

1. CORPORATE DIRECTORY**DIRECTORS**

Name/ Designation	Address	Occupation	Nationality
Tengku Ibrahim Petra (Executive Chairman)	No. 212, Jalan Kiara Payong Sierramas 47000 Sungai Buloh Selangor	Director	Malaysian
Lee Mee Jiong (Executive Director)	Lot 63, Taman Piasau 98000 Miri Sarawak	Director	Malaysian
Suhaimi bin Badrul Jamil (Non Independent Non Executive Director)	No. 193A, Jalan Tembusu Sierramas 47000 Sungai Buloh Selangor	Director	Malaysian
Gerawat Gala (Independent Non Executive Director)	No. 27E, Bampfyld Heights 2 Jalan Bampfyld 93200 Kuching Sarawak	Director	Malaysian
Siew Boon Yeong (Independent Non Executive Director)	B301, Casa Mila Condo Bukit Idaman 68100 Batu Caves Selangor	Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Siew Boon Yeong	Chairman	Independent Non Executive Director
Gerawat Gala	Member	Independent Non Executive Director
Suhaimi bin Badrul Jamil	Member	Non Independent Non Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Gerawat Gala	Chairman	Independent Non Executive Director
Siew Boon Yeong	Member	Independent Non Executive Director
Suhaimi bin Badrul Jamil	Member	Non Independent Non Executive Director

1. CORPORATE DIRECTORY (Cont'd)**REMUNERATION COMMITTEE**

Name	Designation	Directorship
Gerawat Gala	Chairman	Independent Non Executive Director
Siew Boon Yeong	Member	Independent Non Executive Director
Suhaimi bin Badrul Jamil	Member	Non Independent Non Executive Director

COMPANY SECRETARY : Teh Peng Peng (MAICSA 7021299)
 No. 6-8, Jalan 3/3C
 Batu 7, Jalan Ipoh
 68100 Kuala Lumpur

Telephone : 03-6257 1111

REGISTERED OFFICE : No. 6-8, Jalan 3/3C
 Batu 7, Jalan Ipoh
 68100 Kuala Lumpur

Telephone : 03-6257 1111
 Facsimile : 03- 6257 1020
 Email : regoff@petra.com.my

HEAD / MANAGEMENT OFFICE : 4, Jalan 3/3C
 Batu 7, Jalan Ipoh
 68100 Kuala Lumpur

Telephone : 03-6257 2111
 Facsimile : 03-6257 8181

PRINCIPAL BANKERS : United Overseas Bank (M) Bhd HSBC Bank Malaysia Berhad
 Level 11, Menara UOB Bangunan BINAMAS
 Jalan Raja Laut Jalan Padungan
 P.O. Box 11212 93100 Kuching
 50738 Kuala Lumpur Sarawak
 Wilayah Persekutuan

Telephone : 03-2772 6569 Telephone : 082-204317

Malayan Banking Berhad
 Miri Business Centre
 1st Floor, Lot 939 and 940 Block 9
 Jalan Asmara
 98000 Miri
 Sarawak

Telephone : 085-416409

TAX CONSULTANT : Horwath KL Tax Sdn Bhd
 C15-5 Level 15 Tower C
 Megan Avenue II
 12 Jalan Yap Kwan Seng
 50450 Kuala Lumpur

Telephone : 03-2166 9100

1. CORPORATE DIRECTORY (Cont'd)

- REPORTING ACCOUNTANTS** : Horwath (AF1018)
Level 16, Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Telephone : 03-2166 0000
- AUDITORS** : Ng & Co. (AF580)
Lot 3045-3047/3
Batu 4 ½, Jalan Klang Lama
58000 Kuala Lumpur

Telephone : 03-7983 3964
- SOLICITORS FOR THE FLOTATION SCHEME** : Kamarudin & Partners
Suites 12A-06 & 12A-07, Level 12A
Heritage House
No.33, Jalan Yap Ah Shak
50300 Kuala Lumpur

Telephone : 03-2698 2622
- INDEPENDENT MARKET RESEARCH CONSULTANTS** : Frost & Sullivan Malaysia Sdn Bhd (522293-W)
Suite E-08-15, Block E
Plaza Mont Kiara
2, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur

Telephone : 03-6204 5800
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 27, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Telephone : 03-2693 2075
- REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 26, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Telephone : 03-2721 2222
- ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** : Alliance Investment Bank Berhad (21605-D)
(formerly known as Alliance Merchant Bank Berhad)
Level 3, Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur

Telephone : 03-2692 7788
- LISTING SOUGHT** : Main Board of the Securities Exchange
- SYARIAH STATUS** : Approved by the SAC of the SC

2. INFORMATION SUMMARY

THE FOLLOWING INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN THE PUBLIC ISSUE.

2.1 OUR HISTORY AND BUSINESS

Petra Energy was incorporated as a private limited company under the Act on 16 December 2005 as Portfolio Hitech Sdn Bhd and changed its name to Petra Energy Sdn Bhd on 1 June 2006. Petra Energy was converted to a public limited company on 24 July 2006. Petra Energy was established as the investment holding company of the Petra Energy Group. As at the date of this Prospectus, Petra Energy is a wholly-owned subsidiary company of Petra Perdana, a company listed on the Main Board of the Securities Exchange.

Petra Energy is principally involved in investment holding whilst the principal activities of its three (3) wholly-owned subsidiary companies namely, Petra Resources, Petra Fabricators and Petra Boilers (through Petra Fabricators) are as follows:

Name of subsidiary company	Principal activities
Petra Resources	Provision of services in operations and maintenance, oil field optimisation, retrofits, domestic vessels recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry.
Petra Fabricators	Design, fabrication, supply and installation of pressure vessels, heat exchangers, skid packages and other process equipment primarily for the oil and gas and petrochemical industries.
Petra Boilers	Design, fabrication, supply and installation of industrial boilers and ancillary equipment.

Petra Energy's entry into the oil and gas industry began when its wholly-owned subsidiary company, Petra Resources was formed in 1988 to undertake the supply of engineered equipment for major oil and gas companies engaged in the exploration and production activities in Malaysia e.g. Sarawak Shell, Sabah Shell, PETRONAS Carigali and EMEPMI.

Since then, Petra Resources laid its initial foundation and systematically developed its resource capabilities in the Brown Field sector of the upstream oil and gas industry. In 1988, Petra Resources became a licensed vendor for PETRONAS to provide a host of services for the upstream oil and gas industry. In the years that followed, Petra Resources successfully secured some significant contracts from EMEPMI, Sarawak Shell, Sabah Shell and PETRONAS Carigali. The revenue of Petra Energy Group amounted to approximately RM693 million for the past three (3) FYE 31 December 2006.

Today, Petra Energy provides a wide range of Brown Field Services, making Petra Energy not only one of the few integrated Brown Field service providers in Malaysia but also one of the largest integrated Brown Field service providers in the country with a group revenue of approximately RM431.35 million for the FYE 31 December 2006.

Please refer to Section 7 of this Prospectus for further information on our Group's businesses.

2. INFORMATION SUMMARY (Cont'd)

2.2 OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Summary of shareholdings of our Promoters, substantial shareholders, Directors and key management before and after the Public Issue and Bonus Issue is set out below. The summary is extracted from and should be read in conjunction with Section 9 of this Prospectus.

2.2.1 Our Promoters and Substantial Shareholders

Name	-----Before Public Issue-----				-----After Public Issue and Bonus Issue-----			
	Direct No. of Petra Energy Shares	%	Indirect No. of Petra Energy Shares	%	Direct No. of Petra Energy Shares	%	Indirect No. of Petra Energy Shares	%
Petra Perdana*~	84,000,000	100.00	-	-	126,000,000	64.62	-	-
Tengku Ibrahim Petra*~	-	-	84,000,000 ¹	100.00	1,056,616 ³	0.54	127,663,013 ⁴	65.47
Datin Nariza Hajjar Hashim~	-	-	84,000,000 ²	100.00	4,051 ³	- ⁵	128,715,578 ⁴	66.01

The table above has been presented on the basis that person(s) who hold less than 15% of equity interests (direct and indirect) in Petra Perdana, will not be deemed to be interested in the Shares of our Company.

Notes:

* Promoter

~ Substantial shareholder

1. Deemed interested by virtue of the interest of Tengku Ibrahim Petra in Petra Perdana via TI Equity, Cosmos Time and 1st Systems and via the interest of his spouse, Datin Nariza Hajjar Hashim pursuant to Section 6A of the Act.
2. Deemed interested by virtue of the interest of Datin Nariza Hajjar Hashim in Petra Perdana via the interests of her spouse, Tengku Ibrahim Petra in his own name and via his interests in TI Equity, Cosmos Time and 1st Systems pursuant to Section 6A of the Act.
3. Assuming Tengku Ibrahim Petra and Datin Nariza Hajjar Hashim subscribed in full to their respective entitlement for the Restricted Issue Shares reserved for them as shareholders of Petra Perdana under the Restricted Issue Tranche.
4. Deemed interested by virtue of Tengku Ibrahim Petra and Datin Nariza Hajjar Hashim's interests in Petra Perdana, and via TI Equity, Cosmos Time and 1st Systems assuming these companies subscribed in full to their respective entitlement for the Restricted Issue Shares reserved for them as shareholders of Petra Perdana under the Restricted Issue Tranche as the case may be.
5. Negligible.

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2. INFORMATION SUMMARY (Cont'd)

2.2.2 Our Directors

Name	<-----Before Public Issue----->				<-----After Public Issue and Bonus Issue----->			
	Direct		Indirect		Direct		Indirect	
	No. of Petra Energy Shares	%	No. of Petra Energy Shares	%	No. of Petra Energy Shares	%	No. of Petra Energy Shares	%
Tengku Ibrahim Petra	-	-	84,000,000 ¹	100.00	1,056,616 ²	0.54	127,663,013 ³	65.47
Lee Mee Jiong	-	-	-	-	2,250 ²	- ⁴	-	-
Suhaimi Bin Badrul Jamil	-	-	-	-	-	-	-	-
Gerawat Gala	-	-	-	-	-	-	-	-
Siew Boon Yeong	-	-	-	-	15,847 ²	- ⁴	-	-

Notes:

1. Deemed interested by virtue of the interest of Tengku Ibrahim Petra in Petra Perdana via TI Equity, Cosmos Time and 1st Systems and via the interest of his spouse, Datin Nariza Hajjar Hashim pursuant to Section 6A of the Act.
2. Assuming Tengku Ibrahim Petra, Lee Mee Jiong and Siew Boon Yeong subscribed in full to their entitlements for the Restricted Issue Shares reserved for them as shareholders of Petra Perdana under the Restricted Issue Tranche.
3. Deemed interested by virtue of Tengku Ibrahim Petra and Datin Nariza Hajjar Hashim's interests in Petra Perdana, and via TI Equity, Cosmos Time and 1st Systems and assuming these companies subscribed in full to their respective entitlement for the Restricted Issue Shares reserved for them as shareholders of Petra Perdana under the Restricted Issue Tranche as the case may be.
4. Negligible.

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2. INFORMATION SUMMARY (Cont'd)

2.2.3 Our Key Management

Name	<-----Before Public Issue----->				<-----After Public Issue and Bonus Issue----->			
	Direct No. of Petra Energy Shares	%	Indirect No. of Petra Energy Shares	%	Direct No. of Petra Energy Shares	%	Indirect No. of Petra Energy Shares	%
Tengku Ibrahim Petra	-	-	84,000,000 ¹	100.00	1,056,616 ²	0.54	127,663,013 ³	65.47
Lee Mee Jiong	-	-	-	-	2,250 ²	- ⁴	-	-
Lim Kian Beng	-	-	-	-	750 ²	- ⁴	-	-
Wan Mohd Zahari Hashim	-	-	-	-	-	-	-	-
Nik Ismail bin Tengku Besar Indra Raja	-	-	-	-	-	-	-	-
Sahrol bin Hasim	-	-	-	-	-	-	-	-
Sim Kien Beng	-	-	-	-	-	-	-	-
Christopher Then Ted Loong	-	-	-	-	-	-	-	-

Notes:

1. Deemed interested by virtue of the interest of Tengku Ibrahim Petra in Petra Perdana via TI Equity, Cosmos Time and 1st Systems and via the interest of his spouse, Datin Nariza Hajjar Hashim pursuant to Section 6A of the Act.
2. Assuming Tengku Ibrahim Petra, Lee Mee Jiong and Lim Kian Beng subscribed in full to their entitlements for the Restricted Issue Shares reserved for them as shareholders of Petra Perdana under the Restricted Issue Tranche.
3. Deemed interested by virtue of Tengku Ibrahim Petra and Datin Nariza Hajjar Hashim's interests in Petra Perdana, and via TI Equity, Cosmos Time and 1st Systems and assuming these companies subscribed in full to their respective entitlements for the Restricted Issue Shares reserved for them as shareholders of Petra Perdana under the Restricted Issue Tranche as the case may be.
4. Negligible.

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2. INFORMATION SUMMARY (Cont'd)

2.3 FINANCIAL HIGHLIGHTS

2.3.1 Consolidated Income Statements of Our Group

The following table sets out the summary of the proforma consolidated income statements for the past three (3) FYE 31 December 2006. The proforma consolidated income statements for the past two (2) FYE 31 December 2005 were prepared based on the assumption that the current structure of our Group has been in existence throughout the financial years under review. The consolidated income statement for the FYE 31 December 2006 was based on the audited financial statements of our Group. The consolidated income statements should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information for the three (3) FYE 31 December 2006 and the analysis on our past operating results and financial position in Sections 13.4 and 14 of this Prospectus respectively.

		FYE 31.12.2004 RM'000	FYE 31.12.2005 RM'000	FYE 31.12.2006 RM'000
Revenue		161,092	417,299	431,349
Gross profit		35,249	82,480	84,012
EBITDA		16,561	54,030	65,239
PBT	(A)	12,012	33,287	40,559
Tax expense		(3,476)	(9,091)	(11,825)
PAT	(B)	<u>8,536</u>	<u>24,196</u>	<u>28,734</u>
Gross profit margin (%)		21.9	19.8	19.5
PAT margin (%)		5.3	5.8	6.7
Assumed number of Shares in issue (before Public Issue and Bonus Issue) ('000)	(C)	84,000	84,000	84,000
- Gross EPS (sen)	(A)/(C)	14.3	39.6	48.3
- Net EPS (sen)	(B)/(C)	10.2	28.8	34.2

There were no exceptional and extraordinary items during the financial years under review. Ng & Co. is the appointed Auditors of our Company and our subsidiary companies and has reported on the financial statements for the past 3 FYE 31 December 2006 without any audit qualification and/or emphasis of matter, except as follows:-

Petra Resources

The auditors' report of the ultimate holding company, Petra Perdana Berhad for the FYE 31 December 2004 contained an emphasis of matter on a disputed trade receivable balance in Petra Resources of approximately RM7.4 million in respect of a disputed unit of measurement for work completed in previous financial years.

The auditors' reports of Petra Resources for the financial years ended 31 December 2004 to 2006 were reported on without any qualification or emphasis of matter.

Petra Fabricators

The auditors' reports for the FYE 31 December 2004 and 2005 contained an emphasis of matter on the following:

- (a) a litigation undertaken by a supplier against Petra Fabricators for an amount of approximately RM1.1 million. Petra Fabricators initiated a counter claim against the third party for an amount of RM2.0 million for rectification work performed; and

2. INFORMATION SUMMARY (Cont'd)

- (b) an amount of approximately RM1.7 million included in other receivables, being rectification costs to replace defective parts supplied by a supplier referred to in paragraph (a) above.

The Directors are of the opinion that the rectification costs of RM1.7 million included in other receivables are recoverable in full from the supplier, and no provision is required to write down the amount.

The Directors, based on legal advice, are of the opinion that no liability will arise from the litigation. Additional information on this litigation is disclosed in Section 19.6 of this Prospectus.

2.3.2 Proforma Consolidated Balance Sheets as at 31 December 2006 After Incorporating the Effects of the Flotation Scheme

The following table sets out the summary of the proforma consolidated balance sheets of our Group as at 31 December 2006, assuming that the Repayment, Public Issue, Bonus Issue and utilisation of proceeds had been completed as at that date. The proforma consolidated balance sheets are presented for illustrative purposes only and you should read it in conjunction with the accompanying notes and assumptions included in the Proforma Consolidated Balance Sheets as at 31 December 2006 in Sections 13.3 of this Prospectus.

	As at 31 December 2006 RM'000	Proforma I Repayment RM'000	Proforma II After Proforma I and Public Issue RM'000	Proforma III After Proforma II and Bonus Issue RM'000	Proforma IV After Proforma III and Utilisation of Proceeds RM'000
Non-current assets	159,707	159,707	159,707	159,707	159,707
Current assets	263,769	243,769	364,289	364,289	260,089
Total assets	423,476	403,476	523,996	523,996	419,796
Capital and reserves	88,092	88,092	208,612	208,612	204,412
Current liabilities	315,161	295,161	295,161	295,161	195,161
Non-current liabilities	20,223	20,223	20,223	20,223	20,223
Total liabilities	335,384	315,384	315,384	315,384	215,384
Total liabilities and equity	423,476	403,476	523,996	523,996	419,796
Number of Shares in issue ('000)	84,000	84,000	130,000	195,000	195,000
NTA (RM'000)	88,092	88,092	208,612	208,612	204,412
NTA per Share (RM)	1.05	1.05	1.60	1.07	1.05

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2. INFORMATION SUMMARY *(Cont'd)*

2.3.3 Consolidated Cash Flow Statement

You should read the consolidated cash flow summary together with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information for the three (3) FYE 31 December 2006 in Sections 13.4 and 14 of this Prospectus respectively.

	FYE 31.12.2006 RM'000
Net cash generated from operating activities	14,991
Net cash used in investing activities	(6,515)
Net cash used in financing activities	(12,311)
Net decrease in cash and cash equivalents	<u>(3,835)</u>
Cash and cash equivalents at beginning of the year	32,058
Cash and cash equivalents at end of the year	<u>28,223</u>

2.3.4 Dividend Policy

Based on the consolidated profit forecast of our Company as set out in Section 15.1 of this Prospectus and on the assumption that the present basis for calculating taxation and the taxation rates remain unchanged, our Directors propose to declare a net dividend of 2.96 sen per Share (based on the enlarged issued and paid-up share capital of 195,000,000 Shares) for the FYE 31 December 2007.

FYE 31 December	2007
Dividend per Share (sen)	
- Gross	4.00
- Net [^]	2.96
Dividend yield (%)	
- Gross [#]	2.30
- Net [#]	1.70
Gross dividend cover (times)	4.42
Net dividend cover (times)	5.97

Notes:

[^] 4 sen per share less 26% tax

[#] Computed based on the theoretical ex-bonus price of RM1.74 per Share.

You should refer to Section 15.4 of this Prospectus for further information on factors which affect our dividend policy.

2. INFORMATION SUMMARY (Cont'd)

2.3.5 Future Financial Information

The following is a summary of the consolidated profit forecast of our Company for the FYE 31 December 2007 respectively.

	Forecast for FYE 31 December 2007
Revenue (RM'000)	450,871
Consolidated PBT (RM'000)	47,611
Taxation (RM'000)	(13,127)
Consolidated PAT (RM'000)	34,484
Issued and paid-up share capital	
- weighted average number of Shares in issue ('000)	135,395 ¹
- enlarged number of Shares in issue upon Listing ('000)	195,000
<u>Based on the weighted average number of Shares in issue</u>	
Basic EPS (sen)	25.47
PE Multiple (times)	6.83 ²
<u>Based on the enlarged number of Shares in issue upon Listing</u>	
Basic EPS (sen)	17.68
PE Multiple (times)	9.84 ²

Notes:

- The weighted average number of Shares in issue for the FYE 31 December 2007 is computed based on the assumption that the Listing will be completed in mid July 2007.*
- Based on the theoretical ex-bonus price of RM1.74 per Share.*

You should refer to Section 15 of this Prospectus for the details of the principal bases and assumptions underlying the consolidated profit forecast which is also set out in the Reporting Accountants' letter on the consolidated profit forecast.

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2. INFORMATION SUMMARY (Cont'd)

2.4 SUMMARY OF THE PUBLIC ISSUE, BONUS ISSUE AND UTILISATION OF PROCEEDS

- Public Issue Size : Public issue of 46,000,000 new Petra Energy Shares to be allocated in the following manner:
- (i) *Malaysian public*
6,535,000 Public Issue Shares shall be made available for application by Malaysian public.
 - (ii) *Restricted Issue*
6,765,000 Restricted Issue Shares shall be reserved for application by the Petra Perdana Shareholders.
 - (iii) *Placement to Bumiputera investors*
26,200,000 Public Issue Shares shall be reserved for application by identified Bumiputera investors approved by MITI.
 - (iv) *Placement to investors*
6,500,000 Public Issue Shares shall be reserved for application by identified investors.
- Issue Price : RM2.62 per Public Issue Share
- Bonus Issue : 65,000,000 new Shares to be issued to all shareholders of Petra Energy prior to the Listing on the basis of 1 new Share for every 2 Shares held after the Public Issue
- Theoretical ex-bonus price : RM1.74 per Public Issue Share
- Utilisation of Proceeds : We expect to receive gross proceeds of RM120.52 million from the Public Issue and intend to use them for the following purposes:

Purpose	RM'000
Repayment of amount owing to Holding Group	100,000
Working capital	16,320
Estimated listing expenses	4,200
	<u>120,520</u>

You should refer to Section 4 of this Prospectus for further information on the Public Issue and Bonus Issue.

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2. INFORMATION SUMMARY (Cont'd)

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider the risks and investment considerations set out in Section 5 of this Prospectus together with the rest of the information in this Prospectus. The summary of the risks and investment considerations (which may not be exhaustive) is set out below:

- Level of oil production activities in the Asia Pacific region.
- Major licences.
- Major customers.
- Foreign currency risk.
- Competitive market.
- Performance and quality of our sub-contract works.
- Project cost overruns.
- Risks associated with regulatory environment of customers' operations.
- Potential liability arising from damages, injury or death due to accidents.
- Funding of larger scale projects.
- Key personnel, experienced management team and skilled employees.
- Variation from the profit forecast in this Prospectus.
- No prior trading market for Petra Energy Shares.
- Trading price and volume of Petra Energy Shares.
- Future sale of Petra Energy Shares by substantial shareholders may adversely affect the market price of Petra Energy Shares.
- Control of existing substantial shareholder.
- Restrictions on dividend payments by subsidiary companies of Petra Energy.
- Delay in or failure of listing.

2.6 SYARIAH STATUS

The SAC of the SC has on 23 May 2007 classified the securities of our Company as Syariah-compliant based on the latest audited consolidated financial statements for the FYE 31 December 2006 of Petra Energy and the Syariah criteria adopted by the SAC of the SC.

Please refer to Section 4.2(b) of this Prospectus for further information on the Syariah status of our Company.

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3. INTRODUCTION

This Prospectus is dated 26 June 2007.

Our Flotation Scheme (which consists of the Public Issue) under the terms of this Prospectus was approved by the SC (under the SC Guidelines and the FIC Guidelines) on 19 January 2007. MITI's approval for our Flotation Scheme was obtained on 12 December 2006.

We have applied to the Securities Exchange for its approval-in-principle for the Listing and for permission to deal in and quotation of the entire enlarged issued and paid-up share capital of our Company including our Public Issue Shares which are the subject of this Prospectus. Our Shares will be admitted to the Official List of the Main Board of the Securities Exchange and official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Any allotment made on an application to subscribe for our Shares pursuant to this Prospectus will be void if permission is not granted within six (6) weeks from the date of this Prospectus or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Securities Exchange within the six (6) weeks or such longer period as may be specified by the SC. Where permission had not been granted by Securities Exchange within the time frames as mentioned above, we will repay without interest all monies received from the applicants. If any such monies are not repaid within fourteen (14) days after we are liable to repay them, the provision of sub-section 52(2) of the SC Act, 1993 will apply accordingly.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the Securities Exchange has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit the Public Issue Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Listing Requirements of the Securities Exchange, at least 25% of our issued and paid-up share capital must be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon completion of the Flotation Scheme. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the said requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, all monies paid in respect of all applications.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. We or our advisers have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

We are not making any invitation to subscribe for any Public Issue Shares in any jurisdiction and in any circumstances in which such offer or invitation are not authorised or lawful to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of the Public Issue Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

If you are submitting your applications by way of Application Form, Electronic Share Application or Internet Share Application (please refer to Section 20 of this Prospectus), you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for the Public Issue Shares. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in our Company. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser before applying for our Public Issue Shares.

This Prospectus can also be viewed or downloaded from the Securities Exchange's website at www.bursamalaysia.com.

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE

4.1 OPENING AND CLOSING OF APPLICATION

The tentative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital of 195,000,000 Shares on the Main Board of the Securities Exchange is set out below:

Event	Tentative date / time
Opening date and time of application	26 June 2007 at 10.00 a.m.
Commencement date and time of trading for the provisional allotment of Restricted Issue Shares	28 June 2007 at 9.00 a.m.
Tentative last date and time for:	
• Sale of provisional allotment of Restricted Issue Shares	4 July 2007 at 5.00 p.m.
• Transfer of provisional allotment of Restricted Issue Shares	9 July 2007 at 4.00 p.m.
• Closing date and time of application, acceptance and payment	12 July 2007 at 5.00 p.m.
Tentative balloting date of new Petra Energy Shares	16 July 2007
Tentative allotment date of new Petra Energy Shares	19 July 2007
Listing of and quotation for our Company's entire enlarged issued and paid-up share capital on the Main Board of the Securities Exchange	23 July 2007

Our Directors, the Directors of Petra Perdana and Alliance may mutually decide at their absolute discretion, to extend the closing date and time for applications for the Public Issue to any later date and time. If the date of the closing of applications is extended, the dates of the balloting, allotment and listing would be extended accordingly. We will announce any extension of the date of closing of application for the Public Issue in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia not less than one (1) market day before the original date of the closing of applications. **Late applications will not be accepted.**

The success of the Public Issue is also exposed to the risk that it may fail or be delayed should any of the following events occur:

- (i) the placees for the Bumiputera Placement Tranche and Placement Tranche fail to subscribe for their portion of the Public Issue Shares allocated to them; and/or
- (ii) the Company is unable to meet the public spread requirement of at least 25% of the Company's total number of shares for which listing is sought is in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each.

Although Petra Energy and Alliance will endeavour to secure the listing and ensure compliance with the Listing Requirements of the Securities Exchange, no assurance can be given that the abovementioned factors will not cause a delay in or failure of the listing. In the event of a failure of the listing, monies received from the application for the Public Issue Shares will be subsequently refunded without interest to the applicants.

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4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

4.2 SHARE CAPITAL

	RM
<i>Authorised share capital</i>	
1,000,000,000 ordinary shares of RM0.50 each	<u>500,000,000</u>
<i>Issued and fully paid-up share capital as at the date of this Prospectus</i>	
84,000,000 ordinary shares of RM0.50 each	42,000,000
<i>To be issued pursuant to the Public Issue</i>	
46,000,000 new ordinary shares of RM0.50 each	23,000,000
<i>To be issued pursuant to the Bonus Issue</i>	
65,000,000 new ordinary shares of RM0.50 each	32,500,000
<i>Enlarged issued and paid-up share capital</i>	<u>97,500,000</u>

(a) Class of Shares, Ranking and Rights

There is only one class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank equally with each other. The Public Issue Shares will rank equally in all respects with the other existing issued and paid-up ordinary shares of our Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

The Bonus Shares will rank equally with the other existing issued ordinary shares of our Company in all respects except that they will not be entitled to any dividends, rights, allotment and/or other distributions prior to the entitlement date, which is prior to the allotment of the Bonus Shares.

Subject to any special rights attaching to any shares which may be issued by our Company in the future, the holders of ordinary shares in our Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions and in respect of the whole of any surplus in the event of liquidation of our Company, in accordance with our Articles of Association.

At every general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person who is present who is a shareholder or representative or proxy or attorney to a shareholder shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

(b) Syariah Status

We have voluntarily submitted an application to the SC for a Syariah compliance review to be carried out by the SAC of the SC as part of the process of determining its Syariah status at Listing.

The SAC of the SC has on 23 May 2007 classified the securities of our Company as Syariah-compliant based on the latest audited consolidated financial statements for the FYE 31 December 2006 of Petra Energy and the Syariah criteria adopted by the SAC of the SC.

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

4.3 THE PUBLIC ISSUE AND BONUS ISSUE**4.3.1 THE PUBLIC ISSUE**

The Public Issue comprises 46,000,000 Public Issue Shares, representing approximately 35.38% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue, to be allocated in the following manner:

(a) *Malaysian public ("Public Tranche")*

6,535,000 Public Issue Shares, representing approximately 5.03% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be made available for application by the Malaysian public, of which at least 30% shall be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

Any Public Issue Shares under the Public Tranche not fully subscribed for by the Malaysian public will be made available for excess application and if undersubscribed such Public Issue Shares will be made available for application by the shareholders of Petra Perdana under the Restricted Issue Tranche and if undersubscribed, such Public Issue Shares will be subscribed by the Sole Underwriter.

(b) *Restricted Issue Tranche*

6,765,000 Restricted Issue Shares, representing approximately 5.20% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be reserved for application by the Petra Perdana Shareholders on a pro-rata basis based on their respective shareholdings in Petra Perdana as at 5.00 p.m. on 25 June 2007. The basis of allocation will be 1 new Petra Energy Share for every 40 Petra Perdana Shares held by the Petra Perdana Shareholders.

The Restricted Issue Tranche for application by the Petra Perdana Shareholders is renounceable.

Any Restricted Issue Shares under the Restricted Issue Tranche not fully subscribed for by the Petra Perdana Shareholders will be made available for excess application and if undersubscribed, such Restricted Issue Shares will be made available for application by the Malaysian public under the Public Tranche, and if undersubscribed, such Restricted Issue Shares will be subscribed by the Sole Underwriter.

(c) *Identified Bumiputera investors by way of placement ("Bumiputera Placement Tranche")*

26,200,000 Public Issue Shares, representing approximately 20.15% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be reserved for application by identified Bumiputera investors approved by MITI.

The Public Issue Shares reserved for application by identified Bumiputera investors and approved by MITI under the Bumiputera Placement Tranche are not underwritten as irrevocable undertakings and/or letters of acceptance to subscribe for the said Public Issue Shares, as the case may be, have been given by the respective Bumiputera investors.

(d) *Identified investors by way of placement ("Placement Tranche")*

6,500,000 Public Issue Shares, representing 5.00% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be reserved for application by identified investors.

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

The Public Issue Shares reserved for application by investors identified under the Placement Tranche are not underwritten as irrevocable undertakings to subscribe for the said Public Issue Shares have been given by the respective investors.

Upon completion of the Public Issue, the issued and paid-up share capital of our Company will increase from RM42,000,000 comprising 84,000,000 Shares to RM65,000,000 comprising 130,000,000 Shares.

There is no minimum subscription amount to be raised from the Public Issue. All the Public Issue Shares will either be underwritten by the Sole Underwriter or subscribed by the Bumiputera investors and identified investors pursuant to their respective written irrevocable undertakings and/or letters of acceptance, as the case may be.

Salient terms of the underwriting arrangement are set out in Section 4.9 of this Prospectus.

4.3.2 BONUS ISSUE

As part of the Listing and an incentive to the shareholders of Petra Energy subsequent to the Public Issue, the Company will implement a bonus issue of 65,000,000 new Shares to be issued to all shareholders of Petra Energy prior to the Listing on the basis of 1 new Share for every 2 Shares held after the Public Issue and will be completed prior to the Listing. The Bonus Issue will be capitalised from the share premium account arising from the Public Issue.

Upon completion of the Bonus Issue, the issued and paid-up share capital of our Company will be increased from RM65,000,000 comprising 130,000,000 Shares to RM97,500,000 comprising 195,000,000 Shares.

4.4 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (i) to obtain a listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Board of the Securities Exchange;
- (ii) to enhance our Group's stature and corporate profile. The listing can help us create greater public awareness and corporate visibility of our Group through media and publicly filed documents. This will provide indirect benefits such as instilling confidence and pride amongst our business partners, customers and employees;
- (iii) to provide an opportunity for the Malaysian investing public and institutions to participate in the continuing growth of our Group by way of equity participation;
- (iv) to enable our Group to gain access to the capital markets for funds to finance its future expansion and continued growth; and
- (v) to raise funds for our Group's continued operations and working capital requirements, details of which are elaborated in Section 4.7 of this Prospectus.

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4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

4.5 BASIS OF ARRIVING AT THE ISSUE PRICE

Our Directors, Promoters and Alliance as the Adviser, Sole Underwriter and Sole Placement Agent have determined and agreed upon the Issue Price based on various factors after taking into account the following:

- (i) the forecast net PE Multiple of approximately 9.84 times based on our forecast consolidated net EPS of approximately 17.68 sen for the FYE 31 December 2007 (which is calculated based on our forecast consolidated PAT of approximately RM34.48 million and the enlarged number of Shares in issue of 195 million Shares as set out in Sections 15.1 and 15.3 of this Prospectus) and the theoretical ex-bonus price of RM1.74 per Share;
- (ii) the outlook of the industry in which our Group operates in and our Group's future plans, strategies and prospects, details of which are set out in Section 8.12 of this Prospectus and the prevailing market conditions which appears to be relatively stable;
- (iii) our proforma consolidated NTA per Share as at 31 December 2006 of RM1.05 after taking into account the Flotation Scheme and the utilisation of proceeds arising from the Public Issue, details of which are set out in Section 13.3 of this Prospectus;
- (iv) the quality of our key management as depicted in their profiles set out in Sections 9.1.2, 9.2.2 and 9.3.2 of this Prospectus.

You should note that the Bonus Issue will be implemented prior to the official quotation of our entire enlarged issued and paid-up share capital on the Main Board of the Securities Exchange. Based on the Public Issue Price of RM2.62 per Public Issue Share, the theoretical ex-bonus price will be RM1.74 per ordinary share.

You should also note that the market price of our Shares upon and subsequent to our listing on the Securities Exchange is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. **You should also bear in mind the Risk Factors as set out in Section 5 of this Prospectus and form your own views on the valuation of our Shares before deciding to invest in our Shares.**

4.6 MARKET CAPITALISATION

Based on the enlarged issued and paid-up share capital of our Company of 195,000,000 Shares and the theoretical ex-bonus price of RM1.74 per Share, our total market capitalisation upon listing of the Public Issue Shares on the Main Board of the Securities Exchange shall be RM339.30 million.

4.7 UTILISATION OF PROCEEDS

We expect to receive gross proceeds of RM120.52 million from the Public Issue and intend to use them for the following purposes:

Purpose	RM'000	Notes	Estimated timeframe for utilisation
Repayment of amount owing to Holding Group	100,000	(i)	Within 6 months after Listing
*Working capital	16,320	(ii)	Within 12 months after Listing
*Estimated listing expenses	4,200	(iii)	Within 6 months after Listing
	<u>120,520</u>		

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

Notes:

* If the actual listing expenses are higher than estimated, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

(i) Repayment of amount owing to Holding Group

As at 31 March 2007, our Group owed the Holding Group approximately RM245.83 million. This amount owed to Holding Group arose mainly when advances were made to Petra Resources to acquire 2 work/accommodation barges known as Petra Discovery and Petra Challenger in 2005. In addition, advances were also made to Petra Resources, Petra Fabricators and Petra Boilers for its working capital requirements.

As such, RM100.0 million of the gross proceeds will be utilised to repay amount owing to the Holding Group. The annualised interest savings for FYE 31 December 2007 is RM1.55 million assuming the Listing is completed in mid July 2007.

(ii) Working capital

Approximately RM16.32 million of the total gross proceeds will be used as working capital relating to our Group's day-to-day core business activities including payment of trade creditors, salaries, purchases and operating expenses. The working capital will also be used to fund our Group's expansion of business and market activities

(iii) Estimated listing expenses

We will bear all expenses incidental to the Listing estimated at RM4.20 million as follows:

	RM'000
Professional advisory fees	700
Fees to authorities and issuing house	295
Advertising and printing costs	800
Brokerage, placement and underwriting fees	1,800
Other incidental charges	605
	<u>4,200</u>

Please refer to Section 13.3 of this Prospectus for the proforma impact of the utilisation of proceeds on the proforma consolidated balance sheets of our Group as at 31 December 2006. Meanwhile, the financial impact of the utilisation of proceeds on the profit forecast of our Group for the FYE 31 December 2007 is summarised as follows:

	After the Flotation Scheme (RM'000)	Incremental effects associated with utilisation of proceeds (RM'000)
Consolidated forecast PAT	34,484	1,134

4.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to the Public Issue Shares is payable by us at the rate of 1% of the Issue Price per Share in respect of successful applications which bear the stamps of Alliance, participating organisations of the Securities Exchange, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or Issuing House.

Underwriting Commission and Management Fee

We will pay the Sole Underwriter an underwriting commission and management fee of 1.5% and 0.5% of the total underwritten Public Issue Shares at RM2.62 per Public Issue Share respectively.

The salient terms of our Underwriting Agreement stating the events that may affect the underwriting are set out in Section 4.9 of this Prospectus.

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

Placement Fee

Our Sole Placement Agent has agreed to place out the Public Issue Shares set out in Sections 4.3.1(c) and 4.3.1(d) of this Prospectus, which are reserved for the Bumiputera investors and other identified investors. Accordingly, we will pay our Sole Placement Agent a placement fee of 0.5% to 1.5% of the issue price of RM2.62 per Public Issue Share which are reserved for the Bumiputera investors and other identified investors respectively.

4.9 SALIENT TERMS OF OUR UNDERWRITING AGREEMENT

The salient terms of our Underwriting Agreement are summarised as follows:

“AGREEMENT TO UNDERWRITE

- 2.1 *In consideration of the payment by the Company of the Management Fee and Underwriting Commission, and relying upon each of the representations, warranties and undertakings by the Company set out in Clause 3, the Sole Underwriter agrees to underwrite the Underwritten Shares upon the terms and conditions hereinafter contained.*
- 2.2 *The obligations of the Sole Underwriter under this Agreement are conditional upon:-*
- 2.2.1 *there having been on or prior to the closing date for the Public Issue being a date which shall not be later than two (2) calendar months from the date of this Underwriting Agreement or any later date as the Company and the Sole Underwriter may agree upon (“Closing Date”), in the opinion of the Sole Underwriter (which opinion is final and binding), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of the Company or its subsidiaries, which is material in the context of the Public Issue from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the opinion of the Sole Underwriter, which makes any of the representations and warranties contained in Clause 3 untrue and incorrect in any respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;*
- 2.2.2 *the delivery to the Sole Underwriter:-*
- 2.2.2.1 *prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus; and*
- 2.2.2.2 *a certificate, in the form or substantially in the form contained in the **SECOND SCHEDULE**, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.2.1.*
- 2.2.3 *the delivery to the Sole Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its Subsidiaries;*

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

- 2.2.4 *the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the costs and expenses referred to in Clause 12;*
- 2.2.5 *the Public Issue not being prohibited or impeded by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia including, but not limited to, the Securities Exchange;*
- 2.2.6 *the Company having complied and that the Public Issue is in compliance with the Securities Commission Act, 1993, policies, guidelines and requirements of the Securities Exchange and/or the SC and all revisions, amendments and/or supplements thereto;*
- 2.2.7 *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the SC Act in relation to the Public Issue and the lodgement of the Prospectus with the Registrar of Companies on or before their release under the Public Issue;*
- 2.2.8 *the receipt by the Placement Agent/Issuing House by the Closing Date of all monies payable in relation to the Bumiputra Placement Shares and Placement Shares which are not underwritten;*
- 2.2.9 *the Public Issue Shares shall be listed and quoted on the Main Board of the Securities Exchange within 1 calendar month from the Closing Date or such other period as may be approved by the relevant authorities and agreed in writing by the Parties; and*
- 2.2.10 *this Agreement having been duly executed by all Parties and stamped.*
- 2.3 *If any of the conditions set out in Clause 2.2 is not satisfied by the Closing Date, the Sole Underwriter shall thereupon be entitled to terminate this Agreement and in that event except for the liability of the Company for the payment of costs and expenses as provided in Clause 12 incurred prior to the termination and any claims pursuant to Clause 3.3.1 there shall be no further claims by the Sole Underwriter against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Sole Underwriter may at its discretion with respect to its respective obligations waive compliance with any of the provisions of Clause 2.2.*

8. TERMINATION

- 8.1 *Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:-*
- 8.1.1 *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Sole Underwriter, or by the Closing Date, whichever is earlier; or*
- 8.1.2 *there is withholding of information which is required to be disclosed to the Sole Underwriter, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or*
- 8.1.3 *there shall have occurred, happened or come into effect any of the following circumstances:-*

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

- (a) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing; or*
- (b) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter;*
- (c) *any material and adverse change to the business or financial condition of the Company or the Group;*
- (d) *approval for the Public Issue is withdrawn, modified and/or subject to terms and conditions not acceptable to the Sole Underwriter;*

which would have or can reasonably be expected to have, a material adverse effect on the success of the Public Issue, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

- 8.1.4 *there is failure on the part of the Company to perform any of its obligations herein contained; or*
- 8.1.5 *if the Closing Date is more than two (2) calendar months from the date of this Agreement, this Agreement will lapse and the Sole Underwriter will be released and discharged from its obligations.*
- 8.2 *Subject to prior consultation with the Company, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:*
 - 8.2.1 *there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business of the Company and/or any other company in the Group;*
 - 8.2.2 *there is a material change in national or international monetary, financial, political or economic conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or exchange control legislation or regulations or currency exchange rates;*
 - 8.2.3 *the Kuala Lumpur Composite Index falls below 900 points and remains below 900 points for 3 consecutive Market Days; or*
 - 8.2.4 *the imposition of any moratorium, suspension or material restriction on trading in all securities generally on the Securities Exchange for 3 consecutive Market Days.*
- 8.3 *Upon such notice(s) being given under this Clause 8, the Sole Underwriter shall be released and discharged of its obligations under this Agreement without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 3, any antecedent breaches and under Clause 12 for the payment of the costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies within 7 days from the date of the same being due.*

4. DETAILS OF THE PUBLIC ISSUE AND BONUS ISSUE (Cont'd)

8.4 *In the event that this Agreement is terminated due to the Company taking positive steps not to proceed with the Public Issue resulting in the Sole Underwriter not being able to perform its obligations under this Agreement, the Sole Underwriter is entitled to the Management Fees and Underwriting Commission in addition to the costs and expenses incurred thereto. The Sole Underwriter may confer with a view to deferring the issuance of the Public Issue Shares or amending its terms or the terms of this Agreement or enter into a new agreement accordingly. However, neither the Company nor the Sole Underwriter will be under any obligation to enter into a fresh agreement.*

8A FORCE MAJEURE

8A.1 *It will be an event of force majeure if the Sole Underwriter is unable to perform its obligations stipulated herein resulting from any event or series of events beyond the reasonable control of the Sole Underwriter, including without limitation any of the following: (i) acts of God, (ii) national disorder, (iii) armed conflict or serious threat of the same, (iv) hostilities, (v) embargo, (vi) detention, (vii) revolution, (viii) riot, (ix) looting or other labour disputes, (x) any unavailability of transportation or severe economic dislocation, (xi) earthquake, (xii) typhoon, (xiii) outbreak of war, (xiv) outbreak of disease, (xv) acts of terrorism or (xvi) the declaration of a state of national emergency.*

8A.2 *In the event of a force majeure pursuant to Clause 8A.1, the Sole Underwriter may, subject to prior consultation with the Company, at any time prior to or on the Closing Date:-*

8A.2.1 *terminate this Agreement by giving notice to the Company in the manner as set out in Clause 13; or*

8A.2.2 *request for the Closing Date to be extended to such reasonable date as the Sole Underwriter may decide.*

8A.3 *Upon delivery of the notice of termination pursuant to Clause 8A.2.1 and in the manner as set out in Clause 13, this Agreement will terminate whereafter each Party's rights and obligations will cease and none of the Parties will have any claim against each other, except that the Company will remain liable in respect of its obligations under Clause 12 with the exception of the Management Fee and Underwriting Commission.*

8A.4 *In the event of a delivery of a request under Clause 8A.2.2, the Company shall procure that the Closing Date be extended as requested.*

8A.5 *The delivery of a request under Clause 8A.2.2 shall not preclude the Sole Underwriter from giving a further request for extension pursuant to Clause 8A.2.2 or giving of a notice to terminate pursuant to Clause 8A.2.1."*

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5. RISK FACTORS

BEFORE INVESTING IN OUR SHARES, YOU SHOULD RELY ON YOUR OWN EVALUATIONS AND CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW, TOGETHER WITH THE REST OF THE INFORMATION IN THIS PROSPECTUS. THE INFORMATION BELOW MAY NOT BE EXHAUSTIVE. ADDITIONAL RISKS AND UNCERTAINTIES WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR COMPANY OR OUR SHARES IN THE FUTURE.

5.1 RISKS RELATING TO OUR INDUSTRY AND OUR BUSINESS

5.1.1 Level of oil production activities in the Asia Pacific region

As we are principally engaged in the provision of Brown Field Services to the oil and gas industry in the Asia Pacific region, the level of activities in this industry has a major impact on our business operations. The key factors which our Board is of the view will have a major impact on the level of oil production activities in the Asia Pacific region include, *inter alia*:

- Level of oil prices

Oil prices have been highly volatile since 2004 and the oil industry is cyclic in nature and has its “boom” and “bust” periods. In December 1998, the crude oil was at a historic low of barely USD10 per barrel. In March 2000, it increased to over USD31 per barrel. After reaching a peak of about USD37 per barrel in September 2000, the crude oil price declined to less than USD18 per barrel in November 2001 induced by fears of worldwide economic downturn as a result of the 11 September 2001 attacks in the US. Since then, there has been an upward trend in crude oil prices and it reached a peak of USD79 per barrel in July 2006.

Oil field operators tend to increase production, operation and maintenance activities when oil prices are high. During times when oil prices are low, budgets for oil and gas development and maintenance activities (mainly Green Field) would shrink. The Brown Field Services sector is however much less affected during such downturn as compared with the Green Field Services sector as oil companies are likely to focus more on Brown Field Services which are essential to maintain production during this period of time.

As our Group is dependent on the oil industry, there is no assurance that the volatility of the oil prices may have a positive bearing on our Group’s revenue.

- Governments’ initiatives and policies towards the oil and gas industry in the region

In the Asia Pacific region, the level of oil exploration and production activities is sometimes influenced by governments’ initiatives and policies towards the oil and gas industry. Governments often encourage such activities when they require additional foreign source income and foreign direct investment. These objectives are normally achieved through offering oil production sharing contracts to the oil companies by the governments. Such oil production sharing contracts allow oil companies to undertake oil exploration and production activities in a country while the respective government shares a percentage of output from the oil production activities. As such, any adverse change or development to the current governments’ initiatives and policies towards the oil and gas industry may lower the level of oil exploration and production activities in the region, hence adversely affecting our business operations and performance.

5.1.2 Major licences

Our Group’s activities are governed by various licences which are held by our subsidiary companies. PETRONAS is the main licensor governing Petra Resources’ provision of services in operations and maintenance, oil field optimisation, retrofits, domestic vessels recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry (“PETRONAS Licence”).

5. RISK FACTORS (Cont'd)

Petra Resources was first awarded the PETRONAS Licence in 1988 and the PETRONAS Licence is subject to renewal every 2 years. The current PETRONAS Licence held by Petra Resources will expire on 30 November 2007.

Other licences governing our Group's operations include manufacturing licences issued by MITI for Petra Resources', Petra Fabricators' and Petra Boilers' core activities and various business licences and permits issued by the relevant ministries and state departments.

As we currently own 2 work/accommodation barges, these work/accommodation barges also need to comply with the relevant laws and regulations as well as certain international codes and conventions governing, *inter alia*, the operations of vessels in Malaysian and international waters.

We have not experienced any difficulty over the past 19 years in renewing our licences and permits with the relevant authorities and licensors. Furthermore, we do not foresee any potential difficulty in renewing our Group's existing licences and permits when they become due.

Nonetheless, there is no assurance that the current PETRONAS Licence and other licences and permits held by our Group will be renewed by the relevant authorities and licensors, or if they are renewed would be effected within the anticipated timeframe, which may materially affect the operations of our Group.

5.1.3 Major customers

Our Group's major customers in 2006 were Sabah Shell, Sarawak Shell, PETRONAS Carigali, EMEPMI and Talisman Malaysia Ltd. These major oil and gas companies in Malaysia in aggregate contributed about 74.8% to our Group's revenue for the FYE 31 December 2006 emanating from the Group's long term contracts.

Our Group is involved in the provision of Brown Field Services of which as long as the platforms exist, maintenance and retrofits would be required. Based on records, most of our equipment maintenance contracts have been ongoing for more than 10 years as there are repeated extensions of work required after the expiry of the initial contracts. In addition, we have also continuously built up a good track record over the years and continue to pursue our business plans which will further strengthen our position as an integrated Brown Field service provider.

There are inherent risks associated with the dependence on a few major customers. A substantial part of our business is contract-based with contracts duration of 4-8 years. Notwithstanding the fact that we have been servicing Sabah Shell, Sarawak Shell, PETRONAS Carigali and EMEPMI in 2006 for 19 years as set out in Section 7.7 of this Prospectus, there can be no assurance that these business relationships will continue and therefore we have to continuously and consistently secure new customers and contracts. As such, our profitability and financial performance will depend on our ability to secure new contracts that are profitable on a consistent basis.

5.1.4 Foreign currency risk

Our revenue and purchases are denominated mainly in RM and USD. However, we also transact in other currencies such as Japanese Yen, Thai Baht and Australian Dollars. However, going forward, to the extent that our revenue, purchases and operating costs are not naturally matched in the same currency and there are timing differences between collections and payments, we will be exposed to any adverse fluctuation in the exchange rates between the various foreign currencies and RM, which is our reporting currency. Any restrictions on the conversion or timing of conversion of foreign currencies may also expose us to adverse fluctuations in exchange rates. As a result, our profitability may be materially and adversely affected.

5. RISK FACTORS (Cont'd)

5.1.5 Competitive market

There are a number of competitors in the Brown Field Services market. Most of the competitors are widening their portfolio of offerings to become integrated service providers for both the upstream and downstream sectors for the oil and gas industry.

We are one of the largest integrated Brown Field service providers in Malaysia and more than 90.0% of our revenue is derived from Brown Field services. Therefore, based on current track records, we emerge as the only player with an exclusive focus in the Brown Field sector who is capable of providing the comprehensive range of services required by this sector, thereby gaining a competitive edge as an integrated Brown Field services provider.

(Source: The Independent Market Research Report)

Notwithstanding the abovementioned, increased competition may decrease our prospects of winning new contracts. In the event that we are unable to retain our existing customers and/or attract new customers amidst the competition, our financial results may be adversely affected. Furthermore, competition may lead to downward price pressure for the services and products we supply. In the event that we are unable to reduce our costs amidst declining selling prices, our profit margin will be affected.

However, as mentioned above, we are able to provide a wide spectrum of Brown Field services giving us a strong advantage over other competitors in Malaysia. Being an integrated Brown Field service provider with a proven track record, we expect to bid favourably compared to our competitors as we have:

- (a) an integrated approach that has been proven to save project costs and to suit work schedule;
- (b) marine in-house support and within our Holding Group; and
- (c) a technical edge over our competitors who offer narrow range of services in-house.

5.1.6 Performance and quality of our sub-contract works

In some of the contracts awarded to us, we may sub-contract the delivery of a certain portion of the scope of contracts. Where we have sub-contracted such works, we are exposed to the timely delivery and the quality required of the works sub-contracted to our sub-contractors. In the event that the sub-contractor is unable to perform the sub-contracted works, we will be exposed to the performance of that scope of sub-contract works.

However, the works which are sub-contracted are carried out by our pre-qualified sub-contractors under the strict supervision of our staff. Pre-qualified sub-contractors are subject to our stringent screening criteria in terms of capabilities and track records. Hence, we are in a position to closely monitor the performance and quality of our sub-contract works in a timely manner.

Notwithstanding the foregoing, our profitability may be affected should we be unable to obtain other sub-contractors or are unable to perform the works at the price allocated to the sub-contractor or based on quality required or within the agreed time. However, a majority of the works are done in-house and we are also able to source for alternative sub-contractors. If need be, we are able to take over those sub-contracted work in the event of failure on the part of the sub-contractors.

5.1.7 Project cost overruns

In our preparation for a tender submission for projects, internal costing and estimates of labour and materials costs are compiled by our project estimators. The contract rate quoted in the tender submission is determined after the evaluation of our scope of work and all related costs including labour, raw materials, indicative prices of our suppliers and sub-contractors.

5. RISK FACTORS *(Cont'd)*

However, unforeseen circumstances such as drastic price fluctuations of labour or steel and other major raw materials that are unanticipated may erode our profit margin as these additional costs may not be fully factored into the initial contract rate.

However, our Directors are of the view that the risk of cost overruns is minimal as:

- (a) majority of our contracts are based on unit rates reimbursable model; and
- (b) materials procurement is based on 'cost plus' model.

Hence, any unexpected price fluctuations in other costs, such as cost of raw materials or labour cost is not foreseen to have a material effect on our profit margin.

Notwithstanding the foregoing, there is no assurance that any unanticipated price fluctuations of our costs will not erode our profit margin and hence impact on our overall profitability.

5.1.8 Risks associated with regulatory environment of customers' operations

The oil and gas industry are subject to regulatory risks. The laws and regulations in the places which our customers operate in may require our customers to meet certain standards and impose liabilities if these are not met. Though we may not be directly regulated by these laws and regulations, there is no assurance that our customers will not seek recourse from us in the event of non-compliance with such laws and regulations, even if our products and services meet the specifications required of us in the contractual documents with our customers. In addition, the liabilities and risks imposed on our customers by such laws and regulations may adversely impact demand for some of our products or services or impose greater liabilities and risks on us, which could also have an adverse effect on our competitive and financial position.

We have so far not experienced any material claims by our customers seeking recourse from us due to the non-compliance with the laws and regulations governing the operations of our customers.

5.1.9 Potential liability arising from damages, injury or death due to accidents

Due to the nature of operations, there is a risk of accidents occurring either to our employees or to third parties while on our premises or our customers' premises. These accidents may occur as a result of fire, explosions or other incidents.

As a service provider to the oil and gas industry, we subscribe to one of the highest Health, Safety and Environment ("HSE") standards, whilst emulating practices embraced by oil and gas companies in the world. All our employees are made aware and are subjected to continuous training sessions in HSE standards and practices to ensure that our objectives of zero incidents, injuries or accidents in our workplace are achieved. In addition, all our employees are adequately covered by insurance policies or workmen's compensation and our 2 work/accommodation barges are also adequately covered by marine insurance.

It should be noted that we are not permitted to commence work until and unless we have the required insurance coverage in accordance to the contracts with the oil majors. This means that our exposure is only limited to the insurance "excess" which is the amount stipulated in the insurance contract beyond which insurance claims kick in. This "excess" is usually a small fraction of a major claim.

Notwithstanding the above, these risks could lead to business disruption, possible legal proceedings and affect our reputation. However, no major accidents have occurred in the past and our Group have a distinct safety track record. Please refer to Section 7.3 of this Prospectus for the distinct safety record of our Group.

5. RISK FACTORS (Cont'd)

5.1.10 Funding of larger scale projects

For most of our contracts, we are paid according to work done on a progressive basis. As such, we require financing to fund the initial costs of the contract, such as labour and material costs and the performance securities, bonds and/or guarantees required under the contracts. For larger scale contracts which we intend to tender for in the future, we may require financing from banks or other financial institutions to fund the initial costs of such contracts.

If we are unable to secure financing for this purpose, our ability to secure larger scale contracts will be impeded and our growth and expansion plans will be adversely affected. This may affect our future financial performance.

However, as our gearing level is relatively low post-listing, we do not envisage any problems in securing financing should the need arise.

5.1.11 Key personnel, experienced management team and skilled employees

We believe that our continued success will depend to a large extent on our management team's abilities and continued efforts. Having a team of experienced management staff and skilled personnel is critical in maintaining the quality of our services and our relationship with our customers. A high turnover of such personnel would adversely affect our operations and competitiveness.

Our success is also dependent on the continued efforts of our key personnel, namely, our Executive Directors, who collectively have an average of 17 years' experience each in the oil and gas industry. Together with our key technical personnel, they are instrumental to our growth and expansion. The loss of these key personnel without suitable and timely replacements and an inability to attract or retain qualified and suitable personnel would have an unfavourable impact on our business.

It is also typical in our business to engage contract-based skilled personnel and we do rely on them. They are hired to carry out a substantial portion of our operations and maintenance services. While there is a large pool of such personnel available in the market, any sudden non-availability of such personnel for whatever reason will have an impact on our financial performance.

However, every effort is made to attract, train and retain the necessary personnel to enhance our Group's position.

5.2 RISKS RELATING TO INVESTMENT IN OUR SHARES

5.2.1 Variation from the profit forecast

The forecast consolidated PAT of our Company for the FYE 31 December 2007 is set out in Section 15 of this Prospectus. The profit forecast is based on various bases and assumptions made which our Directors consider reasonable taking into account the prevailing and expected market and operating conditions. The bases and assumptions are subject to significant uncertainty due to factors including, but not limited to, those identified in the "Forward Looking Statements" section. Many of these factors are outside our control and some of the assumptions relating to future business decisions and strategies may be subject to change.

Actual results could differ from the forecast results and such deviation may be material and could affect the market price of our Shares and any dividend that may be contemplated under Section 15.4 of this Prospectus.

We do not intend to provide any updated or otherwise revised profit forecast. You are advised to review the profit forecast together with the assumptions and uncertainties underlying the profit forecast in the context of the description of our business, historical financial information, risk factors that we face and other information contained in this Prospectus.

5. RISK FACTORS (Cont'd)

5.2.2 No prior trading market for Petra Energy Shares

Prior to the Public Issue, there was no public market for our Shares.

The Issue Price per Share has been determined and agreed upon by our Directors, Promoters and Alliance as the Adviser, Sole Underwriter and Sole Placement Agent, after taking into consideration a number of factors, including but not limited to, our Group's forecast consolidated PAT, our Group's future plans, strategies and prospects, prospects of the Brown Field Services industry, prevailing market conditions and the quality of our key management. There can be no assurance that the price at which the Shares will trade on the Main Board of the Securities Exchange upon/subsequent to its listing will be higher than the Issue Price or an active market for the Shares will develop upon its listing on the Main Board of the Securities Exchange or, if developed, that such a market can be sustained.

5.2.3 Trading price and volume of Petra Energy Shares

The Issue Price was determined by negotiations between our Directors, Promoters and Alliance as the Adviser, Sole Underwriter and Sole Placement Agent, and may not be indicative of prices which will prevail in the trading market. Investors may not be able to resell the Shares at a price that is attractive to them. The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results.

These factors may include:

- variations in our results of operations;
- changes in general economic and stock market conditions;
- changes in financial estimates by securities analysts;
- operating and stock price performance of other companies;
- additions or departures of key personnel; and
- involvement in litigation.

5.2.4 Future sale of Petra Energy Shares by substantial shareholders may adversely affect the market price of Petra Energy Shares

There are no restrictions on the ability of our substantial shareholders to sell their Shares. In fact our parent company, Petra Perdana has obtained the approval of its shareholders on 26 April 2007 at an extraordinary general meeting for a general mandate to divest up to 19,500,000 Petra Energy Shares, representing 10% of the issued and paid-up share capital upon listing for cash through the open market and/or placement(s) at such time(s) as the Directors of Petra Perdana may in their discretion deemed fit as particularised in the Circular to the shareholders of Petra Perdana dated 11 April 2007. The sale of a significant amount of our Shares in the public market, or the perception that such sale may occur, could create a downward pressure on the market price of our Shares. It may also affect our ability to sell additional Shares and impair our ability to raise additional capital in the equities market.

5.2.5 Control of existing substantial shareholder

Upon completion of the Public Issue and Bonus Issue, we anticipate that our parent company, Petra Perdana will own approximately 64.6% of our Company's enlarged issued and paid-up share capital. Hence, Petra Perdana would be able to significantly influence our corporate actions such as mergers or takeover attempts in a manner that could conflict with the interests of our public shareholders.

5. RISK FACTORS *(Cont'd)*

5.2.6 Restrictions on dividend payments by subsidiary companies of Petra Energy

We operate under a holding company structure, with each subsidiary held directly by our Company. Presently, all of our revenue and profit is derived from our wholly-owned subsidiary companies namely, Petra Resources, Petra Fabricators and Petra Boilers (through Petra Fabricators). Accordingly, our Company's level of income and ability to pay dividends depends, to a certain extent, on the amount of dividends received from Petra Resources, Petra Fabricators and Petra Boilers. The payment of dividends by Petra Resources, Petra Fabricators and Petra Boilers are, in turn dependent on, amongst other things, their earnings, cash flow and the availability of tax credits and other factors that the respective boards of directors of Petra Resources, Petra Fabricators and Petra Boilers may consider to be relevant.

5.2.7 Delay in or failure of listing

Our Listing may be potentially delayed or aborted in the event of the following:

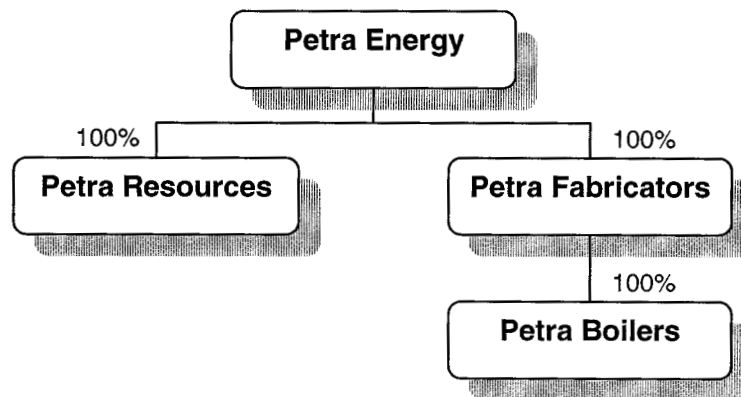
- (a) the Bumiputera investors or other investors identified under the Public Issue fail to pay for the Public Issue Shares allocated to them under the Bumiputera Placement Tranche and Placement Tranche respectively. However, some of these investors have furnished their irrevocable undertaking letters to subscribe for such Public Issue Shares, these Public Issue Shares have not been underwritten by the Underwriter; or
- (b) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder; or
- (c) Our Company is unable to meet the public spread requirements of at least 25% of the issued and paid-up share capital of our Company being held by a minimum of 1,000 public shareholders holding not less than 100 Shares each.

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6. INFORMATION ON OUR GROUP

6.1 HISTORY

Petra Energy was incorporated in Malaysia as a private limited company under the Act on 16 December 2005 as Portfolio Hitech Sdn Bhd and changed its name to Petra Energy Sdn Bhd on 1 June 2006. Petra Energy was converted to a public limited company on 24 July 2006 and now known as Petra Energy Berhad. Petra Energy was established as the investment holding company of the Petra Energy Group. As at the date of this Prospectus, Petra Energy is a wholly-owned subsidiary company of Petra Perdana, a company listed on the Main Board of the Securities Exchange. Currently, Petra Energy is an investment holding company and has 3 wholly-owned subsidiary companies namely, Petra Resources, Petra Fabricators and Petra Boilers (held through Petra Fabricators). The Group's corporate structure is summarised as follows:



Petra Energy's entry into the oil and gas industry began when its wholly-owned subsidiary company, Petra Resources was formed in 1988 to undertake the supply of engineered equipment for major oil and gas companies engaged in the exploration and production activities in Malaysia e.g. Sarawak Shell, Sabah Shell, PETRONAS Carigali and EMEPMI.

Since then, Petra Resources laid its initial foundation and systematically developed its resource capabilities in the Brown Field sector of the upstream oil and gas industry. In 1988, Petra Resources became a licensed vendor for PETRONAS to provide a host of services for the upstream oil and gas industry. In the years that followed, Petra Resources successfully secured significant contracts from EMEPMI, Sarawak Shell, Sabah Shell and PETRONAS Carigali. The revenue of Petra Energy Group amounted to approximately RM693 million for the past three (3) FYE 31 December 2006.

Petra Energy's other wholly-owned subsidiary company, Petra Fabricators commenced business in 1998 to provide support services to Petra Resources. Petra Fabricators' role in the design, fabrication, supply and installation of pressure vessels, heat exchangers, skid packages and other process equipment primarily for the oil and gas and petrochemical industries augurs well for the Group.

Petra Boilers, a wholly-owned subsidiary company of Petra Fabricators, commenced operations in 2001 and is involved in the design, fabrication, supply and installation of industrial boilers and ancillary equipment.

Today, Petra Energy provides a wide range of Brown Field Services, making Petra Energy not only one of the few integrated Brown Field service providers in Malaysia but also one of the largest integrated Brown Field service providers in the country with a group revenue of approximately RM431.35 million for the FYE 31 December 2006.

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6. INFORMATION ON OUR GROUP *(Cont'd)*

6.2 SHARE CAPITAL

The present authorised share capital of Petra Energy is RM500,000,000 comprising 1,000,000,000 Shares.

The present issued and paid-up share capital of Petra Energy is RM42,000,000 comprising 84,000,000 Shares. Upon completion of the Public Issue and Bonus Issue, the enlarged issued and paid-up share capital of Petra Energy will be RM97,500,000 comprising 195,000,000 Shares.

Details of the changes in the issued and paid-up share capital of Petra Energy since its incorporation are as follows:

Date of allotment/ subdivision	No. of Shares allotted/ subdivided	Par value (RM)	Consideration	Cumulative total (RM)
16 December 2005	2	1.00	Subscribers' shares	2
7 March 2006	4	0.50	Share split into 2 new ordinary shares of RM0.50 each for every 1 ordinary share of RM1.00 each held	2
8 March 2006	83,999,996	0.50	Issued in exchange for 8,000,000 shares in Petra Resources for a consideration of RM39,852,922 and 3,000,000 shares in Petra Fabricators for a consideration of RM2,147,076	42,000,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital in Petra Energy.

6.3 INFORMATION ON OUR SUBSIDIARY COMPANIES

6.3.1 Petra Resources

(i) History and Business

Our wholly-owned subsidiary company, Petra Resources was incorporated in Malaysia under the Act on 16 August 1988, as a private limited company under the name of Petra Resources Sdn Bhd and it commenced operations in October 1988.

Petra Resources is principally involved in the provision of services in operations and maintenance, oil field optimisation, retrofits, domestic vessels recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry.

(ii) Share Capital

Petra Resources' authorised share capital is currently RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which 8,000,000 ordinary shares of RM1.00 each have been currently issued and fully paid-up.

6. INFORMATION ON OUR GROUP (Cont'd)

The changes in the issued and paid-up share capital of Petra Resources since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
16 August 1988	2	1.00	Subscribers' shares	2
19 September 1988	49,998	1.00	Cash	50,000
27 September 1988	50,000	1.00	Cash	100,000
28 July 1989	40,000	1.00	Cash	140,000
1 August 1989	60,000	1.00	Cash	200,000
12 December 1995	1,300,000	1.00	Cash	1,500,000
23 May 1996	500,000	1.00	Cash	2,000,000
15 July 1997	6,000,000	1.00	Cash	8,000,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of Petra Resources.

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Petra Resources does not have any subsidiary or associated companies.

6.3.2 Petra Fabricators**(i) History and Business**

Our wholly-owned subsidiary company, Petra Fabricators was incorporated in Malaysia under the Act on 2 April 1997, as a private limited company under the name of Petra Fabricators Sdn Bhd and it commenced operations in April 1998.

Petra Fabricators is principally involved in the design, fabrication, supply and installation of pressure vessels, heat exchangers, skid packages and other process equipment primarily for the oil and gas and petrochemical industries.

(ii) Share Capital

Petra Fabricators' authorised share capital is currently RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 3,000,000 ordinary shares of RM1.00 each have been currently issued and fully paid-up.

The changes in the issued and paid-up share capital of Petra Fabricators since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
2 April 1997	2	1.00	Subscribers' shares	2
15 September 1997	99,998	1.00	Cash	100,000
27 June 2002	2,900,000	1.00	Cash	3,000,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of Petra Fabricators.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Petra Fabricators has only one subsidiary company, namely Petra Boilers and does not have any associated companies. The details of Petra Boilers are set out below.

6.3.3 Petra Boilers

(i) History and Business

Our wholly-owned subsidiary company, Petra Boilers was incorporated in Malaysia under the Act on 12 November 1997, as a private limited company under the name of Panglima Akrab Sdn Bhd. Subsequent to that, the company's name was changed to Bipes Boiler Systems Sdn Bhd on 16 June 1998 and Sun Boiler Systems Sdn Bhd on 2 March 1999. Sun Boiler Systems Sdn Bhd was acquired by Petra Fabricators on 28 July 2001 and subsequently changed its name from Sun Boiler Systems Sdn Bhd to Petra Boilers Sdn Bhd on 29 September 2004. Petra Boilers has been in operation since November 1997.

Petra Boilers is principally involved in the design, fabrication, supply and installation of industrial boilers and ancillary equipment.

(ii) Share Capital

Petra Boilers' authorised share capital is currently RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 3,001,000 ordinary shares of RM1.00 each have been currently issued and fully paid-up.

(iii) The changes in the issued and paid-up share capital of Petra Boilers since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
12 November 1997	2	1.00	Subscribers' shares	2
31 December 1998	998	1.00	Cash	1,000
21 May 1999	3,000,000	1.00	Issued 2,600,000 shares as payment for plant and machinery at the price of RM2,000,000 and, 400,000 shares by way of capitalisation of loan on the basis of 1 share for every RM1.00 owed	3,001,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of Petra Boilers.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, Petra Boilers does not have any subsidiary or associated companies.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.4 FLOTATION SCHEME

In conjunction with, and as an integral part of the Listing, we will undertake the following exercises:

6.4.1 Repayment

As at 31 March 2007, the amount owed to the Holding Group was approximately RM245.83 million. As the holding company of Petra Energy, Petra Perdana had historically secured borrowings from financial institutions and on-lent it to the Petra Energy Group. Pursuant to the Listing, the amount owed by Petra Energy to Holding Group will be reduced as follows:

	(RM'million)
Amount owed to the Holding Group as at 31 March 2007	245.83
Repayment	(20.00)
Repayment from part proceeds of the Public Issue	(100.00)
Balance owing to the Holding Group	<u>125.83[#]</u>

Note:

Please refer to Section 11.5 for details of the commercialisation of the amount owing to the Holding Group.

6.4.2 Public Issue

Pursuant to this Prospectus, we will undertake a Public Issue of 46,000,000 Public Issue Shares, representing approximately 35.38% of our Company's enlarged issued and paid-up share capital before the Bonus Issue, at the Issue Price, allocated in the following manner:

(a) **Malaysian public ("Public Tranche")**

6,535,000 Public Issue Shares, representing approximately 5.03% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be made available for application by the Malaysian public, of which at least 30% shall be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) **Restricted Issue ("Restricted Issue Tranche")**

6,765,000 Public Issue Shares, representing approximately 5.20% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be reserved for application by the Petra Perdana shareholders on a pro-rata basis based on their respective shareholdings in Petra Perdana as at 5.00 pm on 25 June 2007. The basis of allocation will be 1 Petra Energy Share for every 40 Petra Perdana Shares held by the Petra Perdana shareholders.

(c) **Identified Bumiputera investors by way of placement ("Bumiputera Placement Tranche")**

26,200,000 Public Issue Shares, representing 20.15% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be reserved for application by identified Bumiputera investors approved by MITI.

(d) **Identified investors by way of placement ("Placement Tranche")**

6,500,000 Public Issue Shares, representing 5.00% of the enlarged issued and paid-up share capital of our Company before the Bonus Issue shall be reserved for application by identified investors.

Upon completion of the Repayment and Public Issue, the issued and paid-up share capital of our Company will increase from RM42,000,000 comprising 84,000,000 Shares to RM65,000,000 comprising 130,000,000 Shares.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4.3 Bonus Issue

As part of the Listing and an incentive to the shareholders of Petra Energy subsequent to the Public Issue, the Company will implement a bonus issue of 65,000,000 new Shares to be issued to all shareholders of Petra Energy prior to the Listing on the basis of 1 new Share for every 2 Shares held after the Public Issue and will be completed prior to the Listing. The Bonus Issue will be capitalised from the share premium account arising from the Public Issue.

Upon completion of the Bonus Issue, the issued and paid-up share capital of our Company will be increased from RM65,000,000 comprising 130,000,000 Shares to RM97,500,000 comprising 195,000,000 Shares.

6.4.4 Listing on the Securities Exchange

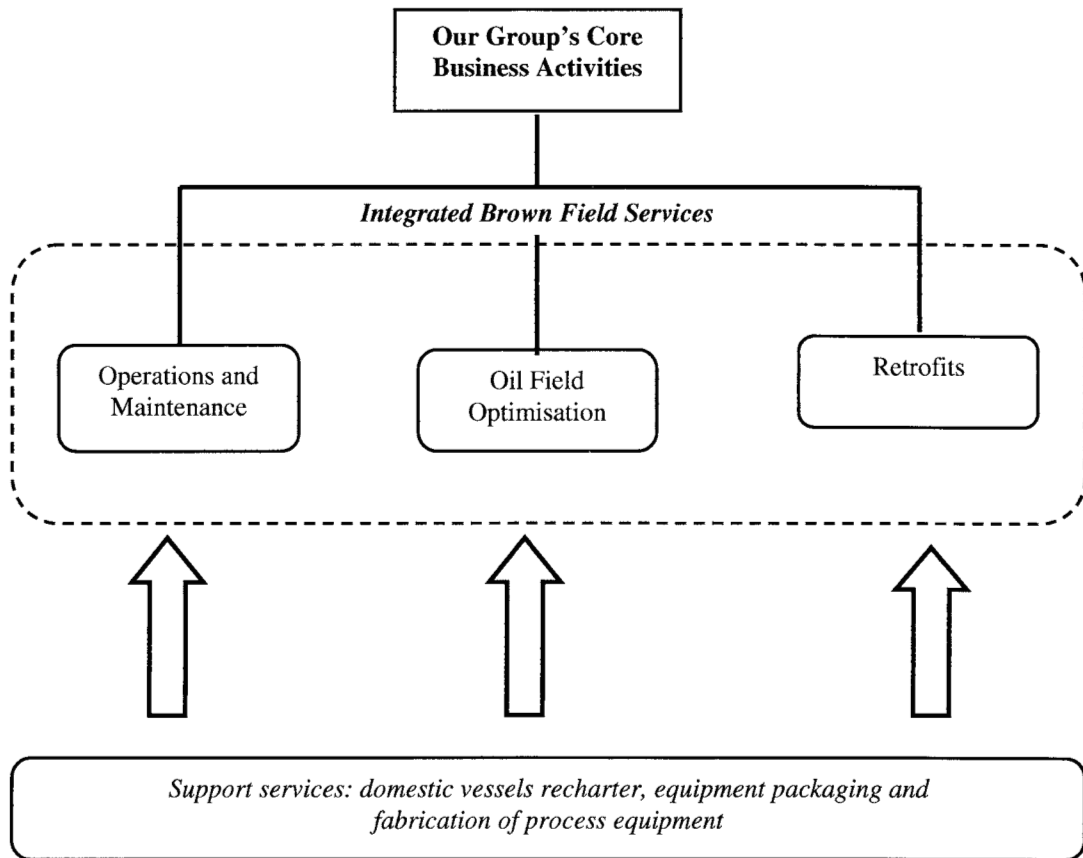
The admission and the listing of and quotation for the entire enlarged issued and paid-up ordinary share capital of our Company of RM97,500,000 comprising 195,000,000 Shares on the Main Board of the Securities Exchange will be sought.

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7. BUSINESS OVERVIEW

7.1 PRINCIPAL ACTIVITIES

Our Group's business activities (core and support) are illustrated in the diagram below:



Frost & Sullivan is of the opinion that Petra Energy is one of the leading Brown Field Services providers in the country today. The Group believes that it is in this enviable position due to its conscious efforts to focus on Brown Field Services since inception and commencing operations in 1988. Governed by stringent benchmarks and practices, the Group's service facilities and support infrastructures, located in close proximity to oil and gas installations throughout the country, offer value-added, round-the-clock services, whilst prioritising delivery schedules at competitive rates.

7.1.1 CORE ACTIVITIES

Our Group, via Petra Resources, Petra Fabricators and Petra Boilers, provides a wide range of integrated Brown Field Services to the oil and gas industry. These include:

(I) Operations and Maintenance

Our role in the Brown Field Services commences with the provision of operations and maintenance services in both the Development Phase and the Production Phase of the upstream oil and gas cycle:

7. BUSINESS OVERVIEW (Cont'd)

Development Phase**Set-up of operations and maintenance systems, management and execution support**

As part of our role in the upstream cycle, we cater for systems and operations set-up (computerised and manual) including on-going management and execution support services of newly installed onshore and offshore oil and gas facilities.

Talisman Malaysia Limited and Nippon Oil Exploration (Malaysia) Ltd's contracts, which involved the implementation of a fully integrated solutions for Inspection and Maintenance Specialist Services ("IMSS") and implementation of Controls for IMSS to ensure effective management at all levels of operations and maintenances services are testament of our capabilities. Petra Resources is the only local company to be awarded such contracts to-date.

Production Phase

Upon completion of the Development Phase, oil and gas platform begins output/ production and in this regard, we provide the following scope of services for the entire duration of the production cycle of all oil and gas facilities:

➤ *On-going Operational Support*

The on-going operational support services which we provide are:

- Computerised materials maintenance management system
- Production operations support
- IT solutions/architecture upgrades
- Integration/customisation of applications
- Supply, installation and maintenance of computer hardware and software systems
- Preventive and breakdown maintenance
- Inspection and corrosion management
- Facilities maintenance and upgrade
- Maintenance engineering and management
- Procurement and inventory management
- Offshore logistics

In addition to the above, the Group provides specifically the following category of services on a daily routine basis:

➤ *Engineering Support*

We also provide engineering services, which entails detailed monitoring and analysis for trouble-shooting and corrective actions to be undertaken. This scope of work, which complements our operations and maintenance services include the following:

- Reliability Centred Maintenance
- Condition Monitoring
- Vibration Analysis
- Fatigue Failure Analysis
- Stress and Strain Analysis
- Acoustic and Corrosion Control

➤ *Maintenance Support*

Maintenance services are categorised into Equipment Maintenance and Structural Maintenance:

7. BUSINESS OVERVIEW (Cont'd)

(a) Equipment Maintenance

Equipment maintenance mainly encompasses the following:

- i) Total Valve Maintenance Services encompass valve maintenance management system, on-line valve maintenance, repair, overhaul, testing of defective valves and stocking of critical (new) re-conditioned valves;
- ii) Provision of rotating and mechanical equipment maintenance services comprising trouble-shooting, repair, overhaul and upgrading of turbines, engines, pumps, compressors, valves, mechanical seals, heat exchangers, coolers, etc.; and
- iii) Provision of instrument and electrical maintenance services such as trouble-shooting, repair overhaul and upgrading of electric motors, generators, switchgears, control panels, actuators, transmitters, flow meters, etc.

(b) Structural Maintenance

Structural maintenance generally encompasses blasting, painting, repair, replacement and installation of the structural portion of a particular platform that is permanently above the water surface, commonly known in the oil and gas industry as "Topside". Topside typically houses all the machinery, equipments and systems required for oil and gas production.

➤ Parts Re-Manufacturing

Historically, the maintenance turnaround time of mechanical and rotating equipment is heavily dependent on the availability of parts imported from Original Equipment Manufacturers ("OEM") who originally designed, engineered and manufactured the equipment.

In order to shorten the delivery time and lower the replacement cost of worn-out parts, we provide part re-manufacturing services which involves re-conditioning of worn-out parts or reproduction of new parts to meet the engineering specifications of the original parts in terms of materials, dimensions and tolerances. This is achieved by us using sophisticated technology and precision craftsmanship, such as Computer Aided Designs, Full Stress Analysis Testing and Computer Numerical Control Equipment System, which ensure complete integrity from design to the re-manufacture of parts and components.

Parts re-manufactured by us are "wear and tear" and "non-proprietary" in nature and "custom-made" to meet equipment specifications of our customers. In some cases, improvements in design and material selection are made to enhance the durability of the parts and components.

We believe we have been able to create a niche in this sector due to our ability to re-manufacture parts at very competitive prices with a savings of up to 50% as compared to the imported parts without compromising on quality. Therefore, our clients are able to achieve significant cost savings by maintaining a low level of parts inventories, minimising equipment downtime and maximising production.

Our re-manufacturing, engineering services and maintenance facilities are located within close proximity of the major oil and gas operating bases (Miri, Labuan and Kemaman) throughout the country. This has enabled our Group to provide round the clock support to our clients avoiding production losses during unforeseen equipment breakdown and emergency plant shutdowns.

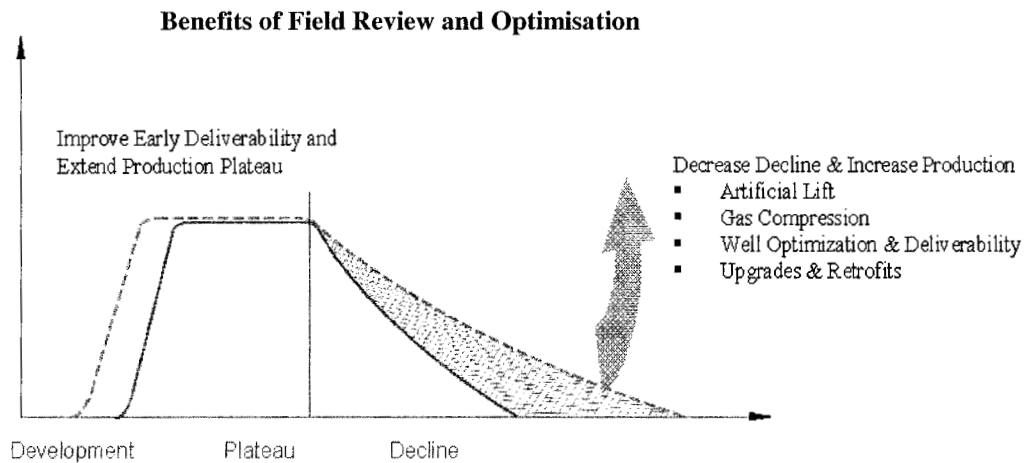
7. BUSINESS OVERVIEW (Cont'd)

(II) Oil Field Optimisation

Due to ageing and depletion of existing resources, output of an oil and gas well would decline over time. Here, we provide multi-disciplinary exploration and reservoir management consulting services or full field review, which allows us to re-evaluate existing wells and its capacity to continue production at an economically viable rate.

This encompasses sub-surface geological and geophysical, reservoir and production engineering services including geo-computing and seismic data interpretation services. The services are provided through our collaboration with internationally recognised principal, International Reservoir Technologies, a company based in Denver, US.

Typically, a full field review of assets and reservoirs would ultimately bring benefits to oil majors in terms of improved early deliverability and extended maximum production. The full review of reservoirs and producing assets along with the recommendations supporting the optimisation of productions are provided to clients. Our provision of the oil field optimisation services are reflected in the full field review of PETRONAS Carigali's Duyong field in the offshore of Peninsular Malaysia.



Source: Frost & Sullivan/Management

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7. BUSINESS OVERVIEW (Cont'd)

(III) Retrofits

Based on positive findings from a full field review (performed during the Oil Field Optimisation stage), field re-development plans are drawn up to rejuvenate the ageing oil field. Oil and gas platforms are upgraded to increase the recovery of crude oil or gas and to extend the lifespan of the platforms. The physical modification and upgrading works to the existing platforms are termed "Retrofits".

We offer Retrofits services for onshore and offshore oil and gas platforms and facilities on turnkey basis with a single point of responsibility. The turnkey approach is aimed at helping the oil companies save on costs and time, as there is only one service provider to interface with.

The Retrofits services provided by our Group include:

- Overall project management
- Design and engineering
- Engineering Studies and Processes (structures, piping and equipment)
- Procurement of Materials and Equipment
- Fabrication (minor structures)
- Installation (offshore and onshore)
- Hook-up and commissioning
- Host Tie-Ins (satellite platforms to "mother" platforms)
- Marine Support

The Operations and Maintenance, the Oil Field Optimisation and Retrofits sectors contributed approximately RM292.29 million or 67.76% of our Group's total revenue for the FYE 31 December 2006.

At every phase of the oil and gas industry upstream life cycle, marine support services are essential in providing synergistic support as most of the offshore oil and gas facilities require specific principal marine support, namely work barges and/or workboats. Our in-house Brown Field marine assets have strengthened our ability to provide Brown Field Services. In addition to our 2 work barges namely Petra Challenger and Petra Discovery, we have access to our holding company's fleet of around 20 vessels comprising 2 work boats, 3 work barges, 4 crew boats, 2 Platform Supply Vessels ("PSVs") and 9 Anchor Handling Tug Supply ("AHTS") Vessels.

Our ability to provide offshore marine services synergises effectively with our core business activities in the upstream sector of the oil and gas industry. As an owner of accommodation / work barges, we are able to have control over the availability of our marine resources to ensure timely completion of Retrofits work. In addition, these in-house assets also enable us to offer attractive rates with firm commitment on vessels availability which is a critical factor in securing integrated Brown Field Services contracts.

7.1.2 SUPPORT ACTIVITIES

In addition to our core activities, we also provide ancillary support services, which are vital in transforming Petra Energy into a "one-stop" integrated service provider for the Brown Field industry. The support services are:

7. BUSINESS OVERVIEW (Cont'd)

- **Domestic Vessels Recharter**

With our PETRONAS licence, we provide Domestic Vessels Recharter services to the PSC operators in Malaysia. Together with our Holding Group, we have an in-house fleet of more than 20 vessels that supports the complete spectrum of the upstream oil and gas activities.

This business sector contributed approximately RM47.42 million or 10.99% of our Group's total revenue for the FYE 31 December 2006.

- **Equipment Packaging and Fabrication of Process Equipment**

With our established workshops and service facilities, we are able to provide local packaging and fabrication of equipment that have been historically imported from abroad to meet the operational requirements of the upstream oil and gas industry. Our service facilities have the capability to design and fabricate equipment in accordance to required standards as well as to customise the equipment to meet the individual needs of the oil and gas production facilities.

We provide the following equipment:

- Rotating and mechanical equipment which includes centrifugal and rotary pump packages, air compressors, power generators, water-makers, water injection skids and desalinators, etc.; and
- Process equipment which includes heat exchangers, coolers, scrubbers, glycol dehydration packages, heaters and boilers, etc.

Apart from the provision of equipment packaging and fabrication of process equipment, we also have a team of equipment specialists who provide technical support for site installation, commissioning, training of customers' personnel and ongoing scheduled and breakdown maintenance.

To ensure effective implementation of our services under this business unit, we have established collaborations with major internationally reputable engineered equipment manufacturers via renewable agency or distributor agreements for various product categories, which are widely used within the oil and gas industry such as the following:

Name of Principal	Engineered Equipment	Exclusive agents/ principals since
Amot Controls Ltd, United Kingdom	Control Panels, Switches and Control Valves	February 1991
Aqua-chem, Inc, Water Technologies Division, US	Seawater Desalination Plants and Freshwater Systems	June 1999
Bran & Luebbe, GmbH, Germany	Precision Metering Pumps	July 2001
Dresser Inc.-Waukesha, US	Gas Engine and Enginotor	February 1993
GE Packaged Power Inc., US	Gas Turbines and Centrifugal Gas Compressors	June 2001

7. BUSINESS OVERVIEW (Cont'd)

Name of Principal	Engineered Equipment	Exclusive agents/ principals since
ITT Industries, US	Vertical Turbine, Horizontal Centrifugal Process Pumps	February 1998
Lufkin Industries Inc., US	Transmission Gearboxes	October 1999
Netsch Nemo-Pumpen GMBH, Germany	Positive Displacement Pumps	June 1999
Sullair Corporation, US	Rotary Screw Type Air Compressors	March 1993

The equipment packaging and fabrication of process equipment business unit contributed RM91.65 million or 21.25% of our Group's total revenue for the FYE 31 December 2006.

7.2 OUR COMPETITIVE STRENGTHS

We believe our competitive strengths include the following:

- **Integrated Brown Field Service Provider**

According to the Independent Market Research Report, the Malaysian upstream oil and gas support service market has more than 45 market participants. These market participants are generally categorised into 3 broad categories:

First Category

The first category of players consists of multinational companies that are well established globally and conduct business in many countries across the world and are widely recognized. They have huge research and development expenditure to develop new products and services. The companies in this category include Kellogg Brown Root (Halliburton Company), Schlumberger Limited and Baker Hughes Incorporated. These companies focus more on the Exploration and Development areas of the upstream industry. They are not too active in the Brown Field services sector in Malaysia.

Second Category

The second category of players consists of medium to large local companies that provide support services to the upstream oil and gas sector. This category primarily includes companies such as SapuraCrest Petroleum Bhd (includes subsidiaries such as Sarku Engineering Services Sdn Bhd, TL Offshore Sdn Bhd and others), Petra Energy (holding company comprising Petra Resources, Petra Fabricators and Petra Boilers), Tanjung Offshore Bhd., Intraline Resources Sdn. Bhd., SAAG Consolidated (M) Bhd., Ramunia Fabricators Sdn. Bhd., Dayang Enterprise Sdn. Bhd., Delcom Services Sdn. Bhd., Vastalux Sdn. Bhd., and Oilfab Sdn. Bhd.

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7. BUSINESS OVERVIEW (Cont'd)

Third Category

The third category comprises small local companies offering a limited array of support services to the upstream oil and gas sector.

Frost & Sullivan has primarily highlighted only those companies within the Second Category that provide three or more categories of Brown Field Services as key competitors of our Group. However, they are of the view that our Group is the only player with an exclusive focus on Brown Field sector capable of providing comprehensive services.

The “one-stop shop” approach adopted by our Group is aimed at allowing us to provide our customers a wide range of Brown Field Services to meet their needs which encompass Operations and Maintenance, Oil Field Optimisation, Retrofits and Support Services.

Through our ability to provide customers with a diverse and wide range of Brown Field Services, our Group would achieve economies of scale and as a result, we are able to offer our products and services at competitive rates.

- **PETRONAS Approved Licence**

Frost & Sullivan has indicated that the barriers to entry into the upstream oil and gas industry are maintained at a high level as all service providers to the industry must be licensed by PETRONAS. Amongst the key criteria required to obtain the licence from PETRONAS are prior experience, financial backing, technical abilities and MOF's registration.

Our subsidiary company, Petra Resources was licensed by PETRONAS in 1988 to supply and provide a host of products and services to the upstream oil and gas industry. The range of products and services provided by us are categorised as follows:

<u>Products</u>	<u>Services</u>
<ul style="list-style-type: none"> ▪ Pumps ▪ Compressors ▪ Generators ▪ Valves ▪ Cranes ▪ Diesel & gas driven engines ▪ Gearbox ▪ Winches & hoists ▪ Pipe & fittings ▪ Water-maker/Desalination plant ▪ Fire Heater ▪ Boiler ▪ Incinerators ▪ Burner ▪ Shell & tube heat exchanger ▪ Air cooled heat exchanger ▪ Plate type heat exchanger ▪ Pressure vessel ▪ Coalescer ▪ Tower ▪ Strainer ▪ Corrosion monitoring equipment ▪ Glycol dehydration unit ▪ Control panel ▪ Alarm & emergency shutdown systems ▪ Pressure & temperature instruments 	<ul style="list-style-type: none"> ▪ Integrated platform operations and maintenance ▪ Installation of platform structure and pipelines ▪ Maintenance of sub-sea pipeline and structures ▪ Platform structural maintenance ▪ Platform hook up and commissioning & retrofits ▪ Mechanical equipment maintenance ▪ Electrical equipment maintenance ▪ Instrument equipment maintenance ▪ Crane and valve maintenance ▪ Marine support ▪ Design, installation and commissioning of oil tanks ▪ Linepipes ▪ Classification, certification and calibration ▪ Consultancy services ▪ Technical personnel supply ▪ Computer hardware and software systems

7. BUSINESS OVERVIEW (Cont'd)

- **Established Track Record**

Our Group's organic growth and expansion since Petra Resources' inception in 1988 including the set-up of service facilities in Miri, Labuan and Kemaman supply bases to provide engineering and maintenance services has allowed our Group to position itself as one of the leading providers of integrated Brown Field Services in the country. Over the past 19 years, our Group has been continuously growing in its scope of services, resource capabilities and competencies. As a result, our Group has built a strong reputation as a provider of high quality value-added services for the domestic and regional oil and gas industry.

- **Experienced and Competent Management Team**

The oil and gas industry is a highly technical industry. We have an experienced management team with good industry knowledge, technical know-how and expertise in the oil and gas industry. Our Group's key management team comprises seasoned industry professionals who possess intimate management, technical and commercial skills in the oil and gas business. Our Group is led by our Executive Chairman, Tengku Ibrahim Petra who has more than 20 years of hands-on experience in the oil and gas industry. Our Executive Directors are supported and assisted by a dedicated and dynamic management team, each with an average of 20 years of experience in the oil and gas industry.

- **High Standards of Quality**

As part of our commitment to maintain high business integrity of the services provided, it has always been our group-wide drive to maintain high quality assurance and quality control standards of our product and services. This approach is intended to enable us to meet, if not exceed, customers' requirements, thus reducing costs, minimising downtime and accelerating project turnaround.

Supported by a dedicated team of qualified and experienced industry professionals, we are committed to ensure the meeting of stringent quality demand of the oil and gas industry and strict compliance to QA/ QC and HSE practices. This is evidenced by the numerous accreditation and certifications achieved by our Group over the years.

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7. BUSINESS OVERVIEW (Cont'd)

7.3 KEY ACHIEVEMENTS, MILESTONES AND AWARDS

Our achievements/ milestones are as follow:

Year	Description
2004	Awarded the Sarawak Shell/ Sabah Shell Top-Side Major Maintenance and Hook-up Commissioning contract. Subsequent to the award, there is a further increase in scope for an integrated retrofits work with provisions requiring marine fleet up to 17 support vessels.
2004	ISO 9001:2000 Management System Certification (Petra Fabricators) as certified by Det Norske Veritas (UKAS Quality Management), Singapore
2002	First to be awarded the Total Operations and Maintenance Systems Set-up and On-going Services contract in the Malaysian upstream oil and gas industry. The contracts were again a "first" for Malaysia and were given out by Talisman Malaysia Limited and Nippon Oil Exploration (Malaysia) Berhad respectively.
2001	Awarded ISO 9001:2000 as certified by Lloyd's Register Quality Assurance, London for its maintenance workshop facilities.
2000	First company to be awarded an Integrated Services / Retrofits contract (Engineering, Procurement, Construction and Commissioning) by EMEPMI for retrofits on existing oil and gas facilities (Brown Field) in Malaysia. This contract is "the first of its kind" in its scope of out-sourcing overall retrofit work to a contractor by an oil major in Malaysia.
1999	The Petra Fabricators division was set-up in Shah Alam, Selangor to undertake design, fabrication, supply and installation of pressure vessels, heat exchangers and other process equipment primarily for the oil and gas and petrochemical industry.
1999	Petra Resources commissioned its 3 rd Maintenance Workshop in Kemaman thereby providing full coverage to all major upstream oil & gas operation hubs in Malaysia (the others being those that were set up earlier in Miri and Labuan).
1997	Petra Resources was awarded status as a Vendor Development Program (VDP) company by PETRONAS for the category "VDP for manufacturing of parts and components & maintenance services for mechanical and rotating equipment" in recognition of its capabilities and efforts to enhance its value-added services. With this, all PETRONAS and its PSCs scope of work under this awarded-category is provided to Petra Resources as a sole-service provider.
1993	The first-ever contract in maintenance services being awarded to Petra Resources. The contract was awarded by Sarawak Shell for provision of maintenance services for rotating equipment.
1991	Commissioned Petra Resources' first workshop for maintenance services for oil and gas in Miri, Sarawak.

7. BUSINESS OVERVIEW (Cont'd)

Our accolades/awards for the past five (5) years are as follow:

Year	Type of Award	Awarded by	Description
2006	Certificate of Appreciation	Shell Exploration & Production	For achieving 4 million manhours without "Lost Time Injury" (TMMHuC project)
2006	Certificate of Appreciation	Sarawak Shell/ Sabah Shell	For achieving one year free 'Lost Time Incident'
2006	Letter of Appreciation	PETRONAS Carigali	For early delivery & without compromising quality standards in component fabrication (Ledang-ANOVA Development Project)
2006	Certificate of Appreciation	Malaysia LNG Dua	In recognition of HSE achievement and contribution for zero 'Lost Time Injury' 2005/2006
2006	Congratulatory Plaque	Shell Exploration & Production	For achieving one year without 'Lost Time Incident' (TMMHuC contract)
2005	Excellence Award	PETRONAS Carigali	Rejuvenation of Miri Crude Oil Terminal – Fire Water Pump
2005	Certificate of Appreciation	Shell Exploration & Production	For achieving one year & 4 million man hours without 'Lost Time Incident'
2005	Certificate of Appreciation	Shell Exploration & Production	Excellent Health, Safety, Security and Environment ("HSSE") performance & successfully achieving two million manhours without 'Recordable Injurious Incident'
2005	Certificate of Appreciation	Shell Exploration & Production	Excellent HSSE performance & achieving one million exposure manhours without 'Total Reportable Case Incident'
2004	Grand Award	EMEPMI	Excellent Safety Performance
2003	Gold Award	PETRONAS Carigali	Excellent HSE for mechanical and rotating equipment services
2003	Certificate of	PETRONAS Carigali	Achieving seven million work

7. BUSINESS OVERVIEW (Cont'd)

Year	Type of Award	Awarded by	Description
	Appreciation		hours without "Lost Time Incident"
2003	Certificate of Appreciation	EMEPMI	Achieving two million work hours without "Lost Time Incident"
2003	Gold Award	EMEPMI	Achieving one million work hours with zero total recordable injury rate without "Lost Time Incident"
2002	Certificate of Appreciation	PETRONAS Carigali and EMEPMI	Completing Phases I & II of the Angsi Project
2002	Safety Award	PETRONAS Carigali	Achieving three million workhours without "Lost Time Incident"

7.4 BUSINESS DEVELOPMENT

Our Group's overall business development is carried out by the Business Development Committee comprising our Executive Director and senior managers, spearheaded by our Executive Chairman, Tengku Ibrahim Petra. The Business Development Committee meets on a regular basis to formulate the strategies, ensure implementation and review the outcome.

The Petroleum Development Act 1974 requires all service providers to the upstream oil and gas industry in Malaysia to be licensed by PETRONAS. Our Group has held the requisite licence from PETRONAS since 1988 and is able to participate under a wide spectrum of business opportunities in the upstream oil and gas industry.

Owing to the sound track record of the Group in providing "Integrated Services" and undertaking contracts based on the 'single-point responsibility and accountability', we have been frequently invited by PETRONAS Carigali and other international oil majors in the country to participate in tender bids. The tender bids are primarily broad scoped with wide ranging technical job functions, including project management and concurrent implementation of multiple projects.

In addition to the above, the Group also participates in tenders related to the supply, installation, and commissioning of various oil and gas industry-equipment which are either engineered and fabricated in-house at the Group's fabrication facilities, or are supplied from proprietary manufacturers which the Group has exclusive agency representations.

The General Manager at each business unit is responsible for the business development of their respective units. The responsibilities of the General Managers are as follows:

- To identify and generate new customers account;
- To review invitation for tenders from oil majors and other oil and gas clients;
- To coordinate and compile bid proposals and tender quotations;
- To promote our Group's range of products and services;
- To ensure contracts on hand are executed with good performance and healthy bottom-lines; and

7. BUSINESS OVERVIEW *(Cont'd)*

- To maintain strong business relationships with existing customers.

Our Business Development Committee actively tracks new oil and gas field-developments, and specific project/ work or integrated services contracting opportunities for major oil and gas clients in order to secure long- term contracts and/or singular orders.

Whilst the Group's development had its roots and now principally derived from the domestic market, its proven track-record of performance to exacting and high technical, quality and safety standards, as is required by all its major oil and gas clients, has today competitively positioned the Group. The business development unit is actively pursuing a structured plan to further increase its growth in the regional market.

7.5 BUSINESS PROCESS

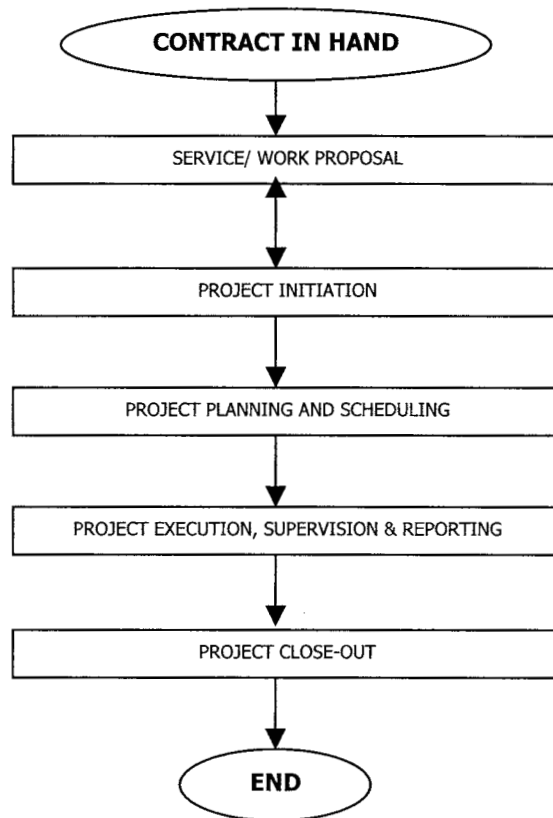
The majority of requirements for the Group's main services, as described earlier, are generated during the "Brown Field" phase of the upstream oil and gas field-operations of the clients. The Brown Field here refers to the stage whereby an oil and gas field has been developed and producing facilities has been installed and are already operational thereby producing oil and/or gas (as opposed to "Green Field" where the acreage are either still under seismic work, exploration/production drilling, or new production facilities construction or installation).

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7. BUSINESS OVERVIEW (Cont'd)

As such, due to the very nature of the Group's integrated capabilities, the contracts and hence its business process tend to follow that of long term agreements/contracts (typically 3 to 5 years with renewal options) to execute various technical scope of work in an integrated manner for the clients. Depending on the exact terms and conditions of the contract, which will be the specific basis of the Group's business process, in general a typical process will work in accordance to descriptions below.

A diagrammatic representation of our business process is as follows:



- **Contract-in-Hand**

Depending on whether the long term contract in-hand is for Operations and Maintenance (O&M), or "Retrofits" (upgrades/ modifications etc of existing production facilities) type of work, initiation of the business process can be done either by the Group or the client depending on the project that is required to be undertaken by the Group within the contract parameters.

- **Service/ Work Proposal**

A set of summary of the key components of the project as identified is prepared and submitted for review/discussion and approval of the client typically consist of vital information on the particular project/work such as schedule, workscope, execution plan, manpower requirement, safety requirements etc.

- **Project Initiation**

Upon official notification of approval by the client on the proposal, the Project Engineer will be assigned to the project as the Project Team Leader. The Project Team Leader will serve as the "focal point" for the project and will provide the necessary service to the operations department to ensure the achievement of project objectives.

7. BUSINESS OVERVIEW (Cont'd)

- **Project Planning and Scheduling**

The Project Planning and Scheduling stage is where all staff who are involved in the project will be briefed on the specific details of the project. Typically the following areas will be discussed, planned and scheduled in detail:

- *Manpower Planning*

The manpower planning include functions such as sourcing, selection, recruitment and maintaining manpower database. Other functions include arrangement for crews' medical examination/safety training, induction briefing, logistics to disembarkation port and issuance of personal protective equipment and safety and health personal passports.

- *Marine Logistics Planning*

The marine department provides work barges, workboat and support vessels for the project primarily for work area facilities, logistics and catering.

- *Materials Planning*

In addition to being responsible for the necessary procurement for a particular project, the procurement department also liaises with the requestor/user department on technical bids evaluation, follow-up on delivery by vendors and notifies the requestor on order placed and status of delivery, where applicable.

- *Materials Receiving, Storing and Issuing*

Materials being issued shall be initiated by the approved mobilisation request and site team request. Packaging, required documentations (for port clearance/customs declaration) and transportation to the embarkation port are also arranged.

- **Project Execution, Supervision and Reporting**

After the completion of the Project Planning and Scheduling, all the necessary manpower will be sent to execute the project. This stage comprises 3 key areas:

Project Execution

- *Operations, Work Execution and Worksite Visit*

The construction superintendent and site team work in-coordination with the customer in carrying out the required jobs at work areas defined in the schedules and scope of work.

- *Workpacking*

“Workpacking”, refers to detailed materials, manpower, activities, specific work-procedure or quality standards and other resource quantifications and specifications which is documented for precise execution by the relevant technical personnel involved at the work-site. This document is prepared prior to execution of any part of the work/services.

- *Fabrication*

The fabrication yard supports fabrication, assembly, erection, inspection, testing, load-out, sea fastening, engineering and planning as necessary for the completion of all fabrication works under the terms of the project.

7. BUSINESS OVERVIEW (Cont'd)

Project Supervision

➤ *Compliance with HSE and QA/ QC*

During the tenure of the project, routine HSE briefings, site inspections and site surveillance are conducted on a regular basis to ensure that all staffs involved are up to date. Our on-site Quality Engineer also provides adequate and qualified inspection personnel, equipment and QA/ QC procedures.

Regular site visits in coordination with the HSE and QA/ QC requirements are also conducted to ensure proper work supervision and handling of staff welfare.

Project Reporting

➤ *Daily Status Report, Weekly Progress Report and Monthly Report*

The respective team leaders and staff attend daily operations, weekly progress and HSE meetings. Details of these meetings are properly documented at the various worksites, onshore and offshore facilities.

• **Project Close-Out**

➤ *Close-out Report*

Following the completion of a project, the field engineer finalises and submits a “close-out report” to the customer for reference or further action. The close-out report is authenticated by relevant documentation and certification.

➤ *Post-Project Analysis / Post-Mortem Meeting*

A post-project analysis or post-mortem meeting, organized upon completion of a project, is typically attended by the respective team leaders and staff operatives. The objective of these post-project analysis or post-mortem meeting is to ensure that the lessons learnt in a particular project are properly documented and disseminated to all the relevant staff.

➤ *Invoicing*

The contract administration and accounts department undertakes the preparation of payment certificate when invoicing documents are submitted with relevant supporting documents for approval and payment. Depending on the terms of the contract, invoicing can be done either upon completion of work, on progress or on specific occurrence.

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7. BUSINESS OVERVIEW (Cont'd)

7.6 PRINCIPAL MARKETS

Currently, we provide our services to the oil and gas industry within the region. Our Group's revenue contribution segmented by geographical location is as follows:

**Audited consolidated revenue for the
FYE 31 December 2006**

Market	RM'000	%
Australia	221	0.1%
Brunei	651	0.2%
China	86	- *
India	2,664	0.6%
Indonesia	900	0.2%
Italy	4,463	1.0%
Japan	2,192	0.5%
Singapore	336	0.1%
Thailand	3,109	0.7%
US	5,667	1.3%
Total export sales	20,289	4.7%
Total domestic sales	411,060	95.3%
Total	431,349	100.0%

Note:

* Negligible.

7.7 MAJOR CUSTOMERS

Our customers are mainly major oil companies, large independent oil and gas exploration and production companies and oil service companies. Over the past three (3) FYE 31 December 2006, our major customers, namely PETRONAS Carigali, Sarawak Shell/Sabah Shell and EMEPMI which are the major companies that operate in oil and gas producing assets in Malaysia, had been contributing collectively more than 69.5% of our total Group revenue.

Our customers who accounted for 10% or more of our total proforma Group revenue for the past three (3) FYE 31 December 2006 are provided below:

Customer	2004	2005	2006	Length of relationship (years)
	Percentage of our total Group revenue (%)			
PETRONAS Carigali	28.8	12.4	7.8	19
Sarawak Shell/Sabah Shell	20.1	53.2	60.6	19
EMEPMI	12.2	5.5	1.1	19
Gas District Cooling (KLIA) Sdn Bhd, a subsidiary of PETRONAS Gas Berhad	11.5	0.3	*	4

7. BUSINESS OVERVIEW *(Cont'd)*

Note:

* *Negligible.*

Details of our dependency on our major customers and the relevant mitigating factors are set out in Section 5.1.3.

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7. BUSINESS OVERVIEW (Cont'd)

7.8 DEPENDENCY ON PATENTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS

(a) Dependency on Patents and Intellectual Rights

Save as disclosed in Section 7.18 of this Prospectus, our Group is not dependent on any patents and intellectual rights for our business operation.

(b) Dependency on Major Licences

Save as disclosed in Section 7.12 of this Prospectus, our Group is not dependent on any other major licences.

(c) Dependency on Industrial, Commercial and Financial Contracts

As at the Latest Practicable Date, there are no material contracts (including informal arrangements or understandings) in the ordinary course of business which have been entered into by our Group on which our Group is highly dependent.

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7. BUSINESS OVERVIEW (Cont'd)

7.9 QA AND QC

In ensuring smooth and effective implementation of its principal activities, our Group has adopted international benchmarks for its QA and QC practices. Governed by this, the Group has established its own QA/ QC policy, which provides for service excellence at all levels of our operations both onshore and offshore.

Our QA/ QC department, which is currently based in Miri, Sarawak has been tasked to manage our Group's QA/ QC related activities. The department is headed by a senior QA engineer and supported by a team of 3 QA/ QC coordinators and 3 technical assistants. There are also 23 qualified QC inspectors of various disciplines who monitor inspection works onshore and offshore.

The procedures covered under the QA/ QC ambit are designed to ensure that our worksites are adequately equipped in terms of qualified inspection personnel and equipment and QA/ QC procedures or programmes are carried out efficiently and effectively in compliance with project contracts, applicable laws, codes, standards, specifications and regulations.

The QA/ QC department has established operating procedures, which are strictly adhered to at all levels of project execution:

- **Project Planning and Scheduling Stage**
 - The QA engineer ascertains and clarifies the QA/ QC workscope and attends the kick-off meeting upon receipt of the approved workpack.
 - Where additional QA/ QC manpower or crew change is required, the QA engineer works in-coordination with the human resource department to initiate recruitment or replacement. The QA engineer provides clarifications on qualification's validity of welders/welding inspectors & non-destructive test personnel to facilitate recruitment / replacement.
 - Prior to mobilisation, welders/welding inspectors and non-destructive test personnel are briefed on QA/ QC requirements and provided with copies of approved QA/ QC input documents and standard inspection formats.
- **Project Execution Stage**
 - In the course of the project, the QA engineer monitors all QA/ QC works carried-out in coordination with welding inspectors at site.
 - Where necessary, the QA engineer conducts site visits and internal audits at worksite to ensure quality compliance.
 - During work progress until the completion of project, all required QA/ QC output documentations/reports are validated by customer and signed copies forwarded to the QA engineer for review.
- **Project Close-Out Stage**
 - The senior QA engineer also reviews all matters highlighted in the daily status report and attends the daily operations meeting held in the client's/customer's premises and/or other venues arranged by client/customer.

In achieving its QA/ QC goals, Petra Resources was accorded the ISO 9001:2000 certification for Quality Management System in 2001 by Lloyds Register Quality Assurance, London and Petra Fabricators was accorded the ISO 9001:2000 Management System Certification in 2004 by Det Norske Veritas (UKAS Quality Management), Singapore.

7. BUSINESS OVERVIEW (Cont'd)

7.10 HEALTH, SAFETY AND ENVIRONMENT

HSE standards and practices are part of our Group's corporate culture in ensuring the well being of its employees and customers. As a service provider for the oil and gas industry, we subscribe to one of the highest HSE standards, whilst emulating practices embraced by oil and gas companies in the world.

Basically, the development of Petra Energy's HSE standards and practices are based on the following Terms of Reference:

- Occupational Safety and Health Act, 1994;
- Factories and Machinery Act, 1967; and
- Environmental Quality Act, 1974.

To serve its internal HSE requirements, the Group has developed a HSE policy statement and series of operational procedures, which are prioritised at all workshops and services facilities. In implementing the HSE functions, we have identified various levels of procedural functions at the worksite and onboard vessels to ensure that zero incidents, zero injuries and zero accidents are achieved in our workplace.

Our Group's HSE Department is based in Miri, Sarawak and is headed by a HSE Manager, who is supported by 4 coordinators and 1 technical assistant. There are an additional 18 Safety Officers positioned in offshore locations to ensure adherence to our HSE requirements.

Our HSE Mobilisation requirements cover:

Skilled-personnel

- Training and Competency
- Health Screening
- Drug and Alcohol Abuse

Personal Protective Equipment

- Approval
- Adequacy
- Usage
- Maintenance/Replacement

Vessel Safety

- Orientation
- Emergency Procedures
- Life Vest/Transfer

Offshore Platform Safety

- House Rules
- Permit to Work
- Emergency Response
- Incident Reporting

Stronger emphasis is given to health and safety considerations of our personnel. As such, the HSE procedures for personnel will typically comprise the following:

- *Pre-Mobilisation of Personnel*
 - Upon receipt of the approved workpack, the HSE Engineer will brief the assigned safety officer on the HSE workscope to facilitate effective implementation.
 - Further clarification on project and HSE workscope will also be provided during kick-off meeting where it relates to other departments/parties.

7. BUSINESS OVERVIEW (Cont'd)

- The HSE engineer then provides the required safety manual, HSE case, procedures and plans to the Safety Officers.
- Where additional HSE manpower or personnel change is required, the HSE Engineer shall work in-coordination with the human resources department to initiate recruitment or replacement.
- The HSE Engineer conducts HSE briefing with all personnel and Safety Officers.
- *Post-Mobilisation of Personnel (conducted on-board)*
 - Safety Officers conduct vessel orientation and perform verification of equipment inspection.
 - The Safety Officers also coordinate with the vessel/barge medical personnel on the issuance of Health Declaration and submission of water sample for analysis.

Our achievements in HSE have also won us accolades and recognition by international oil and gas majors. For details of the accolades and recognition received by us, please refer to Section 7.3 of this Prospectus.

7.11 TECHNOLOGIES AND SOFTWARES

We do not carry out any research and development activities. However, we keep abreast with the latest developments in new technologies and products through technology transfer and technical support *via* close collaboration with our international principals, who are the main players in their respective fields.

Through our international principals, our business units are actively involved in providing new technologies, state-of-the-art products and technical support to our customers. Some of the technologies and softwares utilised in providing our Brown Field Services *via* collaborations with our international principals include the following:

Technology/Software (Principal)	Scope
Control Source Electromagnetic Sounding (Offshore Hydrocarbon Mapping Plc, United Kingdom)	A technology to detect the presence of reservoir layers of hydrocarbon deposits before drilling
Full Field Review (International Reservoir Technologies, US)	A multi-disciplinary process that involves the re-evaluation of existing wells and to maintain their production output at an economically viable rate
Field Development Plan & Drilling (Advances Well Technologies, Australia)	Provision of field development plan and advanced well technologies in rigless intervention such as coil tubing and through tubing drilling and work-over
Computerised Materials & Maintenance Management System (Ipedex, France)	Provision of computerized materials and maintenance management systems as well as project team for remotely operated fields
Integrated Production Modelling Suite (Petroleum Experts Limited, Edinburgh, Scotland)	A technology that allows engineers to design complex field models and integrates well with other software tools (e.g. process simulator, economic packages) for production/business decisions to be made
Petroleum System Suite (Platte River Associates, US)	A comprehensive method for evaluating the complete petroleum system and reducing exploration risk

7. BUSINESS OVERVIEW *(Cont'd)*

Technology/Software (Principal)	Scope
Caesar PetroVR Tool Suite <i>(Caesar Petroleum Systems LLC, US)</i>	Provides full cycle economic risk analysis considering all key exploration, engineering, and financial uncertainties

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