



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2015**

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>	
		31 March 2015 Unaudited RM'000	31 March 2014 Unaudited RM'000
Revenue		119,073	116,582
Cost of sales		(102,635)	(101,661)
Gross profit		16,438	14,921
Other income		2,076	-
Administrative expenses		(11,305)	(12,426)
Profit from operations		7,209	2,495
Finance income		1,050	582
Finance costs		(5,345)	(2,012)
Share of results of associate		(80)	(55)
Profit before taxation		2,834	1,010
Income tax expense	14	(750)	(9)
Profit for the financial period		2,084	1,001
<u>Other comprehensive income/(expense):</u>			
Item that may be subsequently reclassified to profit or loss			
- Currency translation differences		1,590	(898)
Other comprehensive income/(expense) for the financial period, net of tax		1,590	(898)
Total comprehensive income for the financial period		3,674	103
Profit for the financial period attributable to:			
Owners of the parent		2,084	1,115
Non-controlling interests		-	(114)
		2,084	1,001
Total comprehensive income attributable to:			
Owners of the parent		3,674	217
Non-controlling interests		-	(114)
		3,674	103
Earnings per share attributable to owners of the parent (sen per share)			
Basic	15	0.65	0.35

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 March 2015 Unaudited RM'000	31 December 2014 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		436,153	447,430
Investment in associate		2,090	2,170
Deferred tax asset		4,848	4,848
		443,091	454,448
Current assets			
Inventories		33,803	48,188
Trade and other receivables		255,935	268,539
Amount due from customers on contracts		14,203	18,565
Amount due from an associate company		139,790	190,572
Tax recoverable		10,443	9,149
Cash and bank balances	16	144,303	127,844
		598,477	662,857
Total Assets		1,041,568	1,117,305
EQUITY AND LIABILITIES			
Share capital		160,875	160,875
Share premium		138,934	138,934
Merger reserve		(31,000)	(31,000)
Currency translation reserve		5,048	3,458
Retained earnings		245,241	243,157
Total equity		519,098	515,424
Non-current liabilities			
Loans and borrowings	17	175,504	178,335
Hire purchase liabilities		330	422
Deferred taxation		12,620	12,620
		188,454	191,377
Current liabilities			
Loans and borrowings	17	162,368	171,155
Hire purchase liabilities		141	59
Trade and other payables		171,351	239,211
Amount due to customers on contracts		38	38
Income tax payable		118	41
		334,016	410,504
Total liabilities		522,470	601,881
Total equity and liabilities		1,041,568	1,117,305
Net assets per share of RM0.50 each		1.61	1.60

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	Currency Translation Reserve	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2015	160,875	138,934	(31,000)	3,458	243,157	515,424	-	515,424
Profit for the financial period	-	-	-	-	2,084	2,084	-	2,084
Other comprehensive income for the financial period	-	-	-	1,590	-	1,590	-	1,590
Total comprehensive income for the financial period	-	-	-	1,590	2,084	3,674	-	3,674
As at 31 March 2015	160,875	138,934	(31,000)	5,048	245,241	519,098	-	519,098
As at 1 January 2014	160,875	138,934	(31,000)	1,578	211,625	482,012	483	482,495
Profit for the financial period	-	-	-	-	1,115	1,115	(114)	1,001
Other comprehensive expense for the financial period	-	-	-	(898)	-	(898)	-	(898)
Total comprehensive (expense)/income for the period	-	-	-	(898)	1,115	217	(114)	103
<u>Transactions with owners:</u>								
Interim dividend in respect of financial year ended 31 December 2012	-	-	-	-	(3,218)	(3,218)	-	(3,218)
As at 31 March 2014	160,875	138,934	(31,000)	680	209,522	479,011	369	479,380

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

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Condensed Consolidated Statements of Cash Flows

	<i>3 months ended</i>	
	31 March 2015 Unaudited RM'000	31 March 2014 Unaudited RM'000
Profit before tax	2,834	1,010
Adjustments for:		
Finance income	(1,050)	(582)
Finance costs	5,345	2,012
Unrealised foreign exchange gain	(58)	(39)
Depreciation of property, plant and equipment	11,117	8,211
Gain on disposal of property, plant and equipment	-	(7)
Share of results of associate	80	55
Total adjustments	15,434	9,650
Operating cash flows before changes in working capital	18,268	10,660
Changes in working capital:		
Inventories	14,385	(12,119)
Trade and other receivables	63,444	39,945
Trade and other payables	(67,860)	(29,153)
Amount due from/(to) customers	4,362	(2,465)
Total changes in working capital	14,331	(3,792)
Cash flows generated from operations	32,599	6,868
Income tax (paid)/refund	(1,967)	1,237
Net cash flows generated from operating activities	30,632	8,105
Net cash flows generated from/(used in) investing activities	1,210	(37,698)
Net cash flows (used in)/generated from financing activities	(14,945)	7,479
Net changes in cash and cash equivalents	16,897	(22,114)
Net changes in cash restricted in use	(3,784)	(2,012)
Effects of exchange rate changes	565	(1,063)
Cash and cash equivalents at 1 January	31,589	110,818
Cash and cash equivalents at 31 March (Note 16)	45,267	85,629

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 2014.

The audited financial statements of the Group for the year ended 31 December 2014 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 2014.

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:

Description	Effective for financial periods beginning on or after
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations 1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation 1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 1 January 2016
MFRS 15	Revenue from Contracts with Customers 1 January 2017
MFRS 9	Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities 1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The impact of the new accounting standards, amendments and improvements to published standards and interpretations on the financial statements of the Group is currently being assessed by the management.

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 2014 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

There were no unusual and extraordinary items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2015.

5. Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current financial period.

6. Issuance and Repayment of Debts and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the quarter ended 31 March 2015.

7. Dividends

An interim tax exempt (single tier) dividend in respect of the financial year ended 31 December 2014, of 2.0 sen per ordinary share of RM0.50 each on 321,750,000 ordinary shares amounting to RM6,435,000 was paid on 15 May 2015.

8. Changes in Composition of the Group

There were no changes in the composition of the Group for the financial period under review.

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.

10. Contingencies

There were no contingencies as at the end of the reporting period.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Commitments

	31 March 2015 RM'000
Capital expenditure	
Property, plant and equipment:	
- Approved and contracted for	1,500
- Approved but not contracted for	2,740
	4,240

12. Segment Information

Segment information is presented in respect of the Group's segmentation of core activities. The segment information results are prepared based on the Group's management reporting structure.

The Group has made an announcement pursuant to Paragraph 9.19(5) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in relation to internal re-organisation of the Group structure which was completed on 17 February 2015. As such, the comparatives were restated accordingly, to conform to current year's presentation.

Definition of the Group's segments are as follows:

- **Services Segment**
Encapsulates the Group's core activities in the area of providing services such as Hook-up Commissioning, Topside Major Maintenance, vessels management and time chartering, fabrication, subsea and underwater, as well as trading and engineering services.
- **Marine Assets Segment**
Comprise of subsidiaries which own the Group's marine assets and held licenses to carry on leasing business in Labuan. Major business activity is bareboat chartering of vessel internally within the Group and to third party vessel management companies.
- **Development and Production Segment**
This segment categorises the Group's business activities in risk-service contracts, rejuvenation of brownfield wells, enhanced oil recovery and production service contracts. The Group's current participation in the Kapal, Banang & Meranti Small Field Risk Service Contract (KBMSFRSC) is defined in this segment.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

Current Quarter Ended 31 March 2015 (3 months)

	Services		Marine Assets		Development and Production		Adjustments and Eliminations		Group	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Revenue (RM'000)										
External customers	119,073	116,582	-	-	-	-	-	-	119,073	116,582
Inter-segment	18,475	9,261	7,204	1,912	-	-	(25,679)	(11,173)	-	-
Total revenue	137,548	125,843	7,204	1,912	-	-	(25,679)	(11,173)	119,073	116,582
Results (RM'000)										
Segment results	11,989	6,222	384	538	-	-	(4,114)	(3,683)	8,259	3,077
Finance costs	(4,576)	(4,299)	(100)	(117)	(900)	-	231	2,404	(5,345)	(2,012)
Share of results of associate	-	-	-	-	(80)	(55)	-	-	(80)	(55)
Segment profit/(loss) before tax	7,413	1,923	284	421	(980)	(55)	(3,883)	(1,279)	2,834	1,010

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

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

For the current quarter under review, the Group recorded revenue of RM119.1 million, as compared to RM116.6 million reported in corresponding quarter of the preceding year. Correspondingly, the Group recorded profit before taxation of RM2.8 million as compared with RM1.0 million in the preceding year's corresponding quarter. Profit before taxation recorded in the current quarter under review was mainly due to positive contribution from the Services Segment.

- Services Segment

The segment revenue for the current quarter increased by 9.3% from RM125.8 million in the corresponding quarter of preceding year to RM137.5 million in the current quarter. The improved in revenue were largely due to higher contribution from the Hook up, Commissioning and Top-side Major Maintenance ("HuC/TMM"), in line with the clients' scheduled activities executed.

The segment recorded an increase in the profit before tax by RM5.5 million to RM7.4 million in the current quarter under review, reflecting improvement as above.

- Marine Assets Segment

The segment recorded revenue of RM7.2 million in the current quarter as compared to RM1.9 million in the corresponding quarter of preceding year. However, the segment recorded a lower profit before tax of RM0.3 million, compared to RM0.4 million in the preceding year mainly due to higher depreciation charged arising from capitalization of dry docking costs.

- Development and Production Segment

The finance cost incurred within this segment represents interest on borrowing undertaken to part-finance the capital expenditure requirement in the KBMSFRC of an associate company.

13. Profit before taxation

Included in the profit before taxation are the following items:

	<i>Current quarter</i>	
	<i>3 months ended</i>	
	31 March 2015	31 March 2014
	RM'000	RM'000
Interest income	(1,050)	(582)
Interest expense	5,345	2,012
Loss on foreign exchange - realised	321	189
Gain on foreign exchange - unrealised	(58)	(39)
Gain on disposal of property, plant and equipment	-	(7)
Depreciation of property, plant and equipment	11,117	8,211

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Income tax expense

	<i>Current quarter</i> <i>3 months ended</i>	
	31 March 2015	31 March 2014
	RM'000	RM'000
Current tax:		
Malaysian income tax	750	(108)
Deferred tax	-	117
	750	9

15. Earnings per share

Basic earnings per share of 0.65 sen (2014: 0.35 sen) are calculated by dividing profit for the period, net of tax, attributable to owners of the parent of RM2,084,000 (2014: RM1,115,000) by the weighted average number of ordinary shares outstanding during the financial period of 321,750,000 (2014: 321,750,000). The Group has no potential ordinary shares in issue as at reporting date and therefore diluted earnings per share has not been presented.

16. Cash and bank balances

	31 March 2015	31 December 2014
	RM'000	RM'000
Short term deposits with licensed banks	46,774	84,915
Cash at banks and on hand	97,529	42,929
	144,303	127,844

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

	31 March 2015	31 December 2014
	RM'000	RM'000
Cash and bank balances	144,303	127,844
Less: Bank overdrafts	(1,609)	(2,612)
Cash and cash equivalents	142,694	125,232
Less: Cash restricted in use		
- Debt Service Reserve Account	(54,943)	(26,132)
- Deposits pledged	(42,484)	(67,511)
Net cash and cash equivalents	45,267	31,589

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

17. Loans and borrowings

	31 March 2015 RM'000	31 December 2014 RM'000
Short term borrowings		
Secured	90,660	104,184
Unsecured	71,708	66,971
	162,368	171,155
Long term borrowings		
Secured	175,504	178,335
	337,872	349,490

The Group is exposed to transactional currency risk that is denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily USD Dollars ("USD").

As at the reporting period the Group's exposure to foreign currency risk is arising from term loans amounting to RM140,600,000 which are denominated in USD.

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 March 2015 and 31 March 2014:

	31 March 2015 RM'000	31 March 2014 RM'000
Rental of buildings paid to parties related to a Corporate Shareholder	440	420

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.

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
REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

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 profit before taxation for the quarter reported as compared with immediate preceding quarter

The Group recorded profit before taxation of RM2.8 million in first quarter 2015 as compared with RM2.0 million in the fourth quarter 2014. The increase in profit before taxation is in view of improved cost management and lower expenditures incurred by the Group during the quarter.

22. Commentary on prospects

The global oil prices rebounded from its lowest position in recent past underpinned by demands in fossil energy sources. In responding to this change, the Group remain cautious with the global oil economy and continue to undertake steps planned to manage costs and operational expenditures in its efforts to increase shareholder value. Growing the current business and exploring opportunities up the oil and gas value chain for new revenue streams continues to be an ongoing priority for the Group.

23. Profit Forecast

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

24. Corporate Proposals

There were no corporate proposals announced but not completed as at the reporting date.

25. Derivative Financial Instruments

The Group did not enter into any derivatives during the period ended 31 March 2015 nor for the previous period ended 31 December 2014.

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 March 2015.

27. Changes in Material Litigations

As at 31 March 2015, there was no material litigation against the Group.

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

28. 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:

	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	250,209	248,125
- Unrealised	68,831	67,241
	319,040	315,366
Total share of retained earnings from associated company:		
- Realised	(3,910)	(3,830)
	315,130	311,536
Less: Consolidated adjustments	(69,889)	(68,379)
Retained earnings as per financial statements	245,241	243,157

29. 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 20 May 2015.