



PETRA ENERGY

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2013**

26 AUGUST 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>6 months ended</i>	
		30 June 2013 Unaudited RM'000	30 June 2012 Unaudited RM'000	30 June 2013 Unaudited RM'000	30 June 2012 Unaudited RM'000
Revenue		125,996	172,561	218,376	303,813
Cost of sales		(103,512)	(138,074)	(174,813)	(242,102)
Gross profit		22,484	34,487	43,563	61,711
Other income		166	661	699	1,756
Administrative expenses		(16,192)	(18,750)	(31,398)	(34,092)
Finance costs		(2,358)	(3,415)	(5,091)	(6,680)
Share of results of associate		44	-	(10)	-
Negative goodwill		12,835	-	12,835	-
Profit before taxation	13	16,979	12,983	20,598	22,695
Income tax expense	14	(2,291)	(3,919)	(3,760)	(6,589)
Profit net of tax, representing total comprehensive income/(loss) for the period		14,688	9,064	16,838	16,106
Total comprehensive income/(loss) attributable to:					
Owners of the parent		14,696	9,103	16,897	16,257
Non-controlling interests		(8)	(39)	(59)	(151)
		14,688	9,064	16,838	16,106
Earnings per share attributable to owners of the parent (sen per share)					
Basic	15	4.57	4.24	5.25	7.58

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 June 2013 Unaudited RM'000	31 December 2012 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	465,599	425,475
Trade and other receivables		13,207	13,207
Investment in associate		5,990	-
Amount due from associate		10,461	-
Deferred tax assets		548	548
		495,805	439,230
Current assets			
Inventories		43,855	39,632
Trade and other receivables		195,316	205,364
Amount due from customers on contracts		15,132	16,996
Tax recoverable		4,940	6,263
Cash and bank balances	17	150,166	102,689
		409,409	370,944
Total Assets		905,214	810,174
EQUITY AND LIABILITIES			
Share capital		160,875	107,250
Share premium		138,934	69,880
Merger reserve		(31,000)	(31,000)
Forex translation reserve		410	-
Retained earnings		215,787	201,035
		485,006	347,165
Non-controlling interests		453	512
Total equity		485,459	347,677
Non-current liabilities			
Loans and borrowings	18	22,636	19,391
Hire purchase liabilities		5	10
Deferred taxation		41,226	38,708
		63,867	58,109
Current liabilities			
Loans and borrowings	18	151,636	174,898
Hire purchase liabilities		12	15
Trade and other payables		202,773	228,655
Provisions		223	223
Amount due to customers on contracts		-	564
Income tax payable		1,244	33
		355,888	404,388
Total liabilities		419,755	462,497
Total equity and liabilities		905,214	810,174
Net assets per share of RM0.50 each		1.51	1.62

These condensed consolidated statements of financial position 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 Changes in Equity

	←————— Attributable to Equity Holders of the Company —————→					Total	Non- controlling interests	Total Equity			
	Share Capital	Non-distributable			Distributable Retained Earnings				RM'000	RM'000	RM'000
		Share Premium	Merger Reserve	Exchange Translation Reserve							
As at 1 January 2013	107,250	69,880	(31,000)	-	201,035	347,165	512	347,677			
Total comprehensive income for the period	-	-	-	-	16,897	16,897	(59)	16,838			
Appropriation:											
Interim dividend in respect of the financial year ended 31 December 2012	-	-	-	-	(2,145)	(2,145)	-	(2,145)			
Rights shares issued	53,625	69,712	-	-	-	123,337	-	123,337			
Share issue expenses	-	(658)	-	-	-	(658)	-	(658)			
Foreign currency translation	-	-	-	410	-	410	-	410			
Balance as at 30 June 2013	160,875	138,934	(31,000)	410	215,787	485,006	453	485,459			
As at 1 January 2012	107,250	69,880	(31,000)	-	194,639	340,769	554	341,323			
Total comprehensive income											
Total comprehensive income for the period	-	-	-	-	16,257	16,257	(151)	16,106			
Balance as at 30 June 2012	107,250	69,880	(31,000)	-	210,896	357,026	403	357,429			

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>6 months ended</i>	
	30 June 2013	30 June 2012
	Unaudited RM'000	Unaudited RM'000
Operating Activities		
Profit before tax	20,598	22,695
Adjustments for:		
Interest income	(1,107)	(405)
Finance costs	5,091	6,680
Unrealised foreign exchange loss/(gain)	389	(624)
Depreciation of property, plant and equipment	14,227	13,726
Loss on disposal of property, plant and equipment	-	6
Write off of property, plant and equipment	130	-
Share of results of associate	10	-
Negative goodwill	(12,835)	-
Total adjustments	5,905	19,383
Operating cash flows before changes in working capital	26,503	42,078
Changes in working capital		
Inventories	(4,223)	(524)
Trade and other receivables	13,911	(33,886)
Trade and other payables	(47,212)	(28,794)
Amount due from associate	(10,461)	-
Total changes in working capital	(47,985)	(63,204)
Cash flows used in operations	(21,482)	(21,126)
Income tax refund, net	1,323	184
Net cash flows used in operating activities	(20,159)	(20,942)
Investing activities		
Acquisition of interest in an associate company	(6,000)	-
Acquisition of a subsidiary	(3,000)	-
Purchase of property, plant and equipment	(7,196)	(19,874)
Proceeds from disposal of property, plant and equipment	-	41
Interest received	1,107	405
Net cash flows used in investing activities	(15,089)	(19,428)
Financing activities		
Proceeds from issuance of shares	123,338	-
Share issue expenses	(658)	-
(Repayment)/drawdown of bank borrowings, net	(10,224)	3,095
Repayment of obligations under finance lease	(25,634)	(5,390)
Repayment of obligations under hire purchase	(8)	(24)
Interest paid	(5,091)	(6,680)
Net cash flows generated from/(used in) financing activities	81,723	(8,999)
Net changes in cash and cash equivalents	46,475	(49,369)
Net changes in cash restricted in use	1,568	39
Effects of exchange rate changes	(598)	-
Cash and cash equivalents at 1 January	68,843	88,649
Cash and cash equivalents at 30 June (Note 17)	116,288	39,319

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2012.

The audited financial statements of the Group for the year ended 31 December 2012 were prepared in accordance with MFRS.

There are no new MFRSs or interpretations that are effective for the first time in these interim financial statements that would be expected to have a material effect on the Group.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2012.

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

		Effective dates
Amendments to MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 9	Financial instruments - classification and measurement of financial assets and financial liabilities	1 January 2015

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2012 was not qualified.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

On 16 May 2013, the Company completed its acquisition of KAS Ship Management Sdn Bhd ("KAS") and the transaction resulted in the recognition of a provisional negative goodwill amounting to RM12,835,000. Information on the acquisition is disclosed in Note 8(iv).

Save as disclosed above, there were no unusual and extraordinary items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 2013.

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

As at 9 April 2013, the issued and paid-up share capital has been increased from RM107,250,000 to RM160,875,000 by the allotment of 107,250,000 new ordinary shares of RM0.50 each pursuant to the Company's Rights Issue.

Save as disclosed above, there were no issuance, repurchase and repayment of debts and equity securities during the quarter ended 30 June 2013.

7. Dividends

No interim ordinary dividend has been declared for the financial period ended 30 June 2013 (30 June 2012: Nil).

8. Changes in Composition of the Group

There were no changes in the composition of the Group for the period under review except as stated below :

- i. On 17 January 2013, Petra Energy Development Sdn Bhd ("PED") formerly known as Petra AWT Sdn Bhd, a wholly owned subsidiary, completed its 30% share subscription of the enlarged equity interest in Coastal Energy KBM Sdn Bhd ("CEKSB") representing 6,000,000 new ordinary shares of RM1.00 each for total cash consideration of RM6,000,000. As a result, CEKSB is now an associate company of the Group.

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PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

8. Changes in Composition of the Group (cont'd)

- ii. On 28 February 2013, Petra Marine Sdn Bhd, a wholly owned subsidiary, incorporated Petra Marine Ltd with 100% shareholding, a company limited by shares under the Labuan Companies Act 1990, representing share capital of USD1.00 comprising one (1) ordinary share.
- iii. On 28 June 2013, the Company acquired the entire issued shares of PE Ventures Sdn Bhd ("PEV"), an investment holding company for a cash consideration of RM2.00, representing share capital of RM2.00.
- iv. The Company had on 17 January 2013 entered into a conditional Sale of Shares Agreement ("SSA") with Shorefield Offshore Services Sdn Bhd, Ahmadi bin Yusoff, Hafitz bin Khalid and Kamarul Baharin bin Albakri to acquire 200,000 shares of RM1.00 each in KAS Ship Management Sdn Bhd ("KAS"), representing 100% equity interest in KAS for a total purchase consideration of RM3.0 million.

On 16 May 2013, the acquisition was completed in accordance with the terms of the SSA. The acquisition resulted in the recognition of a provisional negative goodwill by the Group amounting to RM12,835,000.

The provisional fair value of the net assets of KAS and its subsidiary as at the date of acquisition was:

	Fair value recognized on acquisition RM'000
Assets	
Plant and equipment	46,279
Trade and other receivables	1,999
Cash and bank balances	3,136
	51,414
Liabilities	
Trade and other payables	(11)
Borrowings	(17,378)
Amount due to corporate shareholder	(18,146)
Taxation	(44)
	(35,579)
Share of net assets acquired	15,835
Negative goodwill arising from acquisition	(12,835)
Total cost of business consideration	3,000
Cash consideration	3,000

The condensed consolidated interim financial statements include the results of KAS and its subsidiary for one and half month period from the date of acquisition. KAS and its subsidiary have contributed RM343,000 to the profit after tax of the Group from the date of acquisition.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the current quarter ended 30 June 2013 except for the vessel's upward fair value adjustment of RM5,494,000 following the completion of the acquisition of KAS as disclosed in Note 8 (iv).

10. Contingencies

As at 30 June 2013, the Company has given corporate guarantees amounting to approximately RM349.3 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 RM156.0 million.

PED, a wholly owned subsidiary of the Company has also provided parental guarantee to PETRONAS to ensure performance of contract by CEKSB, an associate company based on PED's proportionate interest.

Save as disclosed above, there were no other contingencies during the quarter ended 30 June 2013.

11. Commitments

	30 June 2013 RM'000
Capital expenditure	
Approved and contracted for:	
- Property, plant and equipment	3,155
Approved but not contracted for:	
- Property, plant and equipment	26,186
	29,341

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

(i) Current Quarter Ended 30 June 2013 (3 months)

	Integrated Brownfield, Maintenance and Engineering Services		Onshore Civil Engineering Services		Marine Offshore Support Services		Design, Fabrication, Supply and Installation Services		Investment Holding and Others		Adjustments and eliminations		Group	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Revenue (RM'000)														
External customers	107,003	141,823	-	-	9,994	20,251	8,999	10,487	-	-	-	-	125,996	172,561
Inter-segment	11,220	21,565	-	-	-	-	2,689	1,727	840	10,840	(14,749)	(34,132)	-	-
Total revenue	118,223	163,388	-	-	9,994	20,251	11,688	12,214	840	10,840	(14,749)	(34,132)	125,996	172,561
Results (RM'000)														
Segment results	10,674	22,316	(849)	795	758	516	585	(1,264)	(1,147)	8,195	(3,563)	(14,160)	6,458	16,398
Finance costs	(4,393)	(5,801)	-	(1)	(298)	(252)	(832)	(270)	-	-	3,165	2,909	(2,358)	(3,415)
Share of results of associate	-	-	-	-	-	-	-	-	44	-	-	-	44	-
Negative goodwill	-	-	-	-	12,835	-	-	-	-	-	-	-	12,835	-
Segment profit/(loss) before tax	6,281	16,515	(849)	794	13,295	264	(247)	(1,534)	(1,103)	8,195	(398)	(11,251)	16,979	12,983

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

(ii) Current Year-to-date Ended 30 June 2013 (6 months)

	Integrated Brownfield, Maintenance and Engineering Services		Onshore Civil Engineering Services		Marine Offshore Support Services		Design, Fabrication, Supply and Installation Services		Investment Holding and Others		Adjustments and eliminations		Group	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Revenue (RM'000)														
External customers	182,902	251,333	-	-	15,438	35,236	20,036	17,244	-	-	-	-	218,376	303,813
Inter-segment	18,858	44,258	-	-	-	-	3,595	3,280	1,680	11,680	(24,133)	(59,218)	-	-
Total revenue	201,760	295,591	-	-	15,438	35,236	23,631	20,524	1,680	11,680	(24,133)	(59,218)	218,376	303,813
Results (RM'000)														
Segment results	7,982	30,643	12,151	6,566	792	984	589	(739)	(2,765)	8,372	(5,885)	(16,451)	12,864	29,375
Finance costs	(9,051)	(11,007)	-	(33)	(299)	(597)	(1,059)	(436)	-	-	5,318	5,393	(5,091)	(6,680)
Share of results of associate	-	-	-	-	-	-	-	-	(10)	-	-	-	(10)	-
Negative goodwill	-	-	-	-	12,835	-	-	-	-	-	-	-	12,835	-
Segment profit/(loss) before tax	(1,069)	19,636	12,151	6,533	13,328	387	(470)	(1,175)	(2,775)	8,372	(567)	(11,058)	20,598	22,695

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-month)

For the current quarter under review, the Group recorded revenue of RM126.0 million, a decrease by 27.0% as compared with RM172.6 million reported in the corresponding quarter of the preceding year. In spite of this, the Group recorded a 30% rise in profit before taxation from RM13.0 million in the preceding year's corresponding quarter to RM16.9 million in the current quarter, principally due to the recognition of a provisional negative goodwill arising from the acquisition of a wholly owned subsidiary in the Marine Offshore Support Services Segment.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current quarter decreased by 24.5% from RM141.8 million in the corresponding quarter of preceding year to RM107.0 million in the current quarter. The reduction was largely due to lower activities executed from the umbrella Hook-up, Construction and Commissioning (HuCC) contract and completion of certain projects with PETRONAS Carigali Sdn Bhd ("PCSB") as well as lesser baseline schedule for the Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract from Sarawak & Sabah Shell Petroleum Co. Ltd ("SSB").

The segment recorded profit before taxation of RM6.3 million as compared with RM16.5 million in the corresponding quarter of preceding year, in line with lower activities executed from both TMM/HuCC contracts with PCSB and SSB as outlined above.

- 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 2011. The segment recorded loss before taxation of RM0.8 million for the current quarter, relating to cost incurred for the final settlement and contract closure for Kumang project.

- Marine Offshore Support Services Segment

The segment revenue for the current quarter decreased by RM10.3 million or 50.6%, following the expiry of charter contracts for two vessels in prior year. Nevertheless, the segment recorded a significant profit before taxation of RM13.3 million for the current quarter principally due to the recognition of a provisional negative goodwill arising from the acquisition of KAS, a wholly owned subsidiary.

- Design, Fabrication, Supply and Installation Services Segment

The segment revenue for the current quarter decreased by RM1.5 million or 14.2% due to lower activities performed for both Fabrication and Boilers divisions during the current quarter.

The segment recorded loss before taxation for the current quarter primarily due to lower margin contribution from both divisions.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

Current period compared to the corresponding period of the preceding year (six-month)

For the current financial period under review, the Group recorded revenue of RM218.4 million, a decrease by 28.1% as compared with RM303.8 million reported in the corresponding period of the preceding year. The Group recorded marginally lower profit before taxation of RM20.6 million as compared with RM22.7 million in the corresponding period of the preceding year, principally due to the recognition of a provisional negative goodwill arising from the acquisition of a wholly owned subsidiary in the Marine Offshore Support Services Segment. The Group profit before taxation excluding the provisional negative goodwill stood at RM7.8 million.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current financial period decreased by 27.2% from RM251.3 million in the corresponding period of preceding year to RM182.9 million in the current financial period. The reduction was largely due to lower activities executed from the umbrella Hook-up, Construction and Commissioning (HuCC) contract and completion of certain projects with PETRONAS Carigali Sdn Bhd ("PCSB") as well as lesser baseline schedule for the Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract from Sarawak & Sabah Shell Petroleum Co. Ltd ("SSB").

The segment recorded loss before taxation of RM1.1 million as compared with profit before taxation of RM19.6 million in the corresponding period of preceding year, in line with lower activities executed from both TMM/HuCC contracts with PCSB and SSB as outlined above.

- 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 2011. For the current financial period, the segment recorded profit before taxation of RM12.1 million principally due to the recognition of final settlement and contract closure for the Kumang project.

- Marine Offshore Support Services Segment

The segment revenue decreased by RM19.8 million or 56.2%, following the expiry of charter contracts for two vessels in prior year. In spite of this, the segment recorded a significant profit before taxation of RM13.3 million for the current financial period principally due to the recognition of a provisional negative goodwill arising from the acquisition of KAS, a wholly owned subsidiary.

- Design, Fabrication, Supply and Installation Services Segment

The segment revenue for the current financial period increased by RM2.8 million or 16.2% as compared with the corresponding period of the preceding year mainly due to higher activities performed in both Fabrication and Boilers divisions.

The segment recorded a lower loss before taxation of RM0.5 million for the current financial period primarily due to lower margin contribution from Fabrication and Boiler divisions.

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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 6 months ended</i>	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Interest income	(867)	(117)	(1,107)	(405)
Interest expense	2,358	3,415	5,091	6,680
Loss on foreign exchange - realised	426	-	426	230
Loss/(gain) on foreign exchange - unrealised	431	276	389	(624)
Loss on disposal of property, plant and equipment	-	8	-	6
Write off of property, plant and equipment	130	-	130	-
Depreciation of property, plant and Equipment	6,797	7,125	14,227	13,726

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 6 months ended</i>	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Current tax:				
Malaysian income tax	1,242	2,194	1,242	4,085
Deferred tax	1,049	1,725	2,518	2,504
	2,291	3,919	3,760	6,589

Effective tax rates (excluding share of results of associate and negative goodwill)	55.9%	48.4%
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The effective tax for the current quarter and financial period were higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes and losses of certain companies within the Group which cannot be set off against profit.

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 RM16,897,000 (2012: RM16,257,000) by the weighted average number of ordinary shares outstanding during the financial year of 321,750,000 (2012: 214,500,000). 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 six months ended 30 June 2013, the Group acquired assets at a cost of RM7,196,000 (30 June 2012: RM19,874,000).

In the previous corresponding financial period, the Group disposed assets with carrying amount of RM47,000, resulted in a loss on disposal of RM6,000 which was recognised in administrative expenses/other income in the statements of comprehensive income.

17. Cash and bank balances

	30 June 2013 RM'000	31 December 2012 RM'000
Short term deposits with licensed banks	127,785	51,949
Cash at banks and on hand	22,381	50,740
	150,166	102,689

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

	30 June 2013 RM'000	31 December 2012 RM'000
Cash and bank balances	150,166	102,689
Less: Bank overdrafts	(1,369)	(2,905)
Cash and cash equivalents	148,797	99,784
Less: Cash restricted in use		
- Debt Service Reserve Account	(32,169)	(30,601)
- Fixed deposits pledged for borrowing	(340)	(340)
Net cash and cash equivalents	116,288	68,843

18. Loans and borrowings

	30 June 2013 RM'000	31 December 2012 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	118,615	107,141
Unsecured	9,628	18,729
Finance lease commitment – unsecured	23,393	49,028
	151,636	174,898
Long term borrowings		
Secured	22,636	19,391
	174,272	194,289

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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 June 2013 and 30 June 2012:

	30 June 2013	30 June 2012
	RM'000	RM'000
Rental of vessels and rendering of services from a related company of a Corporate Shareholder	-	20,251
Rental of buildings paid to parties related to a Corporate Shareholder	437	92

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 in relation to rental of vessels and services had ceased to be a substantial shareholder of the Company.

20. Material Events After the Reporting Period

There was no other 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 recorded profit before taxation of RM16.9 million in the second quarter, 2013 as compared with profit before taxation of RM3.6 million in the first quarter, 2013. The higher profit before taxation recorded in the current quarter is principally due to the recognition of a provisional negative goodwill arising from the acquisition of a wholly owned subsidiary in the Marine Offshore Support Services Segment.

23. Commentary on prospects

The oil and gas industry is slated for sustained growth over the next 3 - 5 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 proposal announced but not completed

- i. On 13 February 2013, Petra Resources Sdn Bhd ("PRSB"), a wholly owned subsidiary of the Company 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 completion of this transaction has been further extended up to end of 2013.
- ii. On 28 June 2013, PEV a newly wholly owned subsidiary of the Company entered into Subscription and Shareholders' Agreement with Farid Khan Bin Kaim Khan ("FKKK"), Raziah Bibi Binti Aurange Zeb ("RBAZ") and Bumi Subsea Sdn Bhd ("BSSB") to subscribe 312,245 new ordinary shares of RM1.10 each in BSSB at a cash consideration of RM343,469.50, representing 51% of the enlarged shares of BSSB ("Proposed Share Subscription").

Subsequently on 25 July 2013, PEV, FKKK, RBAZ and BSSB, mutually agreed to extend the period to obtain or fulfill the conditions precedent of the Proposed Share Subscription within one (1) month effective from 28 July 2013.

There were no other corporate proposals announced but not completed as at the date of this announcement.

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b) Status of utilisation of proceeds

On 9 April 2013, the Rights Issue was completed with the listing on the Main Market of Bursa Securities. As at 19 August 2013, the utilisation status of the proceeds raised is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation
	RM'000	RM'000	
i) Development and production of Kapal, Banang and Meranti fields under risk service contract	100,000	19,236	12 months
ii) Other upstream oil and gas activities	20,000	20,000	12 months
iii) General working capital	2,338	2,338	12 months
iv) Expenses related to Rights Issue	1,000	1,000	1 month
Total	123,338	42,574	

26. Derivative Financial Instruments

The Group did not enter into any derivatives during the period ended 30 June 2013 nor the previous financial year ended 31 December 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 31 December 2012.

28. Changes in Material Litigations

As at 30 June 2013, there was no material litigation against the Group.

29. Dividend payable

There is no dividend proposed in respect of the current quarter ended 30 June 2013.

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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:

	Current Period Ended RM'000	Previous financial year ended RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	258,563	240,039
- Unrealised	(42,209)	(37,923)
	216,354	202,116
Less: Consolidated adjustments	(567)	(1,081)
Retained earnings as per financial statements	215,787	201,035

31. 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 26 August 2013.