



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2018**

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

Condensed Consolidated Statements of Comprehensive Income

		<i>Current quarter 3 months ended</i>	
		31 March 2018	31 March 2017
Note		Unaudited RM'000	Unaudited RM'000
Revenue		67,505	69,604
Cost of sales		(74,379)	(75,155)
Gross loss		(6,874)	(5,551)
Other income		15,822	7,956
Administrative expenses		(9,767)	(9,698)
Loss from operations		(819)	(7,293)
Finance income		702	966
Finance costs		(2,952)	(3,524)
Share of results of an associate		4,088	15,143
Profit before taxation	11	1,019	5,292
Income tax expense	12	-	-
Profit for the financial period		1,019	5,292
<u>Other comprehensive loss:</u>			
Item that may be subsequently reclassified to profit or loss			
- Share of other comprehensive loss of an associate		(7,310)	-
Other comprehensive loss for the financial period, net of tax		(7,310)	-
Total comprehensive loss for the financial period		(6,292)	5,292
Earnings per share (sen)			
Basic/ diluted	13	0.32	1.65

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 March 2018 Unaudited RM'000	31 December 2017 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		280,366	287,655
Investment in associate		146,836	150,058
		427,202	437,713
Current assets			
Inventories		12,217	8,609
Trade and other receivables		220,309	209,000
Amount due from customers on contracts		5,102	5,102
Tax recoverable		14,020	13,612
Cash and bank balances	14	143,091	145,260
Assets of disposal group classified as held for sale		7,761	15,339
		402,500	396,922
Total Assets		829,702	834,635
EQUITY AND LIABILITIES			
Share capital		299,809	299,809
Treasury shares		(840)	(840)
Merger reserve		(31,000)	(31,000)
Currency translation reserve		2,215	9,525
Retained earnings		76,581	75,562
Total equity		346,765	353,056
Non-current liabilities			
Loans and borrowings	15	1,200	1,600
Hire purchase liabilities		585	585
Amount due to an associate company		106,409	91,685
		108,194	93,870
Current liabilities			
Loans and borrowings	15	180,322	196,606
Hire purchase liabilities		166	172
Trade and other payables		194,241	190,917
Amount due to customers on contracts		14	14
		374,743	387,709
Total liabilities		482,937	481,579
Total equity and liabilities		829,702	834,635
Net assets per share of RM0.50 each		1.08	1.10

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 2018	299,809	-	(31,000)	(840)	9,525	75,562	353,056
Profit for the financial period	-	-	-	-	-	1,019	1,019
Other comprehensive loss for the financial period	-	-	-	-	(7,310)	-	(7,310)
Total comprehensive loss for the financial period	-	-	-	-	(7,310)	1,019	(6,291)
As at 31 March 2018	299,809	-	(31,000)	(840)	2,215	76,581	346,765
As at 1 January 2017	160,875	138,934	(31,000)	(836)	21,604	128,014	417,591
Transition to no-par value regime on 31 January 2017 *	138,934	(138,934)	-	-	-	-	-
Loss for the financial year	-	-	-	-	-	(46,033)	(46,033)
Other comprehensive expense for the financial year	-	-	-	-	(12,079)	-	(12,079)
Total comprehensive income for the year	-	-	-	-	(12,079)	(46,033)	(58,112)
<u>Transactions with owners:</u>							
Purchase of treasury shares	-	-	-	(4)	-	-	(4)
Interim and special dividend in respect of financial year ended 31 December 2016	-	-	-	-	-	(6,419)	(6,419)
As at 31 December 2017	299,809	-	(31,000)	(840)	9,525	75,562	353,056

* The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM138,934,000 for purpose as at out in Section 618 (3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2018 Unaudited RM'000	31 March 2017 Unaudited RM'000
Profit before tax	1,019	5,292
Adjustments for:		
Finance income	(702)	(966)
Finance costs	2,952	3,524
Depreciation of property, plant and equipment	7,811	8,432
Gain on disposal of property, plant and equipment	(12,400)	-
Unrealised foreign exchange gain	(2,126)	(585)
Share of results of associate	(4,088)	(15,143)
Total adjustments	(8,553)	(4,738)
Operating cash flows before changes in working capital	(7,534)	554
Changes in working capital:		
Inventories	(3,608)	(2,623)
Trade and other receivables	(11,306)	14,959
Trade and other payables	3,318	(7,797)
Amount due from customers	-	42
Total changes in working capital	(11,596)	4,581
Cash flows (used in)/generated from operations	(19,130)	5,135
Income tax (paid)/refund	(408)	551
Net cash flows (used in)/generated from operating activities	(19,538)	5,686
Net cash flows generated from investing activities	37,375	686
Net cash flows (used in)/generated from financing activities	(18,591)	46,203
Net changes in cash and cash equivalents	(754)	52,575
Effects of exchange rate changes	(603)	970
Cash and cash equivalents at 1 January	135,682	79,625
Cash and cash equivalents at 31 March (Note 14)	134,325	133,170

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 2017.

The audited financial statements of the Group for the year ended 31 December 2017 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 2017.

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 16 Leases	1 January 2019
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 128 Long-term interest in Associates and Joint Ventures	1 January 2019
MFRS 112 Annual improvements to MFRS standards 2015-2017 cycle	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 2017 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 December 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. Changes in Composition of the Group

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

7. 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.

8. Contingencies

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

9. Commitments

Capital expenditure

Property, plant and equipment:

- Approved but not contracted for

31 March 2018 RM'000
24,200
24,200

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Segment Information

(i) Current Quarter Ended 31 March 2018 (3 months)

	Services		Marine Assets		Production and Development		Adjustments and eliminations		Group	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue (RM'000)										
External customers	43,310	64,012	20,988	5,592	-	-	-	-	64,298	69,604
Inter-segment	1,721	1,874	13,790	16,711	-	-	(15,511)	(18,585)	-	-
Total revenue	45,031	65,886	34,778	22,303	-	-	(15,511)	(18,585)	64,298	69,604
Results (RM'000)										
Segment results	8,881	8,160	(12,662)	(12,653)	5,318	218	(1,654)	(2,052)	(117)	(6,327)
Finance costs	(2,225)	(1,537)	(343)	(684)	(442)	(1,464)	58	161	(2,952)	(3,524)
Share of results of associate	-	-	-	-	4,088	15,143	-	-	4,088	15,143
Segment profit/(loss) before tax	6,656	6,623	(13,005)	(13,337)	8,964	13,897	(1,596)	(1,891)	1,019	5,292

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. 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 RM67.5 million, as compared to RM69.6 million reported in corresponding quarter of the preceding year. The Group recorded lower profit before taxation of RM1.0 million in Q1 2018 as compared to RM5.3 million in the preceding year's corresponding quarter.

- Services Segment

The segment revenue for the current quarter decreased from RM65.9 million in Q1 2017 to RM48.2 million in Q1 2018. Lower revenue recorded in Q1 2018 resulted from lower activities in Hook up, Commissioning and Top-side Major Maintenance ("HuC/TMM") contract with Petronas Carigali Sdn Bhd ("PCSB"). The segment recorded loss before taxation of RM5.7 million (after excluding gain on disposal of property, plant and equipment of RM12.4 million) in Q1 2018 as compared to profit before taxation of RM6.6 million in Q1 2017 in line with lower activities during the period.

- Marine Assets Segment

The segment recorded revenue of RM34.8 million in the current quarter as compared to RM22.3 million in Q1 2017. The segment recorded lower loss before taxation of RM13.0 million in Q1 2018 as compared to RM20.6 million (after excluding other income of RM7.3 million) in Q1 2017 due to improved vessel utilization.

- Production and Development Segment

The segment recorded lower profit before taxation of RM9.0 million in Q1 2018 as compared to RM13.9 million in Q1 2017 resulting from lower share of results of an associate amounting by RM11.0 million.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Loss before taxation

Included in the loss before taxation are the following items:

	<i>Current quarter</i>	
	<i>3 months ended</i>	
	31 March 2018 RM'000	31 March 2017 RM'000
Interest income	(702)	(966)
Interest expense	2,952	3,524
Loss/(Gain) on foreign exchange - realised	23	(13)
Gain on foreign exchange - unrealised	(2,126)	(585)
Insurance claim received	-	(7,300)
Gain on disposal of property, plant and equipment	(12,400)	-
Depreciation of property, plant and equipment	7,811	8,432

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

12. Income tax expense

	<i>Current quarter</i>	
	<i>3 months ended</i>	
	31 March 2018 RM'000	31 March 2017 RM'000
Current tax:		
Malaysian income tax	-	-

13. Earnings per share (sen)

The calculation of basic earnings per share as at 31 March 2018 and 31 March 2017 was based on the earnings for the financial year and a weighted average numbers of ordinary shares outstanding, calculated as follows:

	31 March 2018 RM'000	31 March 2017 RM'000
Profit for the financial year	1,019	5,292
Weighted average numbers of shares ('000)	320,942	320,947
Basic/diluted EPS (sen)	0.32	1.65

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Cash and bank balances

	31 March 2018 RM'000	31 December 2017 RM'000
Short term deposits with licensed banks	28,752	58,217
Cash at banks and on hand	114,339	87,043
	143,091	145,260

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

	31 March 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	143,091	145,260
Less: Bank overdrafts	-	-
Cash and cash equivalents	143,091	145,260
Less: Cash restricted in use		
- Debt Service Reserve Account	(1,652)	(963)
- Fixed deposits pledged for borrowing	(7,114)	(8,615)
Net cash and cash equivalents	134,325	135,682

15. Loans and borrowings

	31 March 2018 RM'000	31 December 2017 RM'000
Short term borrowings		
Secured	143,513	160,361
Unsecured	36,809	36,245
	180,322	196,606
Long term borrowings		
Secured	1,200	1,600
	181,522	198,206

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 United States Dollar ("USD").

As at 31 March 2018, the Group's exposure to foreign currency risk is arising from term loans amounting to RM3,529,000 which are denominated in USD.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. 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 2018 and 31 March 2017:

	31 March 2018 RM'000	31 March 2017 RM'000
Rental of buildings paid to parties related to a Corporate Shareholder	465	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.

17. 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.

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

18. Performance review

Explanatory comment on the performance of each of the Group's business segments is provided in Note 10.

19. Comment on material change in profit before taxation for the quarter reported as compared with immediate preceding quarter

The Group revenue of RM67.5 million was 44.3% lower than the immediate preceding quarter, resulted from lower activities executed for HuC/TMM contract.

The Group recorded profit before taxation of RM1.0 million as compared to loss before taxation of RM32.6 million (after excluding provision for impairment on property, plant and equipment of RM9.8 million and provision for impairment of trade receivables of RM4.5 million) in Q4 2017 mainly due to losses incurred on certain project in the immediate preceding quarter.

20. Commentary on prospects

The market sentiments remain cautious over the prospect for oil and gas industry. The Group will accelerate cost management, increase efficiency during this industry climate and explore opportunities within the energy sector.

21. Profit Forecast

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

22. Corporate Proposals

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

23. Derivative Financial Instruments

The Group did not enter into any derivatives during the year ended 31 March 2018 nor for the previous year ended 31 December 2017.

24. 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 2018.

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

25. Changes in Material Litigations

As at 31 March 2018, there was no material litigation against the Group.

26. 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 23 May 2018.