



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2016**

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>	
		31 March 2016 Unaudited RM'000	31 March 2015 Unaudited RM'000
Revenue		113,231	119,073
Cost of sales		(112,330)	(102,635)
Gross profit		901	16,438
Other income		772	2,076
Administrative expenses		(14,934)	(11,305)
(Loss)/profit from operations		(13,261)	7,209
Finance income		777	1,050
Finance costs		(4,519)	(5,345)
Share of results of an associate		10,000	(80)
(Loss)/profit before taxation		(7,003)	2,834
Income tax expense	14	(74)	(750)
(Loss)/profit for the financial period		(7,077)	2,084
<u>Other comprehensive income:</u>			
Item that may be subsequently reclassified to profit or loss			
- Currency translation differences		(5,609)	1,590
Other comprehensive (loss)/income for the financial period, net of tax		(5,609)	1,590
Total comprehensive (loss)/income for the financial period		(12,686)	3,674
Basic (loss)/earning per share (sen)	15	(2.21)	0.65

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 2016 Unaudited RM'000	31 December 2015 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		422,223	436,878
Investment in associate		68,150	58,150
		490,373	495,028
Current assets			
Inventories		17,871	30,686
Trade and other receivables		193,217	226,261
Amount due from customers on contracts		21,946	25,517
Amount due from an associate company		51,887	108,649
Tax recoverable		7,972	6,345
Cash and bank balances	16	251,841	213,539
		544,734	610,997
Total Assets		1,035,107	1,106,025
EQUITY AND LIABILITIES			
Share capital		160,875	160,875
Share premium		138,934	138,934
Treasury shares		(836)	(836)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		8,650	14,259
Retained earnings		257,602	264,679
Total equity		534,225	546,911
Non-current liabilities			
Loans and borrowings	17	122,069	120,917
Hire purchase liabilities		313	333
Deferred taxation		11,043	11,043
		133,425	132,293
Current liabilities			
Loans and borrowings	17	203,278	220,996
Hire purchase liabilities		62	62
Trade and other payables		163,610	205,256
Amount due to customers on contracts		507	507
		367,457	426,821
Total liabilities		500,882	559,114
Total equity and liabilities		1,035,107	1,106,025
Net assets per share of RM0.50 each		1.66	1.70

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 Equity RM'000
	← Non-distributable →				Distributable		
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	
As at 1 January 2016	160,875	138,934	(31,000)	(836)	14,259	264,679	546,911
Loss for the financial period	-	-	-	-	-	(7,077)	(7,077)
Other comprehensive loss for the financial period	-	-	-	-	(5,609)	-	(5,609)
Total comprehensive loss for the financial period	-	-	-	-	(5,609)	(7,077)	(12,686)
As at 31 March 2016	160,875	138,934	(31,000)	(836)	8,650	257,602	534,225
As at 1 January 2015	160,875	138,934	(31,000)	-	3,458	243,157	515,424
Profit for the financial period	-	-	-	-	-	47,214	47,214
Other comprehensive income for the financial period	-	-	-	-	10,801	-	10,801
Total comprehensive income for the period	-	-	-	-	10,801	47,214	58,015
<u>Transactions with owners:</u>							
Purchase of treasury shares	-	-	-	(836)	-	-	(836)
Interim dividend in respect of financial year ended 31 December 2014	-	-	-	-	-	(6,435)	(6,435)
Special dividend in respect of financial year ended 31 December 2015	-	-	-	-	-	(19,257)	(19,257)
	-	-	-	(836)	-	(25,692)	(26,528)
As at 31 December 2015	160,875	138,934	(31,000)	(836)	14,259	264,679	546,911

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>3 months ended</i>	
	31 March 2016 Unaudited RM'000	31 March 2015 Unaudited RM'000
(Loss)/profit before tax	(7,003)	2,834
Adjustments for:		
Finance income	(777)	(1,050)
Finance costs	4,519	5,345
Unrealised foreign exchange loss/(gain)	4,046	(58)
Depreciation of property, plant and equipment	11,240	11,117
Share of results of associate	(10,000)	80
Total adjustments	9,028	15,434
Operating cash flows before changes in working capital	2,025	18,268
Changes in working capital:		
Inventories	12,815	14,385
Trade and other receivables	85,464	63,444
Trade and other payables	(41,646)	(67,860)
Amount due from customers	3,571	4,362
Total changes in working capital	60,204	14,331
Cash flows generated from operations	62,229	32,599
Income tax paid	(1,701)	(1,967)
Net cash flows generated from operating activities	60,528	30,632
Net cash flows generated from investing activities	4,193	1,210
Net cash flows used in financing activities	(10,157)	(14,945)
Net changes in cash and cash equivalents	54,564	16,897
Net changes in cash restricted in use	(72,943)	(3,784)
Effects of exchange rate changes	(16,320)	565
Cash and cash equivalents at 1 January	85,805	31,589
Cash and cash equivalents at 31 March (Note 16)	51,106	45,267

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 2015.

The audited financial statements of the Group for the year ended 31 December 2015 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 2015.

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.

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2015 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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 2016.

5. Material Changes in Estimates

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

6. Dividends

An interim tax exempt (single tier) dividend of 2.0 sen and special dividend of 2.0 sen per ordinary share of RM0.50 each on 320,947,200 ordinary shares for the financial year ended 31 December 2015 amounting to RM12,838,000 is payable on 18 May 2016.

7. Changes in Composition of the Group

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

8. 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.

9. Contingencies

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

10. Commitments

	31 March 2016 RM'000
Capital expenditure	
Property, plant and equipment:	
- Approved and contracted for	-
- Approved but not contracted for	3,512
	3,512

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Segment Information

(i) Current Quarter Ended 31 March 2016 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Revenue (RM'000)										
External customers	94,311	94,668	18,920	24,405	-	-	-	-	113,231	119,073
Inter-segment	2,454	1,957	23,814	25,679	-	-	(26,268)	(27,636)	-	-
Total revenue	96,765	96,625	42,734	50,084	-	-	(26,268)	(27,636)	113,231	119,073
Results (RM'000)										
Segment results	6,231	14,479	(7,216)	(2,107)	2,116	-	(13,615)	(4,113)	(12,484)	8,259
Finance costs	(2,533)	(3,557)	(867)	(1,121)	(1,552)	(900)	433	233	(4,519)	(5,345)
Share of results of associate	-	-	-	-	10,000	(80)	-	-	10,000	(80)
Segment profit/(loss) before tax	3,698	10,922	(8,083)	(3,228)	10,564	(980)	(13,182)	(3,880)	(7,003)	2,834

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 RM113.2 million, as compared to RM119.0 million reported in corresponding quarter of the preceding year. As a result, the Group incurred loss before taxation of RM7.0 million as compared to profit before taxation of RM2.8 million in the preceding year's corresponding quarter. Loss before taxation recorded in the current quarter under review was mainly due to loss from the Marine Assets Segment.

- Services Segment

The segment revenue for the current quarter remain flat at RM96.7million.

The segment recorded a decrease in result to RM6.2 million in the current quarter under review mainly due to higher provision for costs of completed projects, pending approval of additional variation orders. Hence, the segment recorded lower profit before taxation of RM3.7 million compared to RM10.9 million in Q1 2015.

- Marine Assets Segment

The segment recorded revenue of RM42.7 million the current quarter as compared to RM50.0 million in Q1 2015. The segment incurred a loss before taxation of RM8.0 million in the current quarter as compared to RM3.2 million in the corresponding quarter of preceding year due to lower vessel utilization.

- Production and Development Segment

The segment recorded profit of RM10.6 million resulting from the share of results of an associate amounting to RM10.0 million. 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.

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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</i>	
	<i>3 months ended</i>	
	31 March	31 March
	2016	2015
	RM'000	RM'000
Interest income	(777)	(1,050)
Interest expense	4,519	5,345
(Gain)/loss on foreign exchange - realised	(17)	321
Loss/(gain) on foreign exchange - unrealised	4,046	(58)
Depreciation of property, plant and equipment	11,240	11,117

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</i>	
	<i>3 months ended</i>	
	31 March	31 March
	2016	2015
	RM'000	RM'000
Current tax:		
Malaysian income tax	74	750

15. Basic (loss)/earning per share

Basic loss per share of (2.21 sen) (2015: earning of 0.65 sen) are calculated by dividing loss for the period, net of tax, of RM7,077,000 (2015: profit of RM2,084,000) by the weighted average number of ordinary shares outstanding during the financial period of 320,947,200 (2015: 321,750,000). The Group's 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

	31 March 2016 RM'000	31 December 2015 RM'000
Short term deposits with licensed banks	112,629	89,276
Cash at banks and on hand	139,212	124,263
	251,841	213,539

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

	31 March 2016 RM'000	31 December 2015 RM'000
Cash and bank balances	251,841	213,539
Less: Bank overdrafts	(2,615)	(2,556)
Cash and cash equivalents	249,226	210,983
Less: Cash restricted in use		
- Debt Service Reserve Account	(112,170)	(71,758)
- Fixed deposits pledged for borrowing	(85,950)	(53,420)
Net cash and cash equivalents	51,106	85,805

17. Loans and borrowings

	31 March 2016 RM'000	31 December 2015 RM'000
Short term borrowings		
Secured	143,257	162,121
Unsecured	60,021	58,875
	203,278	220,996
Long term borrowings		
Secured	122,069	120,917
	325,347	341,913

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 31 March 2016, the Group's total non-Islamic borrowings over total assets ratio stood at 26%.

As at 31 March 2016, the Group's exposure to foreign currency risk is arising from term loans amounting to RM111,627,000 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 31 March 2016 and 31 March 2015:

	31 March 2016 RM'000	31 March 2015 RM'000
Rental of buildings paid to parties related to a Corporate Shareholder	420	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 incurred a loss before taxation of RM7.0 million in Q1 2016 as compared with profit before taxation of RM10.4 million in Q4 2015. The significant decrease in profit before taxation mainly relates due to lower utilization of vessel as well as lower 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. In addition, the Group recorded an unrealised foreign exchange loss of RM4.0 million due to appreciation of RM against USD during the period.

22. Commentary on prospects

The business outlook for oil and gas industry in 2016 remains uncertain and continues to face challenges driven by the volatility of crude oil price, which may affect Oil Majors' capital and operational expenditure. The Group's immediate strategy is to continue focusing on managing costs and operational expenditures in its efforts to increase shareholders' value. In addition, exploring opportunities within the energy sector shall 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 31 March 2016 nor for the previous period ended 31 December 2015.

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 2016.

27. Changes in Material Litigations

As at 31 March 2016, there was no material litigation against the Group.

28. Dividend Payable

On 22 February 2016 the Directors declared an interim tax exempt (single tier) dividend of 2.0 sen and special dividend of 2.0 sen per ordinary share of RM0.50 each on 320,947,200 ordinary shares for the financial year ended 31 December 2015, amounting to RM12,838,000 and payable on 18 May 2016.

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

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:

	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	146,453	155,555
- Unrealised	71,102	75,148
	217,555	230,703
Total share of retained earnings from associated company:		
- Realised	57,503	47,503
Less: Consolidated adjustments	(17,456)	(13,527)
Retained earnings as per financial statements	257,602	264,679

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 19 May 2016.