



**PETRA ENERGY**

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED  
30 SEPTEMBER 2012**

**20 November 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 9 months ended</i>	
		<b>30 Sept 2012 Unaudited</b>	<b>30 Sept 2011 Unaudited (restated)</b>	<b>30 Sept 2012 Unaudited</b>	<b>30 Sept 2011 Unaudited (restated)</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>		159,846	158,591	463,659	432,695
Cost of sales		(135,463)	(151,279)	(377,565)	(368,379)
<b>Gross profit</b>		24,383	7,312	86,094	64,316
Other income		1,302	581	3,058	3,541
Administrative expenses		(18,603)	(21,837)	(52,695)	(54,422)
Finance costs		(3,370)	(3,978)	(10,050)	(12,035)
<b>Profit/(loss) before taxation</b>	13	3,712	(17,922)	26,407	1,400
Income tax expense	14	1,447	3,481	(5,142)	(2,435)
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the period		5,159	(14,441)	21,265	(1,035)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		5,097	(14,444)	21,354	(852)
Non-controlling interests		62	3	(89)	(183)
		5,159	(14,441)	21,265	(1,035)
<b>Earnings per share attributable to owners of the parent (sen per share)</b>					
Basic	15	2.38	(7.41)	9.96	(0.44)

*These condensed consolidated statements of comprehensive income 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 Financial Position**

	Note	30 September 2012 Unaudited RM'000	31 December 2011 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	426,824	425,475
Deferred tax assets		1,031	1,031
		427,855	426,506
<b>Current assets</b>			
Inventories		27,415	11,761
Trade and other receivables		160,331	177,670
Amount due from customers		86,170	68,917
Tax recoverable		6,049	6,572
Cash and bank balances	17	67,123	108,834
		347,088	373,754
<b>Total Assets</b>		774,943	800,260
<b>EQUITY AND LIABILITIES</b>			
Share capital		107,250	107,250
Share premium		69,880	69,880
Merger Reserve		(31,000)	(31,000)
Retained earnings		214,920	194,639
		361,050	340,769
Non-controlling interests		465	554
<b>Total equity</b>		361,515	341,323
<b>Non-current liabilities</b>			
Loans and borrowings	18	36,608	103,109
Hire purchase liabilities		13	27
Deferred taxation		34,497	30,037
		71,118	133,173
<b>Current liabilities</b>			
Loans and borrowings	18	173,868	116,217
Hire purchase liabilities		23	45
Trade and other payables		160,618	202,962
Provisions		643	643
Amount due to customers		3,033	2,308
Income tax payable		4,125	3,589
		342,310	325,764
<b>Total liabilities</b>		413,428	458,937
<b>Total equity and liabilities</b>		774,943	800,260
<b>Net assets per share of RM0.50 each</b>		<b>1.68</b>	<b>1.59</b>

*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-controlling interests	Total Equity
	← Non-distributable Share Capital RM'000	Share Premium RM'000	→ Merger Reserve RM'000	Distributable Retained Earnings RM'000			
<b>Financial Period Ended 30 September 2012</b>							
As at 1 January 2012	107,250	69,880	(31,000)	194,639	340,769	554	341,323
Final dividend for the year ended 31 December 2011	-	-	-	(1,073)	(1,073)	-	(1,073)
Total comprehensive income/(loss) for the period	-	-	-	21,354	21,354	(89)	21,265
<b>Balance as at 30 September 2012</b>	<b>107,250</b>	<b>69,880</b>	<b>(31,000)</b>	<b>214,920</b>	<b>361,050</b>	<b>465</b>	<b>361,515</b>
<b>Financial Period Ended 30 September 2011</b>							
As at 1 January 2011 (restated)	97,500	62,062	(31,000)	192,080	320,642	780	321,422
<b>Total comprehensive income</b>							
As previously stated	-	-	-	(4,559)	(4,559)	(183)	(4,742)
Final dividend for the year ended 31 December 2010	-	-	-	(975)	(975)	-	(975)
Prior period adjustments (Note 22(a))	-	-	-	3,707	3,707	-	3,707
<b>As restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,827)</b>	<b>(1,827)</b>	<b>(183)</b>	<b>(2,010)</b>
<b>Balance as at 30 September 2011 (restated)</b>	<b>97,500</b>	<b>62,062</b>	<b>(31,000)</b>	<b>190,253</b>	<b>318,815</b>	<b>597</b>	<b>319,412</b>

*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>9 months ended</i>	
	<b>30 Sept 2012</b>	<b>30 Sept 2011</b>
	<b>Unaudited RM'000</b>	<b>Unaudited RM'000 (restated)</b>
<b>Operating Activities</b>		
Profit before tax	26,407	1,400
Adjustments for:		
Interest income	(591)	(587)
Finance costs	10,050	12,035
Unrealised foreign exchange (gain)/loss	(1,260)	2,310
Depreciation of property, plant and equipment	19,811	20,443
Loss/(gain) on disposal of property, plant and equipment	68	(33)
Recovery of bad debts previously written off	-	(174)
Total adjustments	28,078	33,994
Operating cash flows before changes in working capital	54,485	35,394
Changes in working capital		
Inventories	(15,654)	(4,744)
Trade and other receivables	1,344	2,505
Trade and other payables	(40,429)	46,417
Total changes in working capital	(54,739)	44,178
Cash flows (used in)/generated from operations	(254)	79,572
Income taxes paid	(812)	(2,215)
Net cash flows (used in)/generated from operating activities	(1,066)	77,357
<b>Investing activities</b>		
Purchase of property, plant and equipment	(21,262)	(4,390)
Proceeds from disposal of property, plant and equipment	34	158
Interest received	591	587
Net cash flows used in investing activities	(20,637)	(3,645)
<b>Financing activities</b>		
Dividends paid on ordinary shares	(1,073)	(974)
Drawdown/(repayment) of borrowings	1,048	(38,528)
Repayment of obligations under finance lease	(9,201)	(10,353)
Repayment of obligations under hire purchase	(35)	(60)
Interest paid	(10,050)	(12,035)
Net cash flows used in financing activities	(19,311)	(61,950)
Net changes in cash and cash equivalents	(41,014)	11,762
Net changes in cash restricted in use	(9,785)	5,005
Cash and cash equivalents at 1 January	88,649	50,035
Cash and cash equivalents at 30 September (Note 17)	37,850	66,802

*These condensed consolidated statements of cash flows 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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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

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

These condensed consolidated interim financial statements 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 and hence 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 (cont'd)**

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective for annual periods beginning on or after</b>
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 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 except for severe weather conditions.

**4. Unusual and Extraordinary Items**

There were no unusual and extraordinary items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 September 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 30 September 2012.

**7. Dividends**

No interim ordinary dividend has been declared for the financial period ended 30 September 2012 (30 September 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 30 September 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 30 September 2012.

**10. Contingencies**

As at 30 September 2012, the Company has given corporate guarantees amounting to approximately RM390.6 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 RM244.7 million.

**11. Commitments**

	<b>30 September 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted for:		
- Property, plant and equipment	1,700	-
Approved but not contracted for:		
- Property, plant and equipment	9,700	-
	<b>11,400</b>	<b>-</b>



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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**12. Segment Information**

**(i) Current Quarter Ended 30 September 2012 (3 months)**

	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	
	30 Sept 2012	30 Sept 2011 (restated)	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011 (restated)
<b>Revenue (RM'000)</b>														
External customers	127,364	119,989	-	12,270	19,816	21,370	12,666	4,962	-	-	-	-	159,846	158,591
Inter-segment	22,285	18,537	-	-	-	-	1,791	3,244	840	840	(24,916)	(22,621)	-	-
Total revenue	149,649	138,526	-	12,270	19,816	21,370	14,457	8,206	840	840	(24,916)	(22,621)	159,846	158,591
<b>Results (RM'000)</b>														
Segment results	9,347	14,081	1,953	(27,592)	(912)	2,372	(2,094)	(2,918)	388	(737)	(1,600)	850	7,082	(13,944)
Finance costs	(6,005)	(3,938)	-	(96)	(250)	(28)	(179)	(56)	-	-	3,064	140	(3,370)	(3,978)
Segment profit/(loss) before tax	3,342	10,143	1,953	(27,688)	(1,162)	2,344	(2,273)	(2,974)	388	(737)	1,464	990	3,712	(17,922)

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

12. Segment Information (cont'd)

(ii) Current Year-to-date Ended 30 September 2012 (9 months)

	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	
	30 Sept 2012	30 Sept 2011 (restated)	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011 (restated)
<b>Revenue (RM'000)</b>														
External customers	378,697	310,523	-	20,472	55,052	75,712	29,910	25,988	-	-	-	-	463,659	432,695
Inter-segment	66,543	62,682	-	-	-	-	5,071	8,255	12,520	2,520	(84,134)	(73,457)	-	-
Total revenue	445,240	373,205	-	20,472	55,052	75,712	34,981	34,243	12,520	2,520	(84,134)	(73,457)	463,659	432,695
<b>Results (RM'000)</b>														
Segment results	39,990	47,449	8,519	(27,411)	72	4,196	(2,833)	(6,481)	8,760	(4,571)	(18,051)	253	36,457	13,435
Finance costs	(17,012)	(11,687)	(33)	(278)	(847)	(40)	(614)	(86)	-	-	8,456	56	(10,050)	(12,035)
Segment profit/(loss) before tax	22,978	35,762	8,486	(27,689)	(775)	4,156	(3,447)	(6,567)	8,760	(4,571)	(9,595)	309	26,407	1,400

**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 revenue of RM159.8 million, a slight increase by 0.8% as compared to RM158.6 million reported in the third quarter of the financial period ended 2011. Correspondingly, the Group recorded profit before taxation of RM3.7 million as compared to loss of RM17.9 million in the previous financial quarter which was mainly due to additional losses recorded for Kumang Project from Onshore Civil Engineering Services.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current quarter has increased by RM7.4 million or 6.1% due to the higher activities from the umbrella Hook-up, Construction and Commissioning (HuCC) contract with PETRONAS Carigali Sdn Bhd.

The segment recorded lower profit before taxation from RM10.1 million to RM3.3 million mainly due to lower contribution from Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract with Sarawak Shell Berhad & Sabah Shell Petroleum Co. Ltd.

- Onshore Civil Engineering Services Segment

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

Nevertheless, the segment reported profit before taxation of RM1.9 million arising from amicable resolution of certain claims with suppliers which were previously provided for in the prior years' financial statements.

- Marine Offshore Support Services Segment

The segment revenue for current quarter decreased marginally by RM1.5 million or 7.3% principally due to lower utilisation rate for 3 out of 4 vessels as compared to full utilisation of all 4 vessels during last year third quarter. In addition, there was a downward revision in the daily charter hire rate for 2 vessels. As a result, the segment recorded lower profit before taxation from RM2.3 million to loss of RM1.2 million.

- Design, Fabrication, Supply and Installation Services Segment

The segment revenue for current quarter has increased by RM7.7 million or 155.2% as compared to corresponding quarter in the preceding year. This is mainly due to commencement of activities for orders secured under Fabrication services during the current quarter.

Despite the increase in revenue, the segment recorded a loss before taxation for the current quarter primarily due to lower work orders secured, high overhead cost and settlement of final claims of RM1.1 million with respect to the legal case with United Palm Oil Industry Public Co. Ltd (UPOIPC) in Boilers division.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**12. Segment Information (cont'd)**

***Current financial period compared to last financial period (nine-months)***

For the current financial period under review, the Group recorded a turnover of RM463.6 million, an increase by 7.2% as compared with RM432.7 million reported in the third quarter of the financial period ended 2011. Correspondingly, the Group recorded profit before taxation of RM26.4 million, as compared to RM1.4 million in the previous financial period which was mainly due to additional losses recorded for Kumang Project from Onshore Civil Engineering Services.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current financial period has increased by RM68.2 million or 21.9% largely due to the higher activities from the umbrella Hook-up, Construction and Commissioning (HuCC) contract with PETRONAS Carigali Sdn Bhd and timely completion of certain work orders.

The segment recorded lower profit before taxation from RM35.8 million to RM22.9 million mainly due to lower contribution from Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract with Sarawak Shell Berhad & 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 last financial year.

Nevertheless, the segment reported profit before taxation of RM8.5 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

The segment revenue for current period has decreased by RM20.7 million or 27.3% as compared to corresponding period in the preceding year. The decrease in revenue was principally due to lower utilisation of vessels during the financial period and the effect of downward revision in the daily charter hire rate for 2 vessels. As a result, profit before taxation also reduced accordingly.

- Design, Fabrication, Supply and Installation Services Segment

The revenue segment for current period has increased by RM3.9 million or 15.1% as compared to corresponding period in the preceding year, mainly due to commencement of activities for orders secured under Fabrication services during the financial period.

The segment recorded a lower loss before taxation mainly due to higher legal and arbitration fees incurred of RM2.8 million and settlement of final claims of RM1.1 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/(loss) before tax**

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

	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 9 months ended</i>	
	<b>30 Sept 2012</b>	<b>30 Sept 2011 (restated)</b>	<b>30 Sept 2012</b>	<b>30 Sept 2011 (restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>M'000</b>	<b>RM'000</b>
Interest income	(186)	(131)	(591)	(587)
Interest expense	3,370	3,978	10,050	12,035
Rental income	-	-	-	1,789
(Gain)/loss on foreign exchange – unrealised	(636)	3,683	(1,260)	2,310
Loss/(gain) on disposal of property, plant and equipment	62	-	68	(33)
Depreciation of property, plant and Equipment	6,085	6,817	19,811	20,443

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 9 months ended</i>	
	<b>30 Sept 2012</b>	<b>30 Sept 2011 (restated)</b>	<b>30 Sept 2012</b>	<b>30 Sept 2011 (restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian income tax	(2,829)	(4,572)	1,256	865
Deferred tax	1,382	1,091	3,886	1,570
	<b>(1,447)</b>	<b>(3,481)</b>	<b>5,142</b>	<b>2,435</b>

The effective tax rate for the current interim period and corresponding interim period were lower than the statutory tax rate principally due to utilization of unabsorbed capital allowances in subsidiary companies.

**15. Earnings per share**

Basic earnings per share are calculated by dividing profit/(loss) for the period, net of tax, attributable to owners of the parent of RM21,354,000 (2011: loss of RM852,000) 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 nine months ended 30 September 2012, the Group acquired assets at a cost of RM21,262,000 (30 September 2011: RM4,390,000).

Assets with a carrying amount of RM53,000 were disposed by the Group during the nine months ended 30 September 2012 (30 September 2011: RM62,000), resulting in a loss on disposal of RM68,000 (30 September 2011: Gain of RM33,000), recognised and included in administrative expenses/other income in the statements of comprehensive income.

**17. Cash and bank balances**

	<b>30 September 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
Short term deposits with licensed banks	48,167	51,170
Cash at banks and on hand	18,956	57,664
	<b>67,123</b>	<b>108,834</b>

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

	<b>30 September 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
Cash and bank balances	67,123	108,834
Less: Bank overdrafts	-	(697)
Cash and cash equivalents	67,123	108,137
Less: Cash restricted in use		
- Debt Service Reserve Account	(28,950)	(19,165)
- Fixed deposits pledged for borrowing	(323)	(323)
Net cash and cash equivalents	<b>37,850</b>	<b>88,649</b>

**18. Loans and borrowings**

	<b>30 September 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
All borrowings are denominated in Ringgit Malaysia except for obligations under finance lease, which is denominated in US Dollar ("USD")		
<b>Short term borrowings</b>		
Secured	110,404	97,639
Unsecured	9,586	2,810
Finance lease commitment - unsecured	53,878	15,768
	<b>173,868</b>	<b>116,217</b>
<b>Long term borrowings</b>		
Secured	36,608	55,798
Unsecured	-	-
Finance lease commitment - unsecured	-	47,311
	<b>36,608</b>	<b>103,109</b>
	<b>210,476</b>	<b>219,326</b>

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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 30 September 2012 and 30 September 2011:

	<b>30 Sept 2012</b> <b>RM'000</b>	<b>30 Sept 2011</b> <b>RM'000</b>
Rental of vessels and rendering of services from a related company of a Corporate Shareholder	15,004	23,740
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.

On 3 September 2012, the Corporate Shareholder of a related company has ceased to be substantial shareholder of the Company and subsequently all transactions relating thereto are no longer deemed as Related Party Transactions.

**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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**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 RM3.7 million in the third quarter, 2012 as compared to profit before taxation of RM12.9 million recorded in the second quarter, 2012. The lower profit before taxation recorded in the current quarter is mainly due to lower contribution from Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract with Sarawak Shell Berhad & Sabah Shell Petroleum Co. Ltd and higher repair and maintenance cost incurred for the vessels as well as offshore equipment tools.

**(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
<b>Profit before taxation:</b>				
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
<b>Profit after taxation:</b>				
As previously stated	4,690	4,248	(13,680)	8,038
Adjustments	2,146	2,322	(761)	(3,695)
As restated	6,836	6,570	(14,441)	4,343



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**23. Commentary on prospects**

The oil and gas industry is slated for sustained growth over the next 10 years in both the offshore and onshore sectors. The Government's focus on the domestic oil and gas production by enhancing oil recovery, developing small fields and increasing exploration activities to locate new fields are one of the key growth areas that would positively impact Petra Energy Group, moving forward.

Whilst maintaining its focus on integrated brown field services activities, the Group continuously enhances its capabilities to expand into relevant market sectors.

**24. Profit Forecast**

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

**25. Corporate Proposals**

**a) Status of corporate proposals announced but not completed**

Save as disclosed below, there are no corporate proposals that were announced but not completed within 7 days from the date of issue of this quarterly report.

On 20 September 2012, Petra Energy Berhad ("PEB" or "Company") announced that it had entered into the following agreements on 19 September 2012:

- (i) a conditional share subscription agreement ("Share Subscription Agreement") entered into between Coastal Energy KBM Sdn Bhd ("CEKSB") and Petra Energy Development Sdn Bhd (formerly known as Petra AWT Sdn Bhd) ("PED"), a wholly-owned subsidiary of PEB, for shares in CEKSB; and
- (ii) a conditional composite shareholders and contractors operating agreement ("Shareholders' Agreement") in relation to CEKSB, entered into between CEKSB, PEB, PED and CEC International Ltd ("CECI").

Under the Shareholders' Agreement, PEB, PED and CECI have agreed that CEKSB has been incorporated for the purpose of carrying out the obligations under the Small Field Risk Service Contract in respect of the development and production of petroleum from the Kapal, Banang and Meranti Cluster Fields in offshore Terengganu, Malaysia.

Pursuant to the terms of the Share Subscription Agreement, PED has agreed to subscribe for 6,000,000 ordinary shares of RM1.00 each in CEKSB, which is intended to amount to 30% of the enlarged issued share capital of CEKSB ("Proposed Share Subscription"). Other sources of financing for CEKSB can be provided proportionately by PEB and such obligations are deemed to be financial assistance (Proposed Provision of Financial Assistance).

PEB would be required to obtain the approval of its shareholders in an extraordinary general meeting to be convened for the proposed diversification into the development and production of petroleum from the KBM Cluster Fields ("Proposed Diversification").

Maybank Investment Bank Berhad ("Maybank IB") is the Principal Adviser for the Proposed Share Subscription, Shareholders' Agreement, Proposed Provision of Financial Assistance and Proposed Diversification ("Proposals").

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**25. Corporate Proposals (cont'd)**

**a) Status of corporate proposals announced but not completed (cont'd)**

On 19 November 2012, Maybank IB announced, on behalf of the Board of Directors of PEB, that following CEKSB's letters to PETRONAS dated 16 October 2012 and 23 October 2012, PETRONAS has approved the extension of time to fulfill the conditions precedent of the Share Subscription Agreement up to the week of 17 December 2012.

The draft circular to the shareholders for the Proposals is pending the approval of Bursa Malaysia Securities Berhad.

**b) Status of utilisation of proceeds from Private Placement**

<b>Purpose</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Intended Timeframe for Utilisation</b>
Part finance a proposed acquisition of an accommodation work barge	17,405	-	By February 2013
Expenses related to the Private Placement	340	340	N/A
Total	17,745	340	

**26. Derivative Financial Instruments**

There were no derivative financial instruments for the current period ended 30 September 2012.

**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 30 September 2012.

**28. Changes in Material Litigations**

As at 20 November 2012, there was no material litigation against the Group.

**29. Dividend payable**

There is no dividend proposed in respect of the current quarter ended 30 September 2012.

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**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:

	<b>Current Period Ended RM'000</b>	<b>Previous financial year ended RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	249,189	227,183
- Unrealised	(34,269)	(31,514)
	214,920	195,669
Less: Consolidated adjustments	-	(1,030)
Retained earnings as per financial statements	214,920	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 20 November 2012.