



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2017**

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>	
		31 March 2017 Unaudited RM'000	31 March 2016 Unaudited RM'000
Revenue		69,604	113,231
Cost of sales		(75,155)	(112,330)
Gross (loss)/profit		(5,551)	901
Other income		7,956	772
Administrative expenses		(9,698)	(14,934)
Loss from operations		(7,293)	(13,261)
Finance income		966	777
Finance costs		(3,524)	(4,519)
Share of results of an associate		15,143	10,000
Profit/(Loss) before taxation	13	5,292	(7,003)
Income tax expense	14	-	(74)
Profit/(Loss) for the financial period		5,292	(7,077)
<u>Other comprehensive income:</u>			
Item that may be subsequently reclassified to profit or loss			
- Currency translation differences		-	(5,609)
Other comprehensive loss for the financial period, net of tax		-	(5,609)
Total comprehensive income/(loss) for the financial period		5,292	(12,686)
Earnings/(Loss) per share (sen)			
Basic/ diluted	15	1.65	(2.21)

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 2017 Unaudited RM'000	31 December 2016 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		332,131	340,283
Investment in associate		125,997	110,854
		458,128	451,137
Current assets			
Inventories		10,626	8,003
Trade and other receivables		114,152	109,274
Amount due from customers on contracts		11,617	11,823
Tax recoverable		10,704	11,255
Cash and bank balances	16	153,528	238,749
		300,627	379,104
Total Assets		758,755	830,241
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		21,604	21,604
Retained earnings		133,306	128,014
Total equity		422,883	417,591
Non-current liabilities			
Loans and borrowings	17	36,059	69,042
Hire purchase liabilities		312	333
Deferred taxation		73	73
		36,444	69,448
Current liabilities			
Loans and borrowings	17	114,033	168,663
Hire purchase liabilities		78	78
Trade and other payables		113,705	121,503
Amount due to an associate company		71,612	52,794
Amount due to customers on contracts		-	164
		299,428	343,202
Total liabilities		335,872	412,650
Total equity and liabilities		758,755	830,241
Net assets per share of RM0.50 each		1.32	1.30

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 2017	160,875	138,934	(31,000)	(836)	21,604	128,014	417,591
Profit for the financial period	-	-	-	-	-	5,292	5,292
Other comprehensive loss for the financial period	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	-	5,292	5,292
As at 31 March 2017	160,875	138,934	(31,000)	(836)	21,604	133,306	422,883
As at 1 January 2016	160,875	138,934	(31,000)	(836)	14,259	264,679	546,911
Loss for the financial period	-	-	-	-	-	(114,199)	(114,199)
Other comprehensive income for the financial period	-	-	-	-	7,345	-	7,345
Total comprehensive income for the period	-	-	-	-	7,345	(114,199)	(106,854)
<u>Transactions with owners:</u>							
Interim dividend in respect of financial year ended 31 December 2016	-	-	-	-	-	(9,628)	(9,628)
Interim dividend in respect of financial year ended 31 December 2015	-	-	-	-	-	(6,419)	(6,419)
Special dividend in respect of financial year ended 31 December 2015	-	-	-	-	-	(6,419)	(6,419)
	-	-	-	-	-	(22,466)	(22,466)
As at 31 December 2016	160,875	138,934	(31,000)	(836)	21,604	128,014	417,591

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 2017 Unaudited RM'000	31 March 2016 Unaudited RM'000
Profit/(Loss) before tax	5,292	(7,003)
Adjustments for:		
Finance income	(966)	(777)
Finance costs	3,524	4,519
Unrealised foreign exchange (gain)/loss	(585)	4,046
Depreciation of property, plant and equipment	8,432	11,240
Share of results of associate	(15,143)	(10,000)
Total adjustments	(4,738)	9,028
Operating cash flows before changes in working capital	554	2,025
Changes in working capital:		
Inventories	(2,623)	12,815
Trade and other receivables	14,959	85,464
Trade and other payables	(7,797)	(41,646)
Amount due from customers	42	3,571
Total changes in working capital	4,581	60,204
Cash flows generated from operations	5,135	62,229
Income tax refund/(paid)	551	(1,701)
Net cash flows generated from operating activities	5,686	60,528
Net cash flows generated from investing activities	686	4,193
Net cash flows used in financing activities	(89,554)	(10,157)
Net changes in cash and cash equivalents	(83,182)	54,564
Net changes in cash restricted in use	135,757	(72,943)
Effects of exchange rate changes	970	(16,320)
Cash and cash equivalents at 1 January	79,625	85,805
Cash and cash equivalents at 31 March (Note 16)	133,170	51,106

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 2016.

The audited financial statements of the Group for the year ended 31 December 2016 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 2016.

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	
MFRS 12	Disclosures of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows – Disclosure Initiative	1 January 2017
MFRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9	Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 121	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018
MFRS 16	Leases	1 January 2019

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 2016 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 2017.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 debt and securities during the year ended 31 March 2017.

7. Dividends

- i. An interim tax exempt (single-tier) dividend of 3.0 sen per ordinary share of RM0.50 each on 320,947,200 ordinary shares for the financial year ended 31 December 2016 amounting to RM9,628,000 was paid on 6 Jan 2017.
- ii. An interim tax exempt (single-tier) dividend of 2.0 sen per ordinary shares of RM0.50 each on 320,947,200 ordinary shares for the financial year ended 31 December 2016 amounting to RM6,419,000 was paid on 15 May 2017.

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.

11. Commitments

Capital expenditure

Property, plant and equipment:

- Approved but not contracted for

31 March 2017 RM'000
6,700
6,700

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

(i) Current Quarter Ended 31 March 2017 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Revenue (RM'000)										
External customers	64,012	94,311	5,592	18,920	-	-	-	-	69,604	113,231
Inter-segment	1,874	2,454	16,711	23,814	-	-	(18,585)	(26,268)	-	-
Total revenue	65,886	96,765	22,303	42,734	-	-	(18,585)	(26,268)	69,604	113,231
Results (RM'000)										
Segment results	8,160	6,231	(12,653)	(7,216)	218	2,116	(2,052)	(13,615)	(6,327)	(12,484)
Finance costs	(1,537)	(2,533)	(684)	(867)	(1,464)	(1,552)	161	433	(3,524)	(4,519)
Share of results of associate	-	-	-	-	15,143	10,000	-	-	15,143	10,000
Segment profit/(loss) before tax	6,623	3,698	(13,337)	(8,083)	13,897	10,564	(1,891)	(13,182)	5,292	(7,003)

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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 RM69.6 million, as compared to RM165.7million reported in corresponding quarter of the preceding year. The Group incurred profit before taxation of RM5.3 million as compared to loss before taxation of RM7.0 million in the preceding year's corresponding quarter. Profit before taxation recorded in the current quarter under review was mainly due to profit from the Services Segment and Production and Development Segment.

- Services Segment

The segment revenue for the current quarter decreased by 31.9% from RM96.7 million in Q1 2016 to RM65.9 million in Q1 2017. Lower revenue recorded in Q1 2017 resulted from lower activities in Hook up, Commissioning and Top-side Major Maintenance ("HuC/TMM") contract with Petronas Carigali Sdn Bhd ("PCSB"). Nevertheless, the segment recorded higher profit before taxation of RM6.6 million in Q1 2017 as compared to profit before taxation of RM3.7 million in Q1 2016.

- Marine Assets Segment

The segment recorded revenue of RM22.3 million the current quarter as compared to RM42.7 million in Q1 2016. As a result, the segment incurred higher loss before taxation of RM13.3 million) in the current quarter as compared to RM8.1 million in Q1 2016 due to lower vessel utilization.

- Production and Development Segment

The segment recorded profit of RM13.9 million resulting from the share of results of an associate amounting to RM15.1 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/(Loss) before taxation

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

	<i>Current quarter 3 months ended</i>	
	31 March 2017 RM'000	31 March 2016 RM'000
Interest income	(966)	(777)
Interest expense	3,524	4,519
Gain on foreign exchange - realised	(13)	(17)
(Gain)/Loss on foreign exchange - unrealised	(585)	4,046
Insurance claim received	(7,300)	-
Depreciation of property, plant and equipment	8,432	11,240

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>	
	31 March 2017 2015 RM'000	31 March 2016 2014 RM'000
Current tax:		
Malaysian income tax	-	74

15. Earnings/ (Loss) per share (sen)

The calculation of basic earnings/(loss) per share as at 31 March 2017 and 31 March 2016 was based on the profit/(loss) for the financial period and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	31 March 2017 RM'000	31 March 2016 RM'000
Profit/(Loss) for the financial period	5,292	(7,077)
Weighted average numbers of shares ('000)	320,947	320,947
Basic/diluted EPS (sen)	1.65	(2.21)

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share are the same as basic earnings per share.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Cash and bank balances

	31 March 2017 RM'000	31 December 2016 RM'000
Short term deposits with licensed banks	56,477	78,105
Cash at banks and on hand	97,051	160,644
	153,528	238,749

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

	31 March 2017 RM'000	31 December 2016 RM'000
Cash and bank balances	153,528	238,749
Less: Bank overdrafts	(460)	(713)
Cash and cash equivalents	153,068	238,036
Less: Cash restricted in use		
- Debt Service Reserve Account	(1,080)	(130,246)
- Fixed deposits pledged for borrowing	(18,818)	(28,165)
Net cash and cash equivalents	133,170	79,625

17. Loans and borrowings

	31 March 2017 RM'000	31 December 2016 RM'000
Short term borrowings		
Secured	68,248	119,164
Unsecured	45,785	49,499
	114,033	168,663
Long term borrowings		
Secured	36,059	69,042
	150,092	237,705

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 2017, the Group's total non-Islamic borrowings over total assets ratio stood at 14%.

As at 31 March 2017, the Group's exposure to foreign currency risk is arising from term loans amounting to RM12,976,000 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 2017 and 31 March 2016:

	31 March 2017 RM'000	31 March 2016 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 revenue of RM70.0 million was 9% higher than the immediate preceding quarter, resulted from higher activities executed for HuC/TMM contract.

The Group recorded profit before taxation of RM5.3 million as compared to loss of RM88.4 million in Q4 2016. The loss in Q4 2016 mainly relates to impairment loss on property, plant and equipment of which none recorded in the current period. Vessel utilization remain low for both quarters.

22. Commentary on prospects

The market sentiments remain cautious over the prospect for oil and gas industry. The Group will continue to manage costs and increase efficiency during this industry climate. 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 December 2016 nor for the previous period ended 31 March 2017.

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 2017.

27. Changes in Material Litigations

As at 31 March 2017, 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 2017 RM'000	As at 31 December 2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	(20,582)	(9,635)
- Unrealised	34,679	33,582
	14,097	23,947
Total share of retained earnings from associated company:		
- Realised	109,636	94,493
- Unrealised	470	470
Less: Consolidated adjustments	9,103	9,104
Retained earnings as per financial statements	133,306	128,014

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 16 May 2017.