SYNERGISING PARTNERSHIPS

PETRA ENERGY BERHAD
Annual Report 2020

INSIDE THE REPORT

SYNERGISING PARTNERSHIPS

At PETRA, we believe our competitive edge lies in the synergies formed with all our stakeholders; clients, business partners and vendors, shareholders, employees and the investment community, partnerships that have helped us grow over the years, and synergies that will strengthen our resilience in this industry.

The cover design reflects the key themes of rebound, resilience and transformation, all of which are an inherent part of PETRA's ongoing journey towards realising its vision of being a Sustainable Energy Company.

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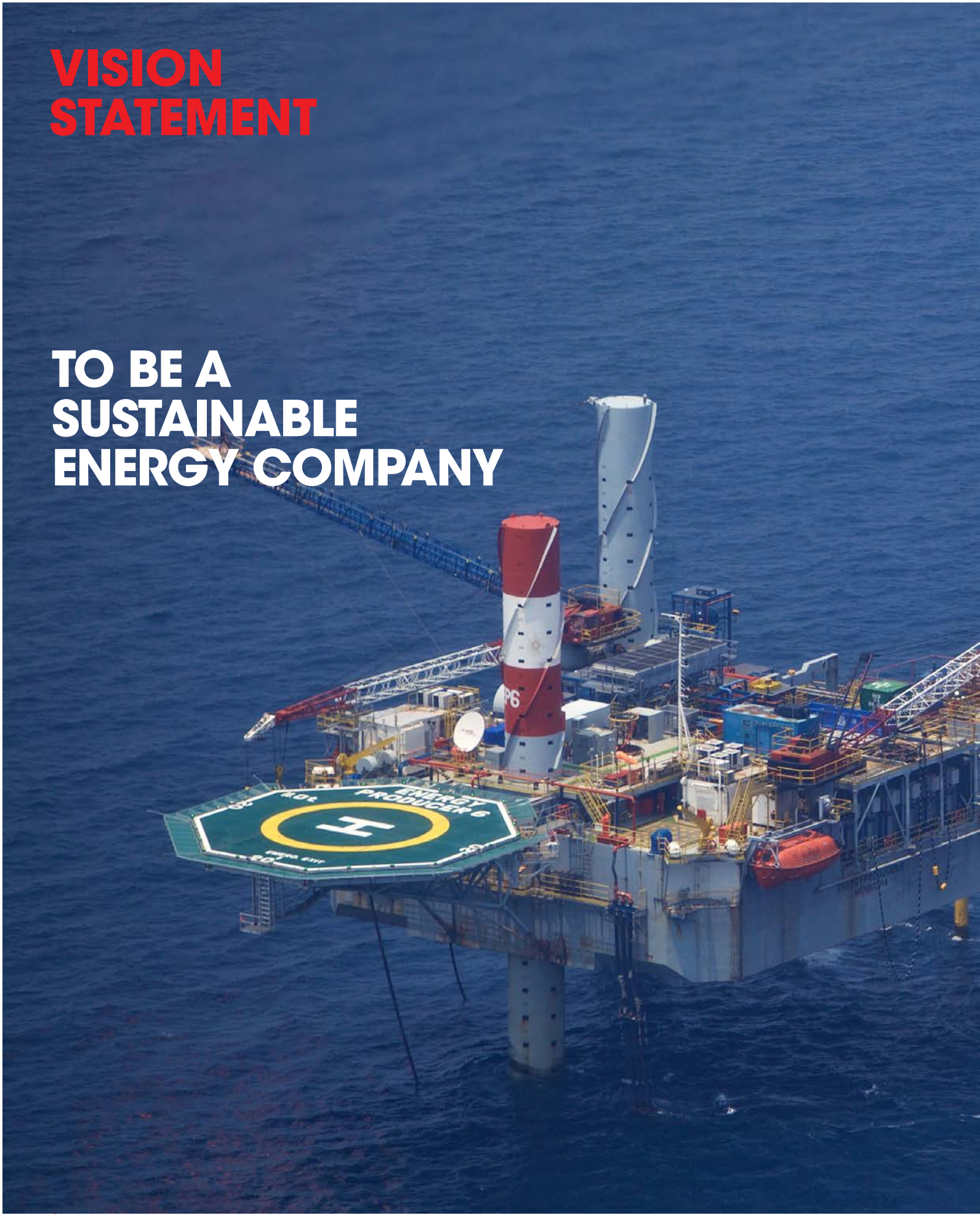
VISION STATEMENT

TO BE A SUSTAINABLE ENERGY COMPANY



OUR BEHAVIOURS

We aspire to embed these desired behaviors in the way we undertake our business as we strive to become a Sustainable Energy Company.

ACCOUNTABILITY & OWNERSHIP

- I promise, I deliver
- It starts with me and ends with me
- Think and act with an owner mindset
- The buck stops here, with me
- Transparency
- I see, I own and I fix

CARE

- No harm to people, planet & profits
- We intervene because we CARE
- We are one family
- We listen
- We help and support each other
- We care for the health and well being of everyone.

 # PETRACares

INNOVATION

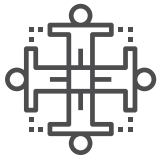
- There is always a better way
- Think out of the box
- Proactive & Energetic
- Innovation comes from necessity
- We learn from our failures and challenges
- Continuous learning

INTEGRITY

- We promise integrity in all that we do
- We are trustworthy and honest
- We have principles
- We can be counted on to behave honourably even when no one is watching
- We are fair and transparent in all our dealings
- We abide by the MACC Act Section 17A Corporate Liability

DIVERSITY & INCLUSIVENESS

- Strength lies in diversity
- You never work alone
- All for one and one for all
- All ideas matters
- Open culture
- Connected & engaged teams



NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting ("**AGM**") of Petra Energy Berhad. will be held on a **fully virtual basis** at the Broadcast Venue at Meeting Room, Level 3, Menara OBYU, 4 Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 May 2021 at 11:00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to Notes No. 1)**

2. To approve the payment of Directors' fees payable to the Non-Executive Directors amounting to RM391,500.00 from 21 May 2021 until the next AGM of the Company. **(Resolution 1)**

3. To approve the payment of Directors' benefits up to an amount of RM63,800.00 from 21 May 2021 until the next AGM of the Company. **(Resolution 2)**

4. To re-elect the following Directors, who are due to retire in accordance with Clause 117 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Mr. Gian Carlo Maccagno; and **(Resolution 3)**
   (b) Madam Ng Ing Peng **(Resolution 4)**

5. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification, to pass the following Ordinary Resolutions:-

6. **ORDINARY RESOLUTION NO. 1** **(Resolution 6)**
   - **RETENTION OF ENCIK ABDUL RAHIM BIN ABDUL HAMID AS AN INDEPENDENT DIRECTOR**

   "THAT Encik Abdul Rahim bin Abdul Hamid, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years since 13 July 2019, be and is hereby retained as an Independent Director of the Company."

7. **ORDINARY RESOLUTION NO. 2** **(Resolution 7)**

- **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors of the Company may in their absolute discretion deem fit provided always that until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers, the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being and provided further that the aggregate number of shares issued thereafter pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the "**General Mandate**");

AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation on Bursa Securities for the additional shares so issued pursuant to the General Mandate;

AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION NO. 3** **(Resolution 8)**

- **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Existing Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Company and its subsidiaries ("**the Group**") to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the Related Parties as specified in Section 2.5 of the Circular/Statement to Shareholders dated 22 April 2021, provided that such transactions are:-

a) recurrent transactions of a revenue or trading nature;

b) necessary for the Group's day-to-day operations;

c) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

d) not to the detriment of minority shareholders,

(the **"Mandate"**);

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which the Mandate was passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;

ii) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM;

whichever is the earlier;

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate."

9. **ORDINARY RESOLUTION NO. 4** **(Resolution 9)**

- **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("Proposed Renewal of Share Buy-Back Authority")**

"THAT subject to the Companies Act 2016 ("**the Act**"), Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements, the Constitution of the Company, and all other applicable laws, rules and regulations, approval be and is hereby given to the Company to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:-

a) the aggregate number of ordinary shares to be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any); and

b) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion to cancel all the shares so purchased; and/or retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or retain part thereof as treasury shares and cancel the remainder; or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

AND FURTHER THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."

Notice of Fifteenth Annual General Meeting

10. To consider any other business for which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
LIM LIH CHAU (SSM PC NO. 201908001454) (LS0010105)
Company Secretaries

Kuala Lumpur
22 April 2021

Explanatory Notes to Special Business:

1. Retention of Encik Abdul Rahim bin Abdul Hamid ("Encik Rahim") as an Independent Director

Encik Rahim was appointed as an Independent Director of the Company on 13 July 2010 and has served the Board for a cumulative term of more than nine (9) years since 13 July 2019.The Board of Directors of the Company through its Nominating Committee, after having assessed the independence of Encik Rahim, regards him to be independent based amongst others, the following justifications, and recommends that Encik Rahim be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance:-

(a) Encik Rahim has fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements:-

- is not an executive director of the Company or any related corporation (each corporation is referred to as "**said Corporation**");
- has not been within the last two (2) years and is not an officer (except as a non-executive director) of the said Corporation. ["**officer**" has the meaning given in Section 2 of the Companies Act 2016];
- is not a major shareholder of the said Corporation;
- is not a family member of any executive director, officer or major shareholder of the said Corporation;
- is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
- has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad ("**the Exchange**") or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- is not a director who is accepting compensation from the said Corporation, other than compensation for board service for the current or immediate financial year; or
- is not having a relationship which would interfere with the exercise of independent judgement in carrying out the functions as a director or a chairman/member of the Audit Committee, Remuneration Committee and Board Risk Management Committee and Nominating Committee.

(b) Encik Rahim has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;

(c) Encik Rahim has no potential conflict of interest, whether business or non-business related with the Company;

(d) Encik Rahim has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Group Chief Executive Officer and major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and

(e) Encik Rahim does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

2. Authority to Issue Shares pursuant to the Companies Act 2016

The proposed Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Fourteenth Annual General Meeting of the Company held on 21 August 2020 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed:–

i. twenty percent (20%) of the total number of issued shares of the Company for the time being (for issuance and allotment until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers); and

ii. ten percent (10%) of the total number of issued shares of the Company for the time being (for issuance and allotment after 31 December 2021 as stipulated under Paragraph 6.03(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements).

The authority to issue shares granted by the members at the Fourteenth Annual General Meeting of the Company had not been utilised and hence no proceeds were raised therefrom.

The renewed authority to issue shares will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

3. Proposed Renewal of Existing Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Resolution 8 is intended to enable the Company and its subsidiaries ("**the Group**") to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular/Statement to Shareholders dated 22 April 2021, for more information.

4. Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Resolution 9 is intended to allow the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular/Statement to Shareholders dated 22 April 2021, for more information.

Notes:-

1. This Agenda item is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 May 2021 shall be eligible to attend and vote at the Meeting.

3. A member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. There shall be no restriction as to the qualification of the proxy. The proxy(ies) appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

7. The completed instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sendirian Berhad. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to info@sshsb.com.my, not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://www.sshsb.net.my/ before the submission cut-off time as mentioned above. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

ADMINISTRATIVE GUIDE

SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

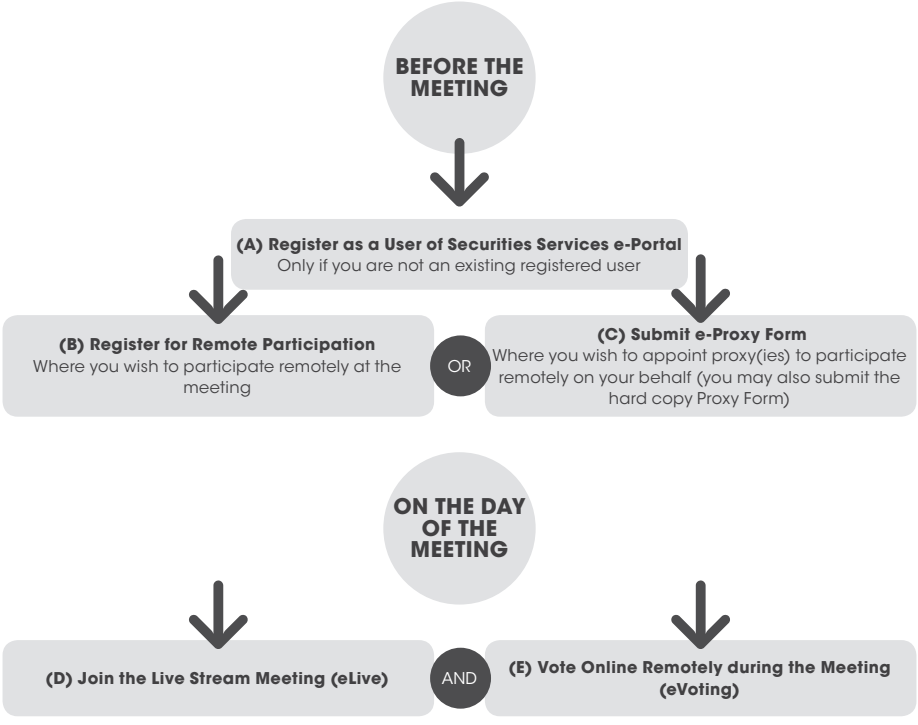
- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as "**e-Services**")

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Petra Energy Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at **eservices@sshsb.com.my**.



Administrative Guide

Members and proxies are strongly encouraged to email their questions to eservices@sshsb.com.my at least forty-eight (48) hours prior to the meeting.

BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal

Step 1 Visit https://sshsb.net.my/login.aspx
Step 2 Sign up for a user account
Step 3 Wait for our notification email that will be sent within one (1) working day
Step 4 Verify your user account within seven (7) days of the notification email and log in

- **This is a ONE-TIME registration.** If you already have a user account, you need not register again.
- Your email address is your User ID.
- Please proceed to either (B) or (C) below once you are a registered user.

ALL SHAREHOLDERS MUST SIGN UP AS USER BY 16 May 2021

(B) Register for Remote Participation

Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Thursday, 20 May 2021 at 11:00 a.m.	Tuesday, 18 May 2021 at 11:00 a.m.

- Log in to **https://sshsb.net.my/login.aspx** with your registered email and password
- Look for **Petra Energy Berhad** under Company Name and **15th AGM on 20 May 2021 at 11:00 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click ">" to register for remote participation at the meeting.

Step 1 Check if you are attending as –
- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sendirian Berhad at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.

Step 2 Submit your registration.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to **all the CDS account(s)** of each individual shareholder/body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a fully virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Thursday, 20 May 2021 at 11:00 a.m.	Tuesday, 18 May 2021 at 11:00 a.m.

- Log in to https://sshsb.net.my/login.aspx with your registered email and password
- Look for **Petra Energy Berhad** under Company Name and **15th AGM on 20 May 2021 at 11:00 a.m. – Submission of Proxy Form** under Corporate Exercise/Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as –
- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sendirian Berhad at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.

Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).
You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.
Step 3 Proceed to indicate how your votes are to be casted against each resolution.
Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by 16 May 2021. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

ON THE DAY OF THE MEETING

Log in to https://sshsb.net.my/login.aspx with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Thursday, 20 May 2021 at 11:00 a.m.	Thursday, 20 May 2021 at 10:30 a.m.

- Look for **Petra Energy Berhad** under Company Name and **15th AGM on 20 May 2021 at 11:00 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click ">" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/ relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Thursday, 20 May 2021 at 11:00 a.m.	Thursday, 20 May 2021 at 11:00 a.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
  OR
- If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **Petra Energy Berhad** under Company Name and **15th AGM on 20 May 2021 at 11:00 a.m. – Remote Voting** under Corporate Exercise / Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.
Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate/ authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

BUSINESS OVERVIEW

PETRA ENERGY BERHAD ("PETRA"), LISTED ON THE MAIN MARKET OF THE MALAYSIAN STOCK EXCHANGE, PROVIDES A COMPREHENSIVE RANGE OF INTEGRATED BROWNFIELD SERVICES AND PRODUCTS FOR THE UPSTREAM OIL AND GAS INDUSTRY. PETRA BEGAN OPERATIONS MORE THAN 30 YEARS AGO AND TODAY OPERATES THE BANANG OILFIELD OFFSHORE TERENGGANU, MALAYSIA.

OUR SERVICE OFFERINGS INCLUDE:

INTEGRATED BROWNFIELD AND OFFSHORE MARINE SERVICES

- Hook-up Construction Commissioning and Topside Major Maintenance
- Project Management, Procurement and Logistics
- Engineering, Operations and Maintenance
- Oil Field Optimisation
- Equipment, Packaging and Manufacturing

DEVELOPMENT AND PRODUCTION

- Development and Production of petroleum from Banang small field offshore Terengganu, Malaysia

MARINE ASSETS

The Group owns and operates 3 Accommodation and work barges, 4 workboats, 1 AHTS vessel and 1 MOPU to support its operations .

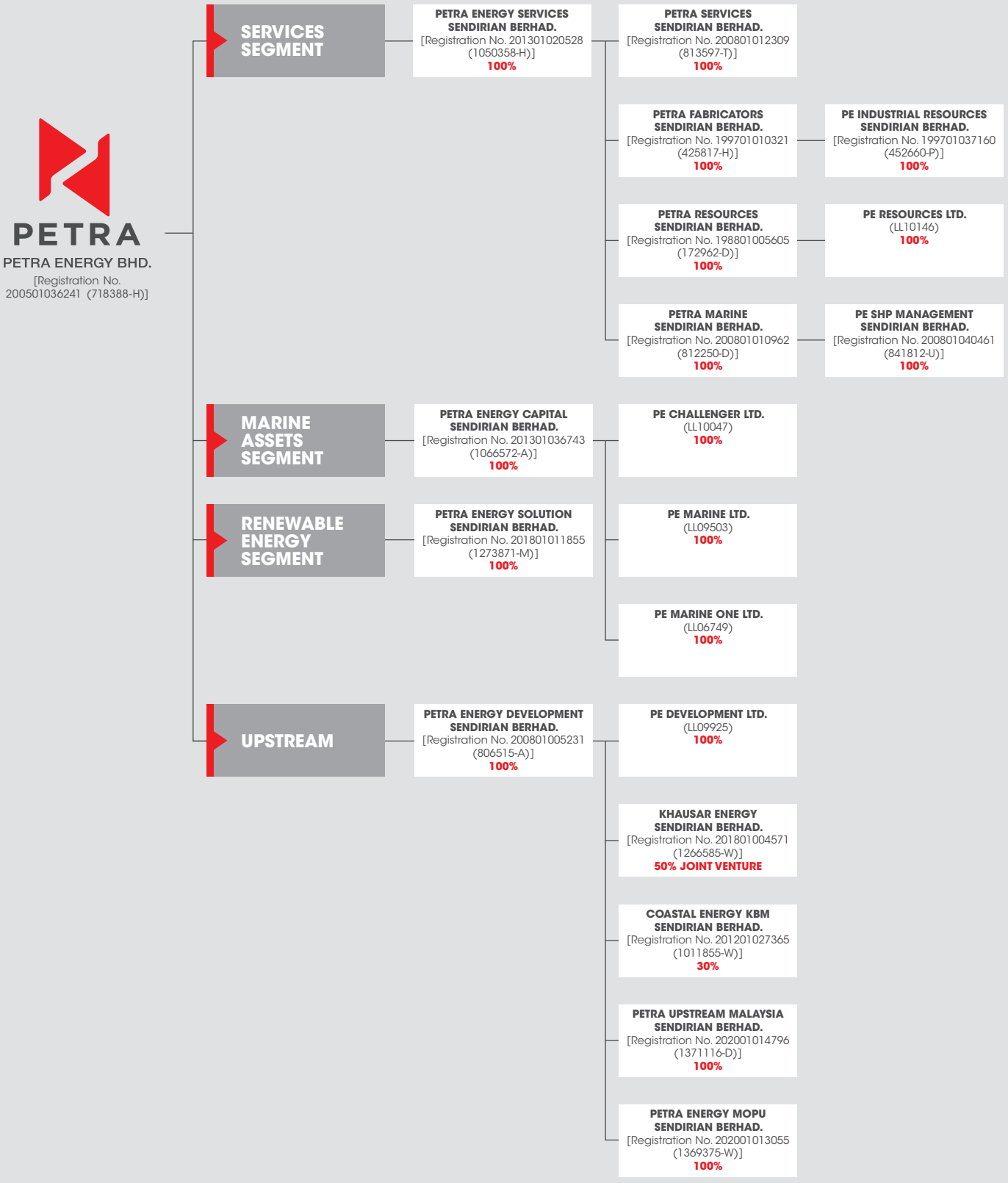
FABRICATION YARDS

The Group's fabrication yards provide fabrication and construction services, whilst serving as hubs for equipment supplies, storage and logistics. Onshore operation-wise, our assets include one main fabrication yard and warehouse and two leased laydown and secondary fabrication yards in Labuan.

COMPETENT PROJECT MANAGEMENT TEAM AND SKILLED WORKFORCE

The Group's highly skilled technical workforce and crew are led by a core team of professionals. Our technical human capital assets comprises skilled staff in project engineering, various engineering disciplines, marine professionals and technical support staff. We also have the manpower strength of up to 2,000 offshore crew during peak-operations.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

1) **Tan Sri Datuk Seri Panglima Sulong bin Matjeraie**
(Chairman/Independent Non-Executive Director)
2) **Abdul Rahim bin Abdul Hamid**
(Senior Independent Non-Executive Director)
3) **Ng Ing Peng**
(Independent Non-Executive Director)
4) **Gian Carlo Maccagno**
(Non-Independent Non-Executive Director)
5) **Dato' Anthony @ Firdauz bin Bujang**
(Executive Director/Group Chief Executive Officer)
6) **Dato Ahmadi bin Yusoff**
(Executive Director)
7) **Simon Ong**
(Executive Director)

AUDIT COMMITTEE

1) **Abdul Rahim bin Abdul Hamid**
(Chairman)
2) **Tan Sri Datuk Seri Panglima Sulong bin Matjeraie**
3) **Gian Carlo Maccagno**
4) **Ng Ing Peng**

NOMINATING COMMITTEE

1) **Ng Ing Peng**
(Chairwoman)
2) **Abdul Rahim bin Abdul Hamid**

REMUNERATION COMMITTEE

1) **Abdul Rahim bin Abdul Hamid**
(Chairman)
2) **Gian Carlo Maccagno**
3) **Ng Ing Peng**

BOARD RISK MANAGEMENT COMMITTEE

1) **Abdul Rahim bin Abdul Hamid**
(Chairman)
2) **Gian Carlo Maccagno**
3) **Simon Ong**

COMPANY SECRETARIES

1) **Chua Siew Chuan**
(MAICSA 0777689 /
SSM PC NO. 201908002648)
2) **Lim Lih Chau**
(LS0010105 /
SSM PC NO. 201908001454)

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral,
Jalan Rakyat,
Kuala Lumpur Sentral,
P.O. Box 10192,
50706 Kuala Lumpur,
Wilayah Persekutuan

HEADQUARTERS

Suite 13-02, Level 13,
Menara OBYU,
4, Jalan PJU 8/8A,
Bandar Damansara Perdana,
47820 Petaling Jaya,
Selangor Darul Ehsan
Tel : 03-7726 5576
Fax : 03-7726 3686
Email : peb.corporate@penergy.com.my

REGISTERED OFFICE

Suite 13-02, Level 13,
Menara OBYU,
4, Jalan PJU 8/8A,
Bandar Damansara Perdana,
47820 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-7726 5576
Fax: 03-7726 3686
Email : peb.corporate@penergy.com.my
Website: www.petraenergy.com.my

SHARE REGISTRAR

Securities Services (Holdings) Sendirian Berhad.
[Registration No. 197701005827 (36869-T)]
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940

BANKERS

i) **OCBC Bank (Malaysia) Berhad**
[Registration No. 199401009721 (295400-W)]
ii) **Malayan Banking Berhad**
[196001000142 (3813-K)]
iii) **United Overseas Bank (Malaysia) Berhad**
[199301017069 (271809-K)]

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Berhad

Sector : Energy
Stock Code : 5133
Stock Name : PENERGY

BOARD OF DIRECTORS

TAN SRI DATUK SERI PANGLIMA SULONG BIN MATJERAIE
(Chairman/Independent Non-Executive Director)

ABDUL RAHIM BIN ABDUL HAMID
(Senior Independent Non-Executive Director)

NG ING PENG
(Independent Non-Executive Director)

GIAN CARLO MACCAGNO
(Non-Independent Non-Executive Director)

DATO' ANTHONY @ FIRDAUZ BIN BUJANG

(Executive Director/Group Chief Executive Officer)

DATO AHMADI BIN YUSOFF

(Executive Director)

SIMON ONG

(Executive Director)

BOARD OF DIRECTORS' PROFILE

TAN SRI DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Chairman/Independent Non-Executive Director

National:	**Age:**	**Sex:**
Malaysian	74	Male

Date of appointment as Director:
28 August 2014

Length of service as Director since appointment (as at 21 April 2021):
6 years 7 months

Board Committee(s) served on:
Member of the Audit Committee

Academic/Professional Qualification(s)/Recognition:
- B.A. (Hons) Degree, University of Malaya (1970)
- Inns of Court School of Law, London
- Called to the Bar of England and Wales in the Trinity Term by the Honourable Society of Inner Temple, London (1974)
- Master of Laws (LLM), University of Southampton (1977)
- Certificate in Advanced Management, Banff School of Advanced Management, Alberta, Canada (1978)

Working Experience:
- Bintulu District Officer
- State Training Officer Sarawak
- Secretary of the Government Examination Board
- Director of Civic Development Unit
- Secretary of Complaints Suggestions Bureau
- General Manager of Sarawak Timber Industry Development Corporation
- General Manager of Bintulu Development Authority
- Senior Partner, Messrs. Sulong Matjeraie & Co
- Chairman, Kuching Division of the Advocates Association of Sarawak
- President, The Advocates Association of Sarawak
- Judicial Commissioner, High Court of Malaya, Johor (1998)
- Judge, High Court of Malaya, Johor Bahru (2000)
- Judge, High Court of Sabah and Sarawak, Kota Kinabalu, Sabah
- Judge, Court of Appeal
- Federal Court Judge, Federal Court of Malaysia, Palace of Justice, Putrajaya
- One of the four eminent persons to serve as member of the Judicial Appointments Commission
- Bencher of the prestigious Honourable Society of Inner Temple, London
- Chairman of the Board of Directors of University of Malaysia, Sarawak (Unimas) (2018)

Present Directorship(s) in other Public/Listed Companies:
- Ho Hup Construction Company Berhad
- Southern Acids (M) Berhad
- W T K Holdings Berhad

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Number of Board Meetings attended in the financial year end:
Tan Sri Sulong attended all seven (7) Board Meetings held in the financial year ended 31 December 2020

ABDUL RAHIM BIN ABDUL HAMID

Senior Independent Non-Executive Director

National:	**Age:**	**Sex:**
Malaysian	70	Male

Working Experience:
- Coopers & Lybrand (previously known as Cooper Brothers & Co.) (1971-1993)
- Chief Executive of Coopers & Lybrand (previously known as Cooper Brothers & Co.) (1993-1998)
- Deputy Executive Chairman of PricewaterhouseCoopers (1998-June 2004)

Present Directorship(s) in other Public/Listed Companies:
- AEON Co. (M) Berhad
- Encorp Berhad
- GFM Services Berhad

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Number of Board Meetings attended in the financial year end:
Encik Rahim attended all seven (7) Board Meetings held in the financial year ended 31 December 2020

Date of appointment as Director:
13 July 2010

Length of service as Director since appointment (as at 21 April 2021):
10 years 9 months

Encik Rahim was appointed as Independent Non-Executive Director on 13 July 2010 and was subsequently redesignated as Senior Independent Non-Executive Director of the Company on 11 May 2011

Board Committee(s) served on:
- Chairman of the Audit Committee
- Chairman of the Board Risk Management Committee
- Member of the Nominating Committee
- Chairman of the Remuneration Committee

Academic/Professional Qualification(s)/Recognition:
- Fellow of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants

Board Of Directors' Profile

GIAN CARLO MACCAGNO

Non-Independent Non-Executive Director

National:	**Age:**	**Sex:**
Italian	57	Male

Date of appointment as Director:
18 September 2012

Length of service as Director since appointment (as at 21 April 2021):
8 years 7 months

Board Committee(s) served on:
- Member of the Audit Committee
- Member of the Board Risk Management Committee
- Member of the Remuneration Committee

Academic/Professional Qualification(s)/Recognition:
Bachelor in Business Administration from Tecnico Commerciale Maddalena Adria (RO) Italy

Working Experience:
- Trainee in Production and Project Management for Socotherm S.R.L, Italy (1984-1987)
- Project Manager for Socotherm S.R.L in Nigeria (1987-1990)
- Petro-Pipe Industries (M) Sendirian Berhad. in Malaysia (1990)
- Country Manager for Socotherm S.R.L in Taiwan (1991-1992)
- General Manager of Wasco Coatings Malaysia Sendirian Berhad. in Malaysia (1993)
- Deputy Managing Director of Wah Seong Corporation Berhad
- Chief Executive Officer of Wasco Energy Group of Companies

Present Directorship(s) in other Public/Listed Companies:
The only directorship of Mr. Maccagno in other public company or listed company is Wah Seong Corporation Berhad

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Number of Board Meetings attended in the financial year end:
Mr. Maccagno attended all seven (7) Board Meetings held in the financial year ended 31 December 2020

DATO' ANTHONY @ FIRDAUZ BIN BUJANG

Executive Director/Group Chief Executive Officer

National:	**Age:**	**Sex:**
Malaysian	61	Male

Date of appointment as Director:
18 September 2012

Length of service as Director since appointment (as at 21 April 2021):
8 years 7 months

Board Committee(s) served on:
Nil

Academic/Professional Qualification(s)/Recognition:
- Degree in Economics (Business Admin), University Malaya
- Higher Professional Diploma in Management, University of Cambridge
- Executive MBA in International Marketing, University of Berne, Switzerland

Working Experience:
- Accountant in Bank Utama Malaysia Berhad (1983)
- Secretary and Adviser to Major Tender Board for Sarawak Shell Berhad (1988-1996)
- Head of General Contracts and Head of Strategy for Sarawak Shell Berhad (1988-1996)
- Head of Strategy, Planning & Procurement for Shell Gabon, Republic of Gabon, West Africa (1988-1996)
- Chief Executive of Eastbourne Services Sendirian Berhad. (1996 to 2000)
- Director of Operations for TV3
- Chief Executive Officer for NTV7
- Group Chief Executive Officer for The NSTP (M) Berhad

Present Directorship(s) in other Public/Listed Companies:
Chairman, Audit Committee, Tourism Malaysia
Appointed Industry Distinguished Research Fellow by Universiti Utara Malaysia

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Number of Board Meetings attended in the financial year end:
Dato' Anthony attended six (6) Board Meetings held in the financial year ended 31 December 2020

Board Of Directors' Profile

DATO AHMADI BIN YUSOFF

Executive Director

National:	Age:	Sex:
Malaysian	61	Male

Family Relationship with any Director and/or Major Shareholder of the Company:
Dato Ahmadi is the brother of Tan Sri Bustari bin Yusuf, who is deemed interested by virtue of his interest in Shorefield Resources Sendirian Berhad., a Major Shareholder of the Company

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Number of Board Meetings attended in the financial year end:
Dato Ahmadi attended all seven (7) Board Meetings held in the financial year ended 31 December 2020

Date of appointment as Director:
18 February 2010

Length of service as Director since appointment (as at 21 April 2021):
11 years 2 months

Board Committee(s) served on:
Nil

Academic/Professional Qualification(s)/Recognition:
Bachelor of Arts (Honours), Universiti Sains Malaysia

Working Experience:
Dato Ahmadi held various key management positions with experience spanning over 17 years in the rural electrification, media, agro-chemical, construction, plantation and trading sectors

Present Directorship(s) in other Public/Listed Companies:
Dato Ahmadi does not hold any directorship in other public company or listed company

SIMON ONG

Executive Director

National:	Age:	Sex:
Malaysian	67	Male

- Prior to retiring from the Royal Dutch Shell in 2017, Mr Simon Ong was the Managing Director of Shell Global Solutions and the General Manager for Projects in the East. His responsibilities included the delivery of two mega deep-water projects in Malaysia, the Gumusut-Kakap and the Malikai projects as well as leading the Shell Project and Technology Function in Malaysia. He was also a member of Shell Malaysia's Country Coordination Team
- Mr. Simon Ong has had several international assignments with Royal Dutch Shell Group, namely in Australia, The Netherlands and Canada
- In March 2012, he was elected to the Board of the Institution of Chemical Engineer, Malaysia for year 2013

Date of appointment as Director:
22 February 2018

Length of service as Director since appointment (as at 21 April 2021):
3 years 1 month

Board Committee(s) served on:
Member of the Board Risk Management Committee

Academic/Professional Qualification(s)/Recognition:
- Bachelor in Chemical Engineering (Hons) from the University of Malaya and Master in Business Administration from Rotterdam School of Management
- Member of the Institution of Chemical Engineer and a Chartered Engineer
- In 2018, Mr. Simon Ong received the Distinguished Achievement Award for Individuals from OTC-Asia for his contribution to the development of the Oil and Gas Industry in Malaysia. The OTC is the world's largest Oil and Gas conference which is held annually in Houston. OTC-Asia is a bi-annual event whose inaugural conference was held in Kuala Lumpur in 2014

Working Experience:
- His 38 years broad upstream experience includes Engineering, Project Management, Maintenance and Upstream Mergers & Acquisitions and Asset Management for Shell Non-Operated Ventures

Present Directorship(s) in other Public/Listed Companies:
Mr. Simon Ong does not hold any directorship in other public company and listed company

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Number of Board Meetings attended in the financial year end:
Mr. Simon Ong attended all seven (7) Board Meetings held in the financial year ended 31 December 2020

Board Of Directors' Profile

NG ING PENG
Independent Non-Executive Director

National:	Age:	Sex:
Malaysian	64	Female

Working Experience:
- Head of Finance, CIMB Group Holding Berhad (2013)
- Group Chief Financial Officer of Petra Energy Berhad (2016)

Present Directorship(s) in other Public/Listed Companies:
- Red Sena Berhad (in liquidation)
- MR D.I.Y. Group (M) Berhad

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Number of Board Meetings attended in the financial year end:
Madam Ng attended all seven (7) Board Meetings held in the financial year ended 31 December 2020

Date of appointment as Director:
14 May 2015

Length of service as Director since appointment (as at 21 April 2021):
5 years 11 months

Madam Ng was appointed as Executive Director of the Company on 14 May 2015 and was redesignated as Non-Independent Non-Executive Director on 31 December 2016 and subsequently redesignated as Independent Non-Executive Director of the Company on 2 January 2019

Board Committee(s) served on:
- Member of the Audit Committee
- Chairman of the Nominating Committee
- Member of the Remuneration Committee

Academic/Professional Qualification(s)/Recognition:
- Bachelor of Accounting, University Malaya
- Member of Institute of Chartered Accountants of England and Wales

PROFILE OF KEY SENIOR MANAGEMENT

MOHAMAD SUBKY BIN BUSTARI
Chief Executive Officer,
Petra Resources Sendirian Berhad.

Nationality : Malaysian
Age/Gender : 37/Male

Date first appointed to the Key Senior Management Position:
1 June 2011

Academic/Professional Qualification(s):
BA Commerce/ BA Arts from Curtin University of Technology, Perth, Australia

Working Experience:
- Joined Petra Energy Berhad as General Manager, Strategic Planning & Business Development prior to his appointment as Director, Business Development
- Appointed as Director of Shorefield Sendirian Berhad., a subsidiary company of OBYU Holdings Sendirian Berhad. ("**OBYU**") until 2011
- Appointed as Director of KACC Construction Sendirian Berhad.

Present Directorship(s) in other Public/Listed Companies:
Encik Mohamad Subky does not hold any directorship in other public company or listed company but he sits on the Board of several private companies under the PEB Group and OBYU Group

Family Relationship with any Director and/or Major Shareholder of the Company:
Encik Mohamad Subky is the son of Tan Sri Bustari bin Yusuf, who is deemed interested by virtue of his interest in Shorefield Resources Sendirian Berhad., a major shareholder of the Company

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Profile of Key Senior Management

KHAIRUL ANWAR MOHAMAD
Group Chief Financial Officer

Nationality : Malaysian
Age/Gender : 39/Male

Date first appointed to the Key Senior Management Position:
1 January 2017

Academic/Professional Qualification(s):
- Bachelor Degree in Accounting (Hons), Universiti Tenaga Nasional, Malaysia
- Advanced Diploma in Management Accounting, Chartered Institute of Management Accountants, United Kingdom
- Chartered Accountant, Malaysian Institute of Accountants
- Associate Member, Chartered Institute of Management Accountants, United Kingdom
- Member, Chartered Global Management Accountant

Working Experience:
- January 2017 - Current :
  Group Chief Financial Officer, Petra Energy Berhad ("**PEB**")
- 2013:
  Joined PEB as Manager (Group Finance) and has held various positions within the Group, the last being Deputy Group Chief Financial Officer prior to his current appointment
- 2011:
  Manager (Corporate Strategy & Development), Sapura Secured Technologies
- 2009:
  Assistant Manager (Business Analyst- Corporate Strategy Department), Bank Muamalat Malaysia Berhad
- 2008:
  Senior Executive (Strategic Change Management), RHB Bank Malaysia Berhad
- 2006:
  Executive (Corporate Assurance Division), Astro All Asia Networks PLC

Present Directorship(s) in other Public/Listed Companies:
Encik Khairul does not hold any directorship in other public company or listed company but he sits on the Board of several private companies under the PEB Group.

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

SUHAINI @ ABDULLAH BIN HIPNI @ WEBB
Director, Petra Resources Sendirian Berhad.

Nationality : Malaysian
Age/Gender : 68/Male

Date first appointed to the Key Senior Management Position:
1 September 2015

Academic/Professional Qualification(s):
Higher National Diploma in Plant Engineering Master of Science (Msc ERP)

Working Experience:
- 2013 – Current:
  Director, Petra Resources Sendirian Berhad.
- Senior Manager Operation
  PETRONAS Carigali Sendirian Berhad, Sarawak Operation
- HSE Manager
  PETRONAS Carigali Sendirian Berhad, Sarawak Operation
- Held various positions in Sarawak Shell Berhad

Present Directorship(s) in other Public/Listed Companies:
Encik Suhaini @ Abdullah does not hold any directorship in public company or listed company

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

YAHYA BIN JADI
Head,
Health, Safety, Security & Environment (HSSE)

Nationality : Malaysian
Age/Gender : 56/Male

Date first appointed to the Key Senior Management Position:
1 October 2017

Academic/Professional Qualification(s):
BSc in Aeronautical Engineering/BBA/MBA

Working Experience:
- 2017 - Current:
  Head of HSSE – Petra Energy Berhad.
- 2011 - 2016:
  Project HSSE Management
  – Shell P&T Malaysia
- 1992 - 2011:
  Project Management/ Mechanical Static Engineering – Sarawak Shell Berhad
- 1989-1992:
  Quality Management
  – Airod Sendirian Berhad.

Present Directorship(s) in other Public/Listed Companies:
Encik Yahya Jadi does not hold any directorship in other public company or listed company

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

Profile of Key Senior Management

CAPTAIN SASITHARAN SOMADERAN
Chief Executive Officer,
Petra Marine Sendirian Berhad

Nationality : Malaysian
Age/Gender : 42/Male

Date first appointed to the Key Senior Management Position:
1 January 2017

Academic/Professional Qualification(s):
Master Mariner Certificate of Competency Class 1, Jabatan Laut Malaysia

Working Experience:
- 2018 – Current:
  CEO, Petra Marine Sendirian Berhad. (PMSB)
- 2014 – 2018:
  General Manager, PMSB
- 2013 – 2014:
  Marine Capt, PMSB
- 2011 – 2013:
  Marine Superintendent,
  Bumi Armada Navigation Sendirian Berhad.
- 2010 – 2011:
  Master Mariner,
  Bumi Armada Navigation Sendirian Berhad.
- 2006 – 2010:
  Chief Officer/DPO Bumi Armada Navigation Sendirian Berhad.

Present Directorship(s) in other Public/Listed Companies:
Capt. Sasitharan does not hold any directorship in other public company or listed company

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

ELSA IYOK JAMES
Head,
Group Human Capital

Nationality : Malaysian
Age/Gender : 37/Female

Date first appointed to the Key Senior Management Position:
1 June 2019

Academic/Professional Qualification(s):
- Masters of Science in Project Management, Curtin University of Technology
- Bachelor of Business (Major in Human Resource Management), Edith Cowan University, Perth, Western Australia

Working Experience:
- March 2018 - May 2019:
  Senior Manager, Group Human Capital, Petra Energy Berhad
- January 2015 - February 2018:
  Manager, Group Human Capital, Petra Energy Berhad
- April 2011 - December 2014:
  Senior Executive, Group Human Capital, Petra Resources Sendirian Berhad.
- June 2008 - March 2011:
  Employee Relations Executive, Petra Resources Sendirian Berhad.

Present Directorship(s) in other Public/Listed Companies:
Ms. Elsa Iyok does not hold any directorship in public company or listed company

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

NOR ASLINA BINTI ISMAIL

Head, Business Services

Nationality : Malaysian
Age/Gender : 45/Female

Date first appointed to the Key Senior Management Position:
1 June 2019

Academic/Professional Qualification(s):
- Bachelor of Laws (Hons), Universiti Kebangsaan Malaysia
- Admitted and enrolled as Advocate and Solicitor at High Court of Malaya, Kuala Lumpur

Working Experience:
- June 2019 - Current:
  Head of Business Services, Petra Energy Berhad. ("**PEB**")
- 2012:
  Joined PEB as Manager (Group Risk Management & Insurance) and has held various positions within the Group, the last being Head of Group Contract Commercial & Compliance and Group Admin & Insurance
- 2010:
  Head of Servicing Development Unit, BIB Insurance Brokers Sendirian Berhad.

Present Directorship(s) in other Public/Listed Companies:
Ms. Nor Aslina does not hold any directorship in other public company or listed company

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

ALICIA ANN BHAGWANDAS

Head, Group Corporate Communications & Branding

Nationality : Malaysian
Age/Gender : 41/Female

Date first appointed to the Key Senior Management Position:
1 June 2019

Academic/Professional Qualification(s):
- Group Higher Diploma Media Studies, Stamford College KL
- LCCI Professional Certificate in Marketing, Public Relations, Sales and Advertising
- Member, International Association of Business Communicators (IABC)

Working Experience:
- June 2019 - Current:
  Head, Corporate Communications & Branding
- 2015 - 2019:
  Manager, Group, Corporate Communications & Branding, Petra Energy Berhad ("**PEB**")
- 2010 - 2015:
  Assistant Manager, Corporate Communications, PEB
- 2004 - 2009:
  Senior Executive, Communications Petra Perdana Berhad.
- 2001 - 2003:
  Marketing Executive, Asian Wall Street Journal

Present Directorship(s) in other Public/Listed Companies:
Ms. Alicia Ann does not hold any directorship in other public company or listed company

Family Relationship with any Director and/or Major Shareholder of the Company:
Nil

Disclosure of Conflict of Interests with the Company:
Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:
Nil

FINANCIAL HIGHLIGHTS

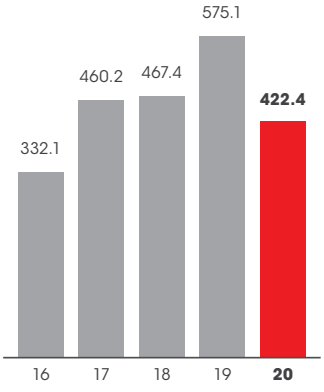
	31 DECEMBER				
FINANCIAL YEAR ENDED	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
INCOME STATEMENT					
REVENUE	332,084	460,230	467,424	575,100	**422,362**
EBITDA*	5,764	9,730	15,630	119,526	**85,178**
Profit Before Tax (PBT)/(Loss Before Tax) (LBT)	(124,483)	(46,212)	(18,508)	62,030	**23,061**
Profit After Tax (PAT)/(Loss After Tax (LAT))	(114,199)	(46,033)	(20,919)	61,919	**16,014**
PATAMI (attributable to enquiry holders)	(114,199)	(46,033)	(20,919)	61,919	**16,014**
BALANCE SHEET					
Total assets	830,241	834,635	656,459	625,038	**638,043**
Total shareholders' equity	417,591	353,056	333,358	380,741	**383,468**
Total liabilities	412,650	481,579	323,101	244,297	**254,575**
Total borrowings	237,705	198,206	123,522	28,706	**27,170**
Dividend/share (sen)	5.0	–	–	6.0	**4.0**
Share price at the end of each financial year (RM per share)	0.95	0.82	0.41	1.36	**1.06**
Earnings per share (sen)	(35.58)	(14.34)	(6.52)	19.29	**4.99**
Net assets/share (RM)	1.30	1.10	1.04	1.19	**1.19**
Total cash balances (RM'million)	238.7	145.3	94.4	158.8	**173.0**
Net gearing ratio (Net D/E)	0.00	0.15	0.09	(0.34)	**(0.38)**

* EBITDA amount before impairment of assets and unrealised foreign exchange gain/losses.

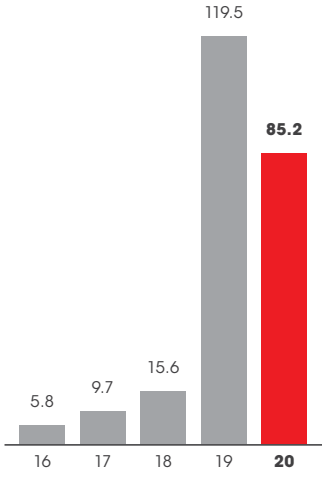
Notes to the Total Assets

Total depreciation : RM 146 million
Total impairment : RM 87 million
Total value of assets sold : RM 29 million

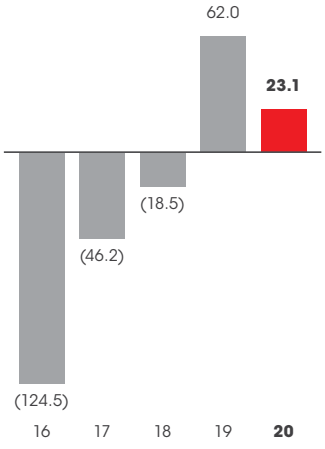
REVENUE
RM Million



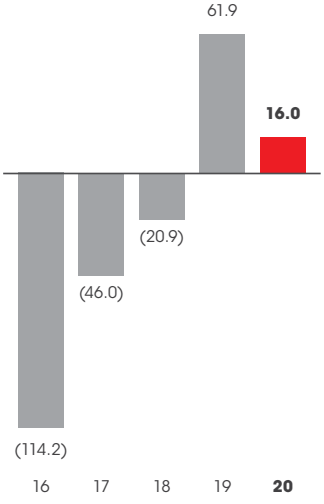
EBITDA
RM Million



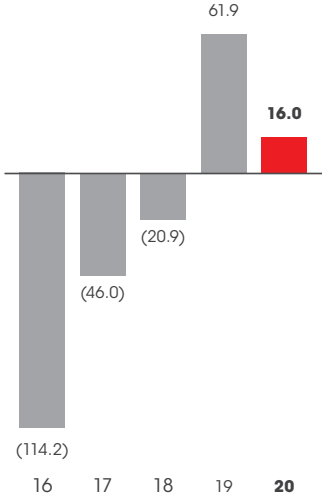
PBT/(LBT)
RM Million



PAT/(LAT)
RM Million



PATAMI
RM Million



CALENDAR OF EVENTS

11 January

PETRA Resources Sendirian Berhad participates in Karnival Kerjaya Peringkat Daerah Kimanis as part of its efforts to hire locally and give back in areas where it operates in line with the PETRA Cares philosophy

22 January

MOU signing ceremony with Jabatan Pembangunan Sumber Manusia to upskill and train local Sabahan youth for trades within the oil and gas industry as part of its efforts to hire locally and give back in areas where it operates in line with the PETRA Cares philosophy

15 February

PETRA Resources Sendirian Berhad participates in Karnival Pekerjaan Peringkat Daerah Sipitang 2020 (Dun N28 Sindumin)

18 February

Business Unit Away Day at TPC KL with leaders Group-wide to plan way forward and strategy for the Group.

22 February

PETRA Resources Sendirian Berhad participates in Karnival Pekerjaan 2020 Peringkat Daerah Tenom in support of local content

24 February

Visit and engagement with the Ministry of Education & Innovation, Sabah at PETRA Energy's headquarters

7 March

PETRA Resources Sendirian Berhad participates in Karnival Pekerjaan Peringkat Daerah Kudat

8 March

PETRA Resources Sendirian Berhad participates in Karnival Pekerjaan Semporna 2020 in support of local centre.

27 April

Authorities from Chief Government Security Office (CGSO), Labuan Corporation and Fire & Rescue Dept of Malaysia visited PETRA Fabrication Yard for COVID-19 SOP compliance inspection

1 May

Our 1st mobilisation during the COVID-19 pandemic for a project following strict COVID-19 SOP compliance

Calendar of Events

16 June

PETRA Energy Development Sendirian Berhad (PEDSB) was awarded Technical Service Agreement (TSA) from Petroliam Nasional Berhad ("PETRONAS") for the continuation of Banang Field production

2 July

PETRA Energy's Management courtesy visit to PETRONAS MPM

16 July

Engagement with Jabatan Imigresen Sabah led by PETRA Energy Berhad's Executive Director, Dato Ahmadi Yusoff

22 July

Culture & Behavior briefing to PETRA's development & production Banang's Operations Team on the importance of HSE culture in PETRA.

18 August

PETRA received focused recognition by PETRONAS for demonstrating Shared Success - Extending field economics limit of late life assets and maximising hydrocarbon resources recovery for the nation and country.

21 August

14th Annual General Meeting at Menara OBYU, Petaling Jaya

24 & 25 August

PETRA Energy sponsors & participates in the 1st e-SOGCE Online Conference

19 & 20 November

Leadership Team (LT) Away Day (Hybrid) at Menara OBYU, Petaling Jaya to chart the course for the year ahead

25 November

In ensuring our HSE Commitments and innovating, PETRA conducted its first virtual HSE Day involving participation by employees and crew from all locations Group-wide.

26 November

PETRA Fabrication Yard achieves Gold Class 2 Award by Malaysian Society for Occupational Safety and Health

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of PETRA Energy Berhad (PETRA or the Group or Company), I present to you the 2020 Annual Report of the Group.

While the energy industry stabilised with the strengthening of oil prices in 2019, the year 2020 began with extreme uncertainties due to the COVID-19 pandemic that persisted throughout the year and the crude supply overhang which did not ease until the later part of the year. These twin phenomena created a so-called "perfect storm" which impacted all segments of the oil and gas value chain. This resulted in Brent oil prices sliding sharply to approximately USD16 per barrel towards end April 2020.

Albeit the challenging environment brought on by the impact of the perfect storm, for PETRA, 2020 was also a milestone year, having achieved operator status under a Technical Services Agreement (TSA) with PETRONAS to operate the Banang oilfield, offshore Terengganu, on behalf of PETRONAS and succeeding Coastal Energy KBM Sendirian Berhad as the Operator for the Banang field.

The Group is extremely proud of its operational achievements in both the Development & Production and Services segments, accelerating its objectives to achieve its vision of becoming a Sustainable Energy Company.

However, the deferment of projects, delays in mobilisation and logistical interruptions resulting from the impact of COVID-19 threat and the Government's Movement Control Orders (MCO) imposed nationwide certainly impeded the Group's growth trajectory and affected its financial performance as the oil and gas industry in Malaysia adjusted itself to a new normal.

The 1H of 2020 was extremely challenging operationally. Nonetheless, recovery efforts were intensified in the 2H of 2020 with working teams showing resilience, enhancing efficiency and heightening HSE protocols to ensure workplans and schedules were achieved. The Group's healthy balance sheet, from its low borrowings position, coupled with strong cash balance, has put the Group in a strong position to sustain its operations during an uncertain period and propel PETRA to soar during the recovery period. This allowed PETRA to rebound in the second half of FY2020.

For the financial year ended December 2020, the Group recorded a profit after tax of RM16.0 million, with net asset at RM1.19 per share, despite challenging economic landscape.

PETRA began 2020 focused on its Transformation Roadmap theme, "the start of a new era" after having undertaken a cost reset in 2019 being Year One of the Group's 5-year Transformation Plan. For background information, PETRA's Group-wide Transformation Roadmap was implemented in late 2018, designed to reposition PETRA for the future and ensure sustainability. The Group's foray into the upstream space of the energy value chain has certainly brought forth a new era for PETRA.

Chairman's Statement and Management Discussion and Analysis

For the Group, having recorded its best financial performance to-date in the year 2019, the year 2020 saw a dip in its financial performance. Nonetheless, having strong fundamentals in business continuity, HSE, financial prudency, being a cornerstone of our core values, and overall resilience ensured PETRA remained sustainable and allowed the Group to record profits in FYE2020, although reduced as compared to FYE2019, and upheld its commitment to shareholders via consistent dividend payouts. The Group declared 4.0 sen dividend per share with respect to financial year ended 31 December 2020.

The transformation initiatives, cost and operational effectiveness and internal culture change anchored on the Transformation Roadmap reaped benefits for the Group, placing PETRA on strong footing. Considering the challenges brought on by the pandemic, we delivered on our commitments and priorities effectively with safety as the priority of our operations.

Financially, PETRA's strengthened balance sheet recorded stronger cash balances in FYE2020, which places the Company in an ideal position for growth and capacity building. It is my pleasure to highlight that the Group's improved cash balances by RM14.1 million and maintained negative net gearing ratio with improved equity levels during the year provide headroom for business development and expansion.

Improved efficiency on projects executed during the period and the concerted efforts implemented under its transformation programme with key focus on project performance, financial prudency and cost management has positively enhanced sustainability and resilience of the Group in the face of unprecedented volatility within the industry.

The Group's safety performance remained positive, with a Lost Time Injury Frequency rate of 0.275 for 3,765,719 million manhours of work undertaken Group-wide during the period.

The Group is focused on the health and safety of its people, and is on a journey to achieve Proactive status of the Safety culture ladder by end 2021 and ultimately to be in the Generative space of HSE Culture. In March 2021, PETRA attained ISO45001:2018 for Occupational Health and Safety and ISO14001:2015 Environmental Management Systems Certifications by Lloyds Registrar, a testament in itself of our Management Systems.

This is indeed an exciting achievement and one that will definitely add value to our journey in achieving our vision of becoming a Sustainable Energy Company. We must ensure we uphold these standards and focus on continuous improvement in alignment with our values and behaviours.

For the Development & Production segment, the Kapal, Banang and Meranti Small Field Risk Service Contract (KBMSFRSC) recorded a total production level of 18.4 million barrels of oil equivalent as at June 2020 since the start of the project in 2012. As highlighted in this statement above, June 2020 marked the end of the KBMSFRSC. PETRA continues operating & maintaining the Banang oilfield under the TSA with PETRONAS.

As challenging as 2020 was for operations during a pandemic, Petra successfully completed three Turnaround campaigns for the Maintenance Construction and Modification (MCM) Project, Sabah Waters for PETRONAS Carigali for surface production facilities offshore Sabah, with safety and delivery recognitions recorded.

Innovation is a desired behaviour for PETRA and we appreciate the support rendered by our clients in allowing us to explore new solutions and ideas for mutual benefit, in this case with employing 3D scanning technology for the KNNAG project under the MCM contract, which saw completion ahead of schedule even with increased job scopes.

The Sumandak/Samarang Turnaround, Erb West Turnaround & Total Shutdown projects also realised achievements and we aim to continue on this momentum for upcoming projects.

For its Hook-up Construction and Commissioning (HUCC) Projects for PETRONAS Carigali. Notable projects undertaken include:

- F9 Drilling Infill 2.0 Project
- West Lutong Redevelopment & Deep Project
- The Anjung Project
- D18 Phase 2 and Phase 3

A list of other notable highlights during the financial year :

- The Award of the Technical Services Agreement by PETRONAS for operations & maintenance of the Banang oilfield offshore Terengganu a milestone achievement in line with the Group's vision of achieving a Sustainable Energy Company.
- Asset enhancement via the acquisition of a Mobile Operating Production Unit ("MOPU") to support the Group's operations in the Development & Production segment.
- The Group was awarded an extension of the Provision of Hook-Up, Commissioning ("HUCC") and Topside Major Maintenance ("TMM") Services for Sabah and Sarawak from PETRONAS Carigali Sendirian Berhad. for a period of 15 months from 16 August 2019 until 15 November 2020.
- The Group's balance sheet and cash position remains at healthy levels.
- The Group remains negative net gearing position.
- Technology as a differentiator for operations i.e 3D laser scanning undertaken for the Group's operations for the MCM Project in Sabah.
- The set-up of the Group's branch corporate office in Kuching, Sarawak to support its operations and growing business needs.

BUSINESS CONTINUITY MANAGEMENT

The Group Business Continuity Management and Plans were thoroughly tested in FYE2020 during the pandemic. Testimony to the effectiveness of the Group's BCM is the fact that we were able to complete projects as highlighted earlier with mobilisation of about ~1200 crew during the period.

The group business continuity management system were fully activated notably the Crisis Management Plan and Disaster Recovery Plan (IT) since the beginning of the covid-19 pendemic in Malaysia. It had minimized the impact of the pandemic of COVID-19 to the various activities of the group.

In line with our sustainability objectives in developing communities where we operate and our clients focus on local content, the Group continued to undertake the following that complements the Government's drive towards the development and upskilling of youths.

- The Fast-Track Engineer Programme, a graduate trainee initiative that began in 2013 which saw the recruitment of 24 graduates from Sabah & Sarawak in the 2019/2020 batch who are now attached to various projects and units within the Group. This initiative also ensures a steady pipeline of talent for the Company.
- During the period, the Group hired about 60 Sabahan welders under its Welder Training Programme.
- The collaboration with Jabatan Sumber Manusia Sabah (JPSM) for the development of vocational studies for youth in the State.
- As part of its local content agenda and being a PETRONAS VDPx vendor, the Group continued to engage and appoint key vendors as a vendor development partner to PETRA and will continue to focus on the development of these companies.

The Group's key focus area for 2021 would be to grow its upstream business with subsurface capability to develop full field development and take steps to expand its footprint regionally and globally offering fast track solutions in development & production for late life assets and small fields.

PETRA shall also continue to undertake initiatives set out it its Transformation Roadmap with emphasis on cost management, business development, innovation and execution efficiency for its core businesses with safety as a core aspect. Continuous capability enhancement in Engineering Procurement Construction and Commissioning (EPCC), Decommissioning and Renewable energy will be a focus area for PETRA moving forward.

Chairman's Statement and Management Discussion and Analysis

Petra Energy ventures into oilfield operations

BY JOSE BARROCK

Oil and gas (O&G) outfit Petra Energy Bhd announced last week that its wholly-owned unit Petra Energy Development Sdn Bhd had been awarded a US$40 million (RM170 million) contract from national oil company Petroliam Nasional Bhd (Petronas) for a two-year technical service agreement.

The contract, which entails "the continuation of [production] in the Banang field", places Petra among the few local companies with the expertise to operate oil fields. The others include Petronas' wholly-owned Vestigo Petroleum Sdn Bhd and O&G giants Sapura Energy Bhd and Hibiscus Petroleum Bhd.

To recap, in mid-2012, Petra and Coastal Energy Co, via 30:70 joint-venture (JV) company Coastal Energy ERM Sdn Bhd, bagged a small field risk service contract (RSC) for the development and production of petroleum from the Kapal, Banang and Meranti (KBM) cluster of small oil fields in Block PM 316 off the coast of Terengganu for an eight-year duration commencing end-June 2013.

While Petra declined to comment for this article, an O&G industry source says, "To cut a long story short, what this basically means is that Petra is going to undertake the development of the Banang field without a partner, or without Coastal Energy."

"This also means that — if successful — Petra will have a track record of operating a field, which opens up possibilities of securing similar [oilfield operating] contracts regionally, if it executes this [Banang technical service agreement] well," he adds.

The Banang oil field

While it is not known how much oil reserves the Banang field still holds, O&G publications from 2012 stated that the KBM cluster, located in a 20km radius and containing 17 wells — 10 at Kapal, four at Banang and three at Meranti — was estimated to contain recoverable resources of 15 million to 35 million barrels of oil.

Petra's annual report for financial year 2018 (FY2018) said the KBM cluster RSC reached a total production level of about 16.8 million barrels of oil equivalent as at end-2018. At press time, Petra's 2019 annual report had yet to be published.

However, considering that Petronas' contract award is valued at RM170 million, substantial hydrocarbon deposits are likely to be extracted in Banang.

While details are scarce, Petra's FY2018 annual report stated, "To date, the project [the KBM cluster RSC] has contributed RM191.3 million, via share result of an associate (30% stake), to the group's earnings since year 2015 ... Production costs have consistently been below budget and development within schedule. The project is said to be one of the most sustainable and profitable RSC projects."

To put things in perspective, Petra and its partner did well at the KBM RSC, with first oil produced in December 2013 from the Kapal field, which was churning out 10,000 barrels of oil per day and 13,000 barrels per day at its peak. The Banang and Meranti oil fields were operational by the end of 2014 and 2019 respectively.

Oil production at Banang commenced in mid-July 2014 — three months ahead of schedule.

Other than the KBM cluster, Petronas had awarded five RSCs — namely the Berantai field to Petrofac Ltd and Sapura Energy in January 2011; the Balai-Bentara cluster offshore Sarawak to a consortium comprising Roc Oil Malaysia (Holdings) Sdn Bhd, Dialog Group Bhd and Petronas Carigali Sdn Bhd in August 2011; the Tembikai-Cheranang cluster to Vestigo Petroleum in October 2013; the Tanjong Baram fields to EO Petroleum Development Malaysia Sdn Bhd and Uzma Bhd in March 2014; and the small field RSC to Ophir Production Sdn Bhd, a JV company between Octanex Pte Ltd, Soumi Group Bhd and Vestigo Petroleum in June 2014.

Considering the rest of the RSCs — with the exception of Petronas' Vestigo Petroleum in Tembikai-Cheranang — have either ceased operations, were terminated or seen the shareholders exit, Petra and Coastal Energy seem to have done well.

Reasonable margins

Nevertheless, the O&G source observes that the margins for such contracts are not very high, and with Brent crude hovering at about US$40 per barrel, he estimates Petra's margins to be anywhere in the high single to low double-digit range.

At RM170 million over two years, and margins of say 10%, the contract could add about RM8.5 million a year to Petra's bottom line and RM85 million to its revenue, assuming there are no issues.

For the first three months of FY2020 ended March, Petra suffered a net loss of RM20.76 million from RM72.39 million in sales, which translates into a loss per share of 6.46 sen. For the corresponding quarter a year ago, Petra chalked up a net profit of RM1.71 million from RM111.85 million in sales, while earnings per share was 0.53 sen.

Meanwhile, in the fourth quarter of FY2019, Petra registered a net profit of RM21.68 million from RM124.37 million in turnover.

On the material change in its bottom line from 4Q2019, Petra says the losses were a result of "decreasing activities" — which are deferments in hook-up and commissioning and topside maintenance works as a result of oil companies revising their budgets, coupled with a delay in mobilisation marine assets brought about by the Covid-19 pandemic, and a decline in oil prices.

With a relatively healthy balance sheet, Petra could look to grow its oilfield operations segment. As at end-March this year, Petra had cash and bank balances of RM140.48 million and short-term borrowings of RM22 million, with no long-term debt commitments. As at end-March, the company had retained earnings of RM80.07 million.

Petra ended trading last Thursday at 76 sen, giving the company a market value of RM343.916 million. ■

The Edge Business & Investment Weekly, the week of June 22 - June 28 2020.

FINANCIAL PERFORMANCE

2020 was a challenging year from a global macroeconomics perspective and it was no different for PETRA. The deferment of projects, delays in mobilisation and logistical interruptions resulting from the impact of Covid-19 restrictions and the Government's Movement Control Orders imposed nationwide, certainly impacted the Group's financial performance arising from additional costs in response to COVID-19 standard operating procedures (SOP's). However, it is imperative to highlight that the Group's fundamentals in managing its financials over the years allowed PETRA to remain profitable in 2020.

For the financial year ended 31 December 2020, revenue was recorded at RM422.4 million as compared to RM575.1 million in 2019. Revenue decreased mainly from lower activities executed in anchor contracts, lower vessels utilisation and project deferments due to the impact of COVID-19. Profit After Tax was recorded at RM16.0 million as compared to of RM61.9 million in 2019. The PAT in FY2019 includes RM40.3 million a share result of an associate which represents contribution from the Group's previous venture in the KBMSFRSC which expired in June 2020.

The Group's balance sheet, gearing and cash position remained at healthy levels. Cash position increased from RM158.8 million in 2019 to RM173.0 million in 2020. Borrowings reduced slightly from RM28.7 million in 2019 to RM27.2 million in 2020. Net debt-to-equity ratio is maintained at healthy state from (0.34) in 2019 to (0.38) in 2020. Net asset per share was recorded at RM1.19. This has positioned the Group to have strong credentials to raise funds and undertake future growth and business expansion, coupled with enhanced resistance towards future economic uncertainty.

In view of this, the Group declared a single tier interim dividend of 2.0 sen per ordinary share during 3rd quarter of 2020. On 22 February 2021, another single tier interim dividend of 2.0 sen per ordinary share was declared with respect to the financial year ended 31 December 2020. This marks a total dividend declared to-date of 4.0 sen.

OPERATIONAL HIGHLIGHTS

Services Segment

The services segment consists of the Group's core activities in the area of providing services such as Hook-up and Commissioning (HuC), Topsides Major Maintenance (TMM), Maintenance, Construction and Modifications (MCM), marine vessels and fabrication yards support, trading and engineering services. Anchor contracts within this segment which contributed RM245.3million towards the Group's revenue are:

- The Maintenance Construction and Modification (MCM) Services contract by PETRONAS Carigali for work offshore Sabah. The MCM services contract is for a period of 5 years expiring in November 2022 with a one-year extension option.
- The Pan Malaysia HuC and TMM contract executed for PETRONAS Carigali Sendirian Berhad, which ended in 2018 was extended for a year and expiring in May 2019 and further extended to November 2020.
- Provision of Vendor Support Services & Supply of

Spare Parts for Waukesha Equipment for PETRONAS Carigali
- Provision of Mechanical Rotating Maintenance Services and Crane Operations and Maintenance for Sarawak Shell Berhad/Sabah Shell Petroleum Berhad
- Provision Maintenance and Services for Lifting Equipment Sabah Shell Petroleum Berhad

Significant project highlights during the period include:

D18 Phase 3 Project (2020)

- Timely mobilisation HUC Campaign 3 despite during the MCO period (from 14 May 2020 – 8 June 2020)
- Timely completion of all infill Drilling phases with "Zero" punch list
  (a punch list is a document prepared during key milestones or near the end of a project, listing work not conforming to contract specifications that the contractor must complete)
- The project was delivered and completed recording 113,180 manhours without LTI
- The project was also completed with an excellent HSE Achievement without Lost Time Incident (LTI) and zero total recordable case frequency (TRCF)

West Lutong Redevelopment & Deep Project

The West Lutong Redevelopment & Deep Project was challenging given the period of execution was during the COVID-19 pandemic however the project recorded achievements and highlights as reflected below:

- The well tie-in mobilization in January 2020 achieving first oil delivery in February 2020, 10 days ahead of schedule.
- March – July 2020 saw seven deferments of final offshore execution mobilization (Platform & Helideck Reinstatements) due to the pandemic which was undertaken in July 2020.
- Faced with challenges in August 2020 due to the malfunction of lifting crane. However, this was resolved and the Gantry and Jib Crane Reinstatements were successfully completed in October 2020 and subsequently the helideck reinstatement which was planned for March 2021 but completed ahead of schedule.

Work is ongoing for the F9 and Anjung projects at time of writing.

Maintenance Construction and Modification (MCM) Services, Sabah

For the Group's operations under the MCM Contract, PETRA undertook work for the KNNAG Project as highlighted below.

As part of the Group's culture of innovation and continuous capability enhancement, 3D laser scanning technology was implemented for the KNNAG Project employing a new technology and method of utilising 3D laser scanning in producing almost perfect drawings. It was then proven that this had a direct positive impact by reducing the amount of rework resulting from the high precision drawings.

The KNNAG Turnaround (TA) Campaign

- Job Completion with 0% Punch List – handover was done successfully on 13th August 2020
- Managed to complete the job scope with 0% modification (to fabricate piping)
- Managed to complete/clear 2019 Turnaround Punch List with no additional cost
- Managed to submit Final Documentation within 34 days and Close Out Report within 43 days (per 45 days requirement)
- Received recognition by PCSB on job well done for KNNAG TA Campaign
- This project was completed ahead of schedule despite additional scopes

PETRA is committed to exploring new technology to meet its aim of optimising resources and efficiency.

During the period under review, the Group also undertook work orders for PETRONAS Carigali for the Sumandak/ Samarang Turnaround, Erb West TA & Total Shutdown under the MCM Contract.

Group-wide, a total of 3,765,719 manhours (~3.77 million manhours) were clocked for all projects undertaken in the services segment during the period.

Although 2021 is expected to be a year of recovery for the oil and gas industry in Malaysia, we anticipate work within this segment to continue at an average pace from our current contracts in hand.

With cost management initiatives implemented under the transformation plan in place, we aim to further enhance operational efficiency and innovation by changing from conventional approaches as we innovate to achieve stronger productivity and costs.

Marine Assets Segment

This segment encompasses the Group's activities that cover the range of marine assets and fleet operations, management and chartering. PETRA's fleet of marine vessels includes:

- 4 accommodation workboats
- 3 accommodation work barges; and
- 1 anchor handling tug supply vessel (AHTS)
- 1 mobile offshore production unit (MOPU) , PETRA Orion

The Group's vessels mainly undertook work for projects as part of the Group's anchor contracts:

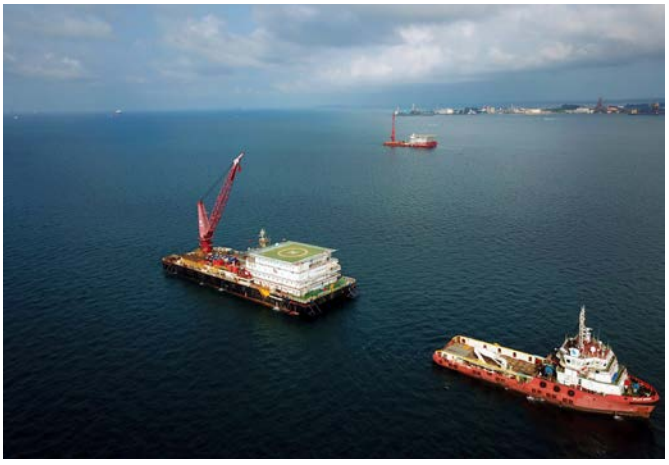
- Petra Challenger performed work for West Lutong Redevelopment & Deep Helideck Removal [PCSB HUC].
- Petra Endeavour undertook work for Kebabangan Turn Around Campaign [Kebabangan Petroleum Operating Company], Anjung Gas Development Project [PCSB HUC] and Bokor Phase 3 Project [Trans Fame Offshore].
- Petra Orbit undertook work for MEP-A Turn Around Campaign [PTTEP Sarawak Oil Limited] and Sumandak TMM Project for SBO MCM.
- Petra Galaxy performed work for Samarang Project and Kinabalu Project for SBO MCM and Samarang EOR Phase 3 [PCSB HUC].

- MV Alya performed work for Samarang Project for SBO MCM and West Lutong TMM Project [PCSB HUC].
- MV Anis undertook work for Malong, Anding, Sotong (MASA) 2020 Campaign [PCSB HUC], D35 Turn Around Campaign [Keyfield Offshore], SA-PA 2020 Turn Around Campaign [PTTEP Sarawak Oil Limited] and Anjung Gas Development Project [PCSB HUC].
- AHTS Kas Marine 1 performed work for D18 Project [PCSB HUC], Samarang EOR Phase 3 [PCSB HUC], Anjung Gas Development Project [PCSB HUC] and Bokor Phase 3 Project [Trans Fame Offshore].
- PETRA Orion was dedicated to support the Banang field production since the award of the TSA effective 29 June 2020.

Vessel utilisation was recorded at approximately 31% down from 53% in the previous financial period due to delays in offshore project execution by the client related to COVID-19.

The Group's marine unit clocked 552,692 manhours without Lost Time Incident (LTI) during the period.

The segment contributed RM134.7 million to the Group's revenue.



Development & Production

The Development and Production segment achieved a milestone during the period under review with the award of the TSA for the continued operations of the Banang oilfield.

This segment categorises the Group's business activities in the risk service contract and any activities in relation to rejuvenation of matured fields as well as small and marginal field development and production. Currently, this involves the Group's participation in the KBMSFRSC and the TSA with PETRONAS, since June 2020, for Operations & Maintenance of the Banang oilfield.

During the financial year, oil production from Kapal, Banang and Meranti cluster of small fields continued to produce crude oil at a consistent pace. Total production until June 2020 is approximately at 18.4 million barrels.

In 2020, the RSC expired and was replaced by the TSA arrangement with PETRONAS which saw PETRA progress to become a sole operator of the Banang oilfield. It is worthy to note that the transition undertaken in June 2020 was executed smoothly and well within schedules. The project was awarded three focused recognitions throughout the period as follow:

- High commitment and active collaboration through focused involvement in the Banang field operatorship transfer from KBMSFRSC to TSA which has enabled business continuity, sustainability of production as well as employment opportunities ultimately extending field economics limit of late life assets and maximizing hydrocarbon resources for the Nation.
- Swift intervention in restoring facilities upon interruption, disciplined approach in performing key preventive maintenance and corrective operations and maintenance via in-house expertise and capabilities and maintaining high facilities availability of more than >95% on an annual average.

- Successful loading of Banang field first cargo under TSA commended for deploying 100% local marine resources and talent by thoroughly assessing hazards in ship-to-ship operation during monsoon season, reduced lifting crews precautionary measure in minimising COVID-19 transmission resulting in building a stronger local ecosystem to drive competitive cost and safe upstream operations.

As a result of being the sole operator, the segment was able to book revenue effective 29 June 2020 and has contributed RM42.3 million to the Group's revenue.

Production costs has consistently been below budget and and production level above planned development within schedules.

The Group anticipates production to be consistent throughout 2021 and is on a drive to expand this business segment by providing fast track solutions for development & production.

OCCUPATIONAL HEALTH , SAFETY & ENVIRONMENT

The management has taken the approach of getting the certification of the Occupational Health and Safety (OHS) system through ISO 45001 and Environment system through ISO 14001 for major subsidiaries and locations for the Group. This approach had resulted in the development of the new HSE Management system and the development of standardized HSE procedures groupwide. Updated HSE policies that reflected the current development of HSE has also being developed as part of the new HSE Management system.

The group has also taken steps to improve the HSE culture of the organization. As reported in 2019, the overall HSE culture at that time was at the calculative stage, and during the current reporting cycle, the HSE culture has improved but still at the same stage. Therefore, the management has given a mandate to execute various activities in 2021 that will improve the HSE culture to the proactive stage. Our ultimate aim is to achieve the Generative HSE culture stage in the coming years.

As an Operator for the Banang Field, the Group's HSE risk profile has changed as the Group is exposed to Process Safety and Environment as well as personal safety. The group has taken steps by engaging our stakeholders (internal and external) to address and mitigate those risk to as low as reasonably practicable.

During the reporting period, the biggest challenge is the health issue associated with the Covid-19. The group has taken various steps to mitigate the potential exposure of the group personnel and contractors to COVID-19 virus like recommending staff to work from home as much as practicable, regular updates on the COVID-19 status in the group as well as the work location where our personnel are located, frequent disinfection of offices and marine vessels as per the local authority recommendation. In order to improve the management of the COVID-19, the Business Continuity plan has been activated throughout the group and regular updates being monitored by the Crisis Management Team led by our Group CEO.

The Group HSE performance is expected to improve with the introduction of the various initiatives as mentioned above notably on the leading activities like more robust management HSE visit, more quality feedback on the unsafe act and unsafe conditions (UCUA) and near misses from various work sites.

The Group's HSSE and sustainability initiatives and updates is discussed in the Sustainability statement on pages 49 to 75 of this report.

INTEGRITY

- We promise integrity in all that we do
- We are trustworthy and honest
- We have principles
- We can be counted on to behave honourably even when no one is watching
- We are fair and transparent in all our dealings
- We abide by the MACC Act Section 17A Corporate Liability

ANTI BRIBERY MANAGEMENT SYSTEM (ABMS)

In FY2020, PETRA implemented its Anti-Bribery and Anti-Corruption ("ABAC") Policy. The ABAC was developed in accordance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

Beyond formulating the policy, PETRA in FY2020 embarked on an organisation wide campaign to create awareness and implementation of the Policy among all employees at all levels. A wide range of communication channels were tapped to cascade the Policy to all working levels within the Group.

Going further, managers in PETRA must undergo an anti-corruption test to prove that they have understood the ABAC Policy and are ready and equipped to support its implementation.

MOVING FORWARD

We are mindful of the uncertainties anticipated in the year ahead, as economies worldwide continue to manage the extended impacts of the ongoing COVID-19 pandemic and the shift towards cleaner and greener energy sources in line with The Environmental, Social and Governance ("ESG") sustainability strategy.

Whilst we anticipate 2021 to be challenging, PETRA is optimistic that the efforts implemented under the Group's Transformation Plan and financial prudency exercised over the years will ensure resilience.

Moving forward, the Group will continue to intensify its Business Development efforts in our core business segments by employing technology as a differentiator to optimise resources and increase efficiency. PETRA will also consolidate capabilities for a more integrated approach for its Hook-up and Construction operations.

Certification of our Management Systems will become a mainstay as we focus our efforts to transform to a Sustainable Energy Company. The Group is currently working towards being certified ISO37001 for Anti Bribery Management Systems designed to help organisations combat bribery risk in their own operations and throughout their value chains.

Chairman's Statement and Management Discussion and Analysis

The year 2021, with the theme Rebuilding the PETRA brand, in line with the Group's transformation roadmap shall include the following focus area / initiatives :

- Moving up the safety culture ladder from calculative stage to proactive stage.
- Sustaining positive cash flow from operations for investment.
- Pursuing more upstream development and production and increasing our visibiliy as an Upstream Operator.
- The Group is also pursuing opportunities for growth via M&A's given its healthy financial position.
- Pursuing greener and cleaner source of energy to balance our Upstream vision.
- Accelerating the digital transformation within our organisation to enhance efficiency.
- Continuous culture enhancement towards the desired behaviors of accountability & ownership, integrity, innovation, care and diversity & inclusiveness.
- Enhancing enterprise wide Management systems (eg. SAP).

We shall continue to make positive change and enhance our safety standards, Business Continuity Management (BCM) and adherence to new normal standards in managing our operations effectively and ensure our people are safe.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to convey our sincere thanks to all our stakeholders, beginning with our shareholders for their support and belief in the Company. To my colleagues on the Board for their stewardship and counsel in seeing PETRA recover and emerge stronger from the challenging times. For their belief in the leadership which transformed PETRA to move up the value chain to become an upstream operator.

To our client for the support in health and safety management during this pandemic.

To the Management team and leaders, 2020 exposed us all to a steep learning curve due to the pandemic. I thank you for your tireless dedication and leadership in ensuring that we deliver on our commitments to our clients. A special thanks this year to the Business Continuity Management Steering Committee for their unwavering focus in BCM during the height of the COVID-19 pandemic. Like many others, PETRA was not spared by the impact and challenges brought on by this pandemic but the keen dedication of our leaders within the system ensured no compromise in delivery, safety standards and their strong foresight in managing operations. Your dedication inspires and encourages me.

We appreciate your unwavering commitment in bringing the PETRA through the next stage of growth and Transformation as we strive to become A Sustainable Energy Company.

Our employees, our crew on the ground and project front liners who went beyond their call of duty during the year, my thanks go to all of you for your hard work, dedication and tenacity in ensuring safety and efficiency while delivering on our commitments.

It is during challenging times that our resilience and adaptability is challenged and witnessing the indefatigable spirit of our employees and crew is admirable. Having achieved milestones during the pandemic makes it all the more meaningful for us all at PETRA.

Thank you all once again.
#PETRACares

Thank you.

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Chairman
1 April 2021

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

Petra Energy Bhd ("PETRA" or "the Group") is pleased to present its Sustainability Statement for financial year ended 31 December 2020 ("FY2020").

This statement provides a detailed account of the Group's Sustainability activities on the environmental, social and governance ("ESG") performance for FY2020. It outlines the progress made on identified material topics, as well as plans going forward to further progress on the newly identified material topics as it will align to the improvement in mitigating measures to reduce risks or improvement of opportunity to business, financial and operational performance.

PETRA's overall Sustainability agenda is driven by the following objectives:

- To be a responsible corporate citizen that is in compliance with industry and regulatory standards for economic, environmental and social impacts and performance.
- To serve as a force of for good in driving improvements within its industry and its value chain as per its adopted United Nations Sustainability Development Goals ("UN SDGs").
- To progressively tap on sustainability as a strategy to strengthen the Group's business model and to embrace emerging trends and opportunities that drive financial and non-financial value creation.

The Group's approach to sustainability is driven by Petra's desired behaviours of Accountability & Ownership, Care, Innovation, Diversity & Inclusiveness and Integrity.

Frameworks Applied

This Sustainability statement has been prepared in reference to the Bursa Malaysia's Sustainability Reporting Guide Second Edition.

The group is embarking to report our sustainability activities with reference to the Global Reporting Initiative ("GRI") Sustainability Reporting Standards – Core in 2021 and beyond.

Report Period

This Statement covers the period of 1 January 2020 to 31 December 2020.

Reporting Scope and Boundary

The sustainability statement covers all operating subsidiaries that executed the principle the principal business activities of the group.The current operating locations of the group is as per the attached map, which are all in Malaysia.

We exercise a "local-where-we-operate" practice.

Sustainability Statement

DISTRIBUTION & FEEDBACK

We welcome questions, feedback and suggestions that will spur further improvements in our reporting process. Please send any comments, insights and queries to: peb.corporate@penergy.com.my or communications@penergy.com.my.

Limitations and Exclusions

We are cognisant that data-gathering challenges still exist notably during the pandemic period for majority of reporting indicators. We are in the process of implementing more robust data tracking and gathering mechanisms of reporting going forward. Where there are limitation in data sharing due to regulatory or other requirement, it will be indicated specifically in the statement.

Report Quality & Assurance

The 2020 Sustainability statement has not been externally assured however, some of the reporting data has been verified through third party organisation by virtue of the internal and external audit programs within the group.

Forward-Looking Statements

Any forward-looking statements such as targets, future plans, operations and forecast figures is based on reasonable current assumptions by the group. Readers are advised not to place undue reliance on such statements as our business is subject to risks and uncertainties beyond our control.

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Total workforce:
828 employees
(FY2019: 879)

99.9% Malaysians

Local suppliers increase by
1.59%

Zero fatalities and
Zero major spills

KEY AWARDS

PETRA Fabrication Yard has been selected as one of the MSOSH OSH Gold 2 Award Winner For 2019 under the category of Petroleum, Gas, Petrochemical & Allied Sectors

ISO 45001:2018 Occupational Health and Safety Management System & ISO 14001:2015 Environmental Management System certification (received in 2021)

REPORTING AND GOVERNANCE

SUSTAINABILITY GOVERNANCE

The Group's sustainability agenda is driven through its working level group. While governance is generally based on top-down approach in cascading of policies and strategies, it is also designed to solicit feedback from all levels of the organisation, especially from frontliners and others who are at the highest risk of being exposed to or affected by EES issues.This is achieved through the Group's HSSE initiatives that are reported to the Leadership team on a monthly basis. The leadership team comprises of three (3) Executive Directors and the Senior Management that provide oversight of the Group's sustainability journey. We are in the process of formalising a Sustainability Policy, which will serve as a basis for guiding our sustainability journey and supporting strategies.

Sustainability Statement

Sustainability Governance Structure

Oversight on PETRA's ESG agenda ultimately resides with the Senior Leadership team, which are the highest decision-making bodies of the Group.

Among material ESG matters that the governance structure has oversight on include (but not limited to) are occupational safety and health ("OSH"), talent management, water consumption, emissions, environmental spills and climate change.

Following are further details on the governance structure's roles and responsibilities:

- Developing/approving related policies, processes and procedures.
- Reviewing and strengthening the Group's Sustainability Policy.
- Closely monitoring performance on key EES topics and recommending corrective actions/improvement measures, where necessary.
- Monitoring arising environmental, social and governance ("ESG") related risks and how these may impact financial and non-financial value creation.
- Working closely with the Board-level Risk Committee to manage and mitigate overall Group risks.
- Review and approve the Group's annual Sustainability Report and Sustainability Statement.

While governance is generally based on a top-down approach, in terms of cascading of policies and strategies, it is also designed to solicit feedback from all levels of the organisation, especially from frontliners and others who are at the highest risk of being exposed to, or affected by EES issues. This is achieved through the Sustainability Steering Committee initiatives that are reported to the Group Leadership team on a quarterly basis.

Sustainability Policy

PETRA in strengthening its overall sustainability governance structure and the Group's overall approach to sustainability has established a dedicated Sustainability Steering Committee ("SSC"), which comes under the purview of the Group's existing Health, Safety and Environment ("HSE") Committee. The SSC is specifically tasked to drive sustainability related matters including executing Board and Management approved EES strategies in PETRA going forward.

Governance Through Industry Compliance

Sustainability is also driven by regulatory compliance to various industry operating standards as follows:

- Annex I, II, III, IV, V & VI of International Convention for the Prevention of Pollution from Ships (MARPOL 73/78).
- Ship Energy Efficiency Management Plan ("SEEMP") under the Annex VI of MARPOL 73/78
- Safety of Life at Sea ("SOLAS")
- International Safety Management Code ("ISM")
- Fleet Certification by regulatory bodies by Registro Italiano Navare ("RINA")

Sustainability Governance Through Operational Site Certification

All PETRA's vessels are certified by RINA for compliance to SOLAS and MARPOL.

Assets/Location	Certification
AWB Petra Challenger & AWB Petra Endeavour	ISM, SOLAS, MARPOL Annex I, IV, V, VI
Petra Orbit, Petra Galaxy	ISM, ISSC, MLC2006, MARPOL Annex I, IV, V, VI
Anis, Alya, Kas Marine 1	ISM, ISSC, MLC2006, MARPOL Annex I, II, IV, V, VI

MATERIALITY

Materiality of ESG topics is determined based on PETRA's internal assessment, consultation with stakeholder groups, industry peer comparison and benchmarks and recommended topics based on Bursa Malaysia's Sustainability Reporting Guide as well as the GRI and FTSE 4 Good frameworks. Materiality is assessed based on several factors:

- The extent and likelihood of impact of a particular topic on financial or non-financial value creation, over the short, medium and long term perspectives.
- The extent and likelihood of impact on PETRA, in terms of access to capitals, business processes, brand equity, ability/license to operate and other business factors.
- The extent and likelihood of impact on stakeholders, which ultimately, may or will impact PETRA's ability to generate value.

Economic	Environment	Social
1. Economics Performance	1. Climate change	1. Occupational, Health & Safety
2. Anti – Corruption	2. Electricity consumption	2. Diversity & Equal Opportunity
3. Procurement Practices	3. Diesel consumption	3. Training & Education
	4. Water consumption	4. Corporate Social Responsibility
	5. Waste Management	

We will review these topics to assess their impacts on our business over the near, medium and long-term perspectives. We aim to reach out to our stakeholders to provide a more inclusive materiality assessment going forward. The materiality subject is being reviewed on a yearly basis to reflect the changes of stakeholders and our business portfolio.

Sustainability Statement

RELEVANCE OF MATERIALITY MATTERS TO STAKEHOLDERS

	Customers	Employees	Investors and Shareholders	Government and Regulatory Authorities	Communities and the Public	Financial Institutions	Vendors
Commitment towards Good Business Practices		✔	✔	✔			✔
Procurement Practices		✔		✔			✔
Waste Management			✔	✔	✔		✔
Water Consumption				✔	✔		
Energy Consumption	✔		✔	✔			
Carbon Emission	✔		✔	✔		✔	✔
Occupational Health and Safety	✔	✔	✔	✔			✔
Workforce Diversity		✔					
Employee Training		✔					
Corporate Social Responsibility		✔			✔		

STAKEHOLDER ENGAGEMENT

In FY2020, PETRA has continued to engage its stakeholders across a wide range of mediums. This is a precautionary approach in ensuring that the Group's sustainability journey and agenda does not have a disconnect from its stakeholders, and remains relevant in driving mutual value creation.

The Group defines stakeholders as individuals, entities or organisations that are impacted by the Group's business operations and conversely, individuals, entities or organisations that have the capability to impact PETRA's business model and its operations.

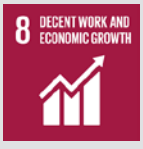
Following is a snapshot of our stakeholder engagement activities in FY2020 as well as the various issues/EES topics raised or addressed during the financial year:

Stakeholder	Engagement Activity	Matters Discussed / Initiatives
Employees	• Employee Induction Program • Leadership briefing sessions • Performance appraisals • Leadership Away Day • Business Unit Away Day • Management Visit • HSE Day	• Transformation plan • Our desired behaviors • HSSE Plan and sharing • Operational & safety matters • e-Sabah Oil & Gas Conference & Exhibitions (SOGCE)
Customers	• Industry events & exhibitions • Face to face engagements • Formal and informal meetings & updates • HSE Management visits	• Operational & safety matters • e-Sabah Oil & Gas Conference & Exhibitions (SOGCE)
Investors & Shareholders	• Annual Report • Annual General Meeting • PETRA website • Quarterly announcement of financial results to Bursa Malaysia	• Annual General Meeting
Government & Regulatory Authorities	• Meetings & Engagements	• Engagement with Minister of Education & Innovation Sabah • Engagement with Chief Government Security Office (CGSO), Labuan Corporation and Fire & Rescue Department of Malaysia, Labuan
Communities & the public	• COVID-19 Fund contribution • Exhibitions & career fairs	• Contribute to IMAM Response & Relief Team (IMARET), MOGSC CSR Initiative Donations to Public Health • Karnival Kerjaya Peringkat Daerah Kimanis, Karnival Pekerjaan Daerah Sipitang, Karnival • Pekerjaan 2020 Peringkat Daerah Tenom
Financial Institutions	• Annual Report • Annual General Meeting	• Company updates • Transformation Plan
Vendors	• 5 VDPx vendors appointed	• Supporting the Group's business objective VDPx • Corporate Liability MACC Section 17(A)

PETRA'S ALIGNMENT TO THE UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS

As mentioned earlier, PETRA continues to be a force for positive change and impact. This is realised through the Group's continued contributions to its adopted UN SDGs:

Sustainability Statement

SUSTAINABILITY PILLAR	DESCRIPTION	ACHIEVEMENTS AND HIGHLIGHTS	UNSDG
ECONOMIC	PETRA remains committed to creating both direct and indirect economic value through its business strategies and operations.	1. Vendor Development Programme (VDPx), in support of our Clients agenda to prioritise local talent/vendors and content. 2. PETRA has appointed 5 companies thus far as a VDPx anchor to PETRONAS	
ENVIRONMENTAL	The Group strives to reduce, manage and mitigate its environmental footprint, in terms of resource consumption, emission of greenhouse gases and addressing climate change impacts.	1. Installation of Solar panels at our Fabrication yard in Labuan 2. Streamlined waste management process	
SOCIAL	Our priority is to cultivate a high performance and inclusive work environment for all employees centred on the Group's desired behaviours. PETRA continues to play its role as a responsible corporate citizen to the community at large.	1. HSE Day 2020 Virtual Groupwide 2. Fast Track Engineer Programme 3. Community Development initiatives 4. CSR Donation for COVID-19 relief • PETRA also donated a PCR testing machine for COVID-19 to Hospital Sultanah Nur Zahirah as part of its initiatives to give back in areas where we operate.	

STANDARDS AND CERTIFICATION

In FY2020, Petra commenced its ISO14001 and ISO45001 certification processes and in March 2021, cleared the second stage of the audit process for both ISO certifications. The scope of the ISO14001 and ISO45001 certification encompasses the following:

No.	Company/Office	Location	Scope
1	Petra Energy Berhad	Menara OBYU, PJ	Holding Company
2	Petra Resources Sdn Bhd – Kuala Lumpur Project Office	Menara OBYU, PJ	Provision of Project Management Services which includes Engineering, Procurement, Pre-Fabrication, Hook Up, Commissioning and Major Maintenance Services for oil and gas industries
3	Petra Resources Sdn Bhd – Miri Project Office	Miri, Sarawak	Provision of Maintenance and Services for oil and gas support equipment such as Cranes, Watermaker, Static and Rotating equipment.
4	Petra Resources Sdn Bhd – Kota Kinabalu Project Office	Kota Kinabalu, Sabah	
5	Petra Resources Sdn Bhd – Petra Fabrication Yard (PFY) Labuan	WP Labuan	
6	Petra Resources Sdn Bhd – Petra Secondary Yard (PSY) Labuan	WP Labuan	
7	Petra Resources Sdn Bhd – Piasau Project Office	Piasau, Sarawak	
8	Petra Marine Sdn Bhd – Miri	Miri, Sarawak	Provision of Marine Support Vessels(Accommodation Work Barge, Accommodation Work Boat and Anchor Handling and Tug Services)for oil and gas industry
9	Petra Marine Sdn Bhd – Labuan		Provision of Marine Support Vessels (Accommodation Work Barge, Accommodation Work Boat and Anchor Handling and Tug Services) for oil and gas industry (Logistic and Warehousing Yard)
10	P.E. Industrial Resources Sdn Bhd – KL Office	Menara OBYU, PJ	Trading and workshop
11	P.E. Development Sdn Bhd – Kemaman	Kemaman, Terengganu	Development and production

Sustainability Statement

ECONOMIC

ECONOMIC PERFORMANCE

The generation of direct economic values such as revenues and profits is essential for the growth and development of the Group. It is also vital in driving environmental and social as well as governance related strategies.

Financial performance provides funding for ESG strategies and activities. Linking ESG to financial performance also provides further impetus and buy-in for sustainability across the Group.

Given the impacts of the COVID-19 on the global and domestic economy and the oil and gas sector, PETRA's creation of direct economic values has been impacted. Kindly refer to the Chairman's Statement & Management Discussion and Analysis section of this annual report for specific information on direct economic values created in FY2019.

STRENGTHENING ANTI-CORRUPTION AND CORPORATE INTEGRITY

Beyond good environmental and social performance, the sustainability of the organisation is underpinned by the leadership's commitment towards accountability, transparency and corporate integrity, non-discrimination and equal opportunity based on merit.

In FY2020, the policy has been cascaded to PETRA's value chain towards further embedding the anti-corruption stance among suppliers, vendors, contractors and business partners.

All vendor documentation come with anti-corruption clauses, that stipulate what is deemed to be as unacceptable or corrupt practices and the penalties that vendors face, including dismissal or being reported to the legal authorities if necessary.

Adoption Of ISO37001

Effective 1st June 2020, the implementation of Corporate Liability involving commercial organizations under Malaysian Anti-Corruption Commission's (MACC) Section 17A was enforced by Malaysian government. The provision under Section 17A MACC Act 2009 or also known as Corporate Liability, encourages business activities to be conducted with integrity and promote good governance practices.

Under this Act, a commercial organisation can be considered guilty if any of its employees and/or associates commit corruption for the benefit of the organisation.

Company may able to defend themselves against this if they can show the organisation has implemented "Adequate Procedures" to prevent corruption in their operation or business activities.

Part of PETRAs' initiatives include the introduction of Anti-Bribery and Corruption Program and Policy, the amendment of Whistleblowing Policy and various awareness program and training which have begun since 2019. As instructed by Board of Risk Management Committee, Petra Energy Berhad ("PEB") is currently in the midst of obtaining the certification of the ISO 37001:2016 under this specific act as part of the Company's "Adequate Procedure".

Anti-Corruption Activities and Training

PETRA has undertaken various anti-corruption activities and training for the Board, Management and employees as given below:

NO	ACTIVITIES	REMARKS
1	Courtesy Visit to Officer in Charge of Police District (OCPD) Labuan	Attended by Group Integrity Officer and Head of PETRA Fabrication Yard, Labuan on 10 February 2020
2.	Konvokesyen Pegawai Integriti Bertauliah (CeIO) Kebangsaan Bersempena	Attended by Group Integrity Officer in Miri on 25 February 2020
3	Integrity Awareness Refresher	For Company-wide begin in Q4 of 2020 and will continue throughout 2021

Petra Code of Conduct

The PETRA Code of Conduct covers many aspects of employee conduct. It is also extended to the Board of Directors and Senior Management.

The Code clearly defines what is considered as unethical business practices and stipulates what constitutes as unethical corporate behaviour, sexual harassment, discrimination, human rights, workers' rights and more. Essentially, the Code sets out what is deemed by PETRA as accepted corporate conduct by internal stakeholders.

Value chain partners must also adhere to this Code, failing which, they may be rejected from being a vendor to the Group. In serious cases, they may face legal action by the authorities as PETRA will report behaviour that contravenes its Coder to the relevant regulatory authority.

Moving forward, the Code shall be embedded as part of the Group's procurement process and vendors are regularly audited to ensure compliance.

WHISTLEBLOWING POLICY AND MECHANISM

In accordance with the Whistleblower Protection Act 2010 ("Act 711"), Companies Act 2016 and Capital and Market Services Act 2007, PETRA has implemented its Whistleblowing mechanism since 2011.

The whistleblower shall be provided immunity from any form of punitive action, intimidation or reprisal, irrespective if the allegation is substantiated or proven to be unfounded provided, that the report was made in good faith. The individual is also granted confidentiality of his/her identity.

The whistleblower channel is managed by the Group Integrity Officer. Employees and external parties may whistleblow with their identities remaining confidential to whistleblower@penergy.com.my.

All whistleblowing reports will be sent to the Senior Independent Director, Board of Audit Commitee for investigation and where warranted, appropriate further action.

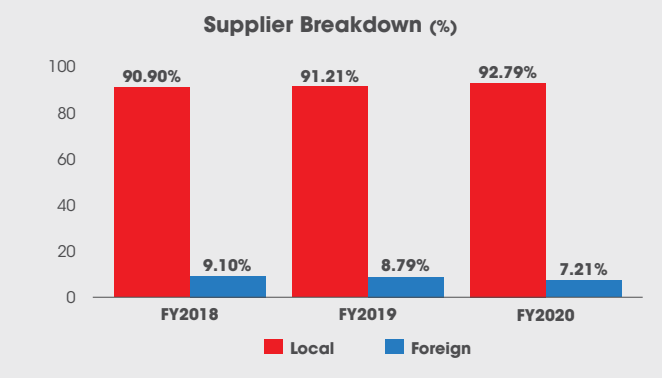
Sustainability Statement

PROCUREMENT PRACTICES

Supporting Local Procurement

PETRA remains committed to using local vendors and suppliers as much as possible for the procurement of goods and services.

Beyond creating jobs and business opportunities for locals, local procurement also enables knowledge and skills development and reduces our environmental footprint (when compared to importing goods or services from abroad).



Percentage of local suppliers is derived based on the following:
Total No. of vendors/Local vendors x 100%

Given that the Group has significant presence in East Malaysia, our procurement practices, where possible, are geared towards supporting local suppliers, vendors and business partners in Sabah and Sarawak.

In terms of indirect economic value created, the Group's focus areas are local procurement and local vendor development. The latter is realised via our active participation in the PETRONAS Vendor Development Scheme ("VDPx").

Vendor Development Programme

Through the VDPx, PETRA has appointed five (5) vendors during the period.

PETRA supports identified local vendors by providing mentoring and advisory services on technical and business models as well as providing market opportunities.

In FY2020, vendors were engaged to ensure alignment with PETRA's values and behaviours.

ENVIRONMENT

CLIMATE CHANGE

In FY2020, PETRA has looked to place greater focus on the issue of climate change, which is pertinent to the Group, given our operations in the oil and gas sector.

Across the globe, the energy sector, specifically the oil and gas sector is looking to decarbonise with major oil gas players setting medium to long-term targets for decarbonisation.

Consistent with the PETRONAS Activity Outlook ("PAO") (that advocates a greater focus from oil and gas companies on climate change), PETRA has intensified its management approach towards reviewing in greater detail, how its business operations may be contributing to climate change.

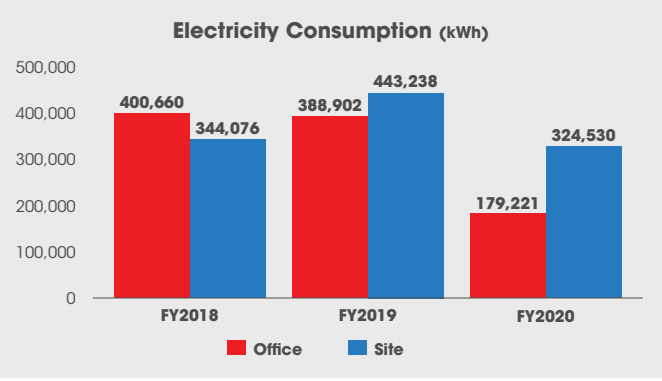
In addition, PETRA is also looking at how it can progressively reduce contributory impacts such as diesel consumption and emissions produced, that directly or indirectly contribute to climate change.

Impact of Climate Change on Group Operations

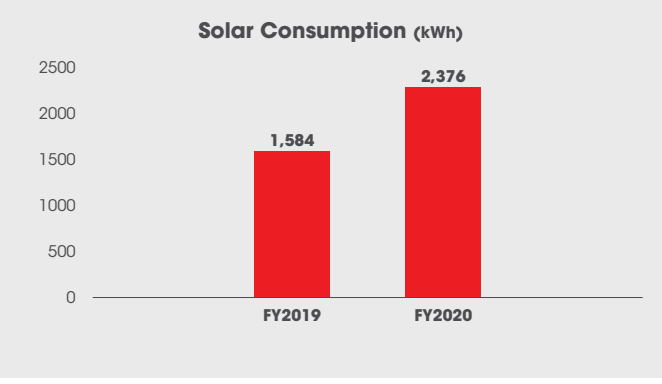
Conversely, PETRA is also reviewing how climate change may impact the Group's operations. The Group was certified ISO 14001 by Lloyld's Register for Environmental Management System.

ELECTRICITY CONSUMPTION

Electricity is sourced from the local energy grid as well as via renewable energy (solar power) sources. PETRA's management approach to electricity consumption will be guided by its environmental objectives.



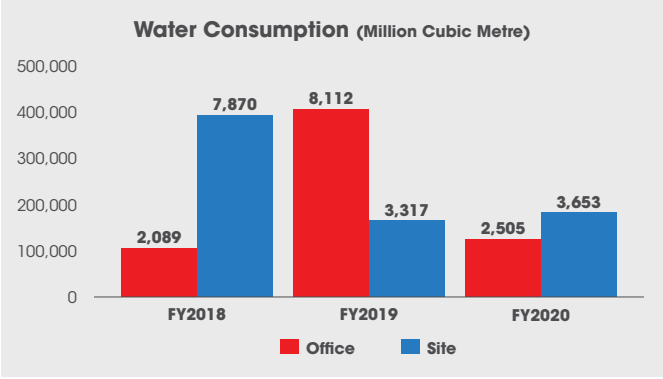
The reduction in electricity consumption is due to reduced operational activities, attributed to the industry slowdown brought on by the COVID-19 virus pandemic. In FY2020 the Group has continued to leverage on solar for its operations. In 2020, total solar lighting installed and operated in 2020 was 33 unit, increased by 11 unit. Power generated from solar was 2,376kWh with total estimated saving on using solar lighting is approximately at RM893.38 monthly or RM10,720.56 yearly



DIESEL CONSUMPTION

PETRA's consumption of diesel for its vessels is based on industry standards, which warrants usage of diesel that produces less carbon emissions. The fuel consumption in FY2020 was 513,800 m3 for seven marine vessels.

WATER CONSUMPTION



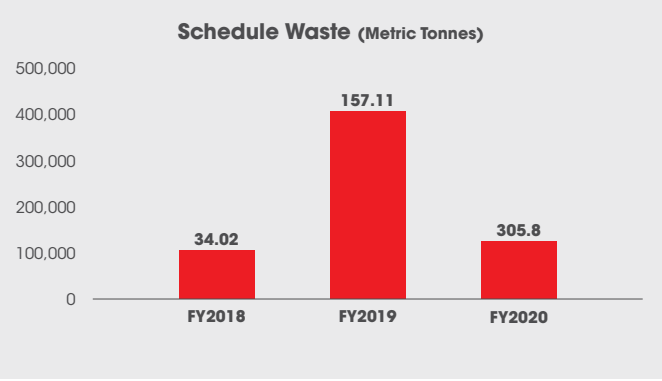
The Group continues to operate in a water efficient manner, managing overall consumption. The Group is working towards establishing time based quantified and unquantified targets for efficient water consumption going forward.

WASTE MANAGEMENT

Waste generated by the Group can be generally categorised into general waste and scheduled waste. The former comprises standard office waste and the latter consists of waste produced from our business operations.

Data on scheduled waste is obtained from our waste disposal contractors. All waste is disposed off by government-approved waste disposal contractors. There were zero incidents of spillage or improper disposal during the financial year. The increase of waste in 2020 was attributed due to most of the projects are nearly completed.

Sustainability Statement



Correspondingly, the Group is increasingly looking to waste recycling. Future plans include further enhancing our processes in managing schedule waste and segregating waste at the source to reduce cross contamination.

SOCIAL

The Group's greatest asset is its workforce. Therefore, cultivating a conducive, high-performance, workplace culture that enables employees to thrive is material towards optimising the fullest capabilities of our people.

In developing the desired high-performance culture, PETRA has identified, occupational safety and health ("OSH"), employee training, workforce diversity, gender equality and as its primary material topics.

In managing the aforementioned social material topics, the Group continues to pursue its ongoing culture change effort to drive the following corporate behaviours: Accountability and Ownership, Diversity and Inclusiveness, Innovation, Care and Integrity. The practice of these behaviours by all staff at all levels of the organisation, will contribute to improved results across our identified social material topics.

Externally, PETRA continues to play its role as a responsible corporate citizen to the community, supporting socio-economic development of the community, with a specific focus on the communities in which the Group maintains a business presence.

PETRA's management approach of social topics is centred on two particular stakeholders: its employees and the local communities in which PETRA has a business presence. As such, the Group's key social focus areas include:

CYBERSECURITY

PETRA took steps to further strengthen our cybersecurity in line with keeping our company safe and secure manner. In 2020, PETRA implemented a Security Awareness Training Campaign to provide security awareness training to all employees. This is an on-going exercise with phishing simulation campaigns plan throughout the year.

EMPLOYEES	COMMUNITY
• Organisational culture development – centered on Accountability and Ownership, Diversity and Inclusiveness; Innovation and Care • Occupational Safety and Health • Talent Management, comprising employee recruitment, retention and satisfaction, skills development and employee engagement. • Workforce diversity • Equal opportunity employment	• Community Development, job and wealth creation, skills development. • Community safety and health

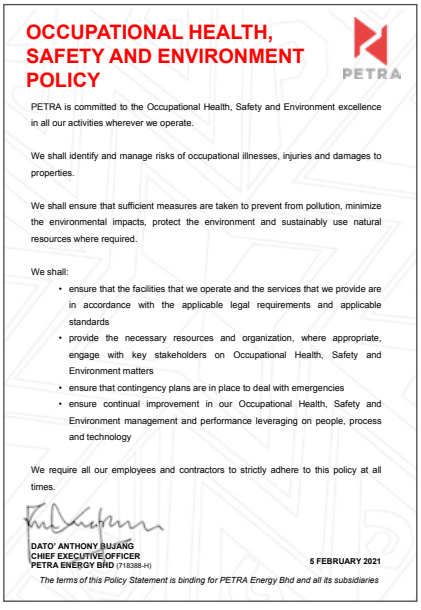
OCCUPATIONAL, HEALTH & SAFETY

PETRA draws pride in having developed a commendable OSH track record since its inception. Through a continuous commitment to safe operations that comply with environmental regulations, PETRA has consistently been acknowledged by clients and for being a HSE leader.

At PETRA, OSH is the responsibility of everyone within the organisation and where relevant, across the value chain. All PETRA employees remain accountable for safety and health of their colleagues, contractors and the public.

The management approach to OSH in PETRA is driven by the following:

- Health, Safety and Environment Policy
- Substance Misuse Policy
- Stop Work Policy



OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT POLICY

PETRA

PETRA is committed to the Occupational Health, Safety and Environment excellence in all our activities wherever we operate.

We shall identify and manage risks of occupational illnesses, injuries and damages to properties.

We shall ensure that sufficient measures are taken to prevent from pollution, minimize the environmental impacts, protect the environment and sustainably use natural resources where required.

We shall:

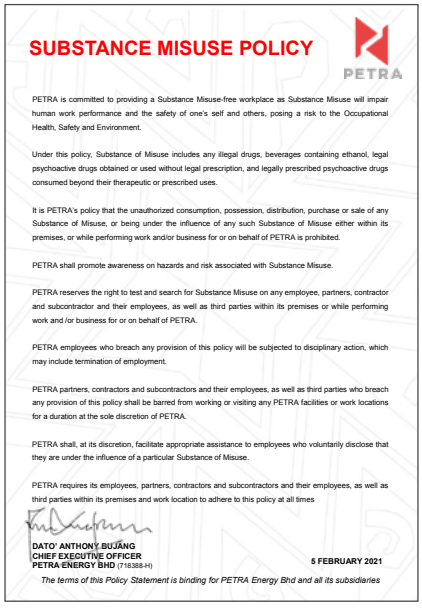
- ensure that the facilities that we operate and the services that we provide are in accordance with the applicable legal requirements and applicable standards
- provide the necessary resources and organization, where appropriate, engage with key stakeholders on Occupational Health, Safety and Environment matters
- ensure that contingency plans are in place to deal with emergencies
- ensure continual improvement in our Occupational Health, Safety and Environment management and performance leveraging on people, process and technology

We require all our employees and contractors to strictly adhere to this policy at all times.

DATO' ANTHONY BUJANG
CHIEF EXECUTIVE OFFICER
PETRA ENERGY BHD (718388-H)

5 FEBRUARY 2021

The terms of this Policy Statement is binding for PETRA Energy Bhd and all its subsidiaries



SUBSTANCE MISUSE POLICY

PETRA

PETRA is committed to providing a Substance Misuse-free workplace as Substance Misuse will impair human work performance and the safety of one's self and others, posing a risk to the Occupational Health, Safety and Environment.

Under this policy, Substance of Misuse includes any illegal drugs, beverages containing ethanol, legal psychoactive drugs obtained or used without legal prescription, and legally prescribed psychoactive drugs consumed beyond their therapeutic or prescribed uses.

It is PETRA's policy that the unauthorized consumption, possession, distribution, purchase or sale of any Substance of Misuse, or being under the influence of any such Substance of Misuse either within its premises, or while performing work and/or business for or on behalf of PETRA is prohibited.

PETRA shall promote awareness on hazards and risk associated with Substance Misuse.

PETRA reserves the right to test and search for Substance Misuse on any employee, partners, contractor and subcontractor and their employees, as well as third parties within its premises or while performing work and /or business for or on behalf of PETRA.

PETRA employees who breach any provision of this policy will be subjected to disciplinary action, which may include termination of employment.

PETRA partners, contractors and subcontractors and their employees, as well as third parties who breach any provision of this policy shall be barred from working or visiting any PETRA facilities or work locations for a duration at the sole discretion of PETRA.

PETRA shall, at its discretion, facilitate appropriate assistance to employees who voluntarily disclose that they are under the influence of a particular Substance of Misuse.

PETRA requires its employees, partners, contractors and subcontractors and their employees, as well as third parties within its premises and work location to adhere to this policy at all times

DATO' ANTHONY BUJANG
CHIEF EXECUTIVE OFFICER
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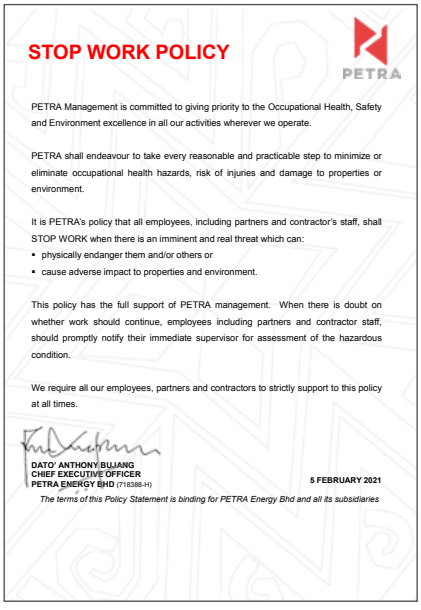

STOP WORK POLICY

PETRA

PETRA Management is committed to giving priority to the Occupational Health, Safety and Environment excellence in all our activities wherever we operate.

PETRA shall endeavour to take every reasonable and practicable step to minimize or eliminate occupational health hazards, risk of injuries and damage to properties or environment.

It is PETRA's policy that all employees, including partners and contractor's staff, shall STOP WORK when there is an imminent and real threat which can:

- physically endanger them and/or others or
- cause adverse impact to properties and environment.

This policy has the full support of PETRA management. When there is doubt on whether work should continue, employees including partners and contractor staff, should promptly notify their immediate supervisor for assessment of the hazardous condition.

We require all our employees, partners and contractors to strictly support to this policy at all times.

DATO' ANTHONY BUJANG
CHIEF EXECUTIVE OFFICER
PETRA ENERGY BHD (718388-H)

5 FEBRUARY 2021

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Sustainability Statement

The above-mentioned policies are also communicated to suppliers, vendors, contractors and business partners.

In addition, The Group's operations comply with the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other Codes of Practice. All project sites are ISO45001:2018 certified.

The Group's PETRA Cares philosophy is a guiding principle that governs and directs the Group's overall OSH initiatives & programmes.

AWARDS AND COMMENDATIONS

As mentioned, PETRA has continued to distinguish itself for industry leading HSE performance, which has been duly recognised by the oil and gas majors.

Type of Award/Achievement	Awarded by
Focused Recognition for Anjung PETRA Team for demonstrated extra initiative of full commitment in delivering in preparation Satellite Phone to Offshore Site Team in timely manner, in line with Offshore Emergency Response Plan and ensure project execution OTOBOS and work safety	PETRONAS
Focused Recognition for successfully completing planned 2018 & 2019 work scope for the Temana EMP Project	PETRONAS
Focused Recognition for OIM & Offshore Crew - Maintaining high facilities availability > 95% on annual average	PETRONAS
Focused Recognition for PETRA Energy Development - Extending field economics limit of late life assets and maximizing hydrocarbon resources recovery for the nation and country	PETRONAS
Focused Recognition for PETRA (PMT-FIP/PSY/HSE/Crewing/Site Team) their Outstanding performance for successful supply, fabricate, install and commission of New PSA Vessels V-25-113 C/D (Train B) with zero LTI	PETRONAS
PETRA Fabrication Yard has been selected as one of the MSOSH OSH Gold 2 Award Winner For 2019 under the category of Petroleum, Gas, Petrochemical & Allied Sectors which is equivalent to a Very Good Occupational Safety & Health-performance.	MSOSH EST. 1971

WORKER REPRESENTATION ON JOINT HEALTH AND SAFETY COMMITTEES

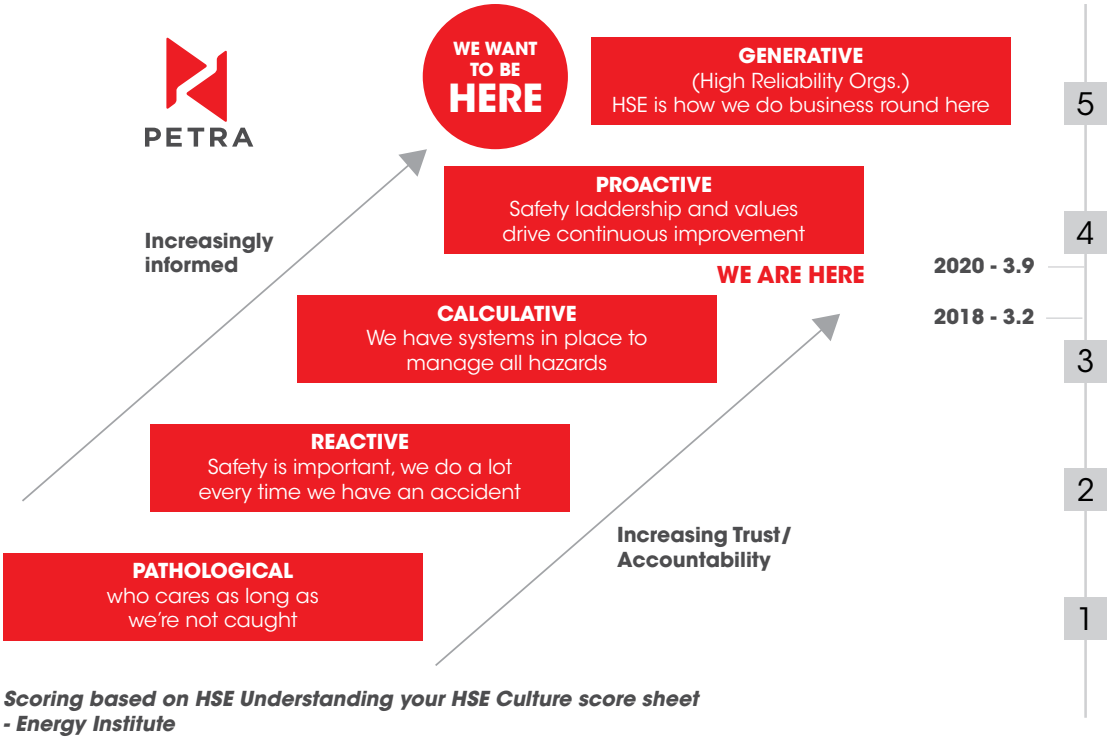
PETRA worker representation on HSE Committees stand at close to 40% representation. The Group's composition far exceeds requirements stipulated under OSH 1994.

The HSE Committee is responsible for the following:

- Reviewing the measures taken to ensure the safety and health of employees at the workplace;
- Investigating any workplace matters that have been brought to the attention of the employer, in particular, matters or findings pertaining to unsafe incidents or threats to safety and health; and
- Attempting to resolve all identified matters.

PROGRESSING ON THE PETRA SAFETY LADDER

In FY2020, on the back of various policies, action plans and initiatives undertaken in FY2018 and FY2019, PETRA has succeeded in closing many identified gaps towards its journey progressing from a calculative to a proactive safety culture level.



Scoring based on HSE Understanding your HSE Culture score sheet - Energy Institute

Sustainability Statement

ACCIDENT CONTROL TECHNIQUE

PETRA continues to employ the industry best practice technique of Accident Control to identify, eliminate and prevent Unsafe Conditions and Unsafe Acts ("UCUA") found in the workplace, especially in offshore or field environments.

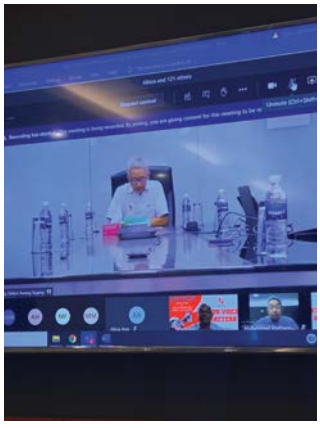
In FY2020, 17,506 UCUA (FY2019:27,432) reports originated from employees. This is a 36.18% (FY2019:7.02%) reduction. We recognise contributions by employees via the ACT (UCUA) Award to encourage frequent reporting by employees.

HSE ALERTS

In continuing to drive OSH performance, PETRA encourages the sharing of lessons learnt and insights derived from near misses, incidents and accidents. The alerts are disseminated Groupwide via the Group's email alert and intranet system. The same is also placed on bulletin boards across the Group.

PETRA HSE Day

PETRA held its first virtual HSE Day on 25 November 2020 Group wide. The theme for this year is "HSE-Your Voice Matters". It is every important for our voice to be heard especially during this COVID-19 pandemic where there have been significant changes to our daily lives as our movement are very limited to slow down the spread of the virus. This year HSE Day is slightly special. It is the first time HSE Day is being held virtually due to our new norm. There were many contests organized such as Kahoot Quiz, Kospen Plus, Logo Design Contest, Mental Health Awareness Talk & many more. The title of the Mental Health Talk is "Mental Health in Life & The Workplace with Covid-19 Pandemic" by Puan Anita Abu Bakar from Mental Illness Awareness & Support Association (MIASA).



HSE Management Visits

The aforementioned is evident via Management's HSE visits to operational sites, both offshore and onshore in FY2019. The following Management HSE visits were conducted during the financial year:

HUC Project
- MHSEV D18 at PETRA Secondary Yard on 12 February 2020
- MHSEV Tukau Appraisal on 5 March 2020
- MSHSEV Samarang (Phase 3) on 17 August 2020 with limited participants

Site visits typically entail project progress briefings, HSE performance reviews and a management tour of the site facilities.

Sustainability Statement

EMERGENCY DRILL & BUSINESS CONTINUITY MANAGEMENT

In FY2020, there were no emergency drills were conducted by the Group at its various operational sites, including at its headquarters due to COVID-19 pandemic.

However, the Group has also run simulations to test the robustness of its business continuity and disaster recovery plans in the event of crises. This included working from remote locations, which has become a necessity given the ongoing Movement Control Order imposed due to the COVID-19 virus pandemic.

Also noteworthy is that the Group has in place an alternate space for operations to continue in the event of an emergency. It also has established a Business Continuity team that comprises members of the Leadership team and key operational heads.

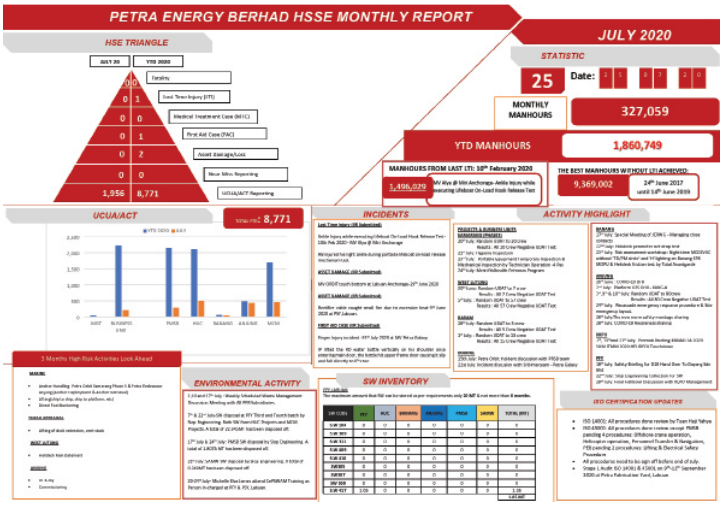
HSE PERFORMANCE

The Group is transparent in the communication of HSE related information. The latest OSH performance data is cascaded to employees, via monthly HSE dashboards. The dashboard indicate overall performance achieved based on a wide range of OSH indicators.

Beyond keeping employees in the know, the sharing of information serves to motivate employees and drive home the message that their individual performance can make a positive difference to PETRA'S OSH performance. It drives employees to better their performance on a monthly basis.

HSE NEWSLETTER

Besides the aforementioned HSE Dashboard, related information is also shared via the company wide monthly newsletter. This newsletter covers all activities that includes stories and updates from the Group's HSSE and Quality Assurance and Quality Control Departments.



OVERALL OSH PERFORMANCE IN FY2019

HEALTH & SAFETY INDICATORS	FY2018	FY2019	FY2020
Number of cases resulting in lost workdays	0	2	1
Number of cases resulting in medical treatment	2	4	1
Number of cases resulting in first aid treatment	2	0	1
Number of cases resulting in Asset Damage/Loss	0	2	4
Number of cases resulting in Near Miss Reporting	0	2	1
Total work-related injuries	4	6	8
Total man-hours worked	5,338,108	6,048,453	3,765,719
Total number of lost days	0	0	240
Rate of work related injuries per total man-hours worked	0.375	0.992	0.532
Severity Rate (Total number of lost days per total number of recordable incidents)	0	0	0
Total ACT received	29,503	27,432	17,506

HSE PROGRAMMES AND TRAINING

PETRA, on an annual basis ensures that relevant staff attend health, safety and environmental ("HSE") training across the financial year. All employees across the Group's business divisions attended various HSE programmes and training events in FY2020.

DIVERSITY & EQUAL OPPORTUNITIES

COMMITTED TO FREE AND FAIR LABOUR AND HUMAN RIGHTS

In terms of employment, PETRA is guided by basic human rights principles and the Malaysian Employment Act 1995 and all other relevant labour laws of Malaysia. The Group subscribes to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights and also the UN Global Compact 10 Principles as follows:

- Human rights, labour, environment and anti-corruption
- UN Guiding Principles on Business and Human Rights
- International Labour Law
- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment-free and violence free workplace
- Prohibiting retaliation or any form of physical and mental disciplinary practice
- Respecting worker's right to freedom of association
- Ensuring compliance with laws governing working hours and wages

PETRA has instituted the following procedures:

Elimination of excessive working hours
Compliance with minimum wage
Procedure on Fatigue Management
Prevention of child or force labour
Written policies that address non-discrimination, the creation of an equal opportunity workplace, gender and ethnic diversity
Compliance with Minimum Wage Order 2018

In FY2020, PETRA continues to uphold its track record for zero reported incidents of infringements of the rights of any persons, adult or child, nor any incidence of, forced or compulsory labour. Neither has there been any violation of human rights involving the rights of indigenous people at any time in PETRA's history.

WORKFORCE COMPOSITION AND DIVERSITY

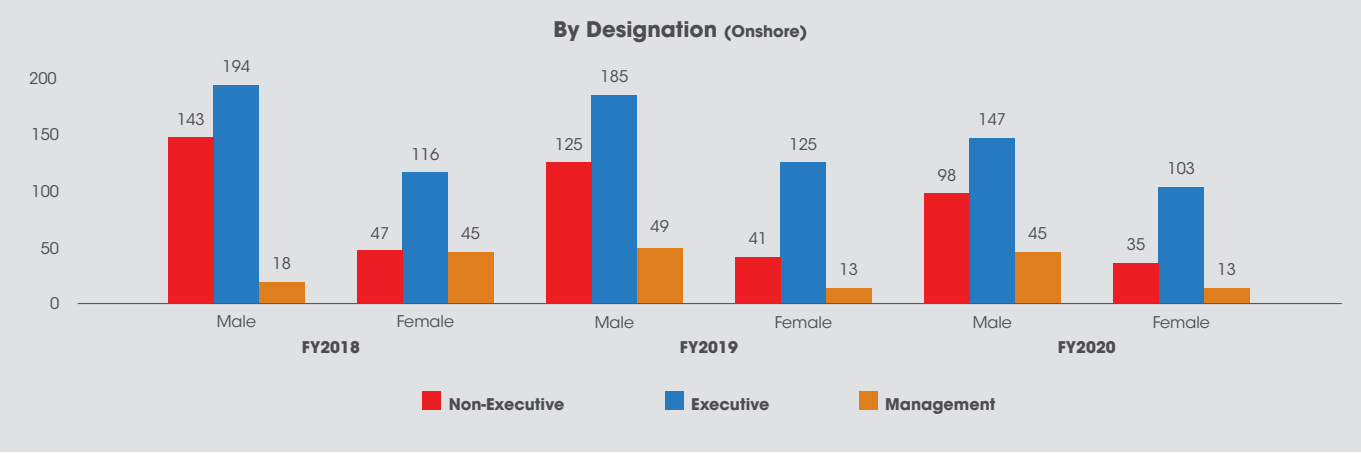
PETRA is committed to fostering workplace diversity in its workforce. The value of diversity is that it allows the Group to benefit from varied perspectives and ideas. In today's globalised world, being able to tap the unique experiences of the workforce is an asset to a company.

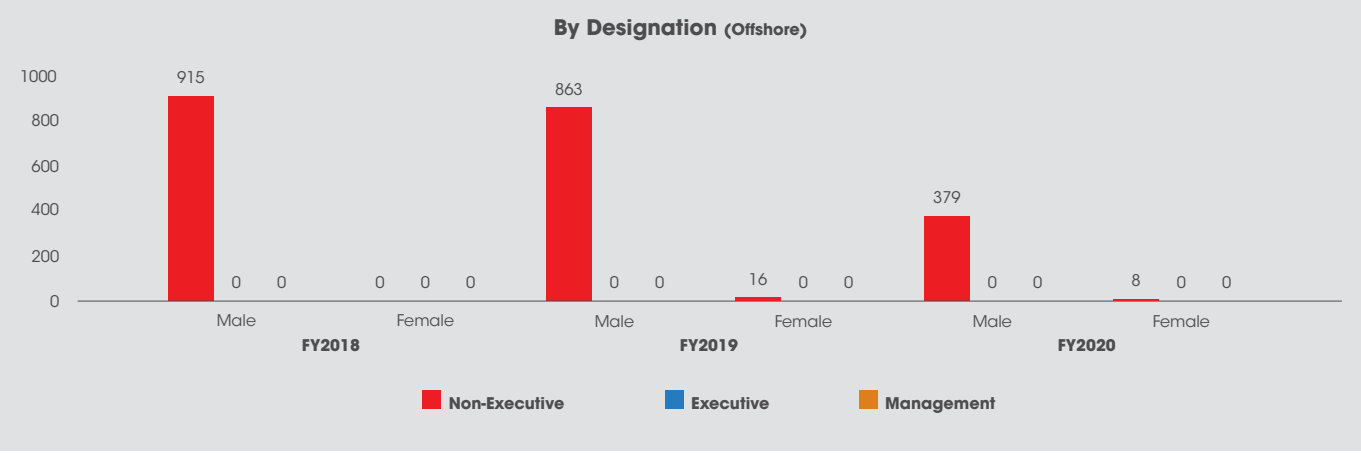
Hence, the Group continues to seek individuals with varying skillsets and job experiences, even hiring talents not from the core business industries of water and energy operations.

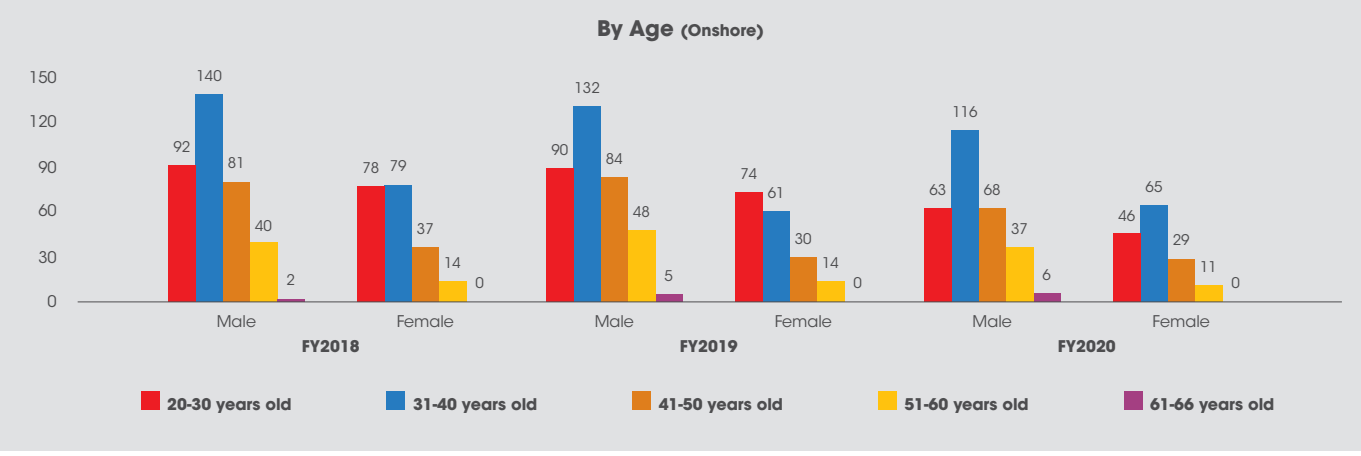
Merit is the sole determinant in the hiring, developing and retaining of talent. In essence, industry experience, job performance, academic and professional qualifications, seniority of tenure, leadership qualities and interpersonal skills are determinants for hiring, promotion and other career benefits.

PETRA strives to hire talent from local communities. Approximately 70% of our employees are from East Malaysia.

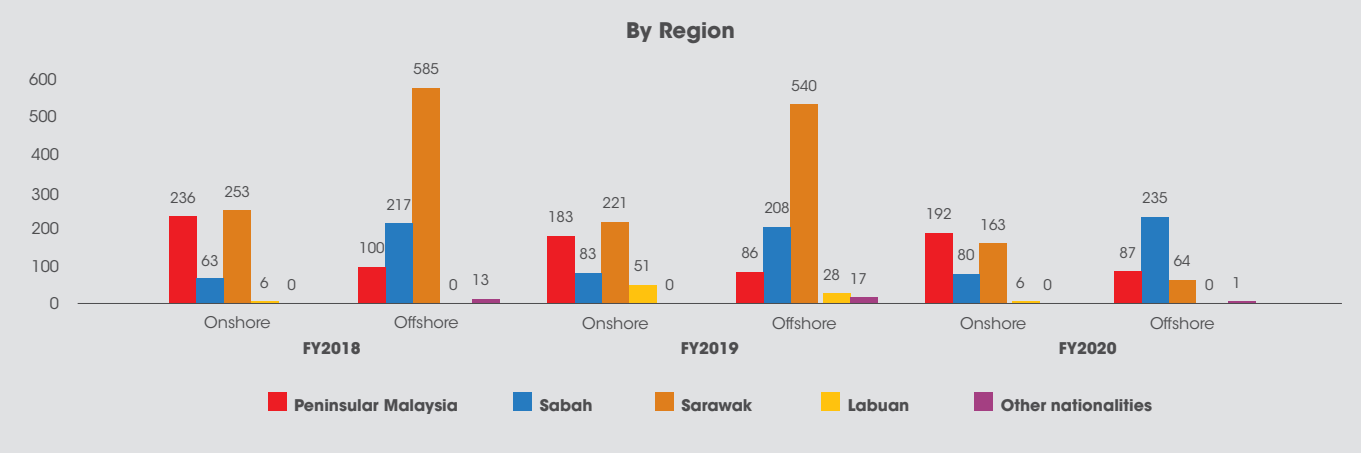
TOTAL EMPLOYEE HEADCOUNT AND STAFF GENDER COMPOSITION







Sustainability Statement



At present, there remains a disproportion in term of gender parity with male employees still constituting a large composition of the workforce. This is expected as the oil and gas sector, in particular for offshore operations, typically requires more labour-intensive work demands, which are customarily not preferred by many women.

However, both men and women are accorded equal opportunity to apply to any available job position with appointment based purely on merit.

The disproportion between male and female employees is considerably lower when considering the employee gender profile for non-manual jobs such as office jobs.

EMPLOYEE GRIEVANCE MECHANISM

Employees have full access to an official grievance mechanism to express dissatisfaction with regards to any company related matter. While employees are encouraged to attempt to resolve issues informally, management unequivocally supports employees' rights to bring up issues via this official channel for redress or further action.

Employees are neither censured nor discouraged from using the grievance mechanism. In FY2020, there were zero cases of grievance.

Compliance to Minimum Wage

PETRA complies with the Malaysian government's minimum wage policy with all employees earning monthly wages equal to or exceeding the set minimum wage of RM1,200 per month.

Staff Benefits

All staff are accorded benefits in accordance to the Employment Act 1955 as well as additional benefits which the company provides at its own volition and discretion. Full time employees are entitled to the following health benefits:

Full time employees are entitled to the following health benefits:

- Group Personal Accident (GPA)
- Group Term Life (GTL) insurance for all employees
- Group Hospitalisation & Surgical
- Statutory sick pay leave without hospitalisation ranging from 14 days to 21 days depending on the employee's job grade and period of service
- A period of up to 60 days is granted if hospitalisation is necessary
- Company supported/subsidised health/medical insurance plan for offshore crew (As per above GPA & GTL)
- Annual medical check-up for all employees age 40 years and above (Cover under outpatient entitlement)
- Overtime payments (Non-Executive only)
- Employee's New Born Benefits
- Employee's Bereavement/Wreath

TRAINING & EDUCATION

PETRA continues to develop their professional competence and capabilities towards improving job performance and employee morale and satisfaction.

Management's approach to training is based on several aspects. These include closing any performance or skills gaps that the respective employee may have, as a form of reward or to improve employee morale, to retain employees, or to enable employees to develop as future leaders for the Group towards fulfilling succession planning goals and objectives.

Irrespective of the rationale behind justifying training, employee training is a key component of the Group's overall approach. Training is paid for by the Group through its contribution to the Human Resources Development Fund ("HRDF").

Employees in almost all instances enjoy fully sponsored participation at professional courses, seminars, training programmes and more.

Training in FY2020 reduced due to completion of work order.

TOTAL TRAINING HOURS PER STAFF

TOTAL TRAINING HOURS	FY2018	FY2019	FY2020
Male (onshore)	5,333	2,512	1806
Female (onshore)	1,768	544	504
TOTAL (onshore)	**7,101**	**3,056**	**2310**
Male (offshore)	10,104	14,168	6260
Female (offshore)	N/A	N/A	N/A
TOTAL	**10,104**	**14,168**	**6260**
CUMULATIVE TOTAL (Onshore + Offshore)	**17,205**	**17, 224**	**8,570**

AVERAGE TRAINING HOURS PER STAFF

TOTAL TRAINING HOURS	FY2018	FY2019	FY2020
Male (onshore)	15.02	7.00	6.22
Female (onshore)	8.50	3.04	3.33
TOTAL (onshore)	**23.52**	**10.04**	**9.55**
Male (offshore)	11.04	16.42	16.18
Female (offshore)	N/A	N/A	N/A
TOTAL (offshore)	**11.04**	**16.42**	**16.18**

Training hours reduced due to the COVID-19 pandemic reflecting a reduction in activities.

Employee Appraisals

100% of employees receive formal appraisals across the Group. Appraisals are vital for addressing individual training requirements but also in determining annual compensation packages, including staff bonuses.

The appraisal approach is meant to be a two-way constructive process, where employees can voice their own perspectives or views as to their own performance. Ultimately, the employee retains the right to accept or reject the appraisal.

Employees who disagree with their appraisal review scores can voice their grievance to HR via a formal employees' grievance mechanism system.

CORPORATE SOCIAL RESPONSIBILITY

#PETRACares

Despite the difficulties brought on by COVID-19, which necessitated a reduction in physical engagements and activities, PETRA in FY2020, has continued to seek ways to fulfil its corporate social responsibility ("CSR") commitments.

In fact, perhaps COVID-19, presented a wide range of new opportunities for the Group and its staff to initiate various CSR programmes, both COVID-19 related as well as other activities.

The Group's total spend on CSR activities was RM197,990, slight reduction of 1.02% than FY2019's RM200,000 due to deferment in activities.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee ("**AC**") comprises four (4) members as follows, all are Non-Executive Directors ("**NEDs**") and majority of whom are Independent in line with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MainLR**"):-

Name	Designation	Directorship
Abdul Rahim bin Abdul Hamid	Chairman	Senior Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	Member	Independent Non-Executive Director
Ng Ing Peng	Member	Independent Non-Executive Director
Gian Carlo Maccagno	Member	Non-Independent Non-Executive Director

None of the AC members was previously a partner in the incumbent external auditors, PricewaterhouseCoopers PLT in the previous two (2) years, nor do any of the AC members hold any financial interest in PricewaterhouseCoopers PLT.

ATTENDANCE OF AC MEMBERS AT MEETINGS

The AC held a total of five (5) meetings during the financial year ended 31 December 2020. The details of the attendance of the respective members are as follows:-

Name	No. of meetings attended ^
Abdul Rahim bin Abdul Hamid (Chairman)	5/5
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	5/5
Ng Ing Peng	5/5
Gian Carlo Maccagno	5/5

^ The meetings were held on 17 February 2020, 12 March 2020, 14 May 2020, 19 August 2020 and 23 November 2020.

SUMMARY OF WORK OF THE AC

During the financial year ended 31 December 2020, the AC has carried out the following work activities in the discharge of its duties, functions and responsibilities:-

a) Discussed the budget of the Group for year 2020, and recommended the same to the Board for approval;

b) Reviewed the audit findings in relation to the financial statements of the Group for the financial year ended 31 December 2020;

c) Reviewed the performance evaluation for AC, internal audit function and external auditors to streamline with the provisions of the MainLR and Malaysian Code on Corporate Governance;

d) Met with the external auditors without the presence of the Management twice on 17 February 2020 and 19 August 2020;

e) Reviewed the Unaudited Quarterly Reports on the consolidated results of the Group for the financial quarters ended 31 December 2019, 31 March 2020, 30 June 2020, 30 September 2020, and recommended the same to the Board for approval;

f) Discussed the updates on the financial performance of the Group;

g) Reviewed the Audited Financial Statements of the for the financial year ended 31 December 2020 to ensure that the financial statements and disclosures presented a true and fair view of the Company's financial position and performance for the said year and are in compliance with the provisions of the Companies Act 2016 as well as the applicable Malaysian Financial Reporting Standards, and recommended the same to the Board for approval;

h) Reviewed the internal audit progress reports presented on the state of internal controls of the Group and steps taken by Management in response to the audit findings;

i) Reviewed and discussed the Group internal audit progress report on quarterly basis;

j) Reviewed the Recurrent Related Party Transactions of a Revenue or Trading Nature ("**RRPTs**") on quarterly basis to ensure that they are within the mandate approved by the shareholders at the Fourteenth Annual General Meeting of the Company held on 21 August 2020;

k) Reviewed the Circular to Shareholders on the Renewal of Shareholders' Mandate for the existing RRPTs and Proposed Renewal of Authority to Buy-Back its own Shares by the Company dated 29 June 2020, and recommended the same to the Board for approval;

l) Reviewed the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2020, and recommended the same to the Board for approval;

m) Reviewed the suitability, effectiveness and independence of the external auditors, and recommended their re-appointment to the Board to recommend the same to the shareholders for approval;

n) Assessed the internal audit function of the Company;

o) Reviewed and confirmed the minutes of the AC meetings;

p) Reported to the Board on the proceedings of each AC meeting through the chairman of the AC; and

q) Reviewed and approved the Annual Internal Audit Plan for year 2021.

Audit Committee Report

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The AC is supported by in-house Group Internal Audit Department ("**GIA**") of PEB in discharging the internal audit function of PEB Group.

The role of GIA is to carry out independent reviews of the Group's internal control system in order to provide reasonable assurance that internal controls are in place and operating effectively. All internal control related issues identified were reported directly by the head of GIA to AC and administratively to the Group Chief Executive Officer. GIA also worked collaboratively with the Board Risk Management Committee in the updates of the risk registers and the reporting of results arising from the risk management process.

The AC also had full access to the services and advice of GIA and received reports on all audits that were performed.

Throughout the year, GIA had performed the following internal audit activities:

a) Presented the internal audit progress reports based on the planned audit of the Group to the AC on quarterly basis.

b) Carried out audit reviews covering the following and presented the results and necessary information including internal control weaknesses identified, corresponding recommendations for improvements and Management response, etc of the audit reviews to the AC:-

- Petra Resources Sdn. Bhd.'s Maintenance, Construction & Modification Services Contract and Pan Malaysia Hook-up & Commissioning;
- Operations of Piasau;
- Orisoft's Unified Human Capital Management System of the Group;
- Sustainability of the Group amidst Covid-19 pandemic;
- Tendering processes, procedures and work order proposal management activities of the Group; and
- SAP Hana System of the Group.

c) Reviewed the Group's state of compliance with established principles and practices, as well as the relevant statutory requirements.

d) Collaborated with Management to promote the culture of practicing good internal controls and governance to attain optimal business efficiency and process effectiveness.

e) Closely monitored the timeliness and followed up on the status of implementation of corrective actions by Management in addressing audit observations and reported the same to the AC.

f) Formulated the Group Audit Plan for year 2021 including annual operating budget and presented the plan to the AC for review and approval.

The total costs incurred for the internal audit activities of PEB Group for the financial year ended 31 December 2020 was RM627,587.62.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors ("Board") of Petra Energy Berhad ("PEB" or "the Company") acknowledges its responsibility for maintaining sound internal control and risk management systems that would provide reasonable assurance in ensuring the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations, to safeguard shareholders' interests and the Group's assets. The system of internal control is designed to manage the Company's risk within acceptable risk profile, and provides reasonable assurance against material errors, misstatement or irregularities.

In view of the limitations inherent in any system of internal control, such a system is designed to mitigate rather than eliminate risks of failure to achieve business objectives. Accordingly, the system provides reasonable and not absolute assurance against material error, misstatement or loss. The system of internal control covers, inter alia, risks management, financial, operational and compliance controls. The Board confirms that the system of internal control and risk management of the Company was in place during the financial year. The system is subject to regular review by the Board.

RISK MANAGEMENT

By virtue of PEB being a hook-up commissioning and topside major maintenance service provider in the Oil & Gas Industry, our businesses have unique risks that are specific to our industry. We recognise the fact that these risks must be effectively managed to ensure the long-term growth and enhancement of shareholders' value. As such, PEB adopts a comprehensive risk management framework that includes risk management policy, visible objectives, clear lines of responsibility and accountability as well as an efficient framework on procedures and reporting guidelines. Our risk management system is also linked to the Group's internal control system, thus providing us an efficient and reliable decision-making tool. PEB Risk Management Framework has been approved by the Board of Directors for adoption in January 2013 and was last revised in June 2016. The PEB Group Risk Register and status on Improvement Plans were deliberated diligently during the quarterly Board Risk Management Committee meetings.

Risk Management Policy

The Group's Risk Management Policy advocates that adequate and effective risk management processes and practices to be set in place to enable us to achieve our business objectives. It also provides a reasonable assurance to the Board and other stakeholders on the adequacy of the state of internal control of the Group and our ability to increase shareholders' value and confidence.

Key Objectives of the Risk Management Process

Our Risk Management process aims to enhance the decision-making process within the Group in order for our strategic objectives to be fulfilled. It also aims to optimise returns to shareholders, while taking into account the interests of other stakeholders. The process ensures we undertake appropriate and timely responses to changes in the operating environment that may impact the Group's ability to achieve its objectives. It seeks to improve the Group's operating performance and to reduce the risk of material misstatement in official announcements and financial statements. It helps create a risk attuned environment to safeguard the Group's assets and helps us to maintain our reputation. Finally, it ensures we are continuously in compliance with corporate governance best practices and the relevant laws including Bursa Malaysia's Listing Requirements.

Statement on Risk Management and Internal Control

The following diagram outlines the risk management reporting structure that is in place at PEB Group.

Role of the Board of Directors
The Board is tasked with sanctioning the Group's Risk Management objectives and policy. It also provides stewardship by identifying and acknowledging the principal risks identified by the Risk Management Steering Committee and ensuring the implementation of appropriate action plans to manage these risks. At the quarterly Board Meeting, the Board reviews the adequacy and integrity of our internal controls and management information system to ensure compliance with the applicable laws, regulations, rules, directives and guidelines. The Board also considers the nature and extent of risks acceptable to the Group as well as evaluates the risk implications.

Role of the Board Risk Management Committee
The Board Risk Management Committee (BRMC) is chaired by the Chairman of the Audit Committee. It comprises 1 Senior Independent Non-Executive Director, 1 Non independent Non-Executive Director and 1 Executive Director. The BRMC's role is to implement and support the overseeing functions of the Board's role in risk management. It reviews the Risk Management Steering Committee's periodic reports as well as highlighting any changes of the Group's Risk Profile to the Board.

Role of the Risk Management Steering Committee
The Risk Management Steering Committee ("RMSC") is chaired by the Chief Executive Officer of PEB. Its members are appointed from the senior management team and it covers all divisions and relevant departments. The RMSC is to review the validity of the identified risks and ensure that actions to mitigate these risks are being implemented. The RMSC is also responsible for the following activities:

- Agreeing on the procedures and reporting formats of the risk management processes;
- Reviewing the adequacy and effectiveness of the risk management framework;
- Reviewing the "gap analysis" on internal controls and business risk;
- Ensuring that all actions to address the gaps are being adequately followed up;
- Ensuring the Board and Management receive adequate and appropriate information for purposes of decision-making and review, respectively;
- Communicating and providing a reference point for dissemination and feedback of the Group risk management policy and procedures;
- Commissioning, where required, special projects to investigate, develop or report on special aspects of the risk management processes of the Group; and
- Presenting risk progress reports on risk management to the Board Risk Management Committee and the Board.

Role of the Risk Management Working Committee ("RMWC")
The Risk Management Working Committee ("RMWC") is chaired by the Head of Group Risk Management. The members consist of relevant Heads of Divisions and Heads of Departments covering all areas. The RMWC is tasked with reviewing the Group Risk Register, highlighting any new risk that may arise to the RMSC, and updating the Group Risk Register accordingly. It is responsible for the following activities:

- Recommending procedures and reporting formats on the risk management process;
- Preparing risk progress report;
- Preparing and recommending the risk management framework;
- Communicating the extent and categories of risk for the Group to the RMSC;
- Conducting risk gap analysis and the actions to close the identified gaps to ensure that the risks are managed to acceptable level;
- Updating and considering new entries for the risk register from the time of the last review and updating entries of the last reported register; and
- Discussing and recommending improvement plans on risk management issues and procedures that can be implemented or incorporated by any function of the Group to the RMSC.

Statement on Risk Management and Internal Control

Risk Management Process

There are six steps within the risk management process. Within each stage, there are distinct decisive factors to be considered before the next stage is reached. A structured framework approach to risk management that incorporates all the necessary steps was developed. These steps are depicted in ***Figure 1*** below.

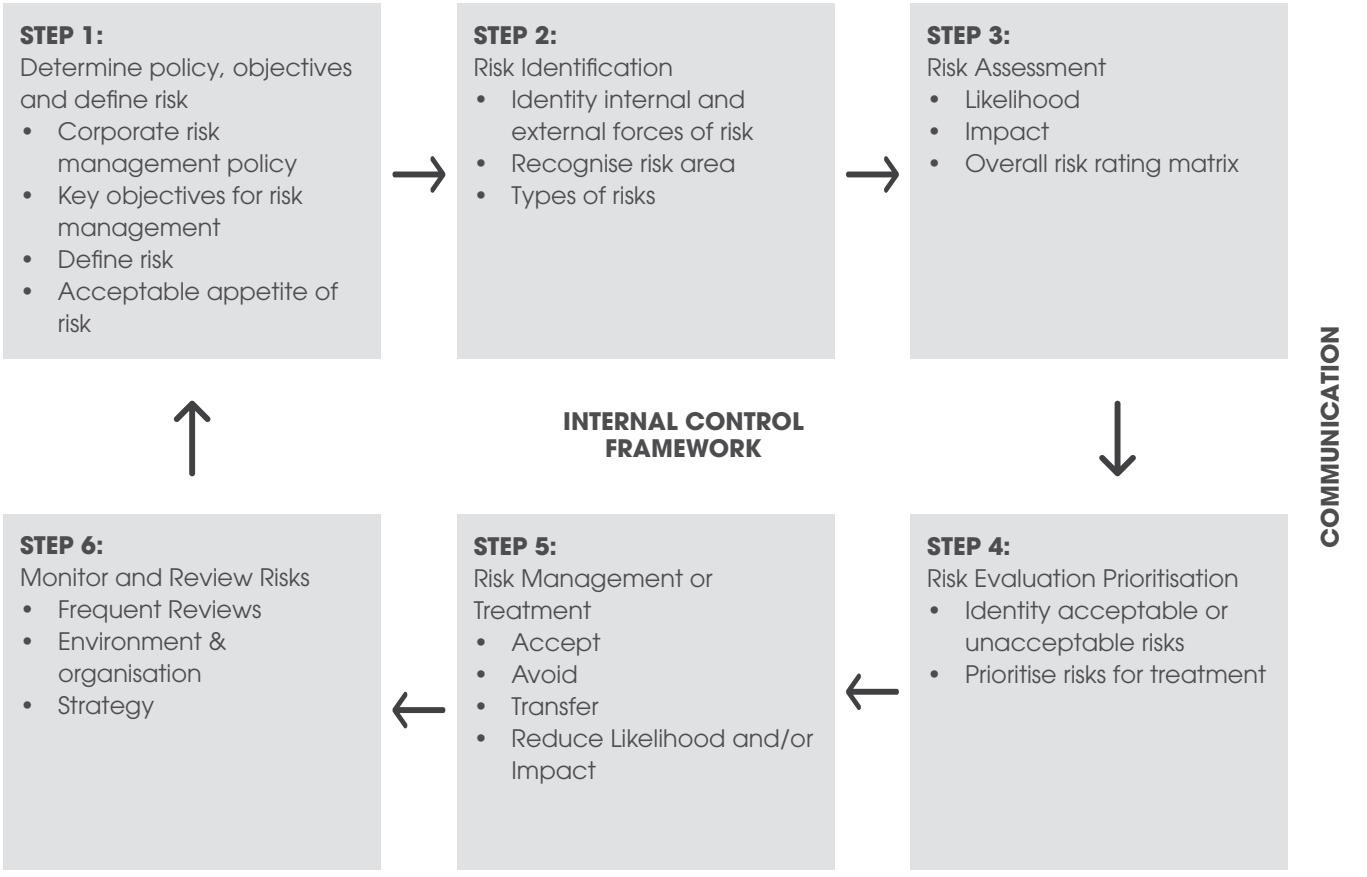


Figure 1: PEB Risk Management Framework Diagram

Conclusion

The Board is of the opinion that the Group's Risk Management System is effective and functioning adequately, and that everyone in the Group has been made aware of and alert to the requirements of the system and its procedures. The Board has acknowledged that all identified risks are being managed to an acceptable level, and that the system is proficient in helping to keep the Group in line with its long-term goals and objective. The Board also monitors the progress of implementation plan and the level of risk rating on Quarterly basis.

As of December 2020, there is a total of ten (10) identified risks for PEB Group comprised of Two (2) Very High risks, One (1) High risk and Seven (7) Medium risks. The table on the following page presents a summary of our Very High risks and High risk for the year 2020 together with their respective focus areas and mitigation actions.

Risk	Focus Area	Mitigation Action
Very High #1: HSSE and Business Continuity Risk	• Adapting to the new norm working arrangements as we have entered RMCO and CMCO in red zone areas, to avoid any further outbreak.	Group HSSE has taken several initiatives to protect the wellbeing, health and safety of Petra Group's employees while allowing the Group to continues to operate as an essential service provider to meet the Client's expectations. Among the precautionary measures are as per below; • Below 10% occupancy in the office at a time, with limited to 4 hours/day and reconfiguration of seating arrangements to observe at least 1-metre physical distance. • Strongly encourage staffs to work from home as much as practicable with mandatory daily declaration on their health and travel history via the internal QR Code Form. • Important management meetings are convened virtually to ensure continue of business.
	• Securing of resources and supplies for active projects scheduled to mobilise during pandemic	• Advance travel arrangements made with agents as there are limited flights available to Sarawak/Sabah (restricted interstate movement due to different coloured zone). • Advance arrangements made with the training centres while waiting for their Work Permit application process (for non-Sarawakians). • Advance planning by including the provision of 14 days quarantine pre and post mobilisation of manpower allocated for the on-going projects.

Risk	Focus Area	Mitigation Action
Very High #2: Business Sustainability and Growth Risk	• Probability of Deferment and delay to our key project work orders in 2020 and delay/ uncertainty in new independent tenders for HUC projects.	• The management had and will continue engaging the client to secure work orders/tenders for the remaining of Year 2020 to sustain the revenues as much as possible until more clarity is gained on the future outcome will be as the world economy and oil prices recover from the effects of the pandemic.
	• Impact on vessel mobilisation & utilisation affected by project deferment/delays.	• The probability of redundancy is minimised by building in flexibility to the work barge/boat schedule to accommodate for opportunities to farm out vessels to 3rd parties and at the same time, ensure availability of back-up vessels to be swapped-in for projects within relatively short notice. (require precise planning, timely scheduling and close communication between parties involved)
	• Expected stress in Group cash flows due to factors contributed from the above 2 focus areas.	• Tighten controls over Cash Flow management – budgeted spending in key cost drivers such as salaries and benefits of direct and indirect manpower, vessel maintenance and management. • Continuous optimisation and utilisation of Group's facilities line in both Services and TSA for effective working capital management. • Rightsizing of staff and salary reduction as part of the optimisation measures.

Risk	Focus Area	Mitigation Action
	• Continue to pursue business opportunities which have been derailed due to low oil price and other opportunities for expansions and growth (positive risks) that could be capitalised.	• Proposed alternative commercial models to the client and continuous renegotiation with potential partners for more favourable business rate to capitalise on both, the existing and potential business opportunities as part of the Group's strategic plan.
High #1: Corrupt Practices by Parties Associated to the Organisation (MACC Act Section 17A)	The Group is actively addressing the requirement to prove that the Group has in place `adequate procedures' designed to prevent persons associated with the commercial organisation from committing the bribery/corruption offence. The five (5) guiding principles of `adequate procedures' are as follows: • T – Top Level Commitment • R – Risk Assessment • U – Undertake Control Measures • S – Systematic, Review, Monitoring and Enforcement • T – Training and Communication	• The Group has put in place its commitment in achieving the target to be certified with ISO 37001 Anti-Bribery Management Systems (ABMS) by Q4 of Year 2021. • The Anti Bribery Management System Working Committee with clear line of reporting and deliverables has been set up to ensure comprehensive coverage of the `adequate procedures'. • The progress of the certification efforts is frequently updated to the Leadership Team and subsequently, to the Board Risk Management Committee.

Statement on Risk Management and Internal Control

INTERNAL CONTROL
Key elements of the Company's internal control system, including the processes in place to review its adequacy, are as follows:

Control Environment
The internal control mechanism is embedded in the various work processes and procedures at appropriate levels in the Company. The work processes and procedures are documented in the Company's Standard Operating Manuals. These manuals assist in ensuring continuity of work practice and effective control of various tasks. As a result, a structure for an organisation wide control has been established throughout the Company. Continuous efforts are also being undertaken by the heads of departments to review and update the manuals regularly or when it is deemed necessary, add in a new procedure.

As part of the continuous efforts in making sure the control environment is working as intended, the management is currently in the midst of addressing and identifying the Internal Control Recommendations (ICM) put forth by the External Auditor particularly on the data migration activity of the Group's strategic initiative to upgrade the IT infrastructure to a high-performance in-memory database, SAP Hana. Appropriate actions have been taken to resolve the issues and to mitigate any related risk.

Additionally, all the issues highlighted and also the rectification done by the management will become one of the audit scope to be reviewed and examined by the Group Internal Audit during the formal audit engagement by early Q3 2021 namely the Audit on SAP Hana Embedded Controls.

Organisational Structure
The Group has a well-defined organisational structure that is aligned to its business and operational requirements and each strategic operating function is headed by a responsible Divisional or Departmental Head. Clear lines of accountability and responsibility, approval, authorisation, and control procedures have been laid down and communicated throughout the Group.

Human Capital Management
The Group believes that the key strategy to maintain business growth in an environment of intense competition is to enhance the operational efficiency and productivity of human capital. Thus, formal appraisals guided by Key Performance Indicator ("KPI") parameters provide a framework to translate and align the strategy of human capital development to the Group's Strategic Plan and is being used as a performance measurement tool. The Group continued to emphasise on the talent and competencies of employees by establishing the Talent Management Framework. The Succession Plan for key critical position has also been established and approved by the Board.

Business Plan and Budget
The Group undertakes a comprehensive business planning and budgeting process each year, to establish goals and targets against which performance is monitored on an on-going basis. The Board participates in the review and approval of the Business Plan and Budget. A quarterly reporting and review of financial results and forecast has been established and is consistently observed. The quarterly financial performance is constantly presented to the Board.

The Group also monitors the performance of each project through regular periodic review of the actual project costs incurred against the respective project budgets. The result of the project budget review is reported to the Senior Management of PEB Group to ensure effective management of project costs in order to achieve the desired project profitability.

Group Limits of Authority (LOA)
The LOA which clearly defines the level of authority and responsibility in making operational and commercial business decisions. Approving authorities cover various levels of management and includes the Board. The LOA is reviewed regularly and any amendments made to the LOA must be tabled to and approved by the Board. The latest version of LOA was approved by the BOD in August 2020.

The Company has also established the Supply Chain Manual ("SCM") which acts as a tool for management control over the Company's procurement process. It indicates the standard exercise for task execution across all levels. The manual explains the network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers. Continuous reviews and updates are conducted accordingly to reflect any changes in Petra Energy Group of Company Policies to avoid conflicts or inconsistencies.

Insurance and Physical Safeguards
The Group undertakes adequate insurance and ensure physical safeguard on assets are in place to ensure that the assets are sufficiently covered against any mishaps that will result in material losses.

Information and Communication
While the management is responsible to ensure proper implementation of internal control procedures, the Board can request to review the state of internal controls as and when it deems necessary. The Board can request for information and clarification from management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts, and any costs shall be borne by the Company.

Audit Committee
The Audit Committee has been established by the Board since year 2002. The Audit Committee comprises four (4) members of the Board, majority of whom are independent directors. Its terms of reference together with the Audit Committee Report are disclosed in pages 76 to 78 of this Annual Report.

Internal Audit Function
The Audit Committee has established the Internal Audit Function since July 2011. The Group Internal Audit ("GIA" or "the Department") of Petra Energy Berhad acts as an independent appraisal function to assist the Audit Committee in discharging their duties and to provide assurance to Management and the Board that all internal controls are in place, adequate and functioning effectively within the acceptable limits and expectations. GIA strives to provide the means for the Company to accomplish its control objectives by introducing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance processes. The purpose, authority and responsibility of GIA as well as the nature of assurance and consultancy activities provided to the Company are clearly stated in the Internal Audit Charter as approved by the Audit Committee in year 2011. In order to preserve its independence, GIA directly reports to the Audit Committee and administratively to the Chief Executive Officer of PEB.

Activities of GIA are guided by the Annual Internal Audit Plan which is reviewed and approved by the Audit Committee on a yearly basis. The risk-based audit plan is developed to cover strategic, operational, information technology and financial activities that are significant to the overall performance of the Company. GIA primarily acts as an assurance unit which reviews the effectiveness of the system of internal control, highlighting any areas for improvement and recommend enhancement to the internal controls where necessary and to minimise the risk of internal fraud and irregularities.

Statement on Risk Management and Internal Control

As an integral part of the management process, GIA furnishes the Management with independent analysis, appraisals, counsel and information on the activities under review. The key internal audit activities that add value to the Group can be summarised as follows:

1. Serve the Audit Committee and the Management with high-quality professional internal audit products;
2. Perform the internal audit work in an efficient and effective manner and to evaluate the results of audit tests within a business context;
3. Identifying process and business improvement activities, including opportunities to improve the efficiency and effectiveness of controls to achieve an optimal balance between risk and control; and
4. Communicate audit results in the most efficient and effective manner that adds value to the management with an alignment to risk and business objectives.

In year 2020, four (4) audit engagements, consisting of two (2) planned and two (2) unplanned audits, have been completed encompassing evaluation of effectiveness and efficiency of the system of internal control on the contract management of Maintenance, Construction and Modification (MCM) contract, staff claims activities and processes, investigation on whistleblowing allegation and its follow-through limited scope review on the alleged vendor.

External Audit Function

The External Auditor's annual audit strategy, audit plan and scope of work for the financial year in relation to the audit services on the Group's financial statements as well as non-audit services, if any, are reviewed and approved by the Board Audit Committee.

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditor have reviewed this Statement on Risk Management and Internal Control based on the limited assurance engagement in accordance with Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants.

Code of Conduct

Our Code of Conduct ("the Code") governs the professional conduct of our employees and outlines their responsibilities to the Group in performing their duties. The various policies and guidelines within the Code spell out the standards and ethics that all employees are expected to adhere to in the course of their work. It highlights the Group's expectations on their professional conduct which includes good attendance, punctuality and appearance, and prohibits instances on alcohol and drug abuse as well as sexual harassment. The Code also covers issues pertaining to employees' commitment, confidentiality, insubordination, public statements, and conflicts of interest. The Code is designed to maintain discipline and order in the workplace among employees at all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code and the disciplinary actions that can be taken against them.

Anti-Bribery and Corruption Policy

An Anti-Bribery and Corruption (ABC) Policy was approved by the Board in November 2019 to set out the Company's overall prohibition of bribery and corruption in all its forms. The policy is applicable to PEB, its controlled organisations, business associates acting on PEB's behalf, the Board of Directors and all PEB personnel. External Providers are also expected to comply with this policy in relation to all work conducted with PEB, or on PEB's behalf. The ABC Policy outlines the recognition of local and internal legislation on bribery and corrupt practices as well as guidelines on business transactions and ethical behaviours including but not limited to:

- Gifts, donations and sponsorships;
- Facilitation payments;
- Support letters;
- Dealing with Government Officials;
- Recruitment, promotion and support of personnel;
- Conflicts of interests;
- Responsibilities of business associates, and
- Responsibilities of PEB Personnel.

PEB have also established their Adequate Procedures based on T.R.U.S.T principle as guided by Malaysian Anti-Corruption Commission (MACC) which consists of;

- T - Top Level Commitment
- R - Risk Assessment
- U - Undertake Control Measures
- S - Systematic Review, Monitoring & Enforcement
- T - Training & Communication

Each principle has its own outlined objectives, activities, future plans with relevant timeline to achieve. This will be monitored with appropriate provision of resources in order to achieve the plan and intended results. All these will be presented and reviewed every quarter by BRMC.

Statement on Risk Management and Internal Control

Whistle Blower Policy
A revision to the Whistle Blower Policy was approved by the Board in November 2019 to extend the whistleblowing eligibility to the members of the public and expand the availability of reporting channels via the Company website. The Policy provides a platform for employees and any person external to the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty, bribery or corrupt practices, or a violation of the Company's Code of Conduct or Ethics Policies. The Whistle Blower Policy includes protection for the whistleblowers from any reprisals as a direct consequence on making such disclosures. It also covers the procedures for disclosure, investigation and the respective outcomes of such investigations. The Group expects its employees to act in the Group's best interests and to maintain high principles and ethical values. The Group will not tolerate any irresponsible, corrupt or unethical behaviour that would jeopardise its good standing and reputation.

The Board has received an assurance from the CEO and CFO of PEB that the risk management and internal control system is operating adequately and effective, in all material aspects.

Associated Company
The statement of risk management and internal control of an associated company is excluded from this Statement.

KEY ENTERPRISE RISKS & MITIGATION

This section describes the key risks that Petra Energy Berhad ("PETRA", "the Group" or "PEB") is facing at present. PETRA has an established Risk Management Framework that includes an Enterprise Risk Management process to guide the identification, assessment, treatment, monitoring and review of risks.

Details on our Risk Management Framework and risk management processes can be found in the Statement of Risk Management and Internal Control.

RISKS & IMPACT	MITIGATION
ADAPTING TO NEW NORM WORKING ARRANGEMENTS WHILE SECURING RESOURCES AND SUPPLIES TO CONTINUE OPERATING AS AN ESSENTIAL SERVICE PROVIDER MEETING CLIENT'S EXPECTATION	
The Covid-19 virus outbreak which has been declared as a global pandemic by the World Health Organisation (WHO) on 11 March 2020, has disrupted the supply chain and affected the operations of businesses all over world. Failure to adapt to the new norm while the movement restrictions aimed at restricting mass movements and gatherings to contain the Covid-19 pandemic and break the chain of transmission is taking place could expose the Group to HSSE and business continuity risks.	The Group has complied with the government's directives and has instituted new norm work arrangements to ensure the safety of our employees, stakeholders and assets, as well as the surrounding environment in which we operate, in turn ensuring the business continuity. The Group ensures all the necessary procedures are put in place through the regular updates of Business Continuity Management Initiatives since January 2020 to manage the risks and closely monitors the situation to ensure its operations are not disrupted and at the same time, in compliance with the regulations and rules imposed by the authorities during the movement control period.

RISKS & IMPACT	MITIGATION
MAINTAINING SUSTAINABILITY AND PURSUING BUSINESS GROWTH IN AN INCREASINGLY COMPETITIVE INDUSTRY The upstream oil & gas service is a highly competitive industry and consists of many major players competing for a relatively condensed market share. Furthermore, market uncertainty resulting from the Covid-19 virus outbreak, external and internal geopolitical conflicts and slower rate of global economic growth which may impact the supply and demand equilibrium and subsequently recovery of the global oil price. Failure to achieve long term financial stability and expand beyond the core competencies may impede the Group's vision to achieve a more diversified and sustainable business growth.	The business strategy adopted by the Group that focused on improving its operating efficiency and prudent financial strategy and management in delivering services within its core competencies had enabled the Group to manage through periods of volatility in the market environment. Leveraging on balance sheet strength such as low bank borrowings, strong cash position, coupled with improved net current assets, the Group aims to achieve growth by diversifying its revenue streams beyond the market that it currently serves through its 5-year Transformation plan.
CORRUPT PRACTICES BY PARTIES ASSOCIATED TO THE ORGANISATION Section 17A of the MACC Act on corporate liability for corruption provides that a commercial organisation commits an offence if a person associated with it corruptly gives, offers or promises any gratification to any person with an intent to obtain or retain business or a business advantage for the said commercial organisation. Failure to prove that adequate procedures are in place to prevent persons associated with the Group from undertaking such conduct may expose the Group to unsurmountable reputational, financial and legal risks.	The Group, the board of directors and top management had commissioned a robust anti-corruption compliance program in ensuring that adequate procedures are in place as per the requirements in MACC's official guidelines. The Group also currently in progress of obtaining the ISO 37001:2016 certification standard on anti-bribery management systems.

Statement on Risk Management and Internal Control

Key Audit Matters Raised by Independent Auditors

In addition to the key enterprise risks that are closely monitored internally, the management had also conclusively addressed key audit matters that have been raised by the Independent Auditors for 2020.

The key audit matters addressed were as follows:

KEY AUDIT MATTERS	MITIGATION
REVENUE RECOGNITION REQUIREMENTS OF MFRS 15 (GROUP)	Given the nature of the Group's business that revolves around the delivery of hook-cup, commissioning and engineering contracts, the application of MFRS 15 is complex and involve significant judgement and estimates to be made. Therefore, the management had ensured that adequate controls are in place to minimise the risk of material misstatements to occur in deriving the true and fair value of the revenues recognised. Among the control measures implemented include: 1) Clear basis for determining satisfaction of performance obligation of its contracts. 2) Strict adherence to the Group Limits of Authority over the approval of contracts, contract budgets. 3) Regular coordination meetings between the finance operation function and project management teams are held to ensure project documentation on the projects' status, progress and forecasts of costs to complete are up to date and accurate.
IMPAIRMENT REVIEW OF CARRYING VALUE OF VESSELS AND DRY-DOCKING COSTS (GROUP)	The management had performed assessments on the vessels as per the following: 1) <u>Vessels' capability to function</u> The Group has maintenance measure in place to ensure its marine fleet able to function during the useful lives. The key measures are daily/regular maintenance to minimize the need to carry out repair works, shipboard planned maintenance system to assist in meeting the adequate intervals of servicing schedule and also docking – either dry-docking or Under Water Inspection In lieu of Dry docking ("UWILD").

KEY AUDIT MATTERS	MITIGATION
IMPAIRMENT REVIEW OF CARRYING VALUE OF VESSELS AND DRY-DOCKING COSTS (GROUP) (CONTINUED)	2) <u>Vessels' Economic Value</u> The simplicity of the Group's marine assets specifications, as well as its ability to meet working condition requirements for hook-up and maintenance works, are key to stay relevant in the market to seize potential works during its economic useful lives. The requirement from key oil majors indicated that vessels beyond 15 years are still relevant for 3rd party chartering markets. In addition, one of the Group's vessel, Petra Challenger, had undergone the refurbishments and successfully certified by RINA. Petra Challenger is fit to tender for 3rd party chartering opportunities despite ageing more than 15 years. Hence, the useful lives of PETRA marine assets remain intact and there are still competitive in the market and at a workable condition to seize chartering opportunities.

Corporate Governance Overview Statement

The Board of Directors of Petra Energy Berhad (the "**Company**" or "**PEB**") (the "**Board**") recognises the importance of practising high standards and excellence in corporate governance in the best interest of PEB and for all its stakeholders, and to protect and enhance shareholders' value and the performance of the Company and its subsidiaries (the "**Group**"). The Board understands that this is not just through achieving the desired financial performance but also through being ethical and sustainable.

The Board of PEB is pleased to present this Corporate Governance ("**CG**") Overview Statement (the "**Statement**") to provide shareholders and investors an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the new Malaysian Code on Corporate Governance ("**MCCG**") with reference to the following three (3) key principles, under the stewardship of the Board:-

Principle A	Board Leadership and Effectiveness	• Board responsibilities • Board composition • Remuneration
Principle B	Effective Audit and Risk Management	• Audit committee • Risk management and internal control
Principle C	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	• Communication with stakeholders • Conduct of general meetings

This Statement also serves as a compliance with Paragraph 15.25(1) of Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MainLR**") and should be read together with the CG Report of the Company for the financial year ended 31 December 2020 ("**FYE 2020**") published on the Company's website at www.petraenergy.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Intended Outcome 1.0

Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 The Board is focused on the Group's overall governance in order to meet its Company's strategic aims. The Board relies on the reports provided by the Group Chief Executive Officer ("**GCEO**") who oversees the entire business and operations of the Group.

At each Audit Committee Meeting and Board Meeting, and as and when the need arises, the GCEO together with the Executive Directors (where necessary) will brief the Directors on the current operations, planes and issues encountered by the Group in view to keep the Board abreast on the Company's current business activities. This would help in formulation of the Company's overall strategies, both short-term and long-term.

As part of the Group efforts to ensure the effective discharge of its duties, the Board has delegated specific duties and responsibilities to four (4) other Board Committees namely: -

i) Audit Committee ("**AC**")
ii) Nominating Committee ("**NC**")
iii) Remuneration Committee
iv) Board Risk Management Committee ("**BRMC**")

Each committee is to assist the Board in overseeing the Company's affairs and in deliberation of issues within their respective functions and Terms of Reference. The Chairman of each Committee will report to the Board on the deliberations and outcome of the Committee's meetings, which includes the key issues deliberated at the Committee's meetings.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company during the financial year ended 31 December 2020, the Board had, amongst others:-

(a) reviewed, challenged and decided on Management's proposals and monitored the implementation by Management;

(b) promoted good governance culture within the Company;

(c) ensured that the strategic plan of the Company supports long term value creation and sustainability;

(d) supervised and assessed Management performance;

(e) ensured there is a sound framework for internal controls and risk management;

(f) understood the principal risks surrounding the Group's business and set the risk appetite to ensure the risks are properly managed;

(g) ensured the integrity of the Company's financial and non-financial reporting; and

(h) ensured that the Company has in place procedures to enable effective communication with stakeholders.

1.2 The Chairman of the Board has:-

(a) led Board meetings and discussions in a manner that encouraged constructive discussions and effective contribution from each Director;

(b) provided leadership to the Board without limiting the principle of collective responsibility for the Board decisions;

(c) reviewed the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and matters arising from the minutes have been addressed;

(d) led the Board in establishing and monitoring good corporate governance practices in the Company; and

(e) ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

1.3 The positions of the Chairman of the Board and GCEO have always been held by two (2) different individuals and each has a clear accepted division of responsibilities between two (2) roles to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

1.4 The Company is supported by two (2) suitably qualified and competent Company Secretaries.

The Company Secretaries are the external Company Secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.

During the FYE 2020, the Company Secretaries had discharged their duties and responsibilities accordingly, and had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, CG, and other pertinent matters, and with changes in the regulatory environment through continuous training and industry updates.

The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their functions, duties and responsibilities.

1.5 The Notice of the Board Meeting is served to the Directors at least seven (7) days prior to the Board Meeting unless there is an exceptional case.

During the FYE 2020, all meeting materials are circulated the Directors at least three (3) days in electronic form prior to the Board Meeting, to allow ample time for Directors to consider the relevant information.

The Management takes cognizance of the importance of providing complete and adequate information to the Directors on a timely basis to enable them to make informed decisions to discharge their duties and responsibilities. They will continue to strive in ensuring that the complete meeting materials are circulated at least five (5) business days in advance of the meetings.

Intended Outcome 2.0

There is demarcation of responsibilities between the Board, Board Committees and Management.

There is clarity in the authority of the Board, its Committees and individual Directors.

2.1 The Board has published the latest Board Charter on the Company's website at www.petraenergy.com.my, which was reviewed, updated and approved by the Board on 22 February 2018. The respective roles and responsibilities of the Board, Board Committees, Executive Directors/CGEO, Independent Directors and management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties.

The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Board Committee chairmen, which are presented to the Board during Board meetings at the appropriate regular intervals.

Activities of the NC

During the FYE 2020, the NC held two (2) meetings to undertake the following activities in the discharge of its duties and responsibilities:-

(i) reviewed and confirmed the Minutes of the NC meetings held;
(ii) examined the composition of the Board;
(iii) reviewed the required mix of skills, experience and other qualities of the Board;
(iv) reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
(v) conducted evaluation to assess the effectiveness of the Board as a whole and the Board Committees;
(vi) reviewed the term of office of the AC and assessed its effectiveness as a whole;
(vii) reviewed the independence of the Independent Directors and assessed their ability to bring independent and objective judgement to Board deliberations;
(viii) recommended the re-election of the directors who are to retire by rotation at the Fourteenth Annual General Meeting ("**AGM**"); and
(ix) reviewed the extension of employment contracts for the Executive Directors.

During the FYE 2020, the Board had convened a total of seven (7) Board of Directors' Meetings for the purposes of deliberating on the Company's quarterly financial results and discussing other strategic and important matters. During the Board of Directors' Meetings, the Board reviewed the operations and performance of the Group and other strategic issues that may affect the Group's business. Relevant senior management members were invited to attend some of the Board of Directors' Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The NC has reviewed the attendance of the Directors at Board and/or Board Committee Meetings, and noted the Directors, to the best of their ability, have devoted sufficient time and effort to attend the Board and/or Board Committee meetings held in the FYE 2020.

The attendance of Directors who are members of Board committees during the FYE 2020 is set out below:-

Directors	Directorship	Board	AC	BRMC	NC	RC
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	INED	7/7	5/5	Not member	Not member	Not member
Abdul Rahim bin Abdul Hamid	Senior INED	7/7	5/5	4/4	2/2	2/2
Ng Ing Peng	INED	7/7	5/5	Not member	2/2	2/2
Gian Carlo Maccagno	Non-Independent Non-Executive Director ("**NINED**")	7/7	5/5	4/4	Not member	2/2
Dato' Anthony @ Firdauz bin Bujang	Executive Director ("**ED**")/ Group Chief Executive Director	6/7	Not member	Not member	Not member	Not member
Dato Ahmadi bin Yussoff	ED	7/7	Not member	Not member	Not member	Not member
Simon Ong	ED	7/7	Not member	4/4	Not member	Not member

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

The Board has cultivated the following best practices:-

- All newly appointed Directors are to attend the Mandatory Accreditation Programme as prescribed by the MainLR within the stipulated timeframe;
- All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment; and
- The Directors are briefed by the Company Secretaries on updates by Bursa Securities periodically.

Upon assessing the training needs of the Directors, the Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead.

During the FYE 2020, the Board members had participated in the following trainings and/or courses:-

Name of Directors	Date	Description of Training Programmes
Abdul Rahim bin Abdul Hamid	1. 12 March 2020	1. Briefing on Corporate Liability, Adequate Procedures and ISO37001 in respect of Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Ng Ing Peng	1. 20 February 2020 2. 12 August 2020 3. 7 - 10 December 2020 4. 18 December 2020 5. 18 December 2020 6. 18 - 20 January 2021 7. 9 - 10 February 2021	1. Corporate Liability pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 2. Sustainability Workshop 3. The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance 4. Dealing in Listed Securities, Closed Period and Insider Trading 5. Conduct of Directors of Listed Company and Common Breaches of the Listing Requirements 6. Mandatory Accreditation Program for Directors of Public Listing Companies 7. Managing Recurrent Related Party Transactions
Gian Carlo Maccagno	1. 3 July 2020 2. 16 October 2020	1. Credit Suisse Virtual Market Outlook Seminar 2. Webinar on Dialogue on Section 17A Corporate Liability & Adequate Procedures
Dato' Anthony Firdauz bin Bujang	1. 18 February 2020 2. 5 May 2020 3. 19 - 20 November 2020	1. Business Unit Away Day 2. Forum Webinar – Outhink the Competition 3. Leadership Team (LT) Away Day
Dato Ahmadi bin Yusoff	1. 18 February 2020 2. 19 - 20 November 2020	1. Business unit Away Day 2. Leadership Team (LT) Away Day
Simon Ong	1. 11 February 2020 2. 18 February 2020 3. 19 - 20 November 2020	1. Fighting Corruption Update Session by Deloitte 2. Business Unit Away Day 3. Leadership Team (LT) Away Day

All Directors have attended the training programme(s) during the financial year, save for Tan Sri Datuk Seri Panglima Sulong bin Matjeraie who has been keeping abreast on latest regulatory updates from the Company Secretaries and industry including information on the Group's businesses and operations, risk management activities and other initiatives undertaken from Management.

The Board, with the assistance of the Nominating Committee would determine a continuous education programme for Board members to upgrade their skills in enhancing their effective contribution.

Intended Outcome 3.0

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

3.1 The Company had adopted the Code of Ethics issued by the Companies Commission of Malaysia that are applicable to all Directors of the Group. The Code of Ethics provides guidance for proper standards of conduct with sound and prudent practices as well as standards of ethical and behaviour for director, in line with the Company's core values which emphasize on behavioural ethics when dealing with third parties and employees. Directors are expected to conduct themselves with the highest ethical standards and corporate governance.

The Company had also adopted the Code of Conduct, which governs the professional conduct of its employees and outlines their responsibilities to the Group in performing their duties.

3.2 The Board had on 21 November 2019 revised its Whistleblowing Policy to facilitate the whistleblower to report or disclose through established channels about instances of unethical behaviors, actual or suspected fraud, dishonesty, violations or wrongdoings they may observe in the Group without fear of retaliation should they act in good faith when reporting such concerns. The amendments are made pursuant to the enforcement of the Malaysian Anti-Corruption Commission Act Section 17A and to include the requirement of the Group Anti-bribery and Corruption Policies and Guidelines.

The Whistleblower Policy is available on the Company's website at www.petraenergy.com.my and would be reviewed by the Board as and when necessary to ensure relevance and effectiveness.

II. BOARD COMPOSITION

Intended Outcome 4.0

Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

4.1 The Board currently comprises two (2) INEDs, one (1) Senior INED, one (1) NINED and three (3) EDs.

Although less than half of the Board comprises Independent Directors, the Board views the number of its INEDs as adequate to provide the necessary check and balance to the Board's decision-making process. Further, as the Chairman of the Board is independent, the Chairman of the Board provides the strong leadership necessary to marshal the Board's priorities objectively.

4.2 The NC had assessed the performance and independence of Encik Abdul Rahim bin Abdul Hamid ("**Encik Rahim**"), who will reach the cumulative period of ten (10) years from 13 July 2020 onwards.

The Board, being satisfied with the justifications and criteria based on the recommendation of NC, shall be seeking the shareholders' approval at this forthcoming Fifteenth AGM of the Company on the retention of his directorate as Independent Directors.

4.3 The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years.

4.4 The Board is judicious of the gender diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to board discussions and constructive debates at senior management level.

The Board practices no discrimination in term of appointment of Directors as well as hiring employees wherein the Directors and senior management are recruited based on their merit, skills and experience and not driven by age, cultural background and gender.

Currently, the Company consists of one (1) female Director on the Board and three (3) female members in the senior management team.

4.5 Currently, the Board does not have any formalised Board Diversity Policy or Gender Diversity Policy.

However, more women representation on the Board and in senior management will be taken into consideration when vacancies arise, underpinned by the overriding primary aims of selecting the best candidate to support the achievement of the Company's strategic objectives.

4.6 The Board is aware of the guidance to utilise independent sources for future appointments and to disclose how a Board member is sourced in the Company's annual report.

4.7 The NC is chaired by a Senior INED. Ms. Ng Ing Peng had led the annual review of Board effectiveness, ensuring that the performance of each individual director is independently assessed and will lead the appointment of future board members, including the future Chairman and GCEO.

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

5.1 During the FYE 2020, the Board, through the NC, has conducted the following annual assessments to determine the effectiveness of the Board, its Committees and each individual Director:-

(i) Directors' self-assessment;
(ii) Evaluation on the effectiveness of the Board as a whole and Board Committees;
(iii) Assessment of Independent Directors; and
(iv) Review of the term of office and performance of the AC and each of its members.

Based on the aforesaid evaluations conducted for the FYE 2020, the NC and the Board were satisfied with the performance of the Board as a whole, AC, NC and individual Board member.

III. REMUNERATION

Intended Outcome 6.0

The level and composition of remuneration of Directors and senior management take into account the Company's desire to attract and retain the right talent in the board and senior management to drive the Company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

6.1 Currently, the Board does not have any formalised remuneration policy for Directors and senior management. The remuneration policy that sets out the criteria to be used in recommending remuneration packages for the EDs/GCEO and any senior management personnel is currently being drafted and shall be adopted for implementation upon the Board's approval.

6.2 The Board has a RC that assists the Board in reviewing and recommending the proposed remuneration package of the Executive Directors including Directors of subsidiary companies, and senior management to ensure that the executive directors and senior management are fairly rewarded for their contribution to overall performance and that the compensation is reasonable in light of the Group's objectives, which rewards contribution to the long-term success of the Company in promoting business stability and growth.

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of Directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.

7.1 The breakdown of the remuneration of each individual Director for the FYE 2020 is as follows:-

(i) **Company Level**

Name of Director	Salaries and Compensation	Directors' Fees	Defined contributions plan	Other emoluments (Including Benefit-in-kind)
EDs				
Dato' Anthony @ Firdauz bin Bujang	1,575,000	-	302,946	291,383
Dato Ahmadi bin Yusoff	916,650	-	162,074	87,648
Simon Ong	907,540	-	64,971	260,390
Total	3,399,190	-	529,991	639,421

Name of Director	Salaries and Compensation	Directors' Fees	Defined contributions plan	Other emoluments (Including Benefit-in-kind)
Non-EDs				
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	-	104,400	-	15,200
Abdul Rahim bin Abdul Hamid	-	185,963	-	16,800
Gian Carlo Maccagno	-	150,075	-	10,400
Ng Ing Peng	-	127,238	-	13,600
Total	-	567,676	-	56,000

(ii) **Group Level**

Name of Director	Salaries and Compensation	Directors' Fees	Defined contributions plan	Other emoluments (Including Benefit-in-kind)
Executive Directors				
Dato' Anthony @ Firdauz bin Bujang	1,575,000	-	302,946	291,383
Dato Ahmadi bin Yusoff	916,650	-	162,074	87,648
Simon Ong	907,540	-	64,971	260,390
Total	3,399,190	-	529,991	639,421
Non-Executive Directors				
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	-	104,400	-	15,200
Abdul Rahim bin Abdul Hamid	-	185,963	-	16,800
Gian Carlo Maccagno	-	150,075	-	10,400
Ng Ing Peng	-	127,238	-	13,600
Total	-	567,676	-	56,000

7.2 The Board is of the view that it is inappropriate to disclose the remuneration of senior management staff on a named basis, for the best interest of the Group in mind, and taking into consideration the sensitivity, security, and issue of staff morale.

The top 8 senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.00, are as follows:-

Range Remuneration per annum	Number of Senior Management
RM650,001 – RM700,000	1
RM550,001 – RM600,000	0
RM500,001 – RM550,000	1
RM450,001 – RM500,000	2
RM300,001 – RM350,000	4

7.3 The detailed remuneration of each member of senior management on a named basis will not be disclosed for confidentiality purposes.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. **AUDIT COMMITTEE**

Intended Outcome 8.0

There is an effective and independent AC.

The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information.

8.1 The AC is chaired by Encik Rahim, the Senior INED, which is a separate person from the chair of the Board. He is responsible to ensure the overall effectiveness and independence of the AC.

8.2 The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. None of the AC members were former key audit partners and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the AC or Board.

8.3 The AC was of the view that Messrs. PricewaterhouseCoopers PLT ("**PwC**") is suitable, objective and independent to be re-appointed based on the following justifications:-

- PwC' active communication with the AC.
- Presentation of a comprehensive audit plan and audit findings report.
- PwC had provided the necessary quality of services required.
- PwC had sufficient resources to carry out the audit.
- PwC's independence policies i.e., declaration of independence in accordance with the By-Laws of the Malaysian Institute of Accountants (on Professional Ethics, Conduct and Practice) are in order.

The Board noted that the external auditors had expressed their willingness to continue in office for the ensuring year and having reviewed the suitability, objectivity and independence of the external auditors in the FYE 2020, the Board has in turn, recommended the same for shareholders' approval at the Fourteenth AGM of the Company.

8.4 The AC comprises only a majority of Independent Directors, which is in compliance with the MainLR.

8.5 The Board ensured that the AC as a whole is financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged Management's assertions on the Company's financials. Any inconsistencies or irregularities in the financial and operational reports would be questioned to ascertain that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 9.0

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

9.1 The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the AC, the external and internal auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

The Board is supported by the BRMC which adopts a comprehensive Risk Management Framework that includes risk management policy, visible objectives, clear lines of responsibility and accountability as well as an efficient framework on procedures and reporting guidelines. The framework serves as a reference for the BRMC to identify, evaluate, monitor and manage the significant risks and internal control of the Company in order to safeguard shareholders' investment and the assets of the Group.

The BRMC is chaired by the INED and supported by the Risk Management Steering Committee and Risk Management Working Committee ("**GRM**"). The head of GRM presents the risk management activities report to the AC quarterly for discussion and to deliberate the risk issues faced by the Company and the necessary actions to be taken before report to the Board for notation.

9.2 The Board, through the BRMC, monitors risks and internal control via the Group's Risk Management Framework, which is a comprehensive report tabling the current status, action taken and conclusion of the key risks identified, every quarter.

9.3 There is a BRMC, although it does not comprise a majority of independent directors, to oversee the company's risk management framework and policies.

Intended Outcome 10.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

10.1 The internal audit function of the Company is carried out by the in-house Group Internal Audit Department ("**GIA**") that assists the AC and the Board in managing risks by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. GIA reports directly to the AC.

GIA had and would continue to keep abreast with developments in the profession, relevant industry and regulations.

The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.

During the FYE 2020, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the GIA in the FYE 2019 and that they have the necessary authority to carry out their work.

10.2 The Internal Audit function is supported by the in-house GIA and headed by Encik Khairul Ridzwan bin Azizan, who is a member of Association of Chartered Certified Accountants ("**ACCA**") and also ACCA's Certified Accounting Technician.

All the GIA staff involved in the internal audit reviews possess professional qualifications and/or a university degree. They are also free from any relationships or conflict of interest, which could impair their objectivity and independence.

The internal audit reviews were conducted using a risk based approach and was guided by the International Professional Practice Framework (IPPF).

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Intended Outcome 11.0

There is continuous communication between the Company and stakeholder to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

11.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Group's business, operations and financial performance and ensure that the communication with them is accurate, timely, factual, informative, consistent, transparent and timely.

The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow:-

(a) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities.

Shareholders and Investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.petraenergy.com.my.

(b) Annual reports

The Company's annual reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

(c) AGM/general meetings

The AGM/general meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.

(d) Corporate website

The Company's corporate website provides a myriad of relevant information on the Company and is accessible by the public.

(e) Investor Relations

Shareholders and other interested parties are welcome to contact the Company should they have any comments, questions or concerns, by writing in, via telephone or facsimile to the Company's general email address.

11.2 The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognised framework.

II. CONDUCT OF GENERAL MEETINGS

Intended Outcome 12.0

Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

12.1 The Annual Report, which contains the Notice of Fourteenth AGM, was sent to shareholders at least twenty-eight (28) days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.

The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

12.2 All the Directors of the Company attended the Fourteenth AGM of the Company held on 21 August 2020.

All the Directors of the Company will endeavour to attend all future General Meetings and the Chair of the Audit Committee, Nominating Committee, Remuneration Committee and BRMC will provide meaningful responses to questions addressed to them.

12.3 The Company had organised the Fourteenth Annual General Meeting by way of fully virtual basis on 21 August 2020 and hence, shareholders and proxies were able to participate and vote remotely. This facilitated greater shareholders participation at general meetings.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 1 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATON OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2020.

AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2020, the amounts of audit and non-audit fees paid or payable by the Company and the Group to the external auditors are as follows:-

Item	Company (RM'000)	Group (RM'000)
Statutory Audit services rendered	62	426
Other audit related services rendered	-	116
Non-audit services rendered	24	108
Total	**86**	**650**

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting as the end of the financial year ended 31 December 2020, or entered into since the end of the previous financial year ended 31 December 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to take reasonable steps in ensuring that the financial statements of the Group are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its results and the cash flows of the Group for the year then ended.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2020:-

- the Group has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed; and
- the financial statements have been prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy at any time of the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016 in Malaysia. The Statement by the Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated audited financial statements for the financial year ended 31 December 2020.

The Directors have ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Directors also have general responsibilities for taking such steps that appropriate systems are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors hereby submit their annual report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are provision of integrated brownfield services for the upstream oil and gas industry.

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	16,014	(6,707)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie
Dato' Anthony @ Firdauz Bin Bujang
Dato Ahmadi Bin Yusoff
Abdul Rahim Bin Abdul Hamid
Gian Carlo Maccagno
Ng Ing Peng
Simon Ong

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM26 ,933.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year.

DIVIDENDS

The amount of dividend paid or declared by the Company since the end of previous financial year was as follows:

	RM'000
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2019, declared on 29 August 2019 and paid on 18 October 2019.	6,419
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2019, declared on 21 November 2019 and paid on 23 January 2020.	6,419
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2019, declared on 17 February 2020 and paid on 15 May 2020.	6,419
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2020, declared on 24 November 2020 and paid on 22 January 2021.	6,419

On 22 February 2021, the Directors declared a single tier interim dividend of 2.0 sen per 320,947,200 ordinary shares for the financial year ended 31 December 2020 amounting to RM6,419,000 and payable on 24 April 2021.

DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Company during the financial year are as disclosed in Note 9 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:

(i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

Directors' Report

for the Financial Year Ended 31 December 2020 (continued)

OTHER STATUTORY INFORMATION (CONTINUED)

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has no arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 18 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 1 April 2021. Signed on behalf of the Board of Directors:

DATO' ANTHONY @ FIRDAUZ BIN BUJANG
DIRECTOR

ABDUL RAHIM BIN ABDUL HAMID
DIRECTOR

KUALA LUMPUR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Anthony @ Firdauz Bin Bujang and Abdul Rahim Bin Abdul Hamid, two of the Directors of Petra Energy Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 123 to 197 are drawn up so as to give a true and fair view of the financial position of the Group and Company as at 31 December 2020 and financial performance of the Group and of the Company for the financial year ended 31 December 2020 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 1 April 2021.

DATO' ANTHONY @ FIRDAUZ BIN BUJANG
DIRECTOR

ABDUL RAHIM BIN ABDUL HAMID
DIRECTOR

KUALA LUMPUR

STATUTORY DECLARATION DIRECTORS

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Khairul Anwar Bin Mohamad, being the officer primarily responsible for the financial management of Petra Energy Berhad, do solemnly and sincerely declare that the financial statements set out on pages 123 to 197 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KHAIRUL ANWAR BIN MOHAMAD
(MIA No.: 40303)

Subscribed and solemnly declared by the above named Khairul Anwar Bin Mohamad, at Kuala Lumpur in Malaysia on 1 April 2021, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BERHAD
(Incorporated in Malaysia)
Registration No. 200501036241 (718388-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Petra Energy Berhad. ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 123 to 197.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition (Group) *(Refer to Note 2.19(b), Note 3.1(a) and Note 4)* Management exercised judgement and estimates on revenue recognised as disclosed in Note 3.1(a) in the financial statements: (i) Significant management judgement is applied in identifying the distinct performance obligations within a contract given the multiple deliverables in Hook-up, Commissioning and Engineering contracts, the satisfaction of performance obligations as either point in time or over time and the treatment of contract modifications. Given the unique nature of each work order within a contract, each contract was reviewed to determine the applicable accounting for revenues from projects under MFRS 15 "Revenue from Contract with Customers" ("MFRS 15"). (ii) Services rendered under the Hook-up, Commissioning and Engineering projects are complex, involving significant management estimates in using the input method of determining the measure of progress towards complete satisfaction of performance obligations including the assessment of remaining risks and contingencies. The key estimates involved in estimating costs to complete are man days, materials cost and marine workboat days. Any significant changes to the estimated costs to complete due to delays, re-work and service quality issues will materially impact the estimated cost to complete and therefore the revenue recognised for the year. As the application of MFRS 15 is complex and involve significant judgement and estimates, we considered this area to be a key audit matter.	Our audit procedures include: • Obtained management's assessment on the identification of separate performance obligations over material customer contracts with bundling arrangements and sighted and validated the assessment to the customer contracts on sampling basis as a test of control; • Reviewed management's analysis in determining satisfaction of performance obligations as over time or point in time. Checked and vouched to underlying documents, such as service delivery notes as to whether the customer simultaneously receives and consumes the benefit provided by the Group's performance over time or whether the control has been transferred to the customer of the promised asset at point in time; • In addition, we examined modifications of contracts such as change orders received or revised work orders between the relevant subsidiaries within the Group and their customers. Our audit procedures to address the risk of material misstatement relating to the input method of measuring progress include: • Testing the effectiveness of controls over the approval of contracts, approval of contract budgets and reperformance on the computation of revenue based on the input method of measuring progress to complete satisfaction of performance obligations; • We examined project documentation and forecasts of cost to complete which incorporated Covid-19 impacts with project managers. We corroborated the outcome of these discussions by performing procedures such as evaluation of forecasts and recalculation of the progress towards complete satisfaction of the performance obligations; • We also performed test of details over cost incurred to date, such as vouching of invoices and hours incurred; and • We examined non-standard journal entries and other material adjustments related to revenue accounts. Any variances or adjustments have been appropriately adjusted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment review of carrying value of vessels and dry docking costs (Group) (Refer to Note 2.6, Note 2.7, Note 3.1(d) and Note 12) As at 31 December 2020, the carrying value of vessels and dry docking costs recorded within Property, Plant and Equipment in the Group's statement of financial position amounted to RM192 million. The low utilisation of vessels as a result of Covid-19 pandemic were impairment indicators assessed by management. Accordingly, an assessment was performed in accordance with the requirement of MFRS 136 "Impairment of Assets" ("MFRS 136"). The recoverable amounts for vessels are determined based on fair value less costs to sell from independent valuations performed by third party valuers on all vessels. We focused on this area due to the inherent uncertainty and subjectivity involved in determining the basis in obtaining the fair value of the vessels used in the impairment assessment.	Our audit procedures in assessing the recoverability of the carrying value of vessels included: • Evaluated the independent external valuers' competence, capabilities and objectivity; • Examined the dry docking costs incurred to the supporting evidence; • Tested, on a sample basis, the accuracy and relevance of key input data (age of vessels, open market value of similar vessels and current market demand) used by the valuers to estimate fair values of the vessels by comparing the data to independent sources; • Assessed the adequacy of disclosures in the financial statements. We did not identify any material exception from performing the procedures above.

There are no key audit matters to report for the Company.

Independent Auditors' Report

To The Members of Petra Energy Berhad
(Incorporated in Malaysia)
Registration No. 200501036241 (718388-H) (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and Audit Committee Report, Chairman's Statement and Management Discussion and Analysis, Sustainability Report, Corporate Governance Overview Statement and Financial Highlights, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

To The Members of Petra Energy Berhad

(Incorporated in Malaysia)

Registration No. 200501036241 (718388-H) (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditors' Report

To The Members of Petra Energy Berhad
(Incorporated in Malaysia)
Registration No. 200501036241 (718388-H) (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SUBATHRA A/P GANESAN
03020/08/2022 J
Chartered Accountant

Kuala Lumpur
1 April 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	4	**422,362**	575,100	**7,424**	7,536
Cost of sales		**(376,944)**	(503,820)	**(6,831)**	(6,851)
Gross profit		**45,418**	71,280	**593**	685
Dividend income		**-**	-	**-**	50,000
Other income	5	**4,124**	3,819	**-**	23
Administrative expenses		**(26,467)**	(37,010)	**(7,189)**	(9,717)
Other expenses		**(1,355)**	(10,367)	**(325)**	(3,912)
Profit/(Loss) from operations		**21,720**	27,722	**(6,921)**	37,079
Finance income	6	**4,871**	1,557	**336**	181
Finance costs	6	**(3,420)**	(7,570)	**(122)**	(220)
Share of results of associate	19	**(110)**	40,321	**-**	-
Profit/(Loss) before tax		**23,061**	62,030	**(6,707)**	37,040
Income tax expense	10	**(7,047)**	(111)	**-**	(34)
Profit/(Loss) for the financial year		**16,014**	61,919	**(6,707)**	37,006
Other comprehensive expense:					
Items that may be subsequently reclassified to profit or loss					
- Share of other comprehensive expense of an associate	19	**(449)**	(400)	**-**	-
Other comprehensive expense for the financial year, net of tax		**(449)**	(400)	**-**	-
Total comprehensive income/(expense) for the financial year		**15,565**	61,519	**(6,707)**	37,006
Earnings per share attributable to the Owners of the Company (sen per share) Basic/Diluted	11	**4.99**	19.29		

The notes set out on pages 132 to 197 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**207,860**	239,188	**248**	254
Right-of-use assets	13	**62,463**	17,239	**560**	962
Lease receivable	14	**11,542**	14,097	**-**	-
Investments in subsidiaries	18	**-**	-	**315,718**	315,718
Investment in an associate	19	**10,543**	30,677	**-**	-
Investment in a joint venture	20	*****	*	**-**	-
Deferred tax asset	21	**809**	-	**-**	-
		293,217	301,201	**316,526**	316,934
CURRENT ASSETS					
Inventories	22	**2,267**	6,425	**-**	-
Trade and other receivables	15	**76,967**	33,344	**1,954**	1,271
Amounts due from subsidiaries	16	**-**	-	**26,040**	13,203
Amount due from an associate	30	**60**	7,590	**60**	60
Lease receivable	14	**7,182**	7,546	**-**	-
Contract assets	17	**84,067**	110,082	**-**	-
Tax recoverable		**1,322**	6	**-**	-
Cash and bank balances	23	**172,961**	158,844	**14,400**	44,126
		344,826	323,837	**42,454**	58,660
Total assets		**638,043**	625,038	**358,980**	375,594
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	24	**299,809**	299,809	**299,809**	299,809
Treasury shares	25	**(840)**	(840)	**(840)**	(840)
Merger reserve	26	**(31,000)**	(31,000)	**-**	-
Currency translation reserve		**9,508**	9,957	**-**	-
Retained earnings		**105,991**	102,815	**34,671**	54,216
Total equity		**383,468**	380,741	**333,640**	353,185

*Denote RM1

The notes set out on pages 132 to 197 form an integral part of these financial statements.

Statements of Financial Position

As At 31 December 2020 (Continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
NON-CURRENT LIABILITIES					
Lease liabilities	28	**15,923**	3,345	**152**	553
Deferred tax liabilities	21	**-**	-	**-**	-
Amount due to an associate	30	**-**	-	**-**	-
		15,923	3,345	**152**	553
CURRENT LIABILITIES					
Lease liabilities	28	**30,216**	12,487	**467**	409
Borrowings	27	**27,170**	28,706	**-**	-
Trade and other payables	29	**171,654**	177,461	**24,687**	21,413
Amount due to an associate	30	**-**	8,580	**-**	-
Contract liabilities	17	**8,096**	13,718	**-**	-
Tax payable		**1,516**	-	**34**	34
		238,652	240,952	**25,188**	21,856
Total liabilities		**254,575**	244,297	**25,340**	22,409
Total equity and liabilities		**638,043**	625,038	**358,980**	375,594

The notes set out on pages 132 to 197 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to Owners of the Company					
	Note	Share capital RM'000	Merger reserve RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000
2020							
At 1 January 2020		**299,809**	**(31,000)**	**(840)**	**9,957**	**102,815**	**380,741**
Profit for the financial year		**-**	**-**	**-**	**-**	**16,014**	**16,014**
Other comprehensive expense for the financial year		**-**	**-**	**-**	**(449)**	**-**	**(449)**
Total comprehensive (expense)/income for the financial year		**-**	**-**	**-**	**(449)**	**16,014**	**15,565**
Transactions with owners:							
Interim dividend in respect of the financial year ended 31 December 2019	37	**-**	**-**	**-**	**-**	**(6,419)**	**(6,419)**
Interim dividend in respect of the financial year ended 31 December 2020	37	**-**	**-**	**-**	**-**	**(6,419)**	**(6,419)**
At 31 December 2020		**299,809**	**(31,000)**	**(840)**	**9,508**	**105,991**	**383,468**

Consolidated
Statement of Changes in Equity
for The Financial Year Ended 31 December 2020 (Continued)

	Note	Attributable to Owners of the Company					
		Share capital RM'000	Merger reserve RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000
2019							
At 31 December 2018		299,809	(31,000)	(840)	10,357	55,032	333,358
Impact of adoption of MFRS 16	19	-	-	-	-	(1,298)	(1,298)
At 1 January 2019		299,809	(31,000)	(840)	10,357	53,734	332,060
Profit for the financial year		-	-	-	-	61,919	61,919
Other comprehensive expense for the financial year		-	-	-	(400)	-	(400)
Total comprehensive (expense)/income for the financial year		-	-	-	(400)	61,919	61,519
Transactions with owners:							
Interim dividend in respect of the financial year ended 31 December 2019	37	-	-	-	-	(12,838)	(12,838)
At 31 December 2019		299,809	(31,000)	(840)	9,957	102,815	380,741

The notes set out on pages 132 to 197 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Non-distributable		Distributable	
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
2020					
At 1 January 2020		**299,809**	**(840)**	**54,216**	**353,185**
Total comprehensive expense for the financial year		**-**	**-**	**(6,707)**	**(6,707)**
Interim dividend in respect of the financial year ended 31 December 2019		**-**	**-**	**(6,419)**	**(6,419)**
Interim dividend in respect of the financial year ended 31 December 2020		**-**	**-**	**(6,419)**	**(6,419)**
At 31 December 2020		**299,809**	**(840)**	**34,671**	**333,640**
2019					
At 1 January 2019		299,809	(840)	30,048	329,017
Total comprehensive income for the financial year		-	-	37,006	37,006
Interim dividend in respect of the financial year ended 31 December 2019		-	-	(12,838)	(12,838)
At 31 December 2019		299,809	(840)	54,216	353,185

The notes set out on pages 132 to 197 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		**23,061**	62,030	**(6,707)**	37,040
Adjustments for:					
Finance income		**(4,871)**	(1,557)	**(336)**	(181)
Finance costs		**3,420**	7,570	**122**	220
Unrealised foreign exchange gain		**(2,092)**	(536)	**-**	(43)
Property, plant and equipment:					
- Depreciation charge		**27,649**	24,196	**176**	227
- Impairment loss		**4,805**	7,483	**-**	-
- (Gain)/Loss on disposal		**(40)**	89	**-**	-
Right-of-use assets:					
- Depreciation charge		**29,597**	16,684	**494**	375
Loss on modification of finance lease receivable		**570**	-	**-**	-
Net impairment (reversal)/loss on:					
- Trade receivables		**(1,262)**	123	**-**	-
- Other receivables		**-**	1,976	**-**	-
- Amounts due from subsidiaries		**-**	-	**325**	3,955
Share of results of an associate		**110**	(40,321)	**-**	-
		80,947	77,737	**(5,926)**	41,593
Changes in working capital:					
Inventories		**4,158**	(1,402)	**-**	-
Trade and other receivables		**(16,346)**	72,695	**(683)**	34
Contract liabilities		**(5,622)**	8,144	**-**	-
Trade and other payables		**(6,100)**	4,334	**(1,229)**	1,885
Lease receivables		**2,349**	-	**-**	-
		59,386	161,508	**(7,838)**	43,472
Taxation (paid)/refund		**(7,656)**	11,132	**-**	2,436
Net cash flows generated from/(used in) operating activities		**51,730**	172,640	**(7,838)**	45,908

Statements of Cash Flows

for The Financial Year Ended 31 December 2020 (Continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(18,025)**	(26,872)	**(170)**	(70)
Proceeds from disposal of property, plant and equipment		**40**	91	**-**	-
Payment on behalf for the subsidiaries		**-**	-	**(13,162)**	(7,844)
Dividend from an associate (net)		**18,474**	44,019	**-**	-
Interest received		**4,871**	1,557	**336**	181
Net cash flows generated from/(used in) investing activities		**5,360**	18,795	**(12,996)**	(7,733)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid on ordinary shares	37	**(12,838)**	(6,419)	**(12,838)**	(6,419)
Repayments of borrowings		**(11,206)**	(97,522)	**-**	-
Proceeds from borrowings		**9,670**	2,706	**-**	-
Repayments of lease liabilities		**(26,760)**	(19,656)	**(435)**	(406)
Interest paid on borrowings		**(832)**	(4,509)	**-**	-
Other finance charges		**(1,058)**	(1,532)	**(122)**	(157)
Net decrease in debt reserve accounts		**3,413**	1,083	**-**	-
Net decrease/(increase) in deposits pledged		**2,251**	(1,322)	**-**	-
Payment on behalf by the subsidiaries		**-**	-	**4,503**	11,116
Net cash flows used in financing activities		**(37,360)**	(127,171)	**(8,892)**	(4,134)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**19,730**	64,264	**(29,726)**	42,309
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**152,877**	88,640	**44,126**	1,817
EFFECTS OF EXCHANGE RATE CHANGES		**51**	(27)	**-**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	23	**172,658**	152,877	**14,400**	44,126

Statements of Cash Flows

for The Financial Year Ended 31 December 2020 (Continued)

Changes in liabilities arising from financing activities:

Group

			Non-cash changes			
	At 1.1.2020 RM'000	Cash flows RM'000	Right-of-use assets RM'000	Foreign exchange movement RM'000	Interest accretion RM'000	At 31.12.2020 RM'000
Borrowings	**28,706**	**(2,368)**	**-**	**-**	**832**	**27,170**
Lease liabilities	**15,832**	**(26,760)**	**57,922**	**(2,385)**	**1,530**	**46,139**
	44,538	**(29,128)**	**57,922**	**(2,385)**	**2,362**	**73,309**

			Non-cash changes			
	At 1.1.2019 RM'000	Cash flows RM'000	Right-of-use assets RM'000	Foreign exchange movement RM'000	Interest accretion RM'000	At 31.12.2019 RM'000
Borrowings	123,522	(99,325)	-	-	4,509	28,706
Lease liabilities	592	(19,656)	33,367	-	1,529	15,832
	124,114	(118,981)	33,367	-	6,038	44,538

Company

			Non-cash changes			
	At 1.1.2020 RM'000	Cash flows RM'000	Right-of-use assets RM'000	Foreign exchange movement RM'000	Interest accretion RM'000	At 31.12.2020 RM'000
Lease liabilities	**962**	**(435)**	**41**	**-**	**51**	**619**

			Non-cash changes			
	At 1.1.2019 RM'000	Cash flows RM'000	Right-of-use assets RM'000	Foreign exchange movement RM'000	Interest accretion RM'000	At 31.12.2019 RM'000
Lease liabilities	-	(406)	1,305	-	63	962

The notes set out on pages 132 to 197 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are disclosed in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

Petra Energy Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associate.

The registered office and the principal place of business of the Company is located at Suite 13.02, Level 13, Menara OBYU, No. 4, Jalan PJU8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

These financial statements were authorised for issue by the Board of Directors in accordance with their resolution dated on 1 April 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Standards, amendments to published standards that are effective and applicable for the Group and Company for financial year beginning on 1 January 2020

The Group and Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 `Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 `Interest Rate Benchmark Reform'

The adoption of new standards and amendments to published standards and interpretations above did not have any material impact on the financial statements of the Group in the current period or any prior period.

(b) Standards and amendments to published standards that are applicable to the Group and Company but not yet effective

A number of amendments to standards and interpretations are effective for the financial year beginning after 1 January 2020.

Amendments to MFRS 16 `COVID-19-Related Rent Concessions' (effective 1 June 2020) grant an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting. The exemption only applies to rent concessions occurring as a direct.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards and amendments to published standards that are applicable to the Group and Company but not yet effective (continued)

A number of amendments to standards and interpretations are effective for the financial year beginning after 1 January 2020. (continued)

- consequence of the COVID-19 pandemic and only if all of the following conditions are met:
  (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and
  (c) there is no substantive change to other terms and conditions of the lease.

  The amendments shall be applied retrospectively.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards and amendments to published standards that are applicable to the Group and Company but not yet effective (continued)

A number of amendments to standards and interpretations are effective for the financial year beginning after 1 January 2020. (continued)

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A liability is classified as non-current if a covenant is breached after the reporting date.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

2.2 Basis of consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

In applying the acquisition method, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

For the predecessor accounting method, the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisitions of subsidiaries are accounted for by applying the acquisition method except for Petra Resources Sdn. Bhd. and Petra Fabricators Sdn. Bhd., which were accounted for by applying the predecessor accounting method.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gain or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2.3 Investment in an associate and a joint venture

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group investments in an associate and a joint venture are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate or a joint venture are reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Investment in an associate and a joint venture (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

2.4 Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses (see the accounting policy disclosed in Section C(h)). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future and has no contractual terms of repayment are considered as part of the Company's capital contribution in subsidiaries (net investments).

2.5 Foreign currency

(a) Functional and presentation currency

The separate financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

2.6 Property, plant and equipment

All items of property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Vessels and dry docking	4% - 20%
Other marine assets	20%
Plant and machinery	10%
Cabin, field and workshop equipment	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	20% - 33.3%
Air conditioner, computer, signboard, renovation and electrical installation	20% - 50%

Assets under construction are stated at cost. When the asset is ready for its intended use, it is transferred from assets under construction to the appropriate category under property, plant and equipment and depreciated.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.7 on impairment of non-financial assets.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Impairment of non-financial assets

Goodwill is tested annually for impairment. Assets that are subjected to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (continued)

(c) Measurement (continued)

The Group classifies its debt instruments at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments on principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

(d) Subsequent measurement – Impairment

Impairment for debt instruments

The Group assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has five types of financial instruments that are subject to the ECL model:

- Trade receivables, contract assets
- Other receivables
- Lease receivable
- Amount due from subsidiaries (applicable to Company)
- Amount due from associate

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group and Company use the three stages approach reflect their credit risk and how the loss allowances are determined for each of those stages.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment. The Group assesses significant increase in credit risk when contractual payments are more than 120 days past due. The 30 days presumption is rebutted based on historical evidence that demonstrates that there is no correlation between significant increase in the risk of a default occurring and financial assets on which payments are more than 30 days past due, but that evidence does identify such a correlation when payments are more than 120 days past due.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (continued)

(d) Subsequent measurement Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

Quantitative criteria:
The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 120 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty; it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Write off

(i) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and cash restricted in use.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.8(d) on impairment of financial assets.

2.12 Loans to subsidiaries

Loans to subsidiaries are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Loans to subsidiaries are subsequently measured at amortised cost using the effective interest method, less loss allowance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Trade and other payables are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial liabilities (continued)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group makes contributions to the Employees' Provident Fund, a statutory defined contribution pension scheme in Malaysia. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases

The Group and Company as lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (continued)

The Group and Company as lessee (continued)

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(d) Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (continued)

The Group as lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance lease

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to MFRS 9 impairment (refer to Note 2.8(d) on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Operating lease

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

2.19 Revenue from contract with customers

(a) Sale of goods

The Group sells a range of equipment to its customers in the oil and gas market. Sales are recognised when control of the equipment has transferred, being when the equipment are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the equipment. Delivery occurs when the equipment have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the equipment in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales are recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue from contract with customers (continued)

(b) Hook-up and commissioning

The Group renders hook-up and commissioning as well as engineering services. Revenue from providing services is recognised over the period in which the services are rendered. For lump-sum contracts, revenue is recognised by measuring progress towards completion of services. Progress is measured using the input method based on the actual costs relative to the total costs of the contract.

The contracts include multiple deliverables such as the provision for manpower, tools, equipment, consumables, engineering, project materials, marine spread, specialized services and final documentation for offshore hook-up and commissioning for the project and all technical clarification for onshore and offshore work. In most cases, the multiple deliverables are integrated service which will be performed by one party and therefore accounted for as a single integrated performance obligation.

In terms of marine spread and procurement of tools and equipment and reimbursables which are engaged by customers independently as an individual work order, these are accounted for as one separate performance obligation by itself. In this case, the transaction price will be allocated based on work orders issued as it approximates the stand-alone selling prices. Revenue from such services are recognised over time over the contract period.

Due to the nature of the services performed, variation orders and claims are commonly billed to clients in the normal course of business. The variation orders and claims are modifications of contracts that are usually not distinct and are therefore normally considered as part of the existing performance obligation. The Group recognises revenue related to the variation orders and claims only once they are formally approved in writing.

Estimates of costs are revised if circumstances change. Any resulting increase or decrease in revenue and costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of lump-sum contracts, the customer pays the lump-sum amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

A contract asset is the Group and the Company's right to consideration in exchange for goods or services that the Group and the Company has transferred to the customer. A contract asset becomes a receivable when the Group and the Company's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

A contract liability is the Group and the Company's obligation to deliver good or service, not cash or financial liability.

In some cases, the contract includes a fee based on time and materials. Revenue is recognised in the amount to which the Group has a right to invoice based on approved time spent recorded on the timesheet and material acceptance records from the customers. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue from contract with customers (continued)

(c) Charter hire of vessel

The Group provides vessels on hire, crew services, catering and other services to its customers either individually or as part of other service offerings. Revenue from such services are recognised over time as benefits are consumed by customer as in when services are rendered.

(d) Management fees

The Company earns management fees from its subsidiaries. Management fees are recognised over time as benefits are consumed by the subsidiaries as in when services are rendered.

(e) Provision of services under Technical Service Agreement

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring services to a customer, which is when the customer obtains control of the services.

The Group satisfies its performance obligations related to its contracts over time as the Group provides its services on a per billable monthly basis. The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time by recognising revenue in the amount that the Group has a right to invoice the customer, which corresponds directly with the value transferred to the customer for the performance completed to date.

The Group has elected to use the right-to-invoice practical expedient in certain service contracts where the Group invoices its customers on a per month basis that directly corresponds with the value received by the customer. As days are worked on the customer's contract, the Group satisfies its performance obligation to the customer and recognises revenue on a per month basis. When this practical expedient is used, the Group does not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes.

Revenue from other sources

(a) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue from contract with customers (continued)

Revenue from other sources (continued)

(b) Dividend income

Dividend income if recognised when the right to receive payment is established.

Dividends that clearly represents a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVOCI.

(c) Lease income

Lease income is recognised over the term of the lease using the net investment method to reflect a constant periodic rate of return.

(d) Other income

Other than those mentioned above, all other income is recognised on accrual basis unless collectability is in doubt.

2.20 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting date.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Incremental costs directly attributable to the issue of are shares are deducted against share premium account.

2.23 Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from equity attributable to owners of the Company. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to owners of the Company.

An amount equivalent to the original purchase cost of the treasury shares will be deducted from retained earnings upon the distribution of any treasury shares as share dividends.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events whose existence will be confirmed only by the occurrence or non-¬occurrence of uncertain future event(s) not wholly within the control of the Group, or a present obligation or asset whereby it is not probable to estimate the amount reliably.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company, but are disclosed as contingencies unless the probability of outflow/inflow of economic benefits is remote.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities are discussed below:

(a) Revenue from contracts with customers

Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, measuring progress, the extent of the contract cost incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract costs. In making these judgements, management relies on past experience.

The Group recognised revenue from construction projects is RM289.3 million (2019: RM362.8 million) for the financial year ended 31 December 2020. Refer to Note 4 for further details.

(b) Useful lives of vessels and residual values

The Group's costs of the vessels less their estimated residual values are depreciated on a straight-line basis over the estimated useful lives. The useful lives and residual values of the vessels are an estimation, and these are common estimations applied in the shipping industry. Changes in market development and individual conditions of the vessel might impact the economic useful life and the residual values. Accordingly, future depreciation charges could be subject to revision. The carrying amount of the Group's vessels at the reporting date is disclosed in Note 12.

(c) Impairment review of carrying value of vessels

The Group reviews periodically whether there is any indication of impairment for the vessels in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of each vessel, being defined as a cash generating unit, have been determined based on value in use and/or fair value less cost to sales. The impairment charge on vessels, if any, is as disclosed in Note 12.

4 REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contract with customers	**422,362**	575,100	**-**	-
Management fees from subsidiaries	**-**	-	**7,424**	7,536
	422,362	575,100	**7,424**	7,536

	Group			
	Services RM'000	Marine assets RM'000	Production and development RM'000	Total RM'000
2020				
Sale of goods	**15,456**	**-**	**-**	**15,456**
Technical service contract	**-**	**-**	**42,295**	**42,295**
Charter hire of vessel	**-**	**54,385**	**-**	**54,385**
Hook-up and commissioning				
– lump sum contracts	**208,913**	**80,354**	**-**	**289,267**
– others	**20,959**	**-**	**-**	**20,959**
	245,328	**134,739**	**42,295**	**422,362**
Timing of revenue recognition				
- at a point in time	**15,456**	**-**	**-**	**15,456**
- over time	**229,872**	**134,739**	**42,295**	**406,906**
	245,328	**134,739**	**42,295**	**422,362**
2019				
Sale of goods	49,386	-	-	49,386
Charter hire of vessel	-	101,816	-	101,816
Hook-up and commissioning				
– lump sum contracts	293,968	68,877	-	362,845
– others	61,053	-	-	61,053
	404,407	170,693	-	575,100
Timing of revenue recognition				
- at a point in time	49,386	-	-	49,386
- over time	355,021	170,693	-	525,714
	404,407	170,693	-	575,100

Revenue of the Company relates to management fees received from subsidiaries is recognised over time.

5 OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Insurance claims	**829**	26	**-**	23
Secondment income	**1,449**	2,357	**-**	-
Sundry income	**1,723**	1,066	**-**	-
Others	**123**	370	**-**	-
	4,124	3,819	**-**	23

6 FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income from:				
- Short term bank deposits	**4,871**	1,557	**336**	181
Interest expense on:				
- Obligations under lease liabilities	**(1,530)**	(1,529)	**(51)**	(63)
- Revolving credits	**(845)**	(4,509)	**-**	-
Other finance charges	**(1,045)**	(1,532)	**(71)**	(157)
Total finance costs	**(3,420)**	(7,570)	**(122)**	(220)
Net finance income/(costs)	**1,451**	(6,013)	**214**	(39)

7 PROFIT/(LOSS) FROM OPERATIONS

The following items have been charged/(credited) in arriving at profit/(loss) from operations:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Auditors' remuneration:				
- statutory audit	**426**	391	**62**	57
- audit related services	**116**	193	**-**	-
- non-audit fees	**108**	236	**24**	24
Other (gains)/losses:				
- foreign exchange - unrealised	**(2,092)**	(536)	**-**	(43)
- foreign exchange - realised	**(122)**	(1,124)	**-**	-
Employee costs (Note 8)	**130,531**	151,862	**10,736**	12,968
Property, plant and equipment:				
- Depreciation charge	**27,649**	24,196	**176**	227
- Impairment loss	**4,805**	7,483	**-**	-
- (Gain)/Loss on disposal	**(40)**	89	**-**	-
Right-of-use assets:				
- Depreciation charge	**29,597**	16,684	**494**	375
Net impairment (reversal)/loss on:				
- Trade receivables	**(1,262)**	123	**-**	-
- Other receivables	**-**	1,976	**-**	-
- Amounts due from subsidiaries	**-**	-	**325**	3,955
Short term, low value and service agreements in relation to lease contract:				
- Charter hire of vessels	**12,970**	68,057	**-**	-
- Rental of equipment	**7,173**	17,950	**35**	40
- Rental of land and buildings	**612**	689	**169**	183

Other expenses in the statement of comprehensive income mainly consists of gain/loss on unrealised and realised foreign exchange, impairment of trade and other receivables, property, plant and equipment and disposal of property, plant and equipment.

8 EMPLOYEE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	**88,771**	93,832	**8,321**	8,328
Social security contributions	**961**	1,084	**29**	28
Contributions to defined contribution plan	**11,443**	11,704	**1,109**	1,065
Other benefits	**29,356**	45,242	**1,277**	3,547
	130,531	151,862	**10,736**	12,968

Included in employee costs of the Group and the Company are Executive Directors' remuneration as disclosed in Note 9 to the financial statements.

9 DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Group and the Company during the financial year are as follows:

	Group and Company	
	2020 RM'000	2019 RM'000
Executive:		
Salaries, allowances and compensation	**3,399**	3,044
Defined contribution plan	**530**	454
Other emoluments *	**639**	341
Total executive Directors' remuneration	**4,568**	3,839
Non-Executive:		
Fees and emoluments *	**624**	463
Total Directors' remuneration	**5,192**	4,302

* Included in directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Group and the Company is RM695,421 (2019: RM394,954).

10 INCOME TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax				
- Malaysian income tax	**7,856**	111	**-**	34
- Deferred tax (Note 21)	**(809)**	-	**-**	-
	7,047	111	**-**	34
Current tax				
- Current financial year	**7,856**	111	**-**	34
- Under accrual in prior financial year	**-**	-	**-**	-
	7,856	111	**-**	34
Deferred tax (Note 21)				
- Origination and reversal of temporary differences	**(809)**	-	**-**	-
Total income tax expense	**7,047**	111	**-**	34

The explanation of the relationship between income tax credit and profit/(loss) before taxation is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before tax	**23,061**	62,030	**(6,707)**	37,040
Tax calculated at the applicable Malaysian tax rate of 24% (2019: 24%)	**5,535**	14,887	**(1,610)**	8,890
Tax effects of:				
- Effect of tax rate in other jurisdiction	**35**	2,502	**-**	-
- Income not subject to tax	**-**	-	**-**	(8,732)
- Expenses not deductible for tax purposes	**1,363**	5,410	**517**	256
- Utilisation of previously unrecognised deferred tax asset	**(608)**	(13,011)		(380)
- Deferred tax assets not recognised	**696**	-	**1,093**	-
- Share of results of an associate	**26**	(9,677)	**-**	-
	7,047	111	**-**	34

11 EARNINGS PER SHARE (EPS)

The calculation of basic earnings per ordinary share at 31 December 2020 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Profit attributable to owners of the Company (RM'000)	**16,014**	61,919
Weighted average number of shares in issue ('000)	**320,942***	320,942*
Basic/Diluted EPS (sen)	**4.99**	19.29

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.

* Net of treasury shares

12 PROPERTY, PLANT AND EQUIPMENT

	Asset under construction RM'000	Leasehold land and buildings RM'000	Vessels and dry docking RM'000	Other marine assets RM'000	Plant and machinery RM'000	Cabin field and workshop equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air-conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
Group										
2020										
Cost	-	-	360,369	9,089	1,665	17,816	2,306	2,511	15,967	409,723
Accumulated depreciation and accumulated impairment losses	-	-	(168,343)	(3,899)	(1,004)	(13,455)	(1,786)	(2,174)	(11,202)	(201,863)
Net book value	-	-	192,026	5,190	661	4,361	520	337	4,765	207,860

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Asset under construction RM'000	Leasehold land and buildings RM'000	Vessels and dry docking RM'000	Other marine assets RM'000	Plant and machinery RM'000	Cabin field and workshop equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air-conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
2019										
Cost	2,774	19,603	346,916	6,351	1,665	17,666	2,306	2,542	11,534	411,357
Accumulated depreciation and accumulated impairment losses	-	(2,704)	(141,199)	(2,418)	(860)	(11,284)	(1,667)	(2,102)	(9,935)	(172,169)
Net book value	2,774	16,899	205,717	3,933	805	6,382	639	440	1,599	239,188
Group										
Net book value										
At 1 January 2020	**2,774**	**16,899**	**205,717**	**3,933**	**805**	**6,382**	**639**	**440**	**1,599**	**239,188**
Additions	**1,043**	**-**	**13,453**	**2,739**	**-**	**107**	**-**	**36**	**647**	**18,025**
Depreciation charge	**-**	**-**	**(22,339)**	**(1,482)**	**(144)**	**(2,128)**	**(119)**	**(139)**	**(1,298)**	**(27,649)**
Impairment	**-**	**-**	**(4,805)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,805)**
Reclassification of "ROU"	**-**	**(16,899)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,899)**
Reclassification	**(3,817)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,817**	**-**
At 31 December 2020	**-**	**-**	**192,026**	**5,190**	**661**	**4,361**	**520**	**337**	**4,765**	**207,860**
Group										
Net book value										
At 1 January 2019	-	17,135	236,203	2,353	985	6,308	823	387	1,624	265,818
Additions	2,774	-	17,107	3,158	-	2,688	146	258	741	26,872
Disposal	-	-	-	-	-	(3)	(43)	(11)	(123)	(180)
Depreciation charge	-	(236)	(18,467)	(1,578)	(180)	(2,611)	(287)	(194)	(643)	(24,196)
Transfer to lease receivable	-	-	(29,126)	-	-	-	-	-	-	(29,126)
31 December 2019	2,774	16,899	205,717	3,933	805	6,382	639	440	1,599	239,188

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
Company				
2020				
Cost	**5**	**955**	**8,162**	**9,122**
Accumulated depreciation	**(5)**	**(949)**	**(7,920)**	**(8,874)**
Net book value	**-**	**6**	**242**	**248**
2019				
Cost	5	955	7,992	8,952
Accumulated depreciation	(5)	(945)	(7,748)	(8,698)
Net book value	-	10	244	254
Net book value				
At 1 January 2020	**-**	**10**	**244**	**254**
Additions	**-**	**-**	**170**	**170**
Depreciation charge		**(4)**	**(172)**	**(176)**
At 31 December 2020	**-**	**6**	**242**	**248**
Net book value				
At 1 January 2019	-	12	399	411
Additions	-	5	65	70
Depreciation charge	-	(7)	(220)	(227)
At 31 December 2019	-	10	244	254

The Group's vessels with a carrying amount of RM 86,188,085 (2019: RM89,508,682) are pledged to secure the Group's borrowings (Note 27).

During the financial year, as a result of the declining crude oil price and continued decline in vessels utilisation rates, the Group had recognised an impairment loss of RM4,805,000 on certain vessels under marine assets segment during the financial year based on total recoverable amount of RM195,834,400 determined based on fair value less cost of disposal. The Group considered each vessel as a cash-generating unit. They are grouped together for disclosure purpose.

The fair values of the vessels have been assessed by independent professional valuers. The valuation of the vessels was performed by the independent valuers using the market approach, including consideration of the recent market transaction of vessels of similar type and age. The assessment is based on the assumption that it is at a willing buyer and willing seller basis. The fair value reflects management's expectations based on past experience with disposal of assets and industry benchmarks.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The fair values are within Level 3 of the fair value hierarchy.

In prior year, the Group entered into a lease agreement for one of its vessels with a third party for a period of 36 months. There is option to transfer the ownership of the vessel at the end of the lease period. As a result, the Group has reclassified the vessel to lease receivable and write down the carrying value of the vessel to the net investment arising from the lease arrangement, resulting impairment charge of RM7,483,000 being recognised in prior year.

13 RIGHT-OF-USE ASSETS

	Vessels and dry docking RM'000	Leasehold buildings RM'000	Total RM'000
Group			
2020			
Cost	**66,809**	**9,291**	**76,100**
Reclassification of cost from PPE	**-**	**19,603**	**19,603**
Accumulated depreciation	**(24,769)**	**(5,767)**	**(30,536)**
Reclassification of accumulated depreciation from PPE	**-**	**(2,704)**	**(2,704)**
Net book value	**42,040**	**20,423**	**(2,704)**
Net book value			
At 1 January 2020	**10,495**	**6,744**	**17,239**
Reclassification of NBV from PPE	**-**	**16,899**	**16,899**
Additional	**56,314**	**1,608**	**57,922**
Depreciation charge	**(24,769)**	**(4,828)**	**(29,597)**
At 31 December 2020	**42,040**	**20,423**	**62,463**
2019			
Cost	26,238	7,685	33,923
Accumulated depreciation	(15,743)	(941)	(16,684)
Net book value	10,495	6,744	17,239
Net book value			
At 1 January 2019	26,238	7,685	33,923
Depreciation charge	(15,743)	(941)	(16,684)
At 31 December 2019	10,495	6,744	17,239

13 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold buildings RM'000	Total RM'000
Company		
2020		
Cost	**1,430**	**1,430**
Accumulated depreciation	**(870)**	**(870)**
Net book value	**560**	**560**
Net book value		
At 1 January 2020	**962**	**962**
Additional	**92**	**92**
Depreciation charge	**(494)**	**(494)**
At 31 December 2020	**560**	**560**
2019		
Cost	1,337	1,337
Accumulated depreciation	(375)	(375)
Net book value	962	962
Net book value		
At 1 January 2019 (DIA)	1,337	1,337
Depreciation charge	(375)	(375)
At 31 December 2019	962	962

The Group's leasehold land and leasehold buildings with a carrying amount of RM 8,235,268 (2019: RM8,426,046) and RM 6,666,559 (2019: RM6,817,500) respectively are pledged to secure the Group's borrowings (Note 27).

14 LEASE RECEIVABLE

On 31 December 2020, the Group entered into a lease agreement on one of its vessels for a period of 36 months. The Group has classified the lease as finance lease as it will transfer the ownership of the vessel at the end of the lease period. The following table sets out maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2020 RM'000	2019 RM'000
Within a year	**7,892**	7,844
In the 2nd year	**7,771**	7,162
In the 3rd year	**4,532**	7,162
In the 4th year	**-**	2,387
Total undiscounted lease payment receivables	**20,195**	24,555
Unearned finance income	**(1,471)**	(2,912)
	18,724	21,643
Current	**7,182**	7,546
Non-current	**11,542**	14,097
	18,724	21,643

During the financial year, the movement in the finance lease receivable is due to the following reasons:

	2020 RM'000	2019 RM'000
At 1 January	**21,643**	-
Addition	**-**	21,643
Modification loss	**(570)**	-
Lease payment billed	**(3,475)**	-
Earned finance income	**1,471**	-
Exchange differences	**(268)**	-
Others	**(77)**	-
At 31 December	**18,724**	21,643

On 22 December 2020, the Company and the lessee has signed an addendum to the lease agreement dated 31 December 2019 to revise the lease payment. The new proposed rate amount will be compensated by a higher lease amount subsequent to February 2021. As a result, the Company has written down the carrying value of the lease receivable to the recalculated carrying value of the lease receivable, resulting modification loss of RM569,961 being recognised during the year.

As at 31 December 2020, no allowance for uncollectible minimum lease payments were provided.

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade receivables:				
Third parties	**66,785**	51,048	**-**	-
Associate	**-**	551	**-**	-
Gross trade receivables	**66,785**	51,599	**-**	-
Less: Allowance for impairment				
- Third parties	**(23,505)**	(24,767)	**-**	-
	43,280	26,832	**-**	-
Other receivables:				
Deposits	**2,236**	2,650	**1,174**	1,165
Prepayments	**2,593**	2,544	**748**	77
Sundry receivables	**31,019**	3,479	**32**	29
Gross other receivables	**35,848**	8,673	**1,954**	1,271
Less: Allowance for impairment				
- sundry receivables	**(2,161)**	(2,161)	**-**	-
	33,687	6,512	**1,954**	1,271
Total current receivables, net	**76,967**	33,344	**1,954**	1,271

(a) Trade receivables

Movement in allowance for impairment for trade receivables:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	**24,767**	30,780
Charge for the financial year	**331**	2,956
Reversal of credit losses	**(1,593)**	(2,833)
Write off	**-**	(6,136)
At 31 December	**23,505**	24,767

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

The carrying amounts of trade receivables balances are denominated in the following currencies:

	Group	
	2020 RM'000	**2019 RM'000**
Ringgit Malaysia	**36,805**	23,947
United States Dollar	**2,621**	2,225
Brunei Dollar	**-**	133
Euro	**370**	-
Singapore Dollar	**-**	61
British Pound	**3,484**	466
	43,280	26,832

(b) Other receivables

Other receivables are unsecured and short-term in nature. Other receivables are with creditworthy parties and are neither past due nor impaired.

At the reporting date, the movement of the allowance account used to record the impairment is as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At 1 January	**2,161**	941
Charge for the financial year	**-**	1,976
Write off	**-**	(756)
31 December	**2,161**	2,161

The carrying amounts of other receivable balances are denominated in the following currencies:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Ringgit Malaysia	**33,687**	6,512	**1,954**	1,271

16 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Current		
Amounts due from subsidiaries	**31,386**	18,224
Less: Allowance for impairment	**(5,346)**	(5,021)
Total current	**26,040**	13,203

The amounts due from subsidiaries are non-trade in nature, unsecured and interest free.

In the last financial year, the Group underwent an internal corporate restructuring exercise to restructure the Group's intercompany debts of which part of the existing intercompany balances were capitalised as investment in subsidiaries. The restructuring has no impact on the Company's cash flows.

At the reporting date, the movement of the allowance account used to record the impairment is as follows:

	Company	
	2020 RM'000	2019 RM'000
At 1 January	**5,021**	11,353
Reversal of impairment previously provided	**(990)**	-
Impairment loss during the financial year	**1,315**	3,955
Write off	**-**	(10,287)
At 31 December	**5,346**	5,021

The carrying amounts of amounts due from subsidiaries balances are denominated in the following currencies:

	Company	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	**26,040**	13,203

17 CONTRACT BALANCES

	Group	
	2020 RM'000	**2019 RM'000**
Contract assets	**84,067**	110,082

The movement of contract assets is as follows:

At 1 January	**110,082**	181,488
Transfer to receivables	**(110,082)**	(181,111)
Increase as a result of changes in the measure of progress	**84,067**	109,705
At 31 December	**84,067**	110,082
Contract liabilities	**8,096**	13,718

The movement of contract liabilities is as follows:

At 1 January	**13,718**	5,574
Revenue recognised that was included in the contract liabilities - Rendering of services	**(13,718)**	(5,574)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	**8,096**	13,718
At 31 December	**8,096**	13,718

Unsatisfied performance obligation

The following table shows unsatisfied performance obligations from long term contracts:

	2020 RM'000	**2019 RM'000**
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 December	**314,600**	176,838

Management expects that most of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 will be recognised as revenue in the following year. The amount disclosed above does not include variable consideration which is constrained.

18 INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost		
Ordinary shares	**1,100**	1,100
Redeemable convertible preference shares ("RCPS")	**171,180**	171,180
Advances to subsidiaries treated as quasi-investment	**143,438**	143,438
	315,718	315,718

The RCPS are redeemable at the option of the issuer of the RCPS.

The terms of the RCPS are as follows:

(a) The subscriber of the RCPS is the holding company, Petra Energy Berhad.
(b) Dividends on each RCPS shall be paid at the absolute discretion of the subsidiaries.
(c) In the event of any liquidation, dissolution, winding up or other repayment of capital of the subsidiaries, the assets available for distribution among the members shall be applied in the following:
    (i) Firstly to the RCPS shareholder, in payment of a sum equivalent to the aggregate of the RCPS issue price.
    (ii) Then, to the holder of the other shares.
(d) The RCPS shareholder shall have the right to receive reports and audited accounts and notice of and to attend all general meetings of the subsidiaries.
(e) The RCPS are convertible into new ordinary shares at the absolute discretion of the subsidiaries.
(f) The RCPS shall be redeemed at the absolute discretion of the subsidiaries.
(g) The RCPS are non-transferable.

In the last financial year, the Group undergo an internal reorganisation exercise to re-assign its intercompany debts as a capital contribution in the subsidiaries. The restructuring of intercompany debts was done via transfer of assets, novation of intercompany debts, as well as issuance/subscription of an equity instrument. The reorganisation has no impact on the Company's cash flow.

Name	Effective interest 2020 %	2019 %	Principal activities
Incorporated in Malaysia			
Petra Energy Services Sdn. Bhd.	**100**	100	Investment holding
Petra Energy Capital Sdn. Bhd.	**100**	100	Investment holding

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name	Effective interest 2020 %	2019 %	Principal activities
Incorporated in Malaysia: (continued)			
Petra Energy Development Sdn. Bhd.	**100**	100	Provision of services to operate and maintain the production, storage and offloading facilities, wells and reservoir surveillance, production planning and forecasting, logistics, inventory and warehousing management for an oil field
Petra Energy Solution Sdn. Bhd.	**100**	100	Investment holding
Held through Petra Energy Services Sdn. Bhd.:			
Petra Resources Sdn. Bhd.	**100**	100	Provision of services in operations and maintenance, oil field optimisation, retrofits, domestic vessels recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry
Petra Fabricators Sdn. Bhd.	**100**	100	Design, fabrication, supply and installation of pressure vessels, heat exchangers, skid packages and other process equipment primarily for the oil and gas and petrochemical industries
Petra Services Sdn. Bhd.	**100**	100	Equipment rental and related services in the oil and gas industry
Petra Marine Sdn. Bhd.	**100**	100	Ownership and supply of vessels
Held through Petra Resources Sdn. Bhd.:			
PE Resources Ltd*	**100**	100	Investment holding
Held through Petra Fabricators Sdn. Bhd.:			
PE Industrial Resources Sdn. Bhd.	**100**	100	Design, fabrication, supply and installation of industrial boilers and ancillary equipment
Held through Petra Marine Sdn. Bhd.:			
PE Ship Management Sdn. Bhd.	**100**	100	Provision of anchor handling tug supply vessels

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name	Effective interest 2020 %	2019 %	Principal activities
Held through Petra Energy Capital Sdn. Bhd.:			
PE Challenger Ltd*	**100**	100	To facilitate the leasing of transaction of an accommodation work barge vessel
PE Marine One Ltd*	**100**	100	Carry on offshore leasing business
PE Marine Ltd*	**100**	100	To facilitate the leasing of transaction of an accommodation work barge vessel
Held through Petra Energy Development Sdn. Bhd.:			
PE Development Ltd*	**100**	100	Investment holding
Petra Energy Mopu Sdn. Bhd.	**100**	-	Oil and gas extraction service activities provided on a fee or contract basis
Petra Upstream Malaysia Sdn. Bhd.	**100**	-	Oil and gas extract service activities provided on a fee or contract basis and support activities for other mining and quarrying

* These companies are not required by their local laws to appoint statutory auditors.

19 INVESTMENT IN AN ASSOCIATE

	Group 2020 RM'000	2019 RM'000
Unquoted shares at cost	**6,000**	6,000
Share of results of associate	**4,543**	24,677
Share of net assets	**10,543**	30,677

19 INVESTMENT IN AN ASSOCIATE (CONTINUED)

The details of the associate are as follows:

Name	Country of incorporation	Group's effective interest 2020 %	2019 %
Coastal Energy KBM Sdn. Bhd.	Malaysia	**30**	30

On 29 June 2012, Petroliam Nasional Berhad ("PETRONAS") and CEC International Ltd ("CECI") entered into the small field risk service contract ("SFRSC") for the development and production of petroleum from the Kapal, Banang and Meranti cluster of small fields in offshore Terengganu, Malaysia. Pursuant to the terms of the novation agreement dated 10 September 2012 and in accordance with the requirements of the SFRSC, CECI has novated all of its individual rights, interests, benefits and obligations under the SFRSC to Coastal Energy KBM Sdn. Bhd. ("CEKSB").

On 17 January 2013, Petra Energy Development Sdn. Bhd. ("PEDSB") had provided parental guarantee to PETRONAS to ensure performance of SFRSC by CEKSB. PEDSB has guaranteed the performance of the contract and it shall assume any loss, damages, costs and expenses arising from the failure or breach of the said contract based on PEDSB's proportionate interest in CEKSB.

As part of the Composite Shareholder Agreement, the Group and Company have the obligation to ensure that CEKSB has sufficient working capital to meet its business needs and obligations under the SFRSC. This includes providing cash-call to CEKSB on a quarterly basis based on CEKSB working capital requirement.

Upon the expiry of the SFRSC on 28 June 2020, it is mutually agreed by both parties that CEKBM no longer requires any cash call for its working capital requirement as CEKBM no longer involves in any development and production of petroleum. Kapal, Banang and Meranti fields were handed over to PETRONAS. Subsequently PETRONAS entered into a Technical Service Agreement ("TSA") with PEDSB. Based on the scope of work of the TSA, PEDSB required to provide, operate & maintain the production, storage and offloading facilities which include Mobile Offshore Production Unit and Floating Storage & Offloading (FSO), wells & reservoir surveillance, production planning & forecasting, routine operation & maintenance (O&M) of MOPU, FSO, Wellhead support structure (WSS) and etc., logistics, inventory and warehousing management including waste management for Banang field operations.

On 10 December 2020, PEDSB officially releases itself from the parental guarantee to PETRONAS upon termination of the Composite Shareholder Agreement between the company and CEKBM.

19 INVESTMENT IN ASSOCIATE (CONTINUED)

(i) The summarised statements of comprehensive income are as follows:

	CEKSB	
	2020 RM'000	**2019 RM'000**
Revenue	**60,087**	251,621
Cost of sales	**(58,259)**	(153,301)
Profit before tax	**(4,282)**	87,727
Profit for the financial year	**(368)**	134,404
Other comprehensive (expense)/income	**(1,497)**	(1,334)
Total comprehensive income	**(1,865)**	133,070
Group's share of total comprehensive income	**(559)**	39,921

(ii) The summarised statements of financial position as at 31 December are as follows:

	CEKSB	
	2020 RM'000	**2019 RM'000**
Non-current assets	**-**	32,750
Current assets	**36,932**	153,489
Current liabilities	**(1,789)**	(83,982)
Net assets	**35,143**	102,257

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

There are no contingent liabilities relating to the Group's interest in the associate.

19 INVESTMENT IN ASSOCIATE (CONTINUED)

(iii) Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate:

	Group	
	2020 RM'000	**2019 RM'000**
Summarised financial information		
Opening net assets	**30,677**	54,776
Impact of adoption of MFRS 116	**-**	(1,298)
Opening net assets (restated)	**30,677**	53,478
Profit for the financial year	**(110)**	40,321
Effects of movements in foreign currency	**(449)**	(400)
Dividend	**(19,575)**	(62,722)
Carrying amount	**10,543**	30,677

20 INVESTMENT IN A JOINT VENTURE

The Group has a 50% interest in Khausar Energy Sdn. Bhd, an RM2 entity being set up to undertake business development activities focusing on building portfolio of Production & Development segment within the Group. The Group's interest in this joint venture is accounted for using the equity method in the consolidated financial statements.

The Group has not recognised cumulative losses related to Khausar Energy Sdn. Bhd amounting RM176,749 in respect of current financial year (2019: RM171,737).

The share of results and net assets of the joint venture are not material to the Group.

21 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2020 RM'000	**2019 RM'000**
Deferred tax assets	**31,716**	29,412
Deferred tax liabilities	**(30,907)**	(29,412)
	809	-
At start of the financial year	**-**	-
Credited/(charge) to income statement		
- Property, plant and equipment	**809**	-
	809	-
Deferred tax assets (before offsetting)		
- Property, plant and equipment	**809**	-
- Provisions	**2,363**	-
- Unutilised capital allowances	**28,544**	29,412
	31,716	29,412
Offsetting	**(30,907)**	(29,412)
Deferred tax assets (after offsetting)	**809**	-
Deferred tax liabilities (after offsetting)		
- Property, plant and equipment	**(30,907)**	(29,412)
	(30,907)	(29,412)
Offsetting	**30,907**	29,412
Deferred liabilities (after offsetting)	**-**	-

21 DEFERRED TAXATION (CONTINUED)

The amount of deductible temporary differences, unabsorbed capital allowances and unutilised business losses for which no deferred tax asset is recognised in the statements of financial position due to no foreseeable profit in the near future to be offset against deferred tax asset are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Unutilised capital allowances	**46,283**	40,165	**-**	1,024
Unutilised tax losses	**113,223**	120,279	**16,817**	12,311
Temporary differences	**47,164**	45,860	**16,497**	15,425
	206,670	206,304	**33,314**	28,760

The amounts of deductible temporary differences for which no deferred tax asset is recognised in the financial statements of the Group and the Company are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Unutilised tax losses				
- expired in year 2025	**103,445**	118,816	**12,311**	12,311
- expired in year 2026	**1,042**	1,463	**-**	-
- expired in year 2027	**8,736**	-	**4,506**	-
	113,223	120,279	**16,817**	12,311

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's and the Company unutilised tax losses amounting to RM113,223,000 and RM16,817,000 (2019: RM120,279,000 and RM12,311,000) respectively as at 31 December 2020 have a time limit of utilization as disclosed above. Any accumulated unutilised tax losses brought forward can be carried forward for another 7 consecutive years from each year of assessment.

22 INVENTORIES

	Group	
	2020 RM'000	**2019 RM'000**
Cost:		
Consumables	**1,461**	6
Goods in transit	**806**	6,419
	2,267	6,425

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM32,893,115 (2019: RM42,993,849).

23 CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Short term deposits with licensed banks	**112,072**	97,660	**5,300**	20,097
Cash at bank	**60,738**	61,101	**9,092**	24,019
Cash on hand	**151**	83	**8**	10
	172,961	158,844	**14,400**	44,126
Less:				
- Restricted cash, held in Debts Service Reserve Account ("DSRA")	**-**	(3,413)	**-**	-
- Deposits pledged for credit facilities	**(303)**	(2,554)	**-**	-
Net cash and cash equivalents	**172,658**	152,877	**14,400**	44,126

23 CASH AND BANK BALANCES (CONTINUED)

Deposits of the Group and Company at the end of the financial year have a maturity period of 1 to 30 days (2019: 1 to 30 days). The weighted average effective interest rates as at 31 December 2020 for the Group was 3.07% (2019: 2.79%) per annum and for the Company was 2.95% (2019: 2.95%).

The credit quality of bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Counterparties with external credit rating:				
- AAA	**172,810**	158,761	**14,392**	44,116

The credit quality of the above deposits and bank balances (excluding cash balances) are assessed by reference to RAM Services Berhad.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Ringgit Malaysia	**172,904**	153,899	**14,400**	44,126
United States Dollar	**57**	4,945	**-**	-
	172,961	158,844	**14,400**	44,126

24 SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2020 Unit'000	**2019 Unit'000**	**2020 Unit'000**	**2019 Unit'000**
Issued and fully paid:				
At 1 January/31 December	**321,750**	321,750	**299,809**	299,809

25 TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. In previous financial years, the Company acquired 5,000 shares in the Company through purchases on the Bursa Malaysia Securities Berhad. The total paid to acquire the shares was RM4,203 and this was presented as a component within shareholder's equity. For the financial year ended 31 December 2015, the Company repurchased 802,800 of its issued share capital through purchases on the Bursa Malaysia Securities Berhad and total paid to acquire the shares was RM836,000.

The share repurchased are being held as treasury shares as allowed under Section 127 of the Companies Act 2016. The Company has the right to issue these shares at a later date. As treasury shares, the voting rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares purchased had been sold as at 31 December 2020.

	Average price RM	Highest price RM	Lowest price RM	Number of treasury shares	Total consideration paid RM
Purchased date:					
December 2017	0.83	0.83	0.83	5,000	4,203
August 2015	0.95	1.01	0.89	602,800	563,406
September 2015	1.05	1.05	1.04	50,000	52,702
November 2015	1.45	1.47	1.43	150,000	219,804
				807,800	840,115

26 MERGER RESERVE

Merger reserve arose from the acquisition of Petra Resources Sdn. Bhd. and Petra Fabricators Sdn. Bhd. which were previously under the common control of Perdana Petroleum Berhad, and which had ceased to be a substantial shareholder of the Company on 3 September 2012.

27 BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
Current		
Secured:		
Invoice financing	**12,088**	2,706
Revolving credits	**15,082**	26,000
Total borrowings	**27,170**	28,706

Borrowings are secured by the following:

Invoice financing

- First ranking Charge and Assignment of DSRA and deposits pledged (Note 23).

Revolving credit

- First ranking statutory mortgages over certain vessels (Note 12);
- First party legal charge over properties located at Kampung Sg. Keling, Wilayah Persekutuan Labuan (Note 13);
- Assignment of all risk insurance in respect of the mortgaged vessels with the Banks and a financial institution named as the mortgagees and loss payees;
- First ranking assignments executed by certain subsidiaries to assign all of the subsidiaries' rights, title, interest and benefits in and to all proceeds arising from the Designated Agreements;
- First ranking Charge and Assignment of DSRA and deposits pledged (Note 23).

The carrying amounts of borrowings are denominated in the following currencies:

	Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	**27,170**	28,706

28 LEASE LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured:				
- Current	**30,216**	12,487	**467**	409
- Non-current	**15,923**	3,345	**152**	553
	46,139	15,832	**619**	962
Future minimum lease payment				
- Not later than 1 year	**31,526**	12,973	**483**	433
- More than 1 year and less than 5 years	**16,220**	3,661	**164**	598
- More than 5 years	**34**	-	**-**	-
Total minimum future lease payment	**47,780**	16,634	**647**	1,031
Less: Future finance charges	**(1,641)**	(802)	**(28)**	(69)
Present value of finance lease liabilities	**46,139**	15,832	**619**	962
Analysis of present value of finance lease liabilities:				
- Not later than 1 year	**30,216**	12,487	**467**	409
- More than 1 year and less than 5 years	**15,923**	3,345	**152**	553
	46,139	15,832	**619**	962

29 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade payables:				
Third parties	**26,355**	31,279	**-**	-
Trade related accruals	**105,628**	100,059	**-**	-
	131,983	131,338	**-**	-

29 TRADE AND OTHER PAYABLES (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables:				
Other related accruals	**29,828**	26,716	**1,473**	2,329
Statutory liabilities	**3,424**	12,988	**252**	625
Dividend payable	**6,419**	6,419	**6,419**	6,419
Amounts due to subsidiaries	**-**	-	**16,543**	12,040
	39,671	46,123	**24,687**	21,413
Total trade and other payables	**171,654**	177,461	**24,687**	21,413

Trade payables and other payables are non-interest bearing and have credit terms ranging from 30 days to 60 days (2019: 30 days to 60 days).

Trade related accruals are accrual balances pertaining to project cost accrual such as tools, equipment and consumbles provision, logistic related charges, offshore related services (marine, manpower, subcontractor) and others.

The carrying amounts of trade and other payables are denominated in the following currencies:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	**171,547**	174,501	**24,687**	21,413
United States Dollar	**90**	357	**-**	-
Singapore Dollar	**17**	145	**-**	-
Great Britain Pound	**-**	2,458	**-**	-
	171,654	177,461	**24,687**	21,413

30 AMOUNTS DUE FROM/(TO) ASSOCIATE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current asset				
Amount due from an associate	**60**	7,590	**60**	60
Current liability				
Amount due to an associate	**-**	(8,580)	**-**	-

The amount due from an associate is pertaining to deposits pledged for a bank guarantee issued to PETRONAS under the terms of SFRSC which had expired on 28 June 2020. During the financial year, the associate had declared dividend to the Group amounting to RM19.6 million, an amount of RM18.5 million was received in cash. The balance of RM1.1 million was offset against the amount due to the associate. The balance outstanding in amount due to the associate was offset against amount due from the associate.

The amount due to an associate represents payable balances arising from the Intra-group Deposit and Credit Facility Agreement entered with CEPSA International B.V. on behalf of the ultimate holding company ("CEPSA") and the subsidiary of the Company which is Petra Energy Development Sdn. Bhd. on 1 May 2016. The amount is unsecured and subject to a variable annual interest of 1-month LIBOR flat. The weighted average effective interest rate ("WAEIR") as at 31 December 2020 for the deposits was Nil % (2019: 2.12%) per annum.

On 31 October 2018, the associate entered into a Novation agreement with CEPSA International B.V. ("as the Transferor") and CEPSA Treasury S.A.U (as the Transferee") in relation to the transfer of the Intra-group Deposit and Credit Facility Agreement between the Transferor and the Transferee on substantially the same terms and conditions effective 1 November 2018. As a result of this novation, the associate entered into a new Intra-group Deposit and Credit Facility Agreement with CEPSA Treasury S.A.U on behalf of the holding company, CEPSA on 1 November 2018.

Upon the expiry of the SFRSC on 28 June 2020, it is mutually agreed by both parties that CEKBM no longer requires any cash call for its working capital requirement as CEKBM no longer involves in any development and production of petroleum. Subsequently on 10 December 2020, the associate ended the Intra-group Deposit and Credit Facility Agreement with CEPSA.

The carrying amounts of amounts due from/(to) associate are denominated in the following currencies:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	**60**	125	**60**	60
United States Dollar	**-**	(1,115)	**-**	-
	60	(990)	**60**	60

31 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Transactions with related parties of corporate shareholders with significant influence over the Company:				
- Rental paid	**(1,285)**	(1,219)	**(464)**	(629)
Transactions with an associate:				
- Interest expense	**-**	(658)	**-**	-
- Income from secondment fee	**1,449**	3,064	**-**	-
- Reimbursement of cash call	**6,081**	58,027	**-**	-
- Payment of cash call	**-**	(14,008)	**-**	-
- Repayment of advance given to	**(8,580)**	-	**-**	-
- Dividend received	**(19,575)**	(62,722)	**-**	-

(b) Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include all the Directors of the Company and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group consists of Group Chief Financial Officer and respective Head of Departments and subsidiaries.

The details of remuneration received and receivable by key management of the Group and the Company during the financial year are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Wages and salaries	**7,205**	7,594	**5,495**	6,332
Defined contribution plan	**980**	1,031	**814**	869
Other employee benefits	**1,455**	834	**1,119**	737
Fees and emoluments	**526**	463	**526**	463
	10,166	9,922	**7,954**	8,401

Included in the above is the Executive and Non-Executive Directors' compensation which is disclosed in Note 9 to the financial statements.

32 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment: Approved but not contracted for	**3,000**	10,400	**-**	1,100

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of current financial assets, non-current financial assets, current financial liabilities and non-current liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Company determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving at fair value.

34 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at amortised cost				
Trade and other receivables (excluding prepayments)	**74,374**	30,800	**1,206**	1,166
Amounts due from subsidiaries	**-**	-	**26,040**	13,203
Amount due from an associate	**60**	7,590	**60**	60
Cash and bank balances	**172,961**	158,844	**14,400**	44,126
	247,395	197,234	**41,706**	58,555
Other financial liabilities at amortised cost				
Trade and other payables (excluding statutory liabilities)	**168,230**	164,473	**24,435**	20,788
Borrowings	**27,170**	28,706	**-**	-
Amount due to an associate	**-**	8,580	**-**	-
	195,400	201,759	**24,435**	20,788

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risk, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk arising in the normal course of the Group's businesses. The Directors monitor the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group.

The Directors review and agree on policies for managing each of these risks and they are summarised below:

(a) Foreign currency exchange risk

The Group and the Company are exposed to foreign exchange currency risk primarily through sales, purchases and advances that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk are primarily US Dollar ("USD") and British Pound ("GBP").

The Group and the Company's exposure to foreign currency risk, denominated in USD and GBP, based on carrying amount as at the end of reporting period was:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Trade receivables	**6,105**	2,691
Amount due to an associate	**-**	(1,115)
Cash and bank balances	**57**	4,945
Trade and other payables	**(90)**	(357)
Lease receivable	**18,724**	21,643
	24,796	27,807

The other financial assets and financial liabilities are primarily denominated in Ringgit Malaysia with the portion denominated by other foreign currencies to be insignificant.

With all other variables held constant, the following table demonstrates the sensitivity of the Group and the Company's profit after tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group and the Company.

		Profit/(Loss) before tax	
		Group	
		2020	**2019**
		RM'000	**RM'000**
USD/RM	- strengthen 10% (2019: 10%)	**2,131**	2,734
	- weaken 10% (2019: 10%)	**(2,131)**	(2,734)
GBP/RM	- strengthen 3% (2019: 3%)	**639**	820
	- weaken 3% (2019: 3%)	**(639)**	(820)

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate.

The Group's income and operating cash flows' exposure to changes in interest rate risk relates primarily to the Group's bank borrowings, certain payables and deposits placed with licensed banks and financial institutions.

As at reporting date, 100% (2019 : 100%) of the Group's borrowings carry floating interest rates. As such, the Group's profit and loss and operating cash flows are therefore influenced by changes in market interest rate.

At the reporting date, if interest rates had been 10 basis points lower/higher, with all variables held constant, the Group's profit after tax would have been RM84,902 (2019: RM60,375) higher/lower, arising mainly as a result of lower/higher interest expense from floating rate loans.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following table sets out the carrying amounts, the weighted average effective interest rate ("WAEIR") as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risks:

	Note	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total
Group						
At 31 December 2020						
Financial assets						
Short term deposits with licensed banks	23	**3.07%**	**112,072**	**-**	**-**	**112,072**
Financial liabilities						
Revolving credits	27	**5.07%**	**15,082**	**-**	**-**	**15,082**
Invoice financing	27	**8.07%**	**12,088**	**-**	**-**	**12,088**

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk (continued)

	Note	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total
Group						
At 31 December 2019						
Financial assets						
Short term deposits with licensed banks	23	2.79%	97,660	-	-	97,660
Financial liabilities						
Revolving credits	27	5.78%	26,000	-	-	26,000
Invoice financing	27	8.07%	2,706	-	-	2,706
Amount due to an associate	30	2.12%	8,580	-	-	8,580
Company						
At 31 December 2020						
Financial assets						
Short term deposits with licensed banks		**2.95%**	**5,300**	**-**	**-**	**5,300**
At 31 December 2019						
Financial assets						
Short term deposits with licensed banks	23	2.95%	20,097	-	-	20,097

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

(i) Receivables and other financial assets

The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risks by setting appropriate credit terms and limits for customers and ensuring that sales are made to customers with good credit assessments.

The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets to measure the expected credit losses ("ECL"), trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The allowance for impairment represents the Group's estimate of losses in respect of trade debtors. The allowance related to credit risk for significant trade debtors is built on specific expected loss components that relate to individual exposures. The Group categorises its customers between National International Oil companies and other private oil and gas customers. The Group uses a historical credit loss experience, coupled with known changes in credit risk to determine an expected credit loss rate to individually large customers

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for both trade receivables and contract assets:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Expected loss rate %	Net RM'000	Total impaired RM'000
31 December 2020						
Group						
Current, more than 30 days	**121,117**	**277**	**0**	**0.23%**	**120,840**	**277**
31 to 60 days past due	**4,702**	**161**	**0**	**3.42%**	**4,541**	**161**
60 to 90 days past due	**1,322**	**574**	**0**	**43.44%**	**748**	**574**
91 to 120 days past due	**891**	**302**	**0**	**33.87%**	**589**	**302**
More than 120 days past due	**22,820**	**21,845**	**346**	**95.73%**	**629**	**22,191**
	150,852	**23,159**	**346**		**127,347**	**23,505**

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(i) Receivables and other financial assets (continued)

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Expected loss rate %	Net RM'000	Total impaired RM'000
31 December 2019						
Group						
Current, more than 30 days	133,198	71	0	0.05%	133,127	71
31 to 60 days past due	2,513	295	0	11.75%	2,218	295
60 to 90 days past due	1,236	195	0	15.77%	1,041	195
91 to 120 days past due	563	35	4	6.97%	524	39
More than 120 days past due	24,171	23,874	293	99.98%	4	24,167
	161,681	24,470	297		136,914	24,767

Credit risk concentration

As at 31 December 2020, the Group has significant concentration of credit risk in the form of outstanding balance due from two customers (2019: one) which is major player in the oil and gas industry, representing approximately 94% (2019: 88%) of the Group's total net trade receivables and contract assets.

(d) Liquidity and cash flow risk

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating and investing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management, must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The Group also depends on available credit lines to meet its liquidity requirements while ensuring an effective working capital management. Unutilised amount of credit lines as at 31 December 2020 amounted to RM128,005,730 (2019: RM179,880,000).

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

			Contractual undiscounted cash flows			
	Note	Carrying value	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total
Group						
At 31 December 2020						
Financial liabilities:						
Trade and other payables (excluding statutory liabilities)	29	**168,230**	**168,230**	**-**	**-**	**168,230**
Borrowings	27	**27,170**	**27,308**	**-**	**-**	**27,308**
Lease liabilities	28	**46,139**	**31,525**	**16,220**	**34**	**47,779**
		241,539	**227,063**	**16,220**	**34**	**243,317**
Group						
At 31 December 2019						
Financial liabilities:						
Trade and other payables (excluding statutory liabilities)	29	164,473	164,473	-	-	164,473
Borrowings	27	28,706	29,594	-	-	29,594
Lease liabilities	28	15,832	12,973	3,661	-	16,634
Amount due to an associate	30	8,580	8,580	-	-	8,580
		217,591	215,620	3,661	-	219,281
Company						
At 31 December 2020						
Financial liabilities						
Trade and other payables (excluding statutory liabilities)	29	**24,435**	**24,435**	**-**	**-**	**24,435**
		24,435	**24,435**	**-**	**-**	**24,435**
At 31 December 2019						
Financial liabilities						
Trade and other payables (excluding statutory liabilities)	29	20,788	20,788	-	-	20,788
		20,788	20,788	-	-	20,788

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Capital management

The Group's and Company's primary objectives in managing capital are to maximise the Group's and the Company's value by optimising their capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. In order to maintain the capital structure, the Company may adjust dividend paid to shareholders, issue new shares or sell its assets. The Group and the Company managed shareholders' fund as capital.

As required by the terms of the borrowing by a subsidiary, the Group needs to cap its leverage ratio at or below 1.5 times. Gearing ratio is derived by dividing total debts by total shareholders' fund. Total debts are the sum of all borrowings excluding lease liabilities and the shareholders' fund includes equity attributable to owners of the Group, as disclosed in the consolidated statements of financial position.

The gearing ratio is as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Total borrowings (Note 27)	**27,170**	28,706
Total equity	**383,468**	380,741
Gearing ratio (times)	**0.07**	0.08

No changes were made in the objectives, policies or processes in regard to the Group's and Company's management of their capital structure during the financial years ended 31 December 2020 and 31 December 2019.

The borrowings of the Group are subject to the bank's covenants, which include liquidity and solvency ratios, for which the Group have complied with.

36 SEGMENT INFORMATION

Segment information is presented in respect of the Group's segmentation of core activities. The segment information results are prepared based on the Group's management reporting structure.

Definition of the Group's segments are as follows:

(a) Services Segment

Encapsulates the Group's core activities in the area of providing services such as Hook-up Commissioning, Topside Major Maintenance, vessels management and time chartering, fabrication, subsea and underwater, as well as trading and engineering services.

(b) Marine Assets Segment

Comprise of subsidiaries which own the Group's marine assets and hold license to carry on leasing business. Major business activity is bareboat chartering of vessel internally within the Group and to third party vessel management companies.

36 SEGMENT INFORMATION (CONTINUED)

(c) Development and Production Segment

This segment categories the Group's business activities in risk-service contracts, rejuvenation of brownfields wells, enhanced oil recovery and production service contract which expired on 20 June 2020. Subsequently, PETRONAS entered into a Technical Service Agreement ("TSA") with Petra Energy Development Sdn Bhd ("PEDSB"). Based on the scope of work of the TSA, PEDSB required to provide, operate and maintain the production, storage and offloading facilities which include Mobile Offshore Production Unit and Floating Storage and Offloading ("FSO"), wells and reservoir surveillance, production planning and forecasting, routine operation and maintenance ("O&M") of MOPU, FSO, Wellhead support structure ("WSS") and etc., logistics, inventory and warehousing management including waste management for Banang field operations. The Group's current participation in TSA is defined in this segment.

	Services RM'000	Marine Assets RM'000	Production and Development RM'000	Elimination RM'000	Total RM'000
2020					
Revenue:					
External customers	**245,328**	**134,739**	**42,295**	**-**	**422,362**
Inter-segment	**7,424**	**102,289**	**-**	**(109,713)**	**-**
Total revenue	**252,752**	**237,028**	**42,295**	**(109,713)**	**422,362**
Results:					
Finance income	**2,669**	**3,035**	**206**	**(1,039)**	**4,871**
Depreciation:					
- PPE	**(4,178)**	**(22,153)**	**(1,318)**	**-**	**(27,649)**
- ROU	**(4,744)**	**(10,495)**	**(17,282)**	**2,924**	**(29,597)**
Impairment of PPE	**-**	**(4,805)**	**-**	**-**	**(4,805)**
Finance costs	**(1,789)**	**(235)**	**(1,667)**	**271**	**(3,420)**
Share result of associate	**-**	**-**	**(110)**	**-**	**(110)**
Segment profit/(loss)	**4,614**	**1,127**	**29,858**	**(19,585)**	**16,014**
Assets and liabilities					
Investment in associates/joint venture	**-**	**-**	**10,543**	**-**	**10,543**
Additional to non-current assets:					
- PPE	**1,669**	**5,855**	**10,501**	**-**	**18,025**
- ROU	**1,607**	**-**	**68,285**	**(11,970)**	**57,922**
Segment assets	**999,818**	**411,991**	**171,315**	**(945,081)**	**638,043**
Segment liabilities	**(445,331)**	**(290,980)**	**(79,284)**	**561,020**	**(254,575)**

36 SEGMENT INFORMATION (CONTINUED)

	Services RM'000	Marine Assets RM'000	Production and Development RM'000	Elimination RM'000	Total RM'000
2019					
Revenue:					
External customers	404,407	170,693	-	-	575,100
Inter-segment	7,536	118,024	-	(125,560)	-
Total revenue	411,943	288,717	-	(125,560)	575,100
Results:					
Finance income	1,212	272	278	(205)	1,557
Depreciation:					
- PPE	(5,145)	(21,547)	-	2,496	(24,196)
- ROU	(941)	(15,743)	-	-	(16,684)
Finance costs	(5,580)	(1,536)	(659)	205	(7,570)
Share result of associate	-	-	40,321	-	40,321
Segment profit/(loss)	58,589	32,019	54,767	(83,345)	62,030
Assets and liabilities					
Investment in associates/joint venture	-	-	30,677	-	30,677
Additional to non-current assets:					
- PPE	6,604	204,271	-	(184,003)	26,872
- ROU	6,744	10,495	-	-	17,239
Segment assets	971,023	392,259	96,418	(834,662)	625,038
Segment liabilities	(337,432)	(240,422)	(25,455)	359,012	(244,297)

36 SEGMENT INFORMATION (CONTINUED)

Geographical information

No geographical segmental reporting has been prepared as the Group's activities involve only one geographical segment, i.e. Malaysia.

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Group	
	2020 RM'000	**2019 RM'000**
Services segment		
Customer A	**260,536**	364,800
Customer B	**7,198**	13,691
	267,734	378,491
Marine assets segment		
Customer A	**111,000**	170,693
Production and development segment		
Customer A	**42,295**	-

37 DIVIDENDS

	Group	
	2020 RM'000	**2019 RM'000**
Recognised during the previous financial year:		
- Interim tax single-tier dividend for financial year ended 31 December 2020 at 2.0 sen	**6,419**	-
- Interim tax single-tier dividend for financial year ended 31 December 2019 at 2.0 sen	**6,419**	-
- Interim tax single-tier dividend for financial year ended 31 December 2019 at 4.0 sen	**-**	12,838
	12,838	12,838

On 22 February 2021, the Directors declared a single tier interim dividend of 2.0 sen per 320,947,200 ordinary shares for the financial year ended 31 December 2020 amounting to RM6,419,000 and payable on 24 April 2021.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 1 April 2021.

LIST OF PROPERTIES

Address	Description	Status	Remaining Lease Period/ years	Date of Acquisition	Age/ Years	NBV (RM'000)
Petra Resources Sdn. Bhd. Lot 2000, Block 4 Miri Concession Land District Piasau Industrial Estate 98000 Miri, Sarawak	Workshop	Leasehold	22	18/07/2000	33	1,022
Petra Resources Sdn. Bhd. Lot 1991, Block 4 Miri Concession Land District Piasau Industrial Estate 98000 Miri, Sarawak	Workshop	Leasehold	22	18/07/2000	33	600
Petra Resources Sdn. Bhd. Lot 205312634 and Lot 205312590 at Kampung Sungai Keling Wilayah Persekutuan Labuan	Fabrication Yard (Approximately 0.2064 and 2.0882 hectares respectively)	Leasehold	966	13/02/2012	33	14,902

ANALYSIS OF SHAREHOLDINGS
AS AT 26 MARCH 2021

Total Number of Issued Shares : 321,750,000 (excluding 807,800 Treasury Shares)
Class of Securities : Ordinary Share
Total Number of Holders : 4,037
Voting Rights : One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	173	4.29	5,643	0.00
100 - 1,000	1,021	25.29	587,705	0.18
1,001 – 10,000	2,076	51.42	10,383,554	3.24
10,001 – 100,000	693	17.17	20,321,499	6.33
100,001 – 16,047,109 (*)	70	1.73	48,923,987	15.24
16,047,110 and above (**)	4	0.10	240,719,812	75.00
TOTAL	4,037	100.00	320,942,200	100.00

Remarks: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of Petra Energy Bhd. and their respective shareholdings as at 26 March 2021 are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Shorefield Resources Sdn. Bhd.	93,212,800	29.04	-	-
Wasco Energy Ltd.	86,550,000	26.97	-	-
Urusharta Jamaah Sdn. Bhd.	31,707,012	9.88	-	-
Dato' Mohamed Nizam bin Abdul Razak	29,250,000	9.11	-	-
Shorefield Sdn. Bhd.	-	-	93,212,800[a]	29.04
OBYU Holdings Sdn. Bhd.	-	-	93,212,800[a]	29.04
Tan Sri Bustari bin Yusuf	-	-	93,212,800[a]	29.04
Wah Seong Corporation Berhad	-	-	86,550,000[b]	26.97
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	-	-	86,550,000[c]	26.97
Tan Kim Yeow Sendirian Berhad	-	-	86,550,000[d]	26.97
Tony Tan @ Choon Keat	-	-	86,550,000[d]	26.97
Tan Chin Nam Sdn. Bhd.	-	-	86,550,000[d]	26.97
Midvest Asia Sdn. Bhd.	1,447,000	0.45	86,550,000[d]	26.97
Robert Tan Chung Meng	-	-	86,550,000[d]	26.97
Chan Cheu Leong	30,000	0.01	86,550,000[d]	26.97
Pauline Tan Suat Ming	-	-	86,550,000[d]	26.97

Analysis of Shareholdings

AS AT 26 MARCH 2021

Notes:

(a) Deemed interested by virtue of their interests in Shorefield Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("**Act**").
(b) Deemed interested by virtue of its direct interest in Wasco Energy Ltd pursuant to Section 8 of the Act.
(c) Deemed interested by virtue of its direct interest in Wah Seong Corporation Berhad pursuant to Section 8 of the Act.
(d) Deemed interested by virtue of their respective indirect interests in Wah Seong Corporation Berhad pursuant to Section 8 of the Act.

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of Petra Energy Berhad based on the Register of Directors' Shareholdings of the Company as at 26 March 2021 are as follows:

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	-	-	-	-
Abdul Rahim bin Abdul Hamid	-	-	-	-
Ng Ing Peng	-	-	-	-
Gian Carlo Maccagno	-	-	-	-
Dato' Anthony @ Firdauz bin Bujang	-	-	-	-
Dato Ahmadi bin Yusoff	-	-	-	-
Simon Ong	-	-	-	-

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	No. of Shares Held	(%)
1.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR SHOREFIELD RESOURCES SDN. BHD.)	93,212,800	29.04
2.	WASCO ENERGY LTD	86,550,000	26.97
3.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. (URUSHARTA JAMAAH SDN. BHD.)	31,707,012	9.88
4.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR MOHAMED NIZAM BIN ABDUL RAZAK)	29,250,000	9.11
5.	HSBC NOMINEES (ASING) SDN. BHD. (EXEMPT AN FOR CREDIT SUISSE)	7,707,950	2.40
6.	HSBC NOMINEES (TEMPATAN) SDN. BHD. (EXEMPT AN FOR CREDIT SUISSE)	7,225,000	2.25

No.	Name of Shareholders	No. of Shares Held	(%)
7.	MIDVEST PROPERTIES SDN. BHD.	6,500,000	2.03
8.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR SAFUANI BIN ABDUL HAMID)	4,100,000	1.28
9.	YOW KING HONG	3,050,000	0.95
10.	TAI HEE	2,050,100	0.64
11.	YONG KONG SIM	1,630,000	0.51
12.	MIDVEST ASIA SDN. BHD.	1,447,000	0.45
13.	RHB NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN BAKI)	1,436,100	0.45
14.	LIM KA KIAN	900,000	0.28
15.	HSBC NOMINEES (ASING) SDN. BHD. (EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.)	825,000	0.26
16.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN)	570,000	0.18
17.	RONIE TAN CHOO SENG	500,000	0.16
18.	GAN KOK KENG	427,000	0.13
19.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR TAN WAH BENG)	401,000	0.12
20.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR PETER KONG MING KIEN)	400,000	0.12
21.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR SHAHRIL BIN SHAMSUDDIN)	390,000	0.12
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR GOALKEY SYSTEM SDN. BHD.)	387,000	0.12
23.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (PATRICK SIM YIAW KHENG)	350,000	0.11
24.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR WILLIAM YII SIN CHUONG)	350,000	0.11
25.	HLIB NOMINEES (TEMPATAN) SDN. BHD. (HONG LEONG BANK BHD. FOR TIONG TOH CHIONG)	272,400	0.08
26.	ABDUL FARISH BIN ABD RASHID	253,100	0.08
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR TAN KOK PIN @ KOK KHONG)	250,000	0.08
28.	NAGENDRAN A/L C.NADARAJAH	250,000	0.08
29.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. (EXEMPT AN FOR UOB KAY HIAN PTE LTD)	220,700	0.07
30.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR LIM KA KIAN)	210,000	0.07
	TOTAL	**282,822,162**	**88.12**

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FORM OF PROXY

CDS Account No.:
No. of Shares held:
Telephone No.:
Email Address:

PETRA
PETRA ENERGY BHD.
(Registration No. 200501036241 (718388-H))
(Incorporated in Malaysia)

*I/We (full name), _____
bearing *NRIC No./Passport No./Company No. _____

being a member of Petra Energy Bhd. ("**the Company**") hereby appoint:-

First Proxy "A"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

*and

***Second Proxy "B"**

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			
			100%

* or the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the Fifteenth Annual General Meeting ("AGM") of the Company, to be held on a fully virtual basis at the Broadcast Venue at Meeting Room, Level 3, Menara OBYU, 4 Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 May 2021 at 11:00 a.m., and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Agenda		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon.		
		For	**Against**
2.	To approve the payment of Directors' fees payable to the Non-Executive Directors amounting to RM391,500.00 from 21 May 2021 until the next AGM of the Company. (Resolution 1)		
3.	To approve the payment of Directors' benefits up to an amount of RM 63,800.00 from 21 May 2021 until the next AGM of the Company. (Resolution 2)		
4(a).	To re-elect Mr. Gian Carlo Maccagno, who is due to retire in accordance with Clause 117 of the Company's Constitution and being eligible, had offered himself for re-election. (Resolution 3)		
4(b).	To re-elect Madam Ng Ing Peng, who is due to retire in accordance with Clause 117 of the Company's Constitution and being eligible, had offered herself for re-election. (Resolution 4)		
5.	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 5)		
Special Business			
6.	Retention of Encik Abdul Rahim bin Abdul Hamid as an Independent Director. (Resolution 6)		
7.	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 7)		
8.	Proposed Renewal of Existing Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 8)		
9.	Proposed Renewal of Authority for the Company to Purchase its Own Shares. (Resolution 9)		

* Strike out whichever is not applicable.

As witness my/our hand this _____ day of _____ 2021

_____
Signature of member

_____
Common Seal to be affixed here if member is a corporation, if applicable

Notes:-

1. This Agenda item is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 May 2021 shall be eligible to attend and vote at the Meeting.

3. A member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. There shall be no restriction as to the qualification of the proxy. The proxy(ies) appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

7. The completed instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to info@sshsb.com.my, not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://www.sshsb.net.my/ before the submission cut-off time as mentioned above. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

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SHARE REGISTRAR
PETRA ENERGY BHD.
(Company Registration No. 200501036241 (718388-H))

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
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50490 Kuala Lumpur,
Malaysia

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