942
Basic/diluted earnings per share (sen)	1.61	1.06

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 2022 RM'000	31 December 2021 RM'000
Short term deposits with licensed banks	111,286	109,677
Cash at banks and on hand	28,818	33,378
	140,104	143,055

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

	30 September 2022 RM'000	31 December 2021 RM'000
Cash and bank balances, representing cash and cash equivalents	140,104	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	104,701	107,652

15. Loans and borrowings

	30 September 2022 RM'000	31 December 2021 RM'000
Short term borrowings		
Secured	26,794	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 September 2022 and 30 September 2021:

	30 September 2022 RM'000	30 September 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 RM133.4 million was higher by 60.6% compared to immediate preceding quarter. This is mainly due to increase in client's activities executed for existing contract and higher vessel utilisations.

As a result, the Group recorded profit before taxation of RM24.3 million as compared to RM2.9 million in Q2 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 September 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 September 2022.

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

25. Changes in Material Litigations

As at 30 September 2022, 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 ending 31 December 2022, amounting to a dividend payable of RM6,418,844. The dividend will be paid on 20 January 2023 to shareholders whose name appear in the Record of Depositors at the close business on 21 December 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 21 November 2022.