



**PETRA ENERGY**

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED  
31 DECEMBER 2013**

**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 12 months ended</i>	
		31 December 2013 Unaudited RM'000	31 December 2012 Audited RM'000	31 December 2013 Unaudited RM'000	31 December 2012 Audited RM'000
<b>Revenue</b>		159,383	190,421	492,775	654,080
Cost of sales		(149,366)	(176,727)	(425,369)	(554,292)
<b>Gross profit</b>		10,017	13,694	67,406	99,788
Other income		6,279	201	8,808	3,259
Administrative expenses		(19,567)	(21,084)	(66,458)	(73,779)
Impairment loss on property, plant and equipment		(8,904)	-	(8,904)	-
Finance costs		(3,363)	(3,332)	(12,097)	(13,382)
Share of results of associate		(11)	-	(20)	-
Negative goodwill		-	-	12,835	-
<b>(Loss)/Profit before taxation</b>	13	(15,549)	(10,521)	1,570	15,886
Income tax	14	14,408	(3,317)	10,073	(8,459)
(Loss)/Profit net of tax, representing total comprehensive (loss)/income for the period		(1,141)	(13,838)	11,643	7,427
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the parent		(1,087)	(13,885)	11,729	7,469
Non-controlling interests		(54)	47	(86)	(42)
		(1,141)	(13,838)	11,643	7,427
<b>(Loss)/Earnings per share attributable to owners of the parent (sen per share)</b>					
Basic	15	(0.34)	(6.47)	3.65	3.48

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

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**Condensed Consolidated Statements of Financial Position**

	Note	31 December 2013 Unaudited RM'000	31 December 2012 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		445,511	425,475
Trade and other receivables		-	13,207
Investment in associate		5,980	-
Goodwill		168	-
Deferred tax assets		-	548
		451,659	439,230
<b>Current assets</b>			
Inventories		27,138	39,632
Trade and other receivables		226,738	205,364
Amount due from customers on contracts		19,576	16,996
Amount due from associate		48,388	-
Tax recoverable		7,283	6,263
Cash and bank balances	16	112,283	102,689
		441,406	370,944
<b>Total Assets</b>		893,065	810,174
<b>EQUITY AND LIABILITIES</b>			
Share capital		160,875	107,250
Share premium		138,934	69,880
Merger reserve		(31,000)	(31,000)
Forex translation reserve		926	-
Retained earnings		210,633	201,035
		480,368	347,165
Non-controlling interests		595	512
<b>Total equity</b>		480,963	347,677
<b>Non-current liabilities</b>			
Loans and borrowings	17	106,306	19,391
Hire purchase liabilities		75	10
Deferred taxation		27,851	38,708
		134,232	58,109
<b>Current liabilities</b>			
Loans and borrowings	17	94,360	174,898
Hire purchase liabilities		23	15
Trade and other payables		183,123	228,655
Provisions		-	223
Amount due to customers on contracts		-	564
Income tax payable		364	33
		277,870	404,388
<b>Total liabilities</b>		412,102	462,497
<b>Total equity and liabilities</b>		893,065	810,174
<b>Net assets per share of RM0.50 each</b>		<b>1.49</b>	<b>1.62</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 →					Total	Non-controlling interests	Total Equity
	← Non-distributable		→ Distributable					
	Share Capital	Share Premium	Merger Reserve	Exchange Translation Reserve	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>As at 1 January 2013</b>	107,250	69,880	(31,000)	-	201,035	347,165	512	347,677
Total comprehensive income for the period	-	-	-	-	11,729	11,729	(86)	11,643
Appropriation:								
Interim dividend in respect of the financial year ended 31 December 2012	-	-	-	-	(2,131)	(2,131)	-	(2,131)
Rights shares issued	53,625	69,712	-	-	-	123,337	-	123,337
Share issue expenses	-	(658)	-	-	-	(658)	-	(658)
Share of net assets acquired in a subsidiary	-	-	-	-	-	-	169	169
Foreign currency translation	-	-	-	926	-	926	-	926
<b>Balance as at 31 December 2013</b>	<b>160,875</b>	<b>138,934</b>	<b>(31,000)</b>	<b>926</b>	<b>210,633</b>	<b>480,368</b>	<b>595</b>	<b>480,963</b>
<b>As at 1 January 2012</b>	107,250	69,880	(31,000)	-	194,639	340,769	554	341,323
Final dividend for year ended 31 December 2011	-	-	-	-	(1,073)	(1,073)	-	(1,073)
Total comprehensive income for the period	-	-	-	-	7,469	7,469	(42)	7,427
<b>Balance as at 31 December 2012</b>	<b>107,250</b>	<b>69,880</b>	<b>(31,000)</b>	<b>-</b>	<b>201,035</b>	<b>347,165</b>	<b>512</b>	<b>347,677</b>

These condensed consolidated statements 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 December 2013 Unaudited RM'000	31 December 2012 Audited RM'000
<b>Operating Activities</b>		
Profit before tax	1,570	15,886
Adjustments for:		
Interest income	(2,440)	(905)
Finance costs	12,097	13,382
Unrealised foreign exchange loss/(gain)	2,160	(1,231)
Depreciation of property, plant and equipment	30,696	26,635
Loss on disposal of property, plant and equipment	41	36
Write off of property, plant and equipment	130	41
Share of results of associate	20	-
Negative goodwill	(12,835)	-
Impairment on trade and other receivables	-	3,593
Impairment loss on property, plant and equipment	8,904	-
Inventories written down	-	427
Total adjustments	38,773	41,978
Operating cash flows before changes in working capital	40,343	57,864
Changes in working capital:		
Inventories	12,431	(3,004)
Trade and other receivables	(10,900)	(19,455)
Trade and other payables	(64,062)	23,590
Amount due from associate	(48,388)	-
Total changes in working capital	(110,919)	1,131
Cash flows (used in)/generated from operations	(70,576)	58,995
Income tax paid, net	(969)	(3,248)
Net cash flows (used in)/generated from operating activities	(71,545)	55,747
<b>Investing activities</b>		
Acquisition of interest in an associate company	(6,000)	-
Acquisition of subsidiaries	(3,343)	-
Purchase of property, plant and equipment	(10,434)	(27,064)
Proceeds from disposal of property, plant and equipment	41	352
Interest received	2,440	905
Net cash flows used in investing activities	(17,296)	(25,807)
<b>Financing activities</b>		
Dividends paid on ordinary shares	(2,145)	(1,073)
Proceeds from issuance of shares	123,337	-
Share issue expenses	(658)	-
Drawdowns/(Repayments) of bank borrowings, net	39,682	(13,194)
Repayments of obligations under finance lease	(49,028)	(11,378)
Drawdowns/(Repayments) of obligations under hire purchase, net	73	(47)
Interest paid	(12,097)	(12,601)
Net cash flows generated from/(used in) financing activities	99,164	(38,293)
Net changes in cash and cash equivalents	10,323	(8,353)
Net changes in cash restricted in use	30,595	(11,453)
Effects of exchange rate changes	926	-
Cash and cash equivalents at 1 January	68,843	88,649
Cash and cash equivalents at 31 December (Note 16)	110,687	68,843

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.

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.

The Group adopted the following new and revised FRSs, Amendments to FRSs and IC Interpretations which are applicable to its financial statement effective for annual periods beginning on or after 1 July 2012 and 1 January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above did not have any material impact on the financial statements of the Group and the Company in the period of initial application.

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 for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

Effective for financial periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

The above pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

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

**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.

**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 PE Ship Management Sdn Bhd (formerly known as KAS Ship Management Sdn Bhd) ("PE Ship") 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 and twelve months ended 31 December 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 and twelve months ended 31 December 2013.

**7. Dividends**

A final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2012, of 1.0 sen per ordinary share of RM0.50 each on 214,500,000 ordinary shares amounting to RM2,145,000 was paid on 30 April 2013.

**8. Changes in Composition of the Group**

There were no changes in the composition of the Group for the financial 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.
- 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.

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

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

- 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 PE Ship, representing 100% equity interest in PE Ship 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 PE Ship and its subsidiary as at the date of acquisition was:

	<b>Fair value recognized on acquisition RM'000</b>
<b>Assets</b>	
Plant and equipment	46,279
Trade and other receivables	1,999
Cash and bank balances	3,136
	51,414
<b>Liabilities</b>	
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 PE Ship and its subsidiary for seven and half month period from the date of acquisition. PE Ship and its subsidiary have contributed RM2,769,000 to the profit after tax of the Group from the date of acquisition.

- v. 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 Aorange 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").

The Proposed Share Subscription was completed on 27 August 2013 in accordance with the terms of the SSA. The acquisition had no material effect on the Group's financial performance and position on acquisition date.



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

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

- vi. On 10 September 2013, Petra Energy Development Sdn Bhd ("PED"), a wholly owned subsidiary, incorporated PE Development 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.
- vii. On 17 October 2013, the Company incorporated PE Marine Capital Sdn Bhd with 100% shareholding, a private company limited by shares under the Companies Act, 1965, representing share capital of RM3.00 comprising three (3) ordinary shares.
- viii. On 24 October 2013, Petra Marine Sdn Bhd, a wholly owned subsidiary, incorporated PE Challenger 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.
- ix. On 25 November 2013, Petra Resources Sdn Bhd, a wholly owned subsidiary, incorporated PE Resources 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.

**9. Valuation of Property, Plant and Equipment**

The Group states its property, plant and equipment at cost less any accumulated depreciation and any accumulated impairment losses, and does not adopt a policy to revalue its property, plant and equipment except for the upward fair value adjustment of RM5,494,000 for a vessel following the completion of the acquisition of PE Ship as disclosed in Note 8 (iv).

During the current quarter ended 31 December 2013, the Group had recognised impairment loss totaling RM8,904,000 in respect of a vessel to write down to its recoverable amount.

**10. Contingencies**

The Company has given corporate guarantees to licensed financial institutions for banking facilities granted to certain subsidiary companies. As at 31 December 2013, the Company is contingently liable for the amount utilised by its subsidiary companies of approximately RM210.7 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 as at the end of the reporting period.

**11. Commitments**

	<b>31 December 2013 RM'000</b>
<b>Capital expenditure</b>	
Approved and contracted for:	
- Property, plant and equipment	969
Approved but not contracted for:	
- Property, plant and equipment	24,193
	<b>25,162</b>

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

**12. Segment Information**

**(i) Current Quarter ended 31 December 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	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>Revenue (RM'000)</b>														
External customers	145,751	171,664	-	-	6,086	11,682	7,546	7,075	-	-	-	-	159,383	190,421
Inter-segment	14,529	24,016	-	-	-	-	1,799	3,678	8,340	840	(24,668)	(28,534)	-	-
Total revenue	160,280	195,680	-	-	6,086	11,682	9,345	10,753	8,340	840	(24,668)	(28,534)	159,383	190,421
<b>Results (RM'000)</b>														
Segment results	(4,089)	2,721	1,121	(579)	3,516	1,207	(2,819)	(3,209)	7,357	(2,229)	(8,357)	(5,100)	(3,271)	(7,189)
Impairment loss on property, plant and equipment	(8,904)	-	-	-	-	-	-	-	-	-	-	-	(8,904)	-
Finance costs	(5,633)	(6,292)	-	-	(477)	(168)	(478)	(1,341)	-	-	3,225	4,469	(3,363)	(3,332)
Share of results of associate	-	-	-	-	-	-	-	-	(11)	-	-	-	(11)	-
Negative goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit/(loss) before tax	(18,626)	(3,571)	1,121	(579)	3,039	1,039	(3,297)	(4,550)	7,346	(2,229)	(5,132)	(631)	(15,549)	(10,521)

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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 2013 (12 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	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>Revenue (RM'000)</b>														
External customers	430,225	550,361	-	-	27,701	66,734	34,849	36,985	-	-	-	-	492,775	654,080
Inter-segment	61,813	90,559	-	-	-	-	6,437	8,749	10,860	13,360	(79,110)	(112,668)	-	-
Total revenue	492,038	640,920	-	-	27,701	66,734	41,286	45,734	10,860	13,360	(79,110)	(112,668)	492,775	654,080
<b>Results (RM'000)</b>														
Segment results	7,783	42,711	13,241	7,940	5,959	1,279	(2,910)	(6,042)	2,886	6,531	(17,203)	(23,151)	9,756	29,268
Impairment loss on property, plant and equipment	(8,904)	-	-	-	-	-	-	-	-	-	-	-	(8,904)	-
Finance costs	(21,036)	(23,304)	-	(33)	(1,242)	(1,015)	(2,043)	(1,955)	-	-	12,224	12,925	(12,097)	(13,382)
Share of results of associate	-	-	-	-	-	-	-	-	(20)	-	-	-	(20)	-
Negative goodwill	-	-	-	-	12,835	-	-	-	-	-	-	-	12,835	-
Segment profit/(loss) before tax	(22,157)	19,407	13,241	7,907	17,552	264	(4,953)	(7,997)	2,866	6,531	(4,979)	(10,226)	1,570	15,886

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

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

***Current quarter compared with the corresponding quarter of the preceding year (three-month)***

For the current quarter under review, the Group recorded revenue of RM159.4 million, a decrease by 16.3% as compared with RM190.4 million reported in the corresponding quarter of the preceding year. Correspondingly, the Group recorded loss before taxation of RM15.5 million as compared with loss before taxation of RM10.5 million in the preceding year's corresponding quarter, mainly due to an impairment loss recognised of RM8.9 million for a vessel to write down to its recoverable amount and 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 15.1% from RM171.7 million in the corresponding quarter of preceding year to RM145.8 million in the current quarter. The reduction was principally due to lesser baseline scheduled for the Top-side Major Maintenance/Hook-up Construction and Commissioning (TMM/HuCC) contract from Sarawak & Sabah Shell Petroleum Co. Ltd ("SSB"), in line with the client's activities planned as well as lower activities executed from the umbrella Hook-up, Construction and Commissioning (HuCC) contract and completion of certain projects with PETRONAS Carigali Sdn Bhd ("PCSB").

The segment recorded loss before taxation of RM18.6 million as compared with loss before taxation of RM3.6 million in the corresponding quarter of preceding year, is mainly due to an impairment loss recognised of RM8.9 million for a vessel to write down to its recoverable amount and due to lower activities executed from both TMM/HuCC contracts with SSB and PCSB 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 prior year. Profit before taxation recorded for the current quarter was related to recovery of costs.

- Marine Offshore Support Services Segment

The segment profit for the current quarter increased by RM2.0 million mainly due to contribution from PE Ship that was acquired in May 2013 as mentioned in Note 8 (iv).

- Design, Fabrication, Supply and Installation Services Segment

The segment loss for the current quarter of RM3.3 million decreased by RM1.3 million or 27.5% as compared with the corresponding quarter of preceding year is mainly due to lower operating expenses incurred from Fabricators and Boilers division in the current quarter.

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

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

***Current financial year compared with the previous financial year (twelve-month)***

For the current financial year under review, the Group recorded revenue of RM492.8 million, a decrease by 24.7% as compared with RM654.1 million reported in the previous financial year. The Group recorded profit before taxation of RM1.6 million for the current financial year as compared with RM15.9 million in the previous financial year, mainly due to an impairment loss recognised of RM8.9 million for a vessel to write down to its recoverable amount and 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 financial year has decreased by 21.8% from RM550.4 million in the previous financial year to RM430.2 million in the current financial year. The reduction was largely due to lesser baseline scheduled for the Top-side Major Maintenance/Hook-up Construction and Commissioning (TMM/HuCC) contract from Sarawak & Sabah Shell Petroleum Co. Ltd ("SSB"), in line with the client's activities planned as well as lower activities executed from the umbrella Hook-up, Construction and Commissioning (HuCC) contract and completion of certain projects with PETRONAS Carigali Sdn Bhd ("PCSB"). Moreover, works for PCSB's Pan Malaysia HuCC awarded in May 2013 are at early stage of development thus low revenue was recorded for the current financial year.

The segment recorded loss before taxation of RM22.2 million, as compared with profit before tax of RM19.4 million recorded in the previous financial year, as a result of the impairment loss recognised of RM8.9 million for a vessel to write down to its recoverable amount and lower activities executed from both TMM/HuCC contracts with SSB and PCSB 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 prior year. However, the segment recorded higher profit before taxation of RM13.2 million in the current financial year, 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 RM39.0 million or 58.5% to RM27.7 million, following the expiry of charter contracts in current year. In spite of this, the segment recorded a significant profit before taxation of RM17.6 million for the current financial period, principally due to the recognition of a provisional negative goodwill arising from acquisition of PE Ship as mentioned in Note 8(iv).

- Design, Fabrication, Supply and Installation Services Segment

The segment revenue for the current financial year decreased by RM2.1 million or 4.7% to RM34.8 million as compared with previous financial year, mainly due to lower activities performed from both Fabrication and Boilers divisions during the current financial year.

The segment recorded a lower loss before taxation of RM5.0 million as compared with loss before taxation of RM8.0 million in the previous financial year, mainly due to legal and arbitration fee and final settlement claims incurred in prior year of RM2.8 million and RM1.1 million respectively.

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

**13. (Loss)/Profit before taxation**

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

	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 12 months ended</i>	
	<b>31 December 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Interest income	(899)	(314)	(2,440)	(905)
Interest expense	3,363	3,332	12,097	13,382
Gain on foreign exchange - realised	(2,160)	(393)	(1,549)	(163)
(Gain)/Loss on foreign exchange – unrealised	(3,294)	29	(2,363)	(1,231)
(Gain)/Loss on disposal of property, plant and equipment	47	(32)	41	36
Write off of property, plant and equipment	-	41	130	41
Depreciation of property, plant and equipment	8,302	6,824	30,696	26,635

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**

	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 12 months ended</i>	
	<b>31 December 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Current tax:				
Malaysian income tax	(1,076)	(1,951)	1,125	(695)
Deferred tax	(13,332)	5,268	(11,198)	9,154
	<b>(14,408)</b>	<b>3,317</b>	<b>(10,073)</b>	<b>8,459</b>

In the current quarter ended 31 December 2013, the tax credit recognised is mainly arising from the reversal of the temporary differences previously recognised as a result of internal restructuring within the Group.

**15. Earnings per share**

Basic earnings per share of 3.65 sen (2012: 3.48 sen) are calculated by dividing profit for the period, net of tax, attributable to owners of the parent of RM11,729,000 (2012: RM7,469,000) by the weighted average number of ordinary shares outstanding during the financial period 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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**16. Cash and bank balances**

	31 December 2013 RM'000	31 December 2012 RM'000
Short term deposits with licensed banks	70,245	51,949
Cash at banks and on hand	42,038	50,740
	<b>112,283</b>	<b>102,689</b>

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

	31 December 2013 RM'000	31 December 2012 RM'000
Cash and bank balances	112,283	102,689
Less: Bank overdrafts	(1,250)	(2,905)
Cash and cash equivalents	111,033	99,784
Less: Cash restricted in use		
- Debt Service Reserve Account	(6)	(30,601)
- Fixed deposits pledged for borrowing	(340)	(340)
Net cash and cash equivalents	<b>110,687</b>	<b>68,843</b>

**17. Loans and borrowings**

	31 December 2013 RM'000	31 December 2012 RM'000
<b>Short term borrowings</b>		
Secured	87,131	107,141
Unsecured	7,229	18,729
Finance lease commitment – unsecured	-	49,028
	<b>94,360</b>	<b>174,898</b>
<b>Long term borrowings</b>		
Secured	106,306	19,391
	<b>200,666</b>	<b>194,289</b>

All borrowings are denominated in Ringgit Malaysia except for a term loan amounting to RM22,280,000 and obligations under finance lease, which are denominated in US Dollar ("USD").

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**18. 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 2013 and 31 December 2012:

	<b>31 December 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Rental of vessels and rendering of services from a related company of a Corporate Shareholder	-	9,307
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.

**19. Material Events After the Reporting Period**

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



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**PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING  
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**20. Performance review**

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

**21. Comment on material change in loss before taxation for the quarter reported as compared with immediate preceding quarter**

The Group recorded loss before taxation of RM15.5 million in the fourth quarter, 2013 as compared with loss before taxation of RM3.5 million in the third quarter, 2013. The loss before taxation in the fourth quarter, 2013 was largely due to an impairment loss recognised of RM8.9 million for a vessel to write down to its recoverable amount and lesser activities executed in the Integrated Brown Field Maintenance and Engineering Services Segment, coupled with completion of certain projects in the current quarter.

**22. 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.

**23. Profit Forecast**

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

**24. Corporate Proposals**

**a) Status of corporate proposal announced**

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 Petra Lyra (formerly known as Otto 3), an accommodation work barge vessel, at a purchase consideration of USD14.1 million (equivalent to approximately RM42.3 million). The transaction was completed on 27 December 2013.

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

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

**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 24 February 2014, 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	91,441	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	<u>123,338</u>	<u>114,779</u>	

**25. Derivative Financial Instruments**

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

**26. 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.

**27. Changes in Material Litigations**

As at 31 December 2013, there was no material litigation against the Group.

**28. Dividend payable**

The Board has declared a single tier interim dividend of 1.0 sen per ordinary share of 50.0 sen each on 321,750,000 ordinary shares for the year ended 31 December 2013, amounting to a dividend payable of RM3,217,500. The dividend will be paid on 15 May 2014 to shareholders whose name appears in the Record of Depositors at the close of business on 18 April 2014.

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**29. 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	239,585	240,039
- Unrealised	(27,851)	(37,923)
	211,734	202,116
Less: Consolidated adjustments	(1,101)	(1,081)
Retained earnings as per financial statements	210,633	201,035

**30. Authorisation For Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 February 2014.