



PETRA ENERGY

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND
FINANCIAL YEAR ENDED 31 DECEMBER 2012**

25 FEBRUARY 2013

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter</i>		<i>Cumulative quarter</i>	
		<i>3 months ended</i>		<i>12 months ended</i>	
		31 Dec 2012 Unaudited RM'000	31 Dec 2011 Audited RM'000	31 Dec 2012 Unaudited RM'000	31 Dec 2011 Audited RM'000
Revenue		191,232	217,708	654,891	650,403
Cost of sales		(178,959)	(195,683)	(556,524)	(564,062)
Gross profit		12,273	22,025	98,367	86,341
Other income		1,212	110	4,270	3,651
Administrative expenses		(20,185)	(11,273)	(72,880)	(65,695)
Finance costs		(3,890)	(4,037)	(13,940)	(16,072)
Profit/(loss) before taxation	13	(10,590)	6,825	15,817	8,225
Income tax expense	14	(3,271)	(2,481)	(8,413)	(4,917)
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the period		(13,861)	4,344	7,404	3,308
Total comprehensive income/(loss) attributable to:					
Owners of the parent		(13,914)	4,338	7,440	3,485
Non-controlling interests		53	6	(36)	(177)
		(13,861)	4,344	7,404	3,308
Earnings per share attributable to owners of the parent (sen per share)					
Basic	15	(6.49)	2.19	3.47	1.76

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	31 December 2012 Unaudited RM'000	31 December 2011 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	424,634	425,475
Deferred tax assets		-	1,031
		424,634	426,506
Current assets			
Inventories		9,287	11,761
Trade and other receivables		178,133	177,670
Amount due from customers		93,581	68,917
Tax recoverable		10,272	6,572
Cash and bank balances	17	100,702	108,834
		391,975	373,754
Total Assets		816,609	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		201,006	194,639
		347,136	340,769
Non-controlling interests		518	554
Total equity		347,654	341,323
Non-current liabilities			
Loans and borrowings	18	9,792	103,109
Hire purchase liabilities		11	27
Deferred taxation		38,650	30,037
		48,453	133,173
Current liabilities			
Loans and borrowings	18	181,993	116,217
Hire purchase liabilities		15	45
Trade and other payables		229,358	202,962
Provisions		223	643
Amount due to customers		5,128	2,308
Income tax payable		3,785	3,589
		420,502	325,764
Total liabilities		468,955	458,937
Total equity and liabilities		816,609	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-controlling interests	Total Equity
	← Non-distributable Share Capital RM'000	Share Premium RM'000	→ Merger Reserve RM'000	Distributable Retained Earnings RM'000			
Financial Year Ended 31 December 2012							
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 for the year	-	-	-	7,440	7,440	(36)	7,404
Balance as at 31 December 2012	107,250	69,880	(31,000)	201,006	347,136	518	347,654
Financial Year Ended 31 December 2011							
As at 1 January 2011	97,500	62,062	(31,000)	192,080	320,642	780	321,422
Total comprehensive income							
As previously stated	-	-	-	3,485	3,485	3,485	6,970
Final dividend for the year ended 31 December 2010	-	-	-	(975)	(975)	-	(975)
Issuance of shares during the year	9,750	7,818	-	-	17,568	-	17,568
Acquisition of non-controlling interest	-	-	-	49	49	(49)	-
As restated	9,750	7,818	-	2,559	20,127	3,436	23,563
Balance as at 31 December 2011	107,250	69,880	(31,000)	194,639	340,769	4,216	344,985

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>12 months ended</i>	
	31 Dec 2012	31 Dec 2011
	Unaudited	Audited
	RM'000	RM'000
Operating Activities		
Profit before tax	15,817	8,225
Adjustments for:		
Interest income	(894)	(807)
Finance costs	13,940	16,072
Unrealised foreign exchange (gain)/loss	(1,403)	2,422
Depreciation of property, plant and equipment	27,478	25,627
Gain on disposal of property, plant and equipment	(33)	(33)
Recovery of bad debts previously written off	-	(517)
Reversal of impairment on trade receivables	-	(465)
Impairment on trade receivables	-	263
(Reversal)/provision for liquidated ascertained damages	(420)	643
Total adjustments	38,668	43,205
Operating cash flows before changes in working capital	54,485	51,430
Changes in working capital		
Inventories	2,474	(1,161)
Trade and other receivables	(22,694)	26,948
Trade and other payables	29,165	36,196
Total changes in working capital	8,945	61,983
Cash flows generated from operations	63,430	113,413
Income taxes paid	(3,141)	(2,765)
Net cash flows generated from operating activities	60,289	110,648
Investing activities		
Purchase of property, plant and equipment	(26,804)	(5,259)
Proceeds from disposal of property, plant and equipment	87	95
Acquisition of non-controlling interest	-	(49)
Interest received	894	807
Net cash flows used in investing activities	(25,823)	(4,406)
Financing activities		
Dividends paid on ordinary shares	(1,073)	(975)
Repayment of bank borrowings, net	(12,277)	(45,538)
Proceeds from issuance of shares	-	17,568
Repayment of obligations under finance lease	(14,566)	(13,828)
Repayment of obligations under hire purchase	(46)	(70)
Interest paid	(13,940)	(16,072)
Net cash flows used in financing activities	(41,902)	(58,915)
Net changes in cash and cash equivalents	(7,436)	47,327
Net changes in cash restricted in use	(11,436)	(8,713)
Cash and cash equivalents at 1 January	88,649	50,035
Cash and cash equivalents at 31 December (Note 17)	69,777	88,649

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 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)

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 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 31 December 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 December 2012.

7. Dividends

A final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2011, of 0.5 sen per ordinary share of RM0.50 each on 214,500,000 ordinary shares amounting to RM1,072,500 was paid on 13 July 2012.

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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 December 2012 including business combination, acquisition or disposal of subsidiary and long-term investment, restructuring and discontinuing operation.

On 22 January 2013 and 29 January 2013, the Company had announced among others, that Petra Energy Development Sdn Bhd, a wholly-owned subsidiary of the Company has subscribed 6,000,000 ordinary share of RM1.00 each in Coastal Energy KBM Sdn Bhd ("CEKSB") which is equivalent to 30% of the enlarged equity interest in CEKSB. With the completion of the share subscription, CEKSB has become an associate company of the Group. The status of the corporate proposal is further disclosed in Note 25(a).

9. Valuation of Property, Plant and Equipment

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

10. Contingencies

As at 31 December 2012, the Company has given corporate guarantees amounting to approximately RM384.3 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 RM167.2 million.

Save as disclosed above, there were no other contingencies during the quarter ended 31 December 2012.

11. Commitments

	31 December 2012 RM'000
Capital expenditure	
Approved and contracted for:	
- Property, plant and equipment	1,459
Approved but not contracted for:	
- Property, plant and equipment	8,464
	9,923

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

(i) Current Quarter Ended 31 December 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	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Revenue (RM'000)														
External customers	172,475	184,591	-	(40)	11,682	23,395	7,075	9,762	-	-	-	-	191,232	217,708
Inter-segment	23,977	23,854	-	-	-	-	3,678	902	840	840	(28,495)	(25,596)	-	-
Total revenue	196,452	208,445	-	(40)	11,682	23,395	10,753	10,664	840	840	(28,495)	(25,596)	191,232	217,708
Results (RM'000)														
Segment results	1,697	17,988	(580)	108	1,180	(2,019)	(3,999)	(2,642)	(2,077)	8,390	(2,921)	(10,963)	(6,700)	10,862
Finance costs	(6,836)	(13,953)	-	(107)	(168)	37	(193)	(490)	-	-	3,307	10,476	(3,890)	(4,037)
Segment profit/(loss) before tax	(5,139)	4,035	(580)	1	1,012	(1,982)	(4,192)	(3,132)	(2,077)	8,390	386	(487)	(10,590)	6,825

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

(ii) Current Year-to-date Ended 31 December 2012 (12 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	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Revenue (RM'000)														
External customers	551,172	495,114	-	20,432	66,734	99,107	36,985	35,750	-	-	-	-	654,891	650,403
Inter-segment	90,520	86,536	-	-	-	-	8,749	9,157	13,360	3,360	(112,629)	(99,053)	-	-
Total revenue	641,692	581,650	-	20,432	66,734	99,107	45,734	44,907	13,360	3,360	(112,629)	(99,053)	654,891	650,403
Results (RM'000)														
Segment results	41,687	65,437	7,939	(27,303)	1,252	2,177	(6,832)	(9,123)	6,683	3,819	(20,972)	(10,710)	29,757	24,297
Finance costs	(23,848)	(25,640)	(33)	(385)	(1,015)	(3)	(807)	(576)	-	-	11,763	10,532	(13,940)	(16,072)
Segment profit/(loss) before tax	17,839	39,797	7,906	(27,688)	237	2,174	(7,639)	(9,699)	6,683	3,819	(9,209)	(178)	15,817	8,225

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 RM191.2 million, a decrease of 12.2% compared to RM217.7 million reported in the corresponding quarter of the preceding year. Correspondingly, the Group recorded loss before taxation of RM10.6 million as compared to profit before taxation of RM6.8 million in the preceding year's corresponding quarter, mainly due to lower contribution from Integrated Brown Field Maintenance and Engineering Services Segment.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current quarter decreased by RM12.1 million or 6.6% following the completion of contracts for ERB West Development and SKO rejuvenation projects with PETRONAS Carigali Sdn Bhd.

The segment recorded loss before taxation of RM5.1 million as compared to profit before taxation of RM4.0 million in the preceding year's corresponding quarter 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 marine vessels assets as well as offshore equipment tools primarily in line with the high utilization of vessels in 2011 and 2012.

- Onshore Civil Engineering Services Segment

There was no revenue contribution from Onshore Civil Engineering Services segment following completion of Kumang Project in the preceding year's third quarter. The loss before taxation of RM0.6 million was mainly due to additional costs incurred upon settlement of contracts.

- Marine Offshore Support Services Segment

The segment revenue for the current quarter decreased by RM11.7 million or 50.1% following the expiry of charter contracts for two vessels.

Notwithstanding the lower revenue, the segment profit before taxation improved by 151% from loss of RM2.0 million in the preceding year's corresponding quarter compared to profit of RM1.0 million primarily attributed to lower overhead cost incurred during the current quarter.

- Design, Fabrication, Supply and Installation Services Segment

The segment revenue for the current quarter decreased by RM2.7 million or 27.5% mainly due to lower orders secured and activities performed for Fabrication division during the current quarter.

The segment recorded higher loss before taxation for the current quarter primarily due to the back charge cost of RM2.9 million arising from the settlement of final claims from FELDA project.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

Current financial year compared to last financial year (twelve-months)

For the current financial year under review, the Group recorded a turnover of RM654.9 million, an increase of 0.7% as compared with RM650.4 million reported in the preceding financial year. Despite of lower contribution from Integrated Brown Field Maintenance and Engineering Services Segment, the Group recorded higher profit before taxation of RM15.8 million as compared to RM8.2 million in the preceding financial year, mainly due to reversal of prior year provision for liability no longer required due to amicable resolutions attained with suppliers from Onshore Civil Engineering.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current financial year increased by RM56.1 million or 11.3% mainly due to higher activities from the Hook-up, Construction and Commissioning (HuCC) contract with PETRONAS Carigali Sdn Bhd as well as timely completion of certain work orders.

Nevertheless, the segment recorded lower profit before taxation from RM39.8 million to RM17.8 million, down by 55.2% 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 resulting from higher wage costs as well as higher repair and maintenance cost incurred for marine vessels assets and offshore equipment tools primarily in line with the high utilization of vessels in 2011 and 2012.

- Onshore Civil Engineering Services Segment

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

Nevertheless, the segment recorded profit before taxation of RM7.9 million arising from amicable resolutions of certain claims with suppliers which had been provided for in the preceding year's financial statements.

- Marine Offshore Support Services Segment

The segment revenue for the current financial year decreased by RM32.4 million or 32.7% mainly due to lower utilization of vessels during the first quarter of the current financial year, reduction in daily charter hire rate and expiry of charter contracts for 2 vessels. As a result, profit before taxation also reduced accordingly.

- Design, Fabrication, Supply and Installation Services Segment

The revenue segment for the current financial year increased by RM1.2 million or 3.5% as compared to the preceding financial year mainly due to higher orders secured and performed under Fabrication services.

Despite the increase in revenue, the segment continued to record loss before taxation of RM7.6 million for the current financial year 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) as well as back charge cost of RM2.9 million arising from the settlement of final claims from FELDA project .

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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 12 months ended</i>	
	31 Dec 2012	31 Dec 2011 (restated)	31 Dec 2012	31 Dec 2011 (restated)
	RM'000	RM'000	M'000	RM'000
Interest income	(303)	(220)	(894)	(807)
Interest expense	3,890	4,037	13,940	16,072
Rental income	-	-	-	1,789
(Gain)/loss on foreign exchange – unrealised	(143)	112	(1,403)	2,422
Gain on disposal of property, plant and equipment	(101)	-	(33)	(33)
Depreciation of property, plant and Equipment	7,667	5,184	27,478	25,627

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 12 months ended</i>	
	31 Dec 2012	31 Dec 2011 (restated)	31 Dec 2012	31 Dec 2011 (restated)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(2,234)	3,617	(978)	4,483
Deferred tax	5,505	(1,136)	9,391	434
	3,271	2,481	8,413	4,917

The income tax rate for the current quarter and financial year was lower than the statutory tax rate mainly due to the utilization of unabsorbed capital allowance and group relief incentive on losses incurred by a subsidiary as well as overprovision of tax in prior year. Whilst, the effective tax rate was higher than the statutory tax rate mainly due to the deferred tax effect arising from the temporary differences between the carrying amounts of certain marine assets against the corresponding tax bases.

15. Earnings per share

Basic earnings per share are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent of RM7,440,000 (2011: loss of RM3,485,000) by the weighted average number of ordinary shares outstanding during the financial year of 214,500,000 (2011: 198,472,603). 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 twelve months ended 31 December 2012, the Group acquired assets at a cost of RM26,804,000 (31 December 2011: RM5,259,000).

Assets with a carrying amount of RM54,000 were disposed by the Group during the twelve months ended 31 December 2012 (31 December 2011: RM62,000), resulting in a gain on disposal of RM33,000 (31 December 2011: Gain of RM33,000), recognised and included in administrative expenses/other income in the statements of comprehensive income.

17. Cash and bank balances

	31 December 2012 RM'000	31 December 2011 RM'000
Short term deposits with licensed banks	51,949	51,170
Cash at banks and on hand	48,753	57,664
	100,702	108,834

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

	31 December 2012 RM'000	31 December 2011 RM'000
Cash and bank balances	100,702	108,834
Less: Bank overdrafts	-	(697)
Cash and cash equivalents	100,702	108,137
Less: Cash restricted in use		
- Debt Service Reserve Account	(30,602)	(19,165)
- Fixed deposits pledged for borrowing	(323)	(323)
Net cash and cash equivalents	69,777	88,649

18. Loans and borrowings

	31 December 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	123,772	97,639
Unsecured	9,708	2,810
Finance lease commitment – unsecured	48,513	15,768
	181,993	116,217
Long term borrowings		
Secured	9,792	55,798
Unsecured	-	-
Finance lease commitment – unsecured	-	47,311
	9,792	103,109

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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 December 2012 and 31 December 2011:

	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Rental of vessels and rendering of services from a related company of a Corporate Shareholder	9,307	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 31 December 2012 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 recorded loss before taxation of RM10.6 million in the fourth quarter, 2012 as compared to profit before taxation of RM3.7 million in the third quarter, 2012. The loss before taxation recorded in the current quarter was mainly due to lower margin contribution from the Integrated Brownfield Maintenance and Engineering Services segment by RM9.2 million primarily as a result of Hook-Up and Commissioning activities at Kanowit oil field and additional marine vessel charter hire cost upon final resolution of claims with vessel owner. For the Onshore Civil Engineering Services segment, the on-going cost recovery exercise for the Kumang cluster project has resulted in a write back of RM2.0 million in the immediate preceding quarter whilst no recovery was attained in the current quarter. Additionally, there was also a back charge cost of RM2.9 million incurred following the final settlement of claims with FELDA from Design, Fabrication, Supply and Installation Services segment.

(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	(13,680)	8,038
Adjustments	2,146	2,322	(761)	(3,695)
As restated	6,836	6,570	(14,441)	4,343

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

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 13 December 2012, Maybank Investment Bank Berhad ("Maybank IB") on behalf of the Board of Director of Petra Energy Berhad ("PEB" or "Company") announced that the Company proposes to undertake the Proposed Rights Issue.

On 29 June 2012, Petroliaam 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 ("Project"). 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 20 September 2012, PEB had announced, among others, that Petra Energy Development Sdn Bhd, a wholly-owned subsidiary of PEB, has proposed to subscribe 30% of the enlarged equity interest in CEKSB ("Proposed Subscription"). Approval from the shareholders of PEB for the Proposed Subscription has been obtained on 12 December 2012.

Proceeds raised from the Proposed Rights Issue will be mainly used for PEB and its subsidiaries ("PEB Group") funding requirements for participation in the Project vide CEKSB and for PEB Group's further expansion plans into the upstream oil and gas value chain. In addition, the Proposed Rights Issue is expected to increase shareholders' equity and further strengthen the balance sheet of PEB Group.

The Proposed Rights Issue also reflects confidence of the Board in the business prospects of PEB. Moving forward, as PEB moves up the oil and gas value chain, its earnings are expected to grow in line with its business growth. Such growth is coherent with the strength of PEB in undertaking upstream oil and gas projects. This is in line with the long-term growth strategy of PEB to expand its core businesses to create sustainable recurring income.

The Proposed Rights Issue is conditional upon approvals being obtained from the following:

- (i) Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities;
- (ii) shareholders of PEB at an extraordinary general meeting to be convened; and
- (iii) any other authorities, if required.

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25. Corporate Proposals (cont'd)

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

Maybank IB is the Principal Adviser for the Proposed Right Issue.

Bursa Malaysia Securities Berhad has vide its letter dated 6 February 2013 approved the listing of and quotation for up to 107,250,000 Rights Shares to be issued pursuant to the Proposed Rights Issue.

On 17 January 2013, AmInvestment Bank Berhad ("AmInvestment Bank") announced, on behalf of the Board of Directors of PEB, that PEB had on 17 January 2013 entered into a conditional Sale of Shares Agreement ("SSA") with Shorefield Offshore Services Sdn Bhd ("SOSSB"), Ahmadi bin Yusoff, Hafitz bin Khalid and Kamarul Baharin bin Albakri (collectively referred to as the "Vendors") to acquire 200,000 ordinary shares of RM1.00 each in Kas Ship Management Sdn Bhd ("KAS") ("Sale Shares"), representing 100% equity interest in KAS for a total purchase consideration of RM3.0 million ("Proposed Acquisition").

The Proposed Acquisition is subject to the approvals being obtained from the following:-

- (a) The shareholders of the Company at an Extraordinary General Meeting ("EGM") to be convened; and
- (b) Any other relevant authorities and/or parties, if required.

The circular to the shareholders in relation to the Proposed Right Issue and Proposed Acquisition duly approved by the Bursa Malaysia Securities Berhad and the same was circulated to the shareholders on 8 February 2013.

On 13 February 2013, Petra Resources Sdn Bhd ("PRSB"), a wholly-owned subsidiary of the Company had entered into a Memorandum of Agreement with Koi Marine Ltd, a company incorporated in Marshall Islands, to acquire Otto 3, an accommodation work barge vessel, at a purchase consideration of USD14.1 million (equivalent to approximately RM42.3 million). The transaction is expected to be completed in second quarter of 2013.

b) 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	17,405	By February 2013
Expenses related to the Private Placement	340	340	N/A
Total	17,745	17,745	

26. Derivative Financial Instruments

There were no derivative financial instruments for the current financial year ended 31 December 2012.

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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 December 2012.

28. Changes in Material Litigations

As at 31 December 2012, there was no material litigation against the Group.

29. Dividend payable

The Board has declared a single tier interim dividend of 1.0 sen per ordinary share of 50 sen each on 214,500,000 ordinary shares for the year ended 31 December 2012, amounting to a dividend payable of RM2,145,000. The dividend will be paid on 30 April 2013 to shareholders whose name appear in the Record of Depositors at the close of business on 1 April 2013.

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 Period Ended RM'000	Previous financial year ended RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	238,583	227,183
- Unrealised	(33,521)	(31,514)
	205,062	195,669
Less: Consolidated adjustments	(533)	(1,030)
Retained earnings as per financial statements	204,529	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 22 February 2013.