



PETRA ENERGY

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2012**

15 May 2012

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 3 months ended</i>	
		31 March 2012 Unaudited	31 March 2011 Unaudited (restated)	31 March 2012 Unaudited	31 March 2011 Unaudited (restated)
		RM'000	RM'000	RM'000	RM'000
Revenue		131,252	132,324	131,252	132,324
Cost of sales		(104,028)	(106,350)	(104,028)	(106,350)
Gross profit		27,224	25,974	27,224	25,974
Other income		1,095	1,586	1,095	1,586
Administrative expenses		(15,342)	(14,049)	(15,342)	(14,049)
Finance costs		(3,265)	(4,034)	(3,265)	(4,034)
Profit before taxation	13	9,712	9,477	9,712	9,477
Income tax expense	14	(2,670)	(2,641)	(2,670)	(2,641)
Profit net of tax, representing total comprehensive income for the period		7,042	6,836	7,042	6,836
Total comprehensive income attributable to:					
Owners of the parent		7,154	6,906	7,154	6,906
Non-controlling interests		(112)	(70)	(112)	(70)
		7,042	6,836	7,042	6,836
Earnings per share attributable to owners of the parent (sen per share)					
Basic	15	3.34	3.54	3.34	3.54

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statements of Financial Position

	Note	31 March 2012 Unaudited RM'000	31 December 2011 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	419,613	425,475
Deferred tax assets		1,031	1,031
		420,644	426,506
Current assets			
Inventories		11,942	11,761
Trade and other receivables		197,672	177,670
Amount due from customers		47,652	68,917
Tax recoverable		7,323	6,572
Cash and bank balances	17	86,551	108,834
		351,140	373,754
Total Assets		771,784	800,260
EQUITY AND LIABILITIES			
Share capital		107,250	107,250
Share premium		69,880	69,880
Merger reserve		(31,000)	(31,000)
Retained earnings		201,793	194,639
		347,923	340,769
Non-controlling interests		442	554
Total equity		348,365	341,323
Non-current liabilities			
Loans and borrowings	18	45,888	103,109
Hire purchase liabilities		21	27
Deferred taxation		31,390	30,037
		77,299	133,173
Current liabilities			
Loans and borrowings	18	164,835	116,217
Hire purchase liabilities		38	45
Trade and other payables		169,301	202,962
Provisions		643	643
Amount due to customers		4,698	2,308
Income tax payable		6,605	3,589
		346,120	325,764
Total liabilities		423,419	458,937
Total equity and liabilities		771,784	800,260
Net assets per share of RM0.50 each		1.62	1.59

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statements of Changes in Equity

	← Attributable to Equity Holders of the Company →						
	← Non-distributable		→ Distributable				
	Share Capital	Share Premium	Merger Reserve	Retained Earnings	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Period Ended 31 March 2012							
As at 1 January 2012	107,250	69,880	(31,000)	194,639	340,769	554	341,323
Total comprehensive income for the period	-	-	-	7,154	7,154	(112)	7,042
Balance as at 31 March 2012	107,250	69,880	(31,000)	201,793	347,923	442	348,365
Financial Period Ended 31 March 2011							
As at 1 January 2011 (restated)	97,500	62,062	(31,000)	192,080	320,642	780	321,422
Total comprehensive income							
As previously stated	-	-	-	4,760	4,760	(70)	4,690
Prior period adjustments (Note 22(a))	-	-	-	2,146	2,146	-	2,146
As restated	-	-	-	6,906	6,906	(70)	6,836
Balance as at 31 March 2011 (restated)	97,500	62,062	(31,000)	198,986	327,548	710	328,258

These condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

PETRA ENERGY BERHAD (718388-H)
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Condensed Consolidated Statements of Cash Flows

	<i>3 months ended</i>	
	31 March 2012	31 March 2011
	Unaudited RM'000	Unaudited RM'000 (restated)
Operating Activities		
Profit before tax	9,712	9,477
Adjustments for:		
Interest income	(228)	(188)
Finance costs	3,265	4,034
Unrealised foreign exchange (gain)/loss	(900)	274
Depreciation of property, plant and equipment	6,601	6,886
Gain on disposal of property, plant and equipment	(2)	-
Total adjustments	<u>8,736</u>	<u>11,006</u>
Operating cash flows before changes in working capital	<u>18,448</u>	<u>20,483</u>
Changes in working capital		
Inventories	(180)	93
Trade and other receivables	1,255	19,100
Trade and other payables	(30,371)	(34,372)
Total changes in working capital	<u>(29,296)</u>	<u>(15,179)</u>
Cash flows (used in)/generated from operations	(10,848)	5,304
Income taxes refund/(paid)	947	(1,708)
Net cash flows (used in)/generated from operating activities	<u>(9,901)</u>	<u>3,596</u>
Investing activities		
Purchase of property, plant and equipment	(775)	(1,216)
Proceeds from disposal of property, plant and equipment	38	-
Interest received	228	188
Net cash flows used in investing activities	<u>(509)</u>	<u>(1,028)</u>
Financing activities		
Repayment of loans and borrowings	(2,497)	(12,468)
Repayment of obligations under hire purchase	(5)	(20)
Repayment of obligations under finance lease	(5,409)	(3,376)
Interest paid	(3,265)	(4,034)
Net cash flows used in financing activities	<u>(11,176)</u>	<u>(19,898)</u>
Net changes in cash and cash equivalents	(21,586)	(17,330)
Net changes in cash restricted in use	(619)	3,574
Cash and cash equivalents at 1 January	88,649	50,035
Cash and cash equivalents at 31 March (Note 17)	<u>66,444</u>	<u>36,279</u>

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has reviewed its accounting policies and concluded that the transition from FRS to MFRS did not give rise to any significant effects on the financial statements of the Group in the period of initial application.

2. Significant accounting policies

2.1 Application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. As such, the significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011.

2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Significant Accounting Policies (cont'd)

2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

3. Seasonal or Cyclical Factors

Seasonal and cyclical factors do not have any material impact on the Group's business operations.

4. Unusual and Extraordinary Items

There were no unusual and extraordinary items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2012.

5. Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current interim results.

6. Issuance and Repayment of Debts and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the quarter ended 31 March 2012.

7. Dividends

No interim ordinary dividend has been declared for the financial period ended 31 March 2012 (31 March 2011: Nil).

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PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

8. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2012 including business combination, acquisition or disposal of subsidiary and long-term investment, restructuring and discontinuing operation.

9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the current quarter ended 31 March 2012.

10. Contingencies

As at 31 March 2012, the Company has given corporate guarantees amounting to approximately RM348.4 million to licensed financial institutions for facilities granted to subsidiary companies. Arising from this, the Company is contingently liable for the amount utilised by its subsidiary companies of approximately RM59.4 million.

Apart from the material litigation disclosed under Note 28, there were no other contingencies since 31 December 2011.

11. Commitments

	31 March 2012 RM'000	31 December 2011 RM'000
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	11,400	-
Approved but not contracted for:		
- Property, plant and equipment	13,425	-
	24,825	-

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

	Integrated Brownfield, Maintenance and Engineering Services		Onshore Civil Engineering Services		Marine Offshore Support Services		Design, Fabrication, Supply And Installation Services		Investment Holding		Adjustments and eliminations		Group	
	31 March 2012	31 March 2011 (restated)	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011 (restated)
Revenue (RM'000)														
External customers	109,510	95,066	-	1,981	14,985	26,940	6,757	8,337	-	-	-	-	131,252	132,324
Inter-segment	22,693	18,654	-	-	-	-	1,552	3,757	840	840	(25,085)	(23,251)	-	-
Total revenue	132,203	113,720	-	1,981	14,985	26,940	8,309	12,094	840	840	(25,085)	(23,251)	131,252	132,324
Results (RM'000)														
Segment results	8,327	12,884	5,771	76	468	1,630	525	(491)	177	(1,429)	(2,291)	841	12,977	13,511
Finance costs	(5,206)	(3,940)	(32)	(76)	(345)	-	(166)	(18)	-	-	2,484	-	(3,265)	(4,034)
Segment profit/(loss) before tax	3,121	8,944	5,739	-	123	1,630	359	(509)	177	(1,429)	193	841	9,712	9,477

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

Current quarter compared to the corresponding quarter of the preceding year (three-months)

For the current quarter under review, the Group recorded a turnover of RM131.3 million, a slight decrease by 0.8% as compared with RM132.3 million reported in the first quarter of the financial period ended 2011. Despite lower turnover, profit before taxation improved by 2.5% principally due to favourable contribution from Onshore Civil Engineering Services segment.

- Integrated Brown Field Maintenance and Engineering Services Segment

The increase in the turnover for the current quarter by 15.2% is largely due to the higher activities from the umbrella Hook-up, Construction and Commissioning (HuCC) contract with PETRONAS Carigali Sdn Bhd and the timing of completion of certain work orders.

The segment recorded lower profit before taxation from RM8.9 million to RM3.1 million due to expiry of contract for a rental arrangement and lower contribution from Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract with Sarawak & Sabah Shell Petroleum Co. Ltd..

- Onshore Civil Engineering Services Segment

There was no revenue contribution from Onshore Civil Engineering Services segment due to completion of Kumang Project in the third quarter of the last financial year.

Nevertheless, the segment reported profit before taxation of RM5.7 million arising from amicable resolutions of certain claims with suppliers which were previously provided for in the prior years' financial statements.

- Marine Offshore Support Services Segment

Marine Offshore Support Services segment revenue for the current quarter was lower by 44.4% from RM26.9 million in the quarter 1 of 2011 to RM14.9 million. The reduction was principally due to only 2 out of 4 vessels being utilised during the first quarter this year and the effect of revision in the daily charter hire rate for 2 vessels.

As a result, profit before taxation dropped by 92.5% as the segment incurred certain overheads despite recording lower revenue.

- Design, Fabrication, Supply and Installation Services Segment

Revenue contribution from Design, Fabrication, Supply and Installation Services segment decreased by 18.9% mainly due to lower order secured and performed this quarter as compared to the same quarter last year.

Despite the reduction in revenue, the segment recorded a higher profit before taxation due to lower legal and arbitration fees incurred this quarter of RM1 million with respect to the legal case with United Palm Oil Industry Public Co. Ltd (UPOIPC).

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Profit before tax

Included in the profit before tax are the following items:

	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 3 months ended</i>	
	31 March 2012	31 March 2011 (restated)	31 March 2012	31 March 2011 (restated)
	RM'000	RM'000	M'000	RM'000
Interest income	(228)	(188)	(288)	(188)
Interest expense	3,265	4,034	3,265	4,034
Rental income	-	1,789	-	1,789
Loss/(gain) on foreign exchange - realised	230	(96)	230	(96)
(Gain)/loss on foreign exchange - unrealised	(900)	274	(900)	274
Gain on disposal of property, plant and equipment	(2)	-	(2)	-
Depreciation of property, plant and equipment	6,601	6,886	6,601	6,886

Save as disclosed above, the other items required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

14. Income tax expense

	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 3 months ended</i>	
	31 March 2012	31 March 2011 (restated)	31 March 2012	31 March 2011 (restated)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	1,891	1,624	1,891	1,624
Deferred tax	779	1,017	779	1,017
	2,670	2,641	2,670	2,641

The effective tax rate for the current interim period and corresponding interim period were higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

15. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the parent of RM7,154,000 (2011: RM6,906,000) by the weighted average number of ordinary shares outstanding during the financial period of 214,500,000 (2011: 195,000,000). The Group has no potential ordinary shares in issue as at reporting date and therefore diluted earnings per share has not been presented.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Property, plant and equipment

Acquisitions and disposals

During the three months ended 31 March 2012, the Group acquired assets at a cost of RM775,000 (31 March 2011: RM1,216,000).

Assets with a carrying amount of RM36,000 were disposed by the Group during the three months ended 31 March 2012 (31 March 2011: RM Nil), resulting in a gain on disposal of RM2,000 (31 March 2011: RM Nil), recognised and included in other income in the statements of comprehensive income.

17. Cash and bank balances

	31 March 2012 RM'000	31 December 2011 RM'000
Short term deposits with licensed banks	38,446	51,170
Cash at banks and on hand	48,105	57,664
	86,551	108,834

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

	31 March 2012 RM'000	31 December 2011 RM'000
Cash and bank balances	86,551	108,834
Less: Bank overdrafts	-	(697)
Cash and cash equivalents	86,551	108,137
Less: Cash restricted in use		
- Debt Service Reserve Account	(19,784)	(19,165)
- Fixed deposits pledged for borrowing	(323)	(323)
Net cash and cash equivalents	66,444	88,649

18. Loans and borrowings

	31 March 2012 RM'000	31 December 2011 RM'000
All borrowings are denominated in Ringgit Malaysia except for obligations under finance lease, which is denominated in US Dollar ("USD")		
Short term borrowings		
Secured	102,639	97,639
Unsecured	4,526	2,810
Finance lease commitment - unsecured	57,670	15,768
	164,835	116,217
Long term borrowings		
Secured	45,888	55,798
Unsecured	-	-
Finance lease commitment - unsecured	-	47,311
	45,888	103,109
	210,723	219,326

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

19. Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 March 2012 and 31 March 2011:

	31 March 2012 RM'000	31 March 2011 RM'000
Rental of vessels and rendering of services from a related company of a Corporate Shareholder	13,781	25,202
Rental of buildings paid to parties related to Corporate Shareholders	92	77

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

20. Material Events After the Reporting Period

There was no material events subsequent to the end of the interim period reported which has not been reflected in the financial statements.

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

21. Performance review

Explanatory comment on the performance of each of the Group's business segments is provided in Note 12.

22. Comment on material change in profit before taxation for the quarter reported as compared with immediate preceding quarter

The Group registered a profit before taxation of RM9.7 million in the first quarter, 2012 as compared with profit before taxation of RM6.83 million (restated) recorded in the fourth quarter, 2011. The higher profit before taxation recorded in the current quarter is mainly due to recovery of costs previously provided in the prior years' financial statements for Kumang Project, arising from amicable resolutions of certain claims with suppliers.

(a) Prior period adjustments

As disclosed in the prior year's financial statements ended 31 December 2011 (Note 36 to the Financial Statements), the Group has accounted for the charter hire arrangement for a vessel under an operating lease arrangement instead of finance lease. The effect of the adjustments, had they been put through in the respective announced profit before taxation and profit after taxation in the individual quarters are as follows:

	Quarter 1 2011 RM'000	Quarter 2 2011 RM'000	Quarter 3 2011 RM'000	Quarter 4 2011 RM'000
Profit before taxation:				
As previously stated	6,502	6,365	(16,975)	12,181
Adjustments	2,975	3,480	(947)	(5,356)
As restated	9,477	9,845	(17,922)	6,825
	Quarter 1 2011 RM'000	Quarter 2 2011 RM'000	Quarter 3 2011 RM'000	Quarter 4 2011 RM'000
Profit after taxation:				
As previously stated	4,690	4,248	(13,681)	8,038
Adjustments	2,146	2,322	(761)	(3,694)
As restated	6,836	6,570	(14,442)	4,344

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

23. Commentary on prospects

The prospects for the Group are positive given the robust growth of the oil and gas industry. The huge capital investments channeled towards the industry, and in particular the upstream sector, will result in strong sustained growth (of the industry) for the next 10 years. This would create more new opportunities for the Group, going forward.

In line with this, we have established new business strategies that include business recovery initiatives and development programmes for the Group. The recovery initiatives are designed to enhance our performance and operational efficiencies and improve profitability.

The development programmes, on the other hand, would help strengthen our key assets, as well as enhance our core and support capabilities, without discounting the potential of Merger and Acquisition (“M&As”) and partnerships. The programme would also include unlocking existing revenue potential and optimising growth opportunities in the market segments – TMM, HuCC, Underwater Inspection Maintenance Repair (IMR) & Sub-sea services and Marginal Field Development.

The acquisition of the fabrication yard in Labuan and the Memorandum of Understanding (“MOU”) with Baker Hughes are part of our development strategies that serve as strong platforms for the Group to capitalize on emerging market opportunities.

24. Profit Forecast

No profit forecast or profit guarantee has been issued by the Group.

25. Corporate Proposals

Status of utilisation of proceeds from Private Placement

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation
Part finance a proposed acquisition of an accommodation work barge	17,405	-	By August 2012
Expenses related to the Private Placement	340	340	N/A
Total	17,745	340	

26. Derivative Financial Instruments

The Group did not enter into any derivatives during the period ended 31 March 2012 nor the previous financial year ended 31 December 2011.

27. Gains and Losses Arising from Fair Value Changes of Financial Liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2012 and 31 December 2011.

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

28. Changes in Material Litigations

- (a) *Kencana Bestwide Sdn. Bhd. ("KBW") - Writ of Summons and Statement of Claims for a total sum of RM1,071,899.*

Petra Fabricators Sdn. Bhd. ("PFSB") filed a Defence and Counter Claim for a sum of approximately RM2.0 million being the rectification cost incurred. The judge has decided to allow the KBW's claim and dismissed PFSB's counter claim with costs. PFSB then filed for a Stay of Execution with the High Court of Malaya, whereby the High Court has disallowed PFSB's application for a Stay of Execution. PFSB's filed an appeal with the Court of Appeal. PFSB's solicitor has constantly sending reminders to the Court of Appeal to get a hearing date. PFSB has paid the sum claim to KBW and has subsequently decided to withdraw the appeal.

- (b) *Frontken Malaysia Sdn. Bhd. ("Frontken") – Writ of Summons and Statement of Claims for a total sum of RM1,639,801 and sum of RM1,481,478.57 respectively served against Petra Resources Sdn Bhd ("PRSB").*

For Civil Suit No. 22NCVC-1133-10/2011, solicitors have entered consent order to pay a sum of RM1,639,801.00 together with RM50,000.00 by way of four (4) equal instalments commencing from 30 April 2012 to 31 July 2012 by way of post-dated cheques, which were released on 30 April 2012.

For Civil Suit No. 22NCVC-1132-10/2011, the Court has proceeded with Frontken's application for summary judgment and after having hearing the submission, granted order in terms of the application. Accordingly, on 30 March 2012, PRSB has made a settlement payment amounting to RM1,481,478.57.

- (c) *YM Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra – Writ of Summons and Statement of Claims for gratuity payment of RM891,000.00 and other compensation – in – kind in respect of his past service to Petra Energy Berhad group.*

On 2 May 2011, PEB announced that the above legal suit has been withdrawn without any order as to costs.

- (d) *United Palm Oil Industry Public Co. Ltd (UPOIPC)'s Request of Arbitration*

Petra Boilers Sdn. Bhd. (PBSB) has received a Request of Arbitration made on 1 December 2009 by UPOIPC, a Company incorporated under the Laws of Thailand. UPOIPC claimed that PBSB supplied a boiler which failed and was of out-of-service, and that PBSB failed to perform contractually obliged works pertaining to the boiler causing significant loss to UPOIPC. UPOIPC is claiming damages and penalty totaling USD11,258,335.00 together with interest, costs and such further or other relief as may be amended or added. On 25 August 2010, UPOIPC amended its Request for Arbitration increasing their claim to THB 712,780,664.33 (approximately USD21,582,481) together with additional continuing loss of profits, interest, costs and such further or other relief as may be amended or added. PBSB counter claimed for a sum of USD376,914.50 comprising of unpaid invoices for the balance of 30% of the Contract Price. The arbitral hearing was fixed on 21 to 27 May 2011, 2 to 6 July 2011 and 20 to 21 October 2011.

The Board of Directors has been advised by its solicitors that UPOIPC's claims were grossly inflated. The Contract limits PBSB's liability to 20% of the Contract Value of USD1,256,381.00 and excludes claims for loss of profits, loss of use, loss of production, loss of contract and any other indirect or consequential damage that may be suffered by UPOIPC as a result of a breach of contract by PBSB. In the arbitration session held on 8 March 2012 and pursuant to Article 24(2) of the Rules, the International Chamber of Commerce (ICC) International Court of Arbitration has extended the time limit for rendering the Final Award until 30 June 2012.

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

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

29. Dividend payable

There is no dividend proposed in respect of the current quarter ended 31 March 2012.

30. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group, into realised and unrealised earnings, is as follows:

	Current quarter ended RM'000	Previous financial year ended RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	245,956	227,183
- Unrealised	(40,959)	(31,514)
	204,997	195,669
Less: Consolidated adjustments	(3,204)	(1,030)
Retained earnings as per financial statements	201,793	194,639

31. Qualification of Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

32. Authorisation For Issue

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 15 May 2012.