



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2015**

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>		<i>Cumulative period 6 months ended</i>	
		30 June 2015 Unaudited RM'000	30 June 2014 Unaudited RM'000	30 June 2015 Unaudited RM'000	30 June 2014 Unaudited RM'000
Revenue		164,655	127,374	283,728	243,956
Cost of sales		(132,969)	(102,217)	(235,604)	(203,878)
Gross profit		31,686	25,157	48,124	40,078
Other income		5,419	(18)	7,495	(18)
Administrative expenses		(12,892)	(11,405)	(24,197)	(23,831)
Profit from operations		24,213	13,734	31,422	16,229
Finance income		430	376	1,480	958
Finance costs		(4,109)	(3,617)	(9,454)	(5,629)
Share of results of associate		(1,389)	281	(1,469)	226
Profit before taxation		19,145	10,774	21,979	11,784
Income tax expense	14	(4,250)	(2,770)	(5,000)	(2,779)
Profit for the financial period		14,895	8,004	16,979	9,005
<u>Other comprehensive income:</u>					
Item that may be subsequently reclassified to profit or loss					
- Currency translation differences		561	143	2,151	1,578
Other comprehensive income for the financial period, net of tax		561	143	2,151	1,578
Total comprehensive income for the financial period		15,456	8,147	19,130	10,583
Profit for the financial period attributable to:					
Owners of the parent		14,895	8,071	16,979	9,104
Non-controlling interests		-	(67)	-	(99)
		14,895	8,004	16,979	9,005
Total comprehensive income attributable to:					
Owners of the parent		15,456	8,214	19,130	10,682
Non-controlling interests		-	(67)	-	(99)
		15,456	8,147	19,130	10,583
Earnings per share attributable to owners of the parent (sen per share)					
Basic	15	4.63	2.51	5.28	2.83

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	30 June 2015 Unaudited RM'000	31 December 2014 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		439,090	447,430
Investment in associate		701	2,170
Deferred tax asset		4,848	4,848
		444,639	454,448
Current assets			
Inventories		42,280	48,188
Trade and other receivables		264,070	268,539
Amount due from customers on contracts		8,040	18,565
Amount due from an associate company		105,988	190,572
Tax recoverable		8,575	9,149
Cash and bank balances	16	226,007	127,844
		654,960	662,857
Total Assets		1,099,599	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		5,609	3,458
Retained earnings		260,136	243,157
Total equity		534,554	515,424
Non-current liabilities			
Loans and borrowings	17	221,041	178,335
Hire purchase liabilities		223	422
Deferred taxation		12,620	12,620
		233,884	191,377
Current liabilities			
Loans and borrowings	17	166,372	171,155
Hire purchase liabilities		206	59
Trade and other payables		164,583	239,211
Amount due to customers on contracts		-	38
Income tax payable		-	41
		331,161	410,504
Total liabilities		565,045	601,881
Total equity and liabilities		1,099,599	1,117,305
Net assets per share of RM0.50 each		1.66	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 →						Non-controlling interests	Total Equity
	← Non-distributable →			Distributable				
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Total 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	-	-	-	-	16,979	16,979	-	16,979
Other comprehensive income for the financial period	-	-	-	2,151	-	2,151	-	2,151
Total comprehensive income for the financial period	-	-	-	2,151	16,979	19,130	-	19,130
As at 30 June 2015	160,875	138,934	(31,000)	5,609	260,136	534,554	-	534,554
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	-	-	-	-	9,186	9,186	(181)	9,005
Other comprehensive expense for the financial period	-	-	-	(755)	-	(755)	-	(755)
Total comprehensive (expense)/income for the period	-	-	-	(755)	9,186	8,431	(181)	8,250
<u>Transactions with owners:</u>								
Interim dividend in respect of financial year ended 31 December 2013	-	-	-	-	(3,218)	(3,218)	-	(3,218)
As at 30 June 2014	160,875	138,934	(31,000)	823	217,593	487,225	302	487,527

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>6 months ended</i>	
	30 June 2015 Unaudited RM'000	30 June 2014 Unaudited RM'000
Profit before tax	21,979	11,784
Adjustments for:		
Finance income	(1,480)	(958)
Finance costs	9,454	5,629
Unrealised foreign exchange gain	(7,075)	(135)
Depreciation of property, plant and equipment	19,811	16,255
Gain on disposal of property, plant and equipment	-	(30)
Share of results of associate	1,469	(226)
Total adjustments	22,179	20,535
Operating cash flows before changes in working capital	44,158	32,319
Changes in working capital:		
Inventories	5,908	(26,746)
Trade and other receivables	86,455	1,141
Trade and other payables	(76,281)	5,402
Amount due from customers	10,487	3,288
Total changes in working capital	26,569	(16,915)
Cash flows generated from operations	70,727	15,404
Income tax (paid)/refund	(4,467)	1,724
Net cash flows generated from operating activities	66,260	17,128
Net cash flows used in investing activities	(11,471)	(113,993)
Net cash flows generated from financing activities	39,532	82,088
Net changes in cash and cash equivalents	94,321	(14,777)
Net changes in cash restricted in use	54,039	(42,510)
Effects of exchange rate changes	4,078	(1,658)
Cash and cash equivalents at 1 January	31,589	110,818
Cash and cash equivalents at 30 June (Note 16)	184,027	51,873

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.

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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 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 30 June 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 30 June 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

	30 June 2015 RM'000
Capital expenditure	
Property, plant and equipment:	
- Approved and contracted for	6,000
- Approved but not contracted for	5,480
	11,480

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

(i) Current Quarter Ended 30 June 2015 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Revenue (RM'000)										
External customers	164,655	127,374	-	-	-	-	-	-	164,655	127,374
Inter-segment	41,478	23,654	8,278	1,378	-	-	(49,756)	(25,032)	-	-
Total revenue	206,133	151,028	8,278	1,378	-	-	(49,756)	(25,032)	164,655	127,374
Results (RM'000)										
Segment results	17,441	15,777	3,353	1,191	464	-	3,385	(2,858)	24,643	14,110
Finance costs	(2,943)	(5,708)	(96)	(111)	(900)	-	(170)	2,202	(4,109)	(3,617)
Share of results of associate	-	-	-	-	(1,389)	281	-	-	(1,389)	281
Segment profit/(loss) before tax	14,498	10,069	3,257	1,080	(1,825)	281	3,215	(656)	19,145	10,774

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

(ii) Current Year-to-date Ended 30 June 2015 (6 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Revenue (RM'000)										
External customers	283,728	243,956	-	-	-	-	-	-	283,728	243,956
Inter-segment	59,953	32,915	15,482	3,290	-	-	(75,435)	(36,205)	-	-
Total revenue	343,681	276,871	15,482	3,290	-	-	(75,435)	(36,205)	283,728	243,956
Results (RM'000)										
Segment results	29,430	21,999	3,737	1,729	464	-	(729)	(6,541)	32,902	17,187
Finance costs	(7,519)	(10,007)	(196)	(228)	(1,800)	-	61	4,606	(9,454)	(5,629)
Share of results of associate	-	-	-	-	(1,469)	226	-	-	(1,469)	226
Segment profit/(loss) before tax	21,911	11,992	3,541	1,501	(2,805)	226	(668)	(1,935)	21,979	11,784

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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 RM164.7 million, as compared to RM127.4 million reported in corresponding quarter of the preceding year. Correspondingly, the Group recorded profit before taxation of RM19.1 million as compared with RM10.8 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 significantly by 29% from RM127.4 million in the corresponding quarter of preceding year to RM164.6 million in the current quarter. The increase in revenue for the current quarter under review is due to higher contribution from the Hook up, Commissioning and Top-side Major Maintenance ("HuC/TMM") contract from PETRONAS Carigali Sdn Bhd ("PCSB") in line with the scheduled activities executed.

The segment recorded an increase in the segment results by RM1.7 million to RM17.4 million in the current quarter under review, strengthened by the decrease in finance cost. As a result, the segment recorded profit before taxation of RM14.5 million in the current quarter under review compared to RM10.1 million in Q2 2014.

- Marine Assets Segment

The segment recorded revenue of RM8.3 million the current quarter as compared to RM1.4 million in Q2 2014. Correspondingly, the segment recorded higher profit before taxation of RM3.3 million in the current quarter as compared with RM1.1 million in the corresponding quarter of preceding year. However, the segment results was affected by the higher depreciation charged in Q2 2015 due to capitalization of dry docking costs.

- Production and Development Segment

The segment results relates to unrealised forex gain from amount due from an associate which denominated in USD. The finance cost incurred within this segment represents interest on borrowing undertaken to part-finance the capital expenditure requirement in the Kapal Banang Meranti Small Field Risk Service Contract ("KBMSFRSC") of an associate company.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

Current period compared with the corresponding period of the preceding year (six-months)

For the period under review, the Group recorded revenue of RM283.7 million, as compared to RM244.0 million reported in corresponding period of the preceding year. Correspondingly, the Group recorded profit before taxation of RM22.0 million as compared with RM11.8 million in the preceding year's corresponding period. Profit before taxation recorded in the current period under review was mainly due to positive contribution from the Services Segment.

- Services Segment

The segment revenue for the current period increased by 16% from RM244.0 million in the corresponding period of preceding year to RM283.7 million in the current period. The increase in revenue for the period under review is due to higher contribution from the Hook up, Commissioning and Top-side Major Maintenance ("HuC/TMM") contract from PETRONAS Carigali Sdn Bhd ("PCSB") in line with the scheduled activities executed.

The segment recorded an increase in the segment results by RM7.4 million to RM29.4 million in the current period under review, strengthened by cost saving in finance cost. As a result, the segment recorded profit before taxation of RM21.9 million in the current period under review compared to RM11.9 million in Q2 2014.

- Marine Assets Segment

The segment recorded revenue of RM15.5 million the current period as compared to RM3.3 million in corresponding period of preceding year. Correspondingly, the segment recorded higher profit before taxation of RM3.5 million as compared with RM1.5 million. However, the segment results was affected by the higher depreciation charged in the current period due to capitalization of dry docking costs.

- Production and Development Segment

The segment results relates to unrealised forex gain from amount due from an associate which denominated in USD. The finance cost incurred within this segment represents interest on borrowing undertaken to part-finance the capital expenditure requirement in the KBMSFRSC of an associate company.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Profit before taxation

Included in the profit before taxation are the following items:

	<i>Current quarter 3 months ended</i>		<i>Cumulative period 6 months ended</i>	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2014 RM'000	30 June 2014 RM'000
Interest income	(430)	(376)	(1,480)	(958)
Interest expense	4,109	3,617	9,454	5,629
Loss on foreign exchange - realised	(30)	138	(351)	327
Gain on foreign exchange - unrealised	(7,017)	(96)	(7,075)	(135)
Gain on disposal of property, plant and equipment	(3)	(23)	(3)	(30)
Depreciation of property, plant and equipment	8,694	8,043	19,811	16,255

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 period 6 months ended</i>	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2014 RM'000	30 June 2014 RM'000
Current tax:				
Malaysian income tax	4,250	709	5,000	601
Deferred tax	-	2,061	-	2,178
	4,250	2,770	5,000	2,779

15. Earnings per share

Basic earnings per share of 5.28 sen (2014: 2.83 sen) are calculated by dividing profit for the period, net of tax, of RM16,979,000 (2014: RM9,104,000) 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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Cash and bank balances

	30 June 2015 RM'000	31 December 2014 RM'000
Short term deposits with licensed banks	48,059	84,915
Cash at banks and on hand	177,948	42,929
	226,007	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 RM'000	31 December 2014 RM'000
Cash and bank balances	226,007	127,844
Less: Bank overdrafts	(2,376)	(2,612)
Cash and cash equivalents	223,631	125,232
Less: Cash restricted in use		
- Debt Service Reserve Account	(7,945)	(26,132)
- Fixed deposits pledged for borrowing	(31,659)	(67,511)
Net cash and cash equivalents	184,027	31,589

17. Loans and borrowings

	30 June 2015 RM'000	31 December 2014 RM'000
Short term borrowings		
Secured	107,450	104,184
Unsecured	58,922	66,971
	166,372	171,155
Long term borrowings		
Secured	221,041	178,335
	387,413	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").

On 25 March 2015, the Group through its wholly owned subsidiary, Petra Marine Sdn. Bhd., converted RM63.75 million of its existing facility into Ijarah Muntahiah bi Al Tamlik ("Ijarah Facility"). The Group has undertaken this as part of its initiative to maintain as Shariah Compliance Securities by the Advisory Council of the Securities Commission Malaysia ("SC").

As at 30 June 2015, subsequent to conversion of its conventional borrowings to Ijarah Facility, the Group's total non-Islamic borrowings over total assets ratio stood at 30%.

As at 30 June 2015, the Group's exposure to foreign currency risk is arising from term loans amounting to RM151,224,000 which are denominated in USD.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 30 June 2015 and 30 June 2014:

	30 June 2015 RM'000	30 June 2014 RM'000
Rental of buildings paid to parties related to a Corporate Shareholder	435	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.

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 RM19.1 million in Q2 2015 as compared with RM2.8 million in Q1 2015. The significant increase in profit before taxation mainly relates due to higher contribution from the Hook up, Commissioning and Top-side Major Maintenance ("HuC/TMM") contract from PETRONAS Carigali Sdn Bhd ("PCSB") which in line with the scheduled activities executed.

22. Commentary on prospects

Global oil prices reached new lows in January 2015, and oil prices are expected to stay depressed compared with recent past. This was exacerbated by MYR devaluation against USD commencing from mid Q3 2014. Key measures will continue to be undertaken by the Group to manage costs and operational expenditures in its efforts to increase shareholder value. Growing the current business and aggressively exploring opportunities up to the oil and gas value chain for new revenue streams will remain a priority for the Group.

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

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 30 June 2015 nor for the previous period ended 30 June 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 30 June 2015.

27. Changes in Material Litigations

As at 30 June 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 30 June 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	256,195	248,125
- Unrealised	74,374	67,241
	330,569	315,366
Total share of retained earnings from associated company:		
- Realised	(5,299)	(3,830)
	325,270	311,536
Less: Consolidated adjustments	(65,134)	(68,379)
Retained earnings as per financial statements	260,136	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 Aug 2015.