

Unless otherwise stated, all abbreviations and defined names or expressions contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your Shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (collectively, the "**Documents**") to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, **Securities Services (Holdings) Sdn Bhd**, at Level 7, Menara Milenium, Jalan Damania, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The Documents are to be despatched only to our Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 13 March 2013 who have a registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 13 March 2013. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Shares, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares would result in the contravention of any law of such countries or jurisdictions. We and our Principal Adviser, Maybank IB, shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation (as the case may be) of entitlements, Excess Rights Shares Application or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares made by any Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their renouncee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the ROC who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue has been obtained from our Shareholders at our EGM convened on 27 February 2013. Approval has been obtained from Bursa Securities via its letter dated 6 February 2013 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Shares will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Maybank IB, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue. Maybank IB, being the Principal Adviser, is satisfied that any profit and/or cash flow estimate/forecast and/or projection(s), prepared for inclusion in this Abridged Prospectus have been stated by the Directors (as defined herein) after due and careful inquiry and have been duly reviewed by the Reporting Accountants (as defined herein).



PETRA ENERGY BERHAD

(Company No.: 718388-H)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 107,250,000 NEW ORDINARY SHARES OF RM0.50 EACH IN PETRA ENERGY BERHAD ("PEB") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.15 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN PEB AS AT 5.00 P.M. ON 13 MARCH 2013

Principal Adviser



Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement date	:	Wednesday, 13 March 2013 at 5.00 p.m.
Last dates and times for:		
Sale of the Provisional Rights Shares	:	Wednesday, 20 March 2013 at 5.00 p.m.
Transfer of the Provisional Rights Shares	:	Monday, 25 March 2013 at 4.00 p.m.
Acceptance and payment	:	Thursday, 28 March 2013 at 5.00 p.m.*
Excess Rights Shares Application and payment	:	Thursday, 28 March 2013 at 5.00 p.m.*
* Or such later date and time as our Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time.		

This Abridged Prospectus is dated 13 March 2013

ALL TERMS USED ARE AS DEFINED IN THE “DEFINITIONS” SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE RIGHTS ISSUE, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G.DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE “DOCUMENTS”) IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

Abridged Prospectus	: This abridged prospectus dated 13 March 2013 issued by our Company in connection with the Rights Issue
Act	: Companies Act, 1965
Board	: Board of Directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	: Account(s) established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
CEC	: Coastal Energy Company (136249)
CECI	: CEC International Ltd (WK-217570), a wholly-owned subsidiary of CEC
CEKSB	: Coastal Energy KBM Sdn Bhd (1011855-W), a 30%-owned associated company of PEB and a 70%-owned subsidiary of CEC
CEO	: Chief Executive Officer
Closing Date	: 28 March 2013 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares or such later date and time as our Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time
CMSA	: Capital Markets and Services Act, 2007
Code	: The Malaysian Code on Take-Overs and Mergers, 2010
Contractor	: CECI or its successors and includes any of its assignees, which for time being is CEKSB pursuant to the Novation Agreement
Dato' Nizam	: Dato' Mohamed Nizam bin Abdul Razak
Director(s)	: Being a director within the meaning given in paragraph 10.02(c) of the Listing Requirements
EGM	: Extraordinary general meeting of our Company
Entitled Shareholder(s)	: Shareholder(s) whose name(s) appear in the Record of Depositors of our Company on the Entitlement Date
Entitlement Date	: 13 March 2013 at 5.00 p.m., being the date and time at which the names of Shareholders must appear in the Record of Depositors of our Company, in order to be entitled to participate in the Rights Issue
EPS	: Earnings per Share

DEFINITIONS (Cont'd)

ETP	: Economic Transformation Programme
Excess Rights Shares	: Rights Shares which are not taken up or not validly taken up by Entitled Shareholders and/or their renouncee(s) (if applicable) prior to the Closing Date
Excess Rights Shares Application	: Application(s) for additional Rights Shares in excess of the Provisional Rights Shares, the procedures of which are set out in Section 10.6 of this Abridged Prospectus
Foreign-Addressed Shareholders	: Shareholders who do not have or have not provided an address in Malaysia for the service of documents which have been or will be issued in relation to the Rights Issue
FPE	: Financial period ended
FYE	: Financial year ended/ending, as the case may be
GDP	: Gross domestic product
Group	: Our Company and our subsidiaries, collectively
KAS	: KAS Ship Management Sdn Bhd (841812-U)
KBM Cluster Fields	: Kapal, Banang and Meranti cluster of small fields in offshore Terengganu, Malaysia
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 28 February 2013, being the latest practicable date prior to the printing of this Abridged Prospectus
Market Day(s)	: A day on which Bursa Securities is open for trading in securities
Maximum Scenario	: Assuming full subscription of the Rights Shares based on their respective entitlements by all Entitled Shareholders and/or their renouncee(s)
Maybank IB	: Maybank Investment Bank Berhad (15938-H)
Minimum Scenario	: Assuming that none of the Entitled Shareholders and/or their renouncee(s) will subscribe for their entitlements and the Rights Issue is undertaken based on the Minimum Subscription Level
Minimum Subscription Level	: Minimum level of subscription for the Rights Issue of 88,774,000 Rights Shares to raise the minimum amount of proceeds required of about RM102 million based on the Undertakings
MOU	: Memorandum of Understanding
NA	: Net assets
Novation Agreement	: A novation agreement dated 10 September 2012 entered into between CECI and CEKSB for the novation of all of CECI's individual rights, interests, benefits and obligations under the SFRSC to CEKSB
NPA	: Notice of Provisional Allotment pursuant to the Rights Issue
Official List	: A list specifying all securities listed on the Main Market of Bursa Securities

DEFINITIONS (Cont'd)

PEB or Company	: Petra Energy Berhad (718388-H)
PED	: Petra Energy Development Sdn Bhd (<i>formerly known as Petra AWT Sdn Bhd</i>) (806515-A), our wholly-owned subsidiary
PETRONAS	: Petroliaam Nasional Berhad (20076-K)
Price-Fixing Date	: 27 February 2013, being the date on which we determined and announced the issue price of the Rights Shares
Principal Adviser	: Maybank IB
Project	: Development and production (on a risk reward basis) of petroleum from the KBM Cluster Fields pursuant to the SFRSC
Provisional Rights Shares	: Rights Shares provisionally allotted to the Entitled Shareholders
Record of Depositors	: A record of securities holders provided by Bursa Depository to our Company under Chapter 24 of the Rules of Bursa Depository
Rights Issue	: Renounceable rights issue of up to 107,250,000 Rights Shares at an issue price of RM1.15 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held in our Company on the Entitlement Date
Rights Share(s)	: New Share(s) to be issued pursuant to the Rights Issue
RM and sen	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
ROC	: Registrar of Companies
RSF	: Rights Subscription Form pursuant to the Rights Issue
Rules of Bursa Depository	: The rules of a central depository issued pursuant to the Securities Industry (Central Depositories) Act, 1991
SC	: Securities Commission Malaysia
SFRSC	: Small field risk service contract dated 29 June 2012 entered into between PETRONAS and CECI as the Contractor in relation to the Project
Share(s)	: Ordinary share of RM0.50 each in our Company
Shareholders	: Shareholders of our Company
Share Registrar	: Securities Services (Holdings) Sdn Bhd (36869-T)
Share Subscription	: Subscription of 6,000,000 new ordinary shares of RM1.00 each in CEKSB, representing 30% of the enlarged share capital in CEKSB by PED for a cash consideration of RM6.00 million
SICDA	: Securities Industry (Central Depositories) Act, 1991
SRSB	: Shorefield Resources Sdn Bhd (873129-A)
TERP	: Theoretical ex-rights price

DEFINITIONS (Cont'd)

Undertakings	:	Irrevocable written undertakings from the Undertaking Shareholders to subscribe in full for their respective number of Rights Shares entitlements together with additional Rights Shares by way of Excess Rights Shares Application (if required) under the Rights Issue
Undertaking Shareholders	:	SRSB, Wasco and Dato' Nizam, collectively
USD	:	United States of America Dollar, the lawful currency of United States of America
VWAMP	:	Volume-weighted average market price
Wah Seong	:	Wah Seong Corporation Berhad (495846-A)
Wasco	:	Wasco Energy Ltd (39265)

All references to "**our Company**" in this Abridged Prospectus are to PEB and references to "**our Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**", "**ourselves**" are to our Company or, where the context requires, our Group. References to "**you**" in this Abridged Prospectus are references to our Shareholders.

For practical reasons, information disclosed in this Abridged Prospectus has been mainly based on a cut-off date of 28 February 2013, being the LPD, unless stated otherwise.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include corporations.

Any reference to any enactment in this Abridged Prospectus is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

All statements other than statements of historical facts included in this Abridged Prospectus are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "**seek**", "**expect**", "**anticipate**", "**estimate**", "**believe**", "**intend**", "**project**", "**plan**", "**strategy**", "**forecast**" and similar expressions or future or conditional verbs such as "**will**", "**would**", "**should**", "**could**", "**may**" and "**might**". These statements reflect our current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to update publicly or revise any forward-looking statements.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Designation)	Address	Nationality	Profession
Abdul Rahim bin Abdul Hamid (Senior Independent Non-Executive Director)	Lot 6070, Jalan Kasawari Ulu Kelang 68000 Ampang Selangor Darul Ehsan	Malaysian	Director
Ahmad Azra bin Salleh (Independent Non-Executive Director)	19, Jalan SS18/4B Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	Malaysian	Director
Gian Carlo Maccagno (Non-Independent Non-Executive Director)	Lot 203, Jalan Kiara Payong Sierramas 47000 Sungai Buloh Selangor Darul Ehsan	Italian	Director
Ahmadi bin Yusoff (Executive Director)	Sublot No. 3, Lot 2389 Lorong Bakti 1B1, PJ Height Jalan Sultan Tengah Petra Jaya 93050 Kuching Sarawak Darul Hana	Malaysian	Director
Dato' Anthony @ Firdauz bin Bujang (Executive Director/ Group CEO)	6, Jalan U13/22N Setia Eco Park Setia Alam 40170 Shah Alam Selangor Darul Ehsan	Malaysian	Director

AUDIT COMMITTEE

Name	Designation	Directorship
Abdul Rahim bin Abdul Hamid	Chairman	Senior Independent Non-Executive Director
Ahmad Azra bin Salleh	Member	Independent Non-Executive Director
Gian Carlo Maccagno	Member	Non-Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES

- : Aishah binti Hashim (LS 01204)
69, Jalan Sari Ilmia 2/3
Alam Sari
43000 Kajang
Selangor Darul Ehsan
- Chua Siew Chuan (MAICSA 0777689)
No. 6, Jalan SS14/8E
Subang Jaya
47500 Petaling Jaya
Selangor Darul Ehsan
- Mak Chooi Peng (MAICSA 7017931)
No. 49, Jalan USJ17/3B
47630 UEP Subang Jaya
Selangor Darul Ehsan

REGISTERED OFFICE / HEAD OFFICE / CORPORATE OFFICE

- : 9th Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiar Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7726 5576
Fax: +603-7726 7544

*With effect from 1 April 2013, our Registered office will
be changed to the following:*

*Level 13, Menara OBYU
Jalan PJU 8/8A
Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7726 5576
Fax: +603-7726 7544*

SHARE REGISTRAR

- : Securities Services (Holdings) Sdn Bhd (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: +603-2084 9000
Fax: +603-2094 9940

REPORTING ACCOUNTANTS

- : Messrs. Ernst & Young (AF 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: +603-7495 8000
Fax: +603-2095 5332

CORPORATE DIRECTORY (Cont'd)

SOLICITORS

: Mah-Kamariyah & Philip Koh
3A07, Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7956 8686
Fax: +603-7956 2208

PRINCIPAL ADVISER

: Maybank Investment Bank Berhad (15938-H)
32nd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Tel: +603-2059 1888
Fax: +603-2078 4194

PRINCIPAL BANKERS

: Malayan Banking Berhad (3813-K)
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Tel: +603-2070 8833
Fax: +603-2070 4988

HSBC Bank Malaysia Berhad (127776-V)
Head Office
No 2 Leboh Ampang
50100 Kuala Lumpur
Tel: +603-2070 0744
Fax: +603-2070 1146

United Overseas Bank (Malaysia) Berhad (271809-K)
108 & 110, Jalan Bendahara
98000 Miri
Sarawak Darul Hana
Tel: +6085-433 322
Fax: +6085-422 221

OCBC Bank (Malaysia) Berhad (295400-W)
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Tel: +603-2034 5034
Fax: +603-2698 4363

Affin Bank Malaysia (25046-T)
17th Floor, Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: +603-2055 9000
Fax: +603-2026 1415

STOCK EXCHANGE LISTED AND LISTING SOUGHT

: Main Market of Bursa Securities



PETRA ENERGY BERHAD

(Company No.: 718388-H)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

9th Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiarra Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

13 March 2013

Our Board of Directors:

Abdul Rahim bin Abdul Hamid (*Senior Independent Non-Executive Director*)
Ahmad Azra bin Salleh (*Independent Non-Executive Director*)
Gian Carlo Maccagno (*Non-Independent Non-Executive Director*)
Ahmadi bin Yusoff (*Executive Director*)
Dato' Anthony @ Firdauz bin Bujang (*Executive Director/Group CEO*)

To: The Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 107,250,000 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.15 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN PEB AS AT 5.00 P.M. ON 13 MARCH 2013

1. INTRODUCTION

Our Board is pleased to inform you that at our EGM convened on 27 February 2013, our Shareholders had approved, among others, the Rights Issue. A certified true extract of the ordinary resolution pertaining to the Rights Issue which was passed at the said EGM is set out in **Appendix I** of this Abridged Prospectus.

Earlier, PETRONAS and CECI entered into the SFRSC for the Project on 29 June 2012. Pursuant to the terms of the Novation Agreement and in accordance with the requirements of the SFRSC, CECI has novated all of its individual rights, interests, benefits and obligations under the SFRSC to CEKSB.

On 20 September 2012, our Company announced that we have entered into, among others, a conditional share subscription agreement dated 19 September 2012 between CEKSB and PED for the Share Subscription. Approval from the Shareholders for the Share Subscription was obtained on 12 December 2012 and the Share Subscription was completed on 17 January 2013 resulting in CEKSB now being a 30%-owned associated company of our Company. For further details of the Share Subscription, SFRSC and Project, please refer to our circular to Shareholders dated 27 November 2012.

On 18 January 2013, Maybank IB announced on behalf of our Board, among others, that we expect to fix the final issue price for the Rights Issue at a discount of not more than 15% to the TERP of our Shares immediately before the Price-Fixing Date, so as to encourage the take-up of the Rights Shares by the Entitled Shareholders and/or their renouncee(s) under the Rights Issue.

On 7 February 2013, Maybank IB announced, on behalf of our Board, that Bursa Securities granted its approval for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

On 27 February 2013, Maybank IB, on behalf of our Board, announced among others, the following:

- (i) the issue price of the Rights Shares has been fixed at RM1.15 each; and
- (ii) the Entitlement Date for the Rights Issue has been fixed at 5.00 p.m. on 13 March 2013.

No person is authorised to give any information or make any representation not contained in our announcements made to date, our Circular to Shareholders dated 8 February 2013 and this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by Maybank IB or us in connection with the Rights Issue.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

In accordance with the terms of the Rights Issue as approved by the relevant authorities and our Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, our Company shall provisionally allot up to 107,250,000 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held on the Entitlement Date.

The issue price for the Rights Shares of RM1.15 each is payable in full upon acceptance.

As the Rights Shares are prescribed securities pursuant to Section 14(5) of the SICDA, the respective CDS Accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) will be duly credited with the number of the Provisional Rights Shares which they have successfully subscribed for in full or in part in accordance with the terms of the Rights Issue upon allotment and issue of the Rights Shares. The Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying the Entitled Shareholders of the number of Rights Shares provisionally allotted to the Entitled Shareholders by way of crediting of such Rights Shares into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Rights Shares (in full or in part) as well as to apply for Excess Rights Shares if Entitled Shareholders choose to do so. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and the RSF.

Any dealings in our securities will be subject to, among others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will, upon allotment and issue, be credited directly into the respective CDS Accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) who have successfully subscribed for such Rights Shares. No physical share certificates will be issued to the Entitled Shareholders and/or their renouncee(s) (if applicable).

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for and/or renounce their respective entitlements to the Rights Shares in full or in part.

The Excess Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares Application. It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner, and on such basis as our Board may deem fit or expedient or in the best interest of our Company. The indicative basis for the allotment of the Excess Rights Shares is in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders (other than the Undertaking Shareholders) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis to the Entitled Shareholders (other than the Undertaking Shareholders) who have applied for Excess Rights Shares, calculated based on the quantum of their respective Excess Rights Shares Application;
- (iv) fourthly, on a pro-rata basis to the renouncee(s) who have applied for Excess Rights Shares, calculated based on the quantum of their respective Excess Rights Shares Application;
- (v) fifthly, on a pro-rata basis and in board lots, to the Undertaking Shareholders who have applied for Excess Rights Shares, calculated based on their respective shareholdings as at the Entitlement Date in accordance with their Undertakings, in order to meet the Minimum Subscription Level; and
- (vi) in the event there are still Excess Rights Shares available after allocating all the Excess Rights Shares applied for, the remaining Rights Shares may be subscribed for by the Undertaking Shareholders, calculated based on the quantum of their respective Excess Rights Shares Application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under the RSF in such manner as it deems fit or expedient or in the best interest of our Company, and that the intention of our Board set out in Section 2.1(i) to (vi) of this Abridged Prospectus are achieved. Our Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason. In determining the entitlements of our Shareholders to the Rights Shares under the Rights Issue, any fractional entitlements to the Rights Shares under the Rights Issue shall be dealt with in such manner as our Board in its absolute discretion, deems fit, necessary and/or expedient or in the best interests of our Company (including, without limitation, to disregard such fractional entitlements, if any).

If you wish to accept the Provisional Rights Shares (in full or in part) as specified in the NPA and/or apply for the Excess Rights Shares, you may do so by completing the RSF.

Notice of allotment will be despatched to Entitled Shareholders and/or their renouncee(s) (if applicable) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares or such other period as may be prescribed by Bursa Securities. The listing of and quotation for the Rights Shares will take place two (2) Market Days after the receipt of an application for quotation of the Rights Shares together with the requisite documents and/or confirmations by Bursa Securities as specified under the practice note issued pursuant to the Listing Requirements.

If you do not wish to participate in the Rights Issue, you do not need to take any action.

You should read this Abridged Prospectus in its entirety before making a decision.

2.2 Basis and justification of arriving at the issue price of the Rights Shares

The issue price of RM1.15 per Rights Share determined by our Board represents a discount of approximately 14.18% to the TERP of RM1.34 per Share, calculated based on the five (5)-day VWAMP of our Shares up to and including 26 February 2013 (being the last trading date immediately prior to the Price-Fixing Date) of RM1.44.

The issue price of the Rights Shares also represents a discount of approximately 29.45% to the TERP of RM1.63 per Share, calculated based on the five (5)-day VWAMP of our Shares up to and including 12 December 2012 (being the last trading date immediately prior to the announcement of the Rights Issue) of RM1.70.

In arriving at the discount of approximately 14.18% for the issue price of RM1.15 per Rights Share, our Board has taken into consideration, among others, the amount of proceeds to be raised from the Rights Issue to meet our funding requirement and the historical share price volatility of our Shares.

The discount of approximately 14.18% to the TERP also enables our Board to meet their objective of fixing the issue price of the Rights Shares at a discount of not more than 15% to the relevant TERP as well as to reward our Shareholders for their continuous support in our Company.

Entitled Shareholders and/or their renouncee(s), if applicable, should note that the market price for our Shares is subject to vagaries of market forces and other uncertainties in addition to the risk factors set out in Section 6 of this Abridged Prospectus, which may affect the price of our Shares being traded. Entitled Shareholders and/or their renouncee(s), if applicable, should form their own views on the valuation of the Rights Shares before deciding to invest in the Rights Shares.

2.3 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the allotment date of the Rights Shares.

3. RATIONALE AND BENEFITS OF THE RIGHTS ISSUE

After due consideration of the various options available, our Board is of the view that the Rights Issue is the most appropriate avenue of raising funds for our Company due to the following reasons:

- (i) the Rights Issue will involve the issuance of new Shares without diluting the percentage shareholdings of the existing Shareholders provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue;
- (ii) the Rights Issue will raise equity capital for our Company and strengthen the capital base of our Company;
- (iii) the Rights Issue will provide the Entitled Shareholders with an opportunity to increase their equity participation in our Company on a pro-rata basis;
- (iv) the Rights Issue will increase the shareholders' funds of our Company and hence, will reduce our gearing level to better support the operations of our Group; and
- (v) the Rights Issue will enable our Company to raise the requisite funds without incurring additional interest expense as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.

4. UTILISATION OF PROCEEDS

Proceeds raised from the Rights Issue will be used for the funding requirements of our Group for participation in the Project vide CEKSB and for further expansion plans of our Group into the upstream oil and gas value chain.

Based on the issue price of RM1.15 per Rights Share, the details of the utilisation of proceeds to be raised from the Rights Issue are as follows:

Utilisation of proceeds	Proceeds to be raised		Expected time frame for utilisation from date proceeds received
	Minimum Scenario	Maximum Scenario	
	RM'000	RM'000	
(i) Funding for the Project ⁽¹⁾⁽²⁾⁽³⁾	100,000	100,000	Within 12 months
(ii) Funding for upstream oil and gas projects ⁽²⁾⁽³⁾⁽⁴⁾	-	20,000	Within 12 months
(iii) General working capital ⁽⁵⁾	1,090	2,338	Within 12 months
(iv) Estimated expenses in relation to the Rights Issue ⁽⁶⁾	1,000	1,000	Within 1 month
Total	102,090	123,338	

Notes:

⁽¹⁾ For further details of the Project, please refer to the ensuing paragraphs for information on the Project.

⁽²⁾ If the actual amount needed for funding for the Project and for other upstream oil and gas projects is higher than budgeted, the deficit will be funded out of the portion allocated for general working capital. Conversely, if the actual amount needed is lower than budgeted, the excess will be utilised for working capital purposes.

⁽³⁾ In the event credit facilities are obtained to fund the Project and/or the upstream oil and gas projects, the proceeds from the Rights Issue would be utilised to repay such credit facilities.

⁽⁴⁾ The upstream oil and gas projects, which we are currently involved in, include the umbrella hook-up, construction and commissioning contract with Petronas Carigali Sdn Bhd, and top-side major maintenance/hook-up, construction and commissioning contract with Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd.

⁽⁵⁾ We intend to use part of the proceeds from the Rights Issue for working capital requirements of our Group, including the purchase of inventories, payment of labour cost or staff salaries and creditors, as well as to finance day-to-day operations of our Group. At this juncture, we have not determined and agreed on the exact quantum of proceeds from the Rights Issue to be utilised for each of these working capital requirements.

⁽⁶⁾ Part of the proceeds from the Rights Issue will be used to defray expenses, comprising among others, professional fees, printing and advertisement expenses, costs of convening the EGM and disbursements/other miscellaneous expenses.

The actual gross proceeds to be raised from the Rights Issue will depend on the actual number of Rights Shares to be subscribed for.

Information on the Project

On 20 September 2012, our Company announced that we have entered into, among others, a conditional share subscription agreement dated 19 September 2012 between CEKSB and PED for the Share Subscription. Approval from the Shareholders for the Share Subscription was obtained on 12 December 2012 and the Share Subscription was completed on 17 January 2013 resulting in CEKSB now being a 30%-owned associated company of our Company. Pursuant to the Novation Agreement, CEKSB is the Contractor of the Project.

The first oil date from the Project ("**First Oil Date**") is targeted to be achieved from the Kapal field within twelve (12) months from 29 June 2012, being the date the SFRSC came into effect, and will be followed by the commencement of production of petroleum from the Banang and Meranti fields. A total of seventeen (17) wells will be drilled with ten (10) wells planned at Kapal, four (4) wells at Banang and three (3) wells at Meranti. The KBM Cluster Fields will be developed using mobile offshore production units, and floating storage and offloading tankers.

The total capital and investment outlay and operating costs to be incurred throughout the duration of the Project is estimated to be USD1.184 billion, out of which USD917 million represents operating costs to be incurred throughout the duration of the Project ("**Operating Costs**"), while USD267 million represents the capital costs portion which will be incurred in the first two (2) years of the Project ("**Initial Project Cost**").

The estimated Operating Costs to be incurred throughout the duration of the Project amounting to USD917 million will be funded by the expected reimbursements from the allocated revenue (which shall be up to a maximum of 70% of the KBM Cluster Field revenue) ("**Allocated Revenue**"), which is expected to be generated upon commencement of production of petroleum from the KBM Cluster Fields. Reimbursement of Operating Costs, which will be reimbursed on a quarterly basis, shall commence from the quarter following the quarter the First Oil Date from the first KBM Cluster Field is achieved.

For the Initial Project Cost and based on PED's 30% equity interest in CEKSB, the maximum financing obligations by our Group for the duration of the Project is estimated to be up to USD80.10 million (equivalent to about RM245.55 million). In this regard, the proceeds to be raised from the Rights Issue for the funding of the Project of RM100 million will be used to partly fund the Initial Project Cost. The balance of the Initial Project Cost, after taking into account the proceeds raised from the Rights Issue of RM100.00 million will be funded by way of the Allocated Revenue and/or bank borrowings.

For further details of the Share Subscription, SFRSC and the Project, please refer to our circular to Shareholders dated 27 November 2012.

5. MINIMUM SUBSCRIPTION LEVEL AND UNDERTAKINGS

As part of the capital management plan of our Company, we intend to raise a minimum of RM102 million from the Rights Issue to meet the funding requirements of our Group. In view of this, our Board has determined to undertake the Rights Issue on a minimum subscription basis, based on the Minimum Subscription Level. The Minimum Subscription Level was determined by our Board after taking into consideration, among others, the gearing position and the minimum level of funds that our Company wishes to raise from the Rights Issue that will be channeled towards the utilisation of proceeds as set out in Section 4 of this Abridged Prospectus.

The Undertaking Shareholders had provided their Undertakings to subscribe in full for their respective number of Rights Shares entitlements together with additional Rights Shares by way of Excess Rights Shares Application (if required) under the Rights Issue to arrive at an aggregate amount of up to RM102 million. As such, no underwriting is required for the Rights Issue.

The table below sets out the details of the Undertaking Shareholders and their respective Rights Shares entitlements and Undertakings:

Undertaking Shareholders	Existing direct shareholdings as at the LPD		Number of Rights Shares entitlements	Number of Excess Rights Shares to be subscribed	Total Rights Shares to be subscribed		Undertaking amount
	No. of Shares	(1)%			No. of Shares	(2)%	
SRSB	58,920,000	27.47	29,460,000	8,967,700	38,427,700	43.29	44,191,855
Wasco	57,700,000	26.90	28,850,000	8,780,330	37,630,330	42.39	43,274,879
Dato' Nizam	19,500,000	9.09	9,750,000	2,965,970	12,715,970	14.32	14,623,366
Total	136,120,000	63.46	68,060,000	20,714,000	88,774,000	100.00	102,090,100

Notes:

(1) Based on the issued share capital of 214,500,000 Shares as at the LPD.

(2) Based on the total number of Rights Shares to be subscribed under the Minimum Scenario of 88,774,000 Rights Shares.

The Undertaking Shareholders have confirmed via their Undertakings that they have sufficient financial resources to subscribe in full for their respective number of Rights Shares entitlements together with additional Rights Shares by way of Excess Rights Shares Application (if required) under the Rights Issue and will make full payment for the Rights Shares upon subscription in accordance with the terms and conditions of the Abridged Prospectus. Maybank IB has verified the sufficiency of financial resources of the Undertaking Shareholders to subscribe in full for their respective number of Rights Shares entitlements together with additional Rights Shares by way of Excess Rights Shares Application (if required) under the Rights Issue.

In the event that the Minimum Subscription Level is not achieved, the Rights Issue may be aborted and our Company will consider other sources of funding to meet our financial requirements.

Based on the effects of the substantial shareholders' shareholdings under the Minimum Scenario as set out in Section 4 of **Appendix II**, neither SRSB, Wasco nor Dato' Nizam would hold more than 33% voting shares in our Company after the Rights Issue. Consequently, SRSB, Wasco and Dato' Nizam would not trigger the provisions of the Code to undertake a mandatory take-over offer for all outstanding Shares issued by our Company after the Rights Issue.

6. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Shares.

6.1 Risks relating to the Rights Issue

(i) Delay in or abortion of the Rights Issue

As stated in Section 5 of this Abridged Prospectus, our Company has procured the Undertakings from the Undertaking Shareholders, who have irrevocable undertaken to subscribe in full for their respective number of Rights Shares entitlement together with additional Rights Shares by way of Excess Rights Shares Application, if required. While Maybank IB has verified, to the extent possible, that the Undertaking Shareholders have sufficient financial resources to subscribe for the number of Rights Shares stated in the Undertakings, in the event that for whatever reason they do not fulfill their obligations under the Undertakings, the successful and timely implementation of the Rights Issue may be affected.

In the event that the Rights Issue is aborted, we will return in full but free from interest, all monies received by us in respect of any application for subscription of the Rights Shares, and if such monies are not repaid within fourteen (14) days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

(ii) Capital market risk

The market price of our Shares is influenced by, among others, the prevailing market sentiments, the demand and supply of our Shares for trading purposes, the volatility of the stock market, movements in interest rates, the outlook of the oil and gas industry in which our Company operates, our financial performance, changes in regulatory requirements or market conditions, announcements of developments relating to the business of our Group and potential payment of dividends by our Group. In view of this, there can be no assurance that the Rights Shares will trade at or above the issue price of RM1.15 for each Rights Share or the TERP from the date of this Abridged Prospectus and upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Accordingly, there is no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any subscriber of the Rights Shares.

(iii) Potential dilution

Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares will have their proportionate ownership and voting interests in our Company reduced, and the percentage of our enlarged issued and paid-up ordinary share capital represented by their shareholdings in our Company will also be reduced accordingly.

(iv) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data which may not be reflective of future results which are subject to uncertainties and contingencies. Similarly, other statements are forward-looking and based on the estimates and assumptions made by our Company, unless stated otherwise. Although our Board believes these forward-looking statements are reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the results, performance or achievements expressed or implied in such forward-looking statements forecasted in this Abridged Prospectus. Such factors include, but are not limited to, those set out in this Abridged Prospectus. There can be no assurance that any of these forward looking statements can be realised. In view of this and other uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, the Principal Adviser and/or other advisers that the plans and objectives of our Group will be achieved.

In addition, save as required by law or relevant rules and regulations, none of our Directors, the Principal Adviser and/or any other advisers are under any obligation to update any forward-looking statements included in this Abridged Prospectus, or to publicly announce any revision to those forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Certain information in this Abridged Prospectus are extracted or derived from available government publications or other publicly available sources. Neither we nor the Principal Adviser and/or any other advisers have independently verified the veracity of such information.

6.2 Risks relating to our Group

(i) Dependence on the level of activities in the oil and gas industry

As our Group operates mainly in the oil and gas industry, our business performance is dependent on the level of activities in the oil and gas industry. The level of activities in the oil and gas industry is affected by, among others, the level of exploration, development and production activities and the corresponding level of spending on such activities, which in turn, is influenced by oil prices. Prolonged periods of lower oil prices may reduce the level of activities in the oil and gas industry as spending on exploration, development and production activities is scaled back, which may result in demand for the services of our Group to reduce.

Conversely, during periods of upward movement in oil prices, it is expected that there may be an increase in exploration, development and production activities as the potential return from upstream activity increases. As such, the level of activities in the oil and gas industry may increase resulting in a higher demand for the services of our Group.

Accordingly, there is no assurance that any volatility or prolonged decline in oil prices may not have a consequential impact on the overall performance and financial condition of our Group.

(ii) Completion risks

The timely completion of the projects undertaken by our Group is dependent on many external factors including, among others, the timely receipt of requisite licenses, permits or regulatory approvals, availability of construction/building materials, equipment and labor, availability of financing and satisfactory performance of any sub-contractors appointed. Adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which can consequently result in cost overruns that could affect the profitability and cash flows of our Group. Accordingly, there is no assurance that any change to the abovementioned factors will not result in delay in the completion of projects.

However, our Group shall continue to take all reasonable and necessary steps to ensure timely completion of the projects.

(iii) Political, economic and regulatory risks

Political and economic conditions as well as regulatory developments in Malaysia or foreign country(ies) (if applicable) could have a material effect on the financial performance of our Group. Adverse political, economic and/or regulatory conditions or developments including but not limited to risk of war, change in political leadership and environment, unfavourable changes in government policies, nationalisation and changes in interest rate or legislation.

As the oil, gas and petrochemical industry is a highly regulated industry, our Group is affected by changes in regulation in Malaysia and other countries in which our Group operates. Such regulatory changes include, but are not limited to, the licensing requirements and regulations for the operations of our Group and new standards on health, safety and environmental requirements. Changes in such requirements, regulations and standards may result in higher compliance cost which may in turn affect the financial performance of our Group. If our Group is unable to comply with the changes in requirements, regulations and standards, this may affect our future business prospects.

While our Group continues to take measures to mitigate these risks including close monitoring of the Government's masterplan in respect of long-term economic and development policies so that our Group can stay ahead as well as capitalise on regulatory changes in the industry in which our Group operates, there can be no assurance that any changes to the political, economic and regulatory factors will not have a material and adverse effect on the business and prospects of our Group.

(iv) Competition risks

Notwithstanding that the threat from new entrants to the industry is relatively low due to high barriers of entry inherent in the industry which include high capital costs, extensive licensing requirements and the complexity of the oil and gas industry, other competitors in the industry may have better proven track record, greater resources and market presence as compared to our Group and therefore, may be better positioned than our Group to compete.

There can be no assurance that our Group will be able to withstand competition from other competitors in the market and gain market share.

(v) Operational, health and safety risks

Like any other business involved in the oil and gas industry, the operations of our Group are subject to disruption by a variety of risks and hazards, which are beyond our control. These risks and hazards include, but are not limited to, fires, explosions, leakages, energy crisis and other accidents. These risks could ultimately result in personal injury, business interruptions and potential legal proceedings.

Our Board believes that these risks are mitigated through periodic audits of our health and safety procedures and practices, scheduled and/or unscheduled maintenance, drills, continuous health and safety meetings and reviews, training and other measures. Whilst our Group places heavy emphasis on health and safety throughout all levels of our operations and undertakes continuous health and safety training for employees, there is no assurance that incidents and damages will not occur.

In addition, our Group is always cognisant of our operational risks and as such, reviews our insurance policies on a regular basis to ensure our insurance coverage is adequate to cover the replacement costs of assets or potential losses arising from business operations.

(vi) Foreign exchange risks

Our Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Consequently, we are subjected to the risk of foreign currency fluctuation when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not in RM. Any adverse movement in the foreign currency may negatively affect the financial performance of our Group, whereby our financial statements are reported in RM.

Moving forward, our Group may propose to use certain financial instruments for hedging purposes to mitigate the foreign risk exposures should the need arises. As such, the fluctuations in foreign currencies are not expected to have a significant financial impact to our Group.

7. INDUSTRY OVERVIEW AND PROSPECTS**7.1 Overview and prospects of the Malaysian economy**

The Malaysian economy recorded a higher growth of 6.4% in the fourth quarter of 2012 ("4Q 2012") (Third quarter of 2012 ("3Q 2012"): 5.3%), supported by the continued strength in domestic demand. Total investment remained robust and was the main driver of growth during the quarter. The growth of private consumption continued to remain strong although the pace of increase moderated. Net exports of goods and services continued to contract in the fourth quarter, but by a smaller magnitude. This reflected the contraction in imports following the decline in imports of intermediate goods and lower imports of consumption goods. Given the smaller contraction in net exports and the sustained growth in domestic demand, overall GDP expanded at a higher rate during the quarter. On the supply side, most economic sectors recorded higher growth during 4Q 2012.

Domestic demand continued to expand at the pace of 7.5% (3Q 2012: 11.4%) with gross fixed capital formation remaining strong, registering double-digit growth of 15% in 4Q 2012 (3Q 2012: 22.7%). Private sector investment advanced by 20.2% (3Q 2012: 22.9%), supported by capital spending in the domestic-oriented manufacturing and consumer-related services sub-sectors, namely, telecommunications, real estate and aviation and the on-going implementation of projects in the oil and gas sector. Investment was also supported by capacity expansion in the primary-related manufacturing cluster and capital spending in new growth areas such as medical and communications equipment. Public investment expanded by 11.1% (3Q 2012: 22.4%), driven by capital spending by public enterprises in the transportation, utilities, oil and gas and communications sectors.

Private consumption registered a growth of 6.1% in 4Q 2012 (3Q 2012: 8.5%), supported by stable labour market conditions and improved consumer sentiments. The stronger growth in the first half of the year reflected the effects of the various government transfers to households disbursed during the period. Public consumption grew by 1.1% (3Q 2012: 2.3%), attributable to continued spending on emoluments amidst lower spending on supplies and services.

On the supply side, growth in most economic sectors improved in 4Q 2012. Growth was led by the manufacturing and services sectors, supported by domestic demand and a gradual improvement in the external environment. The agriculture sector expanded at a faster pace amidst higher crude palm oil output and production of poultry, while growth in the mining sector rebounded following a recovery in the production of natural gas. Meanwhile, growth in the construction sector continued to be robust, driven by the civil engineering and residential sub-sectors.

(Source: Economic and financial developments in Malaysia in the 4Q 2012, Bank Negara Malaysia)

Despite uncertainties in global growth, the Malaysian economy is expected to expand between 4.5% and 5% in 2012, mainly supported by domestic demand. On the demand side, strong private consumption and investment activities will support growth, while economic expansion on the supply side will be driven by improvements in technology and labour productivity as well as the efficient use of capital.

The Malaysian economy is expected to strengthen further and projected to grow at a faster rate of 4.5%-5.5% in 2013. Growth will be supported by improving exports and strong domestic demand on the assumption that global growth will pick up, especially during the second half of 2013. The growth projection is premised upon the expectation of an improvement in the resolution of the debt crisis in the Euro area and stronger growth momentum in the economics of Malaysia's major trading partners. Domestic demand is expected to maintain its strong momentum drive by robust private investment and strong private consumption. Private sector activity will be supported by an accommodative monetary policy in an environment of low inflation coupled with a robust financial sector. Recovery in the external sector, particularly increasing external demand from regional economies and major trading partners will further provide the impetus for a private-led growth. The overall public expenditure is expected to increase, led by higher non-financial public enterprises' capital investment which will further augment growth. Thus, nominal gross national income ("GNI") per capita is expected to increase 6.4% to RM32,947 (2012: 4.4%; RM30,956). In terms of purchasing power parity, per capita income is expected to grow 4.4% to reach USD16,368 (2012: USD15,676).

Given that domestic economic activity is expected to strengthen further in 2013, inflation is estimated to increase moderately, partly mitigated by further capacity expansion in the economy. The key supply side factors that will influence inflation, namely prices of energy and food commodities are expected to ease during the first half of 2013, but are likely to trend up during the second half on the assumption that global growth continues to pick up pace. Hence, for 2013, the average inflation rate is estimated to be between 2% and 3%.

On the supply side, growth in 2013 is expected to be broad-based supported by expansion in all sectors of the economy. Of significance, external trade-related industries are envisaged to benefit from stronger global growth, particularly during the second half of 2013. The services and manufacturing sectors are expected to contribute 4.2 percentage points to the GDP growth. Growth in the manufacturing sector is expected to strengthen in tandem with the recovery in electrical and electronics demand from the US and Euro area. The services sector is expected to benefit from the recovery in external-trade related activities while strong domestic economic activity will provide further impetus for wholesale and retail trade, and financial activities to grow. The agriculture sector is envisaged to turn around with improved output of plantation commodities while the mining sector is expected to expand with higher crude oil output. Likewise, the construction sector is expected to register a double-digit growth as the implementation of major construction-related ETP projects accelerates.

(Source: Economic Report 2012/2013, Ministry of Finance Malaysia)

7.2 Overview and prospects of the oil and gas industry in Malaysia

The sector is expected to grow 1.5% in 2012 underpinned by improvement in crude oil output and a moderate increase in natural gas during the second half of the year. During the first seven months of 2012, production of crude oil (including condensates) turned around by 1.9% to 577,144 barrels per day ("bpd") (January – June 2011: -12.4%; 566,458 bpd) supported by output from new oil fields and efforts to rejuvenate matured oil fields in Peninsular Malaysia. In 2012, production of crude oil (including condensates) is targeted to increase 1.6% to 579,000 bpd (2011: -10.7%; 569,778 bpd) partly due to higher production from new oil fields at East Piatu and Sepat Oil in offshore Peninsular Malaysia.

PETRONAS has intensified its exploration activities to increase domestic oil and gas reserves, resulting in the discovery of two new oil fields in offshore Peninsular Malaysia (Irong 6 and Bertam 2) as at end June 2012. In line with the Malaysian government's incentives for the development and production of marginal oil fields, PETRONAS has signed several new production sharing contracts involving offshore and deep water explorations in Sabah and Sarawak to sustain production and increase the lifespan of the reserves.

The mining sector is expected to expand 2.7% (2012: 1.5%) on account of higher production of crude oil and natural gas. Production of crude oil is projected to increase 3.6% to 600,000 bpd (2012: 1.6%; 579,000 bpd) due to higher regional demand. Several new oil fields are expected to start production in 2013, contributing to higher production of crude oil. Production of natural gas is projected to increase 4.3% to 6,530 million standard cubic feet per day ("mmscfd") (2012: 5.5%; 6,259 mmscfd) following higher demand from domestic and external markets. The Gumusut-Kakap deep water development in Sabah is expected to increase the overall production capacity of crude oil

(Source: Economic Report 2012/2013, Ministry of Finance Malaysia)

The oil and gas sector is a major contributor to the Malaysian economy, accounting for 19% of GDP in 2009 with export revenue totaling RM56 billion.

The target for the oil, gas and energy national key economic areas is 5% annual growth from 2010 to 2020, against a backdrop of the natural 2% decline in oil and gas production. The target for the oil, gas and energy national key economic areas translates into an increase of RM131.4 billion during the ten (10)-year period.

Under the ETP of the Malaysian government, in order to achieve the target for the oil, gas and energy national key economic areas, Malaysian government and the industry will focus on the following four (4) thrusts:

- (i) sustaining oil and gas production through rejuvenating existing fields through enhanced oil recovery, developing small fields through innovative solutions and intensifying exploration activities;
- (ii) enhancing downstream growth through building a regional oil storage and trading hub, and unlocking premium gas demand in Peninsular Malaysia;
- (iii) making Malaysia the number one Asian hub for oilfield services through attracting multinational companies to bring a sizeable share of their global operations to Malaysia, consolidating domestic fabricators, and developing capabilities and capacity through strategic partnerships and joint ventures; and
- (iv) building a sustainable energy platform for growth through improving energy efficiency, building up solar power capacity, deploying nuclear energy for power generation, and tapping Malaysia's hydroelectricity potential.

With the growing domestic oil and gas industry, proximity to oil fields and shipping lanes, a cost-competitive workforce as well as its strategic position in the Asia-Pacific region, Malaysia is well-placed to become an oil field services and equipment hub for Asia.

(Source: "The Roadmap for Malaysia: A Special Report" dated 31 January 2011, Performance Management and Delivery Unit, Prime Minister's Department, http://etp.pemandu.gov.my/upload/ETP_TheEdge_Pull_out.pdf, which was extracted on 11 March 2013)

As of 2010, the oil, gas and energy sector has been an important part of Malaysia's economic growth and constitutes about 20% of GDP.

(Source: Economic Transformation Programme: 3rd Energy Forum titled "High Impact Oil, Gas and Energy Investment Projects under the Economic Transformation Programme" dated 12 July 2011, Performance Management and Delivery Unit, Prime Minister's Department)

Energy is an important factor to Malaysia's economic growth, constituting about 20% of the nation's GDP (2011).

(Source: Economic Transformation Programme: Annual Report 2011 (Oil, Gas and Energy), Performance Management and Delivery Unit, Prime Minister's Department)

A significant proportion of Malaysia's remaining resources lay in fields with less than 30 million barrels of recoverable oil. Developing these fields in an economically attractive manner is often challenging, as they need the same expensive infrastructure as large fields, while the expected revenue streams are smaller due to the smaller reserve sizes. To make the most of the small fields, PETRONAS will work with the industry on three (3) fronts. Firstly, PETRONAS, where necessary, will review the production sharing contract terms and introduce new petroleum agreements to ensure that operators of these small fields receive enough economic incentives so that they find sanctioning investments in small field developments attractive versus their cost of capital and versus other opportunities available to them in Malaysia and abroad. Secondly, PETRONAS will attract exploration and production operators that specialise in small fields. These operators typically have a development and operating approach that is specifically adapted to the challenges of these types of fields. Thirdly, PETRONAS will facilitate collaboration between players to allow sharing of facilities and other synergistic measures to improve the economics of small field development.

Adjusting the development framework for small fields will increase Malaysia's oil production by approximately 55,500 barrels per day in 2020 versus the base case. The total investment needed to achieve this is approximately RM13.3 billion and the contribution to GNI is RM5.5 billion, which makes up for the GNI that would have been lost due to declining production if small field development were not deployed.

(Source: Economic Transformation Programme: A Roadmap for Malaysia, Chapter 6: Powering the Malaysian Economy with Oil, Gas and Energy, Performance Management and Delivery Unit, Prime Minister's Department)

7.3 Prospects of our Group

Our Group is currently involved in the provision of integrated brown field services in the upstream oil and gas industry, as well as development and production of petroleum vide our investment in CEKSB.

The prospects of our Group are favourable given the robust growth of the oil and gas industry as set out in Section 7.2 of this Abridged Prospectus. The huge capital investments channeled towards the oil and gas industry, particularly the upstream oil and gas sector, will result in strong sustained growth of the oil and gas industry for the next ten (10) years. As such, this would create more new opportunities for our Group in future.

There are 106 marginal fields (which contain 30 million barrels of reserves and below) in Malaysia, with reserves of about 580 billion barrels of oil equivalent. PETRONAS has firmed plans to develop 25% of the fields, and this will help replenish reserves and generate new revenue streams. *(Source: Extract from the "Exclusive Interview with PETRONAS" dated 20 April 2011, Performance Management and Delivery Unit, Prime Minister's Department, http://etp.pemandu.gov.my/News-@-Exclusive_Interview_with_Petronas_Malaysia.aspx)*

Given the seriousness of the Malaysian government in sustaining production of oil through initiatives under the ETP of the Malaysian government coupled with the increased capital expenditure of RM300 billion to develop the domestic oil and gas industry (both upstream and downstream) by PETRONAS over the next five (5) years, our Board believes that the growth prospects of the oil and gas industry, including marginal field development, is high.

In view of the favourable growth prospects of the oil and gas industry and marginal field development as set out above and the guaranteed reimbursement of the petroleum cost under the SFRSC, our Board believes that the SFRSC would contribute positively in terms of sustainable future earnings of our Group over a period of time.

In addition, our Company entered into a MOU on 2 April 2012 with Baker Hughes (M) Sdn Bhd ("**Baker Hughes**"), a subsidiary of Baker Hughes Oilfield Operations, Inc., a global top-tier oil field services company, to compete for projects in various sectors of the oil and gas value chain in Malaysia. Under the said MOU, our Company and Baker Hughes will collaborate to provide capability development services, including deploying their respective expertise and knowledge for oil and gas projects for operators in Malaysia within the duration of the MOU. As at the LPD, our Company and Baker Hughes have yet to collaborate in pursuing oil and gas projects in Malaysia pursuant to the MOU.

Moving forward, as our Company moves up the oil and gas value chain, our earnings are expected to grow in line with our business growth. Such growth is consistent with the strength of our Company in undertaking upstream oil and gas projects such as participating in the development of small fields and/or brown fields. This is in line with the long-term growth strategy of our Company to expand our core businesses to create sustainable recurring income.

(Source: The management of our Company)

8. EFFECTS OF THE RIGHTS ISSUE

For illustrative purposes only, the proforma effects of the Rights Issue have taken into account the following:

- (i) issued and paid-up share capital of our Company as at the LPD of RM107,250,000 comprising 214,500,000 Shares; and
- (ii) issue price of RM1.15 per Rights Share.

The effects of the Rights Issue on the share capital, earnings, EPS, NA and gearing of our Company are shown based on the Minimum Scenario and Maximum Scenario.

8.1 Share capital

The proforma effects of the Rights Issue on the issued and paid-up share capital of our Company are as follows:

	<u>Minimum Scenario</u>		<u>Maximum Scenario</u>	
	<u>No. of Shares</u>	<u>Share capital</u>	<u>No. of Shares</u>	<u>Share capital</u>
	<u>'000</u>	<u>RM'000</u>	<u>'000</u>	<u>RM'000</u>
Existing as at the LPD	214,500	107,250	214,500	107,250
To be issued pursuant to the Rights Issue	88,774	44,387	107,250	53,625
Enlarged issued and paid-up share capital	<u>303,274</u>	<u>151,637</u>	<u>321,750</u>	<u>160,875</u>

8.2 Earnings and EPS

The Rights Issue is expected to contribute positively to the earnings of our Group for the FYE 31 December 2013 and the ensuing financial years when the benefits of the utilisation of proceeds are realised.

The consolidated EPS of our Group for the FYE 31 December 2013 may be diluted as a result of increase in the number of shares in issue after the Rights Issue. However, the level of expected return to be generated from the utilisation of proceeds raised from the Rights Issue (which is expected to be positive) would determine the eventual impact of the dilution.

8.3 NA and gearing

Based on the latest audited consolidated financial statements of our Company for the FYE 31 December 2011 and on the assumption that the Rights Issue had been effected on 31 December 2011, the proforma effects of the Rights Issue on the consolidated NA per Share and gearing of our Group are as follows:

Minimum Scenario

	<u>Audited 31 December 2011</u>	<u>⁽¹⁾After the Rights Issue</u>
	<u>RM'000</u>	<u>RM'000</u>
Share capital	107,250	151,637
Share premium	69,880	⁽²⁾ 126,583
Merger reserve	(31,000)	(31,000)
Retained earnings	194,639	194,639
Shareholders' equity	<u>340,769</u>	<u>441,859</u>
No. of Shares ('000)	214,500	303,274
NA per Share (RM)	1.59	1.46
Borrowings	219,398	219,398
Gearing (times)	0.64	0.50

Notes:

⁽¹⁾ After including the effects of the Share Subscription but excluding the effects of the proposed acquisition by our Company of 100% equity interest in KAS.

⁽²⁾ After deducting the estimated expenses in relation to the Rights Issue of about RM1.00 million.

Maximum Scenario

	Audited 31 December 2011	⁽¹⁾After the Rights Issue
	RM'000	RM'000
Share capital	107,250	160,875
Share premium	69,880	⁽²⁾ 138,593
Merger reserve	(31,000)	(31,000)
Retained earnings	194,639	194,639
Shareholders' equity	340,769	463,107
No. of Shares ('000)	214,500	321,750
NA per Share (RM)	1.59	1.44
Borrowings	219,398	219,398
Gearing (times)	0.64	0.47

Notes:

⁽¹⁾ After including the effects of the Share Subscription but excluding the effects of the proposed acquisition by our Company of 100% equity interest in KAS.

⁽²⁾ After deducting the estimated expenses in relation to the Rights Issue of RM1.00 million.

8.4 Convertible securities

As at the LPD, our Company does not have any existing convertible securities.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS**9.1 Working capital**

Our Board is of the opinion that, after taking into account the funds generated from our operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue, our Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus to meet our present and foreseeable future requirements.

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9.2 Borrowings

As at the LPD, the total outstanding borrowings (all of which are interest bearing) of our Group are set out below:

	Amount in USD	Amount in RM
	'000	'000
Short-term borrowings (payable within twelve (12) months)		
Secured	-	116,232
Unsecured	-	11,916
Finance lease commitment – unsecured	14,556	[^] 44,993
Total short-term borrowings		173,141
Long-term borrowings (payable within twelve (12) months)		
Secured	-	9,792
Total borrowings		182,933

Notes:

- * The borrowings in foreign currency are translated into RM for illustrative purposes only. Such translations should not be construed as representations that the foreign currency amounts referred to could have been, or could be, converted into RM, at that or any other rate at all.
- [^] Based on an exchange rate of RM3.091 / USD1.00 as at the LPD.

As at the LPD, our Group does not have any non-interest bearing borrowings.

Other than disclosed above, our Group does not have any other borrowings. There has not been any default on payments of either interest and/or principal sums on any of the above borrowings throughout the past one (1) financial year of FYE 31 December 2011, and subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, our Board is not aware of any contingent liabilities which will or may, upon becoming enforceable, have a material adverse effect on the profits or net assets of our Group.

9.4 Material commitments

Save as disclosed below, our Board confirms that as at the LPD, there are no other material commitments incurred or known to be incurred by our Group, which may have a material impact on the results or the financial position of our Group:

	RM'000
<u>Capital expenditure</u>	
Approved and contracted for:	
- Property, plant and equipment	1,459
Approved but not contracted for:	
- Property, plant and equipment	8,464
Total	9,923

10. INSTRUCTIONS FOR ACCEPTANCE, EXCESS RIGHTS SHARES APPLICATION AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Rights Shares as well as Excess Rights Shares Application and the procedures to be followed should you and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance and/or payment for the Provisional Rights Shares which do not conform strictly to the terms of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

10.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of the Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares that you have been provisionally allotted as well as to apply for Excess Rights Shares if you choose to do so. This Abridged Prospectus and the RSF are also available at our registered office, our Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).

10.2 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on 28 March 2013, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the aforesaid date and time.

10.3 NPA

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

10.4 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar at the following address:

Securities Services (Holdings) Sdn Bhd (36869-T)

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel: +603-2084 9000

Fax: +603-2094 9940

so as to arrive not later than 5.00 p.m. on 28 March 2013, being the last date and time for the acceptance and payment for the Rights Shares or such later date and time as our Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from our registered office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

Only one (1) RSF can be used for acceptance of the provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the Provisional Rights Shares standing to the credit of more than one (1) CDS Account. The Rights Shares successfully accepted by you will be credited into the respective CDS Account(s) where the Provisional Rights Shares are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and made payable to "**PEB RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 28 March 2013 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCE SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Rights Shares allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by the Closing Date, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot such Rights Shares not taken up to applicants applying for the Excess Rights Shares in the manner as set out in Section 10.6 of this Abridged Prospectus.

10.5 Procedures for sale or transfer of the Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbroker for the period up to the last date and time for sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) without first having to request us for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF and forwarding the RSF together with the appropriate remittance for the full amount payable for the balance of the Rights Shares accepted to our Share Registrar in accordance with the instructions as set out in Section 10.4 of this Abridged Prospectus.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.6 Procedures for Excess Rights Shares Application

If you wish to apply for additional Rights Shares in excess of those provisionally allotted to you, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable on the Excess Rights Shares applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on 28 March 2013 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time).

Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 10.4 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia be made payable to "**PEB EXCESS RIGHTS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, address and your CDS Account number to be received by our Share Registrar by the Closing Date. The payment must be made for the exact amount payable for the excess Rights Shares applied. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable manner, and on such basis as it may deem fit or expedient or in the best interest of our Company. The indicative basis for the allotment of Excess Rights Shares is in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders (other than the Undertaking Shareholders) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis to the Entitled Shareholders (other than the Undertaking Shareholders) who have applied for Excess Rights Shares, calculated based on the quantum of their respective Excess Rights Shares Application;
- (iv) fourthly, on a pro-rata basis to the renouncee(s) who have applied for Excess Rights Shares, calculated based on the quantum of their respective Excess Rights Shares Application;
- (v) fifthly, on a pro-rata basis and in board lots, to the Undertaking Shareholders who have applied for Excess Rights Shares, calculated based on their respective shareholdings as at the Entitlement Date in accordance with their Undertakings, in order to meet the Minimum Subscription Level; and
- (vi) in the event there are still Excess Rights Shares available after allocating all the Excess Rights Shares applied for, the remaining Rights Shares may be subscribed for by the Undertaking Shareholders, calculated based on the quantum of their respective Excess Rights Shares Application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company, and that the intention of our Board set out in Section 10.6(i) to (vi) of this Abridged Prospectus are achieved. Our Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

10.7 Procedures for renouncees

As a renouncee, the procedures for acceptance, selling or transferring of the Provisional Rights Shares, applying for the Excess Rights Shares and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.4 to 10.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

A renouncee who wishes to obtain a copy of this Abridged Prospectus and/or accompanying RSF may request the same from our registered office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

RENOUNCEES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares will be by book entry through a CDS Account and shall be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares shall constitute consent to receive such Rights Shares as prescribed securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

All Excess Rights Shares allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares that you subscribed for will be credited into the CDS Accounts where the Provisional Rights Shares are standing to the credit.

10.9 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Rights Shares and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving this Abridged Prospectus, the NPA and the RSF or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from our Share Registrar, Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

If you are a Foreign-Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The foreign Entitled Shareholder and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue to the extent that it would be lawful to do so, and our Company, our Board and officers, Maybank IB and/or other experts ("**Parties**"), would not in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholder and/or his renouncee(s) (if applicable) is or might be subject to. The foreign Entitled Shareholder and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any foreign Entitled Shareholder and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The foreign Entitled Shareholder and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by other Entitled Shareholders and/or their renouncee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Rights Shares by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his renouncee(s) is or might be subject to;
- (ii) the foreign Entitled Shareholder and/or his renouncee(s) has complied with the laws to which the foreign Entitled Shareholder and/or his renouncee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the foreign Entitled Shareholder and/or his renouncee(s) is not a nominee or agent of a person in respect of whom the Parties would by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the foreign Entitled Shareholder and/or his renouncee(s) is aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholder and/or his renouncee(s) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the foreign Entitled Shareholder and/or his renouncee(s) deem necessary in connection with the decision of the foreign Entitled Shareholder and/or his renouncee(s) to subscribe for or purchase the Rights Shares; and
- (vi) the foreign Entitled Shareholder and/or his renouncee(s) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS IN SUCH TERRITORY.

11. OTHER CORPORATE EXERCISES APPROVED BUT PENDING COMPLETION

Save for the Rights Issue, there are no other corporate exercises which have been approved by regulatory authorities but are pending completion as at the LPD.

12. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

13. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
PETRA ENERGY BERHAD



Dato' Anthony @ Firdaus bin Bujang
Executive Director/Group CEO

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 27 FEBRUARY 2013

PETRA ENERGY BERHAD

(Company No: 718388-H)

(Incorporated in Malaysia)

("the Company" or "PEB")

Extract of Minutes of the Extraordinary General Meeting of the Company held at the Mutiara Ballroom, Ground Floor, The Royale Bintang Damansara, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 February 2013 at 11:00 a.m.

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 107,250,000 NEW ORDINARY SHARES OF RM0.50 EACH IN PEB ("RIGHTS SHARES") AT AN ISSUE PRICE TO BE DETERMINED LATER ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN PEB ("SHARES") ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

Motion proposed by: Encik Abdullah Hashim, a shareholder

Motion seconded by: Encik Hafitz Bin Khalid, a proxy

The Meeting on a show of hands, unanimously RESOLVED:-

"THAT subject to the approval of all relevant authorities or parties being obtained (if required), including but not limited to the approval-in-principle of Bursa Malaysia Securities Berhad for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to provisionally allot and issue by way of renounceable rights issue of up to 107,250,000 Rights Shares at an issue price to be determined and announced by the Board, to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced by the Board, and/or to their renouncee(s), on the basis of one (1) Rights Share for every two (2) existing Shares held and on such other terms and conditions as the Board may determine;

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlements of the Rights Shares that may arise from the Proposed Rights Issue in such manner and on such terms and conditions as the Board shall in its absolute discretion, deem fit, necessary and/or expedient or in the best interests of the Company (including without limitation to disregard such fractional entitlements);

THAT the Rights Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is before the date of allotment of the Rights Shares;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess shares applications in such manner as the Board shall determine in a fair and equitable manner, and on such basis as the Board may deem fit or expedient or in the best interest of the Company;

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 27 FEBRUARY 2013 (Cont'd)

(Certified Extract for the Minutes of Extraordinary General Meeting held on 27 February 2013
- Cont'd)

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Rights Issue in the manner as set out in Section 2.5 of Part A of the circular to shareholders of the Company dated 8 February 2013 and the Board be authorised to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby authorised and empowered to take all steps and to do all acts, deeds and things and to execute, enter into, sign and deliver for and on behalf of the Company all documents as it may consider necessary or expedient to give full effect to the Proposed Rights Issue with full power to fix and vary the issue price of the Rights Shares and the entitlement date and time for the Proposed Rights Issue and assent to and accept any conditions, modifications, variations, arrangements and/or amendments and with full power to make any amendments, variations or modifications to the terms and/or conditions of the Proposed Rights Issue in any manner as the Board may in its absolute discretion deem fit, necessary and/or expedient or in the best interests of the Company;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been fully allotted and issued in accordance with the terms of the Proposed Rights Issue."

CERTIFIED TRUE COPY



SECRETARY
AISHAH BINTI HASHIM
(LS 01204)

Dated: 28 February 2013

INFORMATION ON OUR COMPANY**1. HISTORY OF OUR BUSINESS**

Our Company was incorporated in Malaysia under the Act on 16 December 2005 as a private limited company under the name of Portfolio Hitech Sdn Bhd. On 1 June 2006, our Company changed its name to Petra Energy Sdn Bhd. Subsequently, on 24 July 2006, our Company was converted to a public company and assumed our present name. Our Company was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 26 July 2007.

2. PRINCIPAL ACTIVITIES

Our Company is principally involved in investment holding. The principal activities of our subsidiaries are set out in Section 6 of this Appendix.

3. SHARE CAPITAL**(i) Authorised and issued and paid-up share capital**

Our authorised share capital, and issued and paid-up share capital as at the LPD are as follows:

	No. of Shares	Par value	Amount
		RM	RM
Authorised share capital	1,000,000,000	0.50	500,000,000
Issued and paid-up	214,500,000	0.50	107,250,000

(ii) Changes in our issued and paid-up share capital

The changes in the issued and paid-up share capital of our Company for the past three (3) years prior to the LPD are as follows:

Date of allotment	No. of Shares allotted	Par value	Consideration/Type of issue	Cumulative issued and paid-up share capital
		RM		RM
16.12.2005	2	1.00	Cash	2
07.03.2006	2	0.50	Share split involving the subdivision of each ordinary share of RM1.00 each held in our Company into two (2) Shares	2
08.03.2006	83,999,996	0.50	Consideration for acquisition of shares of Petra Resources Sdn Bhd and Petra Fabricators Sdn Bhd from Petra Perdana Berhad	42,000,000
23.07.2007	46,000,000	0.50	Cash	65,000,000
23.07.2007	65,000,000	0.50	Bonus issue of one (1) Share for every two (2) Shares held	97,500,000
24.10.2011	19,500,000	0.50	Cash	107,250,000

INFORMATION ON OUR COMPANY (Cont'd)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

For illustrative purposes only, the proforma effects of the Rights Issue on the substantial shareholders' shareholdings of our Company based on the Register of Substantial Shareholders of our Company as at the LPD are set out as follows:

Minimum Scenario

Substantial shareholders	Existing shareholdings as at the LPD			After the Rights Issue		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	(1)%
SRSB	58,920,000	27.47	-	-	97,347,700	32.10
Wasco	57,700,000	26.90	-	-	95,330,330	31.43
Dato' Nizam	19,500,000	9.09	-	-	32,215,970	10.62
Lembaga Tabung Haji	13,613,975	6.35	-	-	13,613,975	4.49
Shorefield Sdn Bhd	-	-	(2)58,920,000	27.47	-	(2)97,347,700
OBYU Holdings Sdn Bhd	-	-	(2)58,920,000	27.47	-	(2)97,347,700
Dato' Bustari bin Yusuf	-	-	(2)58,920,000	27.47	-	(2)97,347,700
Wah Seong	-	-	(3)57,700,000	26.90	-	(3)95,330,330
Wah Seong (Malaya) Trading Co Sdn Bhd	-	-	(4)57,700,000	26.90	-	(4)95,330,330
Tan Kim Yeow Sendirian Berhad	-	-	(5)57,700,000	26.90	-	(5)95,330,330
Tony Tan @ Choon Keat	-	-	(5)57,700,000	26.90	-	(5)95,330,330
Tan Chin Nam Sdn Bhd	-	-	(5)57,700,000	26.90	-	(5)95,330,330
Robert Tan Chung Meng	-	-	(5)57,700,000	26.90	-	(5)95,330,330
Pauline Tan Suat Ming	-	-	(5)57,700,000	26.90	-	(5)95,330,330

Notes:

(1) Based on the enlarged issued share capital of 303,274,000 Shares under the Minimum Scenario.

(2) Deemed interested through SRSB pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of its direct interest in Wasco pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of its direct interest in Wah Seong pursuant to Section 6A of the Act.

(5) Deemed interested by virtue of their respective indirect interests in Wah Seong pursuant to Section 6A of the Act.

INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Substantial shareholders	Existing shareholdings as at the LPD			After the Rights Issue		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	(1)%
SRSB	58,920,000	27.47	-	-	88,380,000	27.47
Wasco	57,700,000	26.90	-	-	86,550,000	26.90
Dato' Nizam	19,500,000	9.09	-	-	29,250,000	9.09
Lembaga Tabung Haji	13,613,975	6.35	-	-	20,420,963	6.35
Shorefield Sdn Bhd	-	-	(2)58,920,000	27.47	-	(2)88,380,000
OBYU Holdings Sdn Bhd	-	-	(2)58,920,000	27.47	-	(2)88,380,000
Dato' Bustari bin Yusuf	-	-	(2)58,920,000	27.47	-	(2)88,380,000
Wah Seong	-	-	(3)57,700,000	26.90	-	(3)86,550,000
Wah Seong (Malaya) Trading Co Sdn Bhd	-	-	(4)57,700,000	26.90	-	(4)86,550,000
Tan Kim Yeow Sendirian Berhad	-	-	(5)57,700,000	26.90	-	(5)86,550,000
Tony Tan @ Choon Keat	-	-	(5)57,700,000	26.90	-	(5)86,550,000
Tan Chin Nam Sdn Bhd	-	-	(5)57,700,000	26.90	-	(5)86,550,000
Robert Tan Chung Meng	-	-	(5)57,700,000	26.90	-	(5)86,550,000
Pauline Tan Suat Ming	-	-	(5)57,700,000	26.90	-	(5)86,550,000

Notes:

(1) Based on the enlarged issued share capital of 321,750,000 Shares under the Maximum Scenario.

(2) Deemed interested through SRSB pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of its direct interest in Wasco pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of its direct interest in Wah Seong pursuant to Section 6A of the Act.

(5) Deemed interested by virtue of their respective indirect interests in Wah Seong pursuant to Section 6A of the Act.

INFORMATION ON OUR COMPANY (Cont'd)**5. DIRECTORS**

The details of our Directors as at the LPD are as follows:

Name (Designation)	Address	Age	Nationality	Profession
Abdul Rahim bin Abdul Hamid (Senior Independent Non-Executive Director)	Lot 6070, Jalan Kasawari Ulu Kelang 68000 Ampang Selangor Darul Ehsan	63	Malaysian	Director
Ahmad Azra bin Salleh (Independent Non-Executive Director)	19, Jalan SS18/4B Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	57	Malaysian	Director
Gian Carlo Maccagno (Non-Independent Non-Executive Director)	Lot 203, Jalan Kiara Payong Sierramas 47000 Sungai Buloh Selangor Darul Ehsan	50	Italian	Director
Ahmadi bin Yusoff (Executive Director)	Sublot No. 3, Lot 2389 Lorong Bakti 1B1, PJ Height Jalan Sultan Tengah Petra Jaya 93050 Kuching Sarawak Darul Hana	54	Malaysian	Director
Dato' Anthony @ Firdauz bin Bujang (Executive Director/ Group CEO)	6, Jalan U13/22N Setia Eco Park Setia Alam 40170 Shah Alam Selangor Darul Ehsan	54	Malaysian	Director

As at the LPD, our Directors do not hold any Shares, directly or indirectly, in our Company.

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INFORMATION ON OUR COMPANY (Cont'd)**6. SUBSIDIARIES AND ASSOCIATED COMPANY**

Our subsidiaries and associated company as at the LPD are as follows:

Company	Date and place of incorporation	Issued and paid-up share capital (RM unless stated otherwise)	Effective equity interest %	Principal activities
<u>Direct subsidiaries</u>				
Jurutera Perunding Akal Sdn Bhd	28.08.1996/ Malaysia	100,000	70	Engaged in engineering design and consultancy services
PED	15.02.2008/ Malaysia	1,100,000	100	Investment holding
Petra Fabricators Sdn Bhd	02.04.1997/ Malaysia	3,000,000	100	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 Marine Sdn Bhd	03.04.2008/ Malaysia	1,000,000	100	Ownership and supply of vessels
Petra Resources Sdn Bhd	16.08.1988/ Malaysia	8,000,000	100	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 Services Sdn Bhd	14.04.2008/ Malaysia	2,000,000	100	Equipment rental and related services in the oil and gas industry
<u>Subsidiary of Petra Fabricators Sdn Bhd</u>				
Petra Boilers Sdn Bhd	12.11.1997/ Malaysia	3,001,000	100	Design, fabrication, supply and installation of industrial boilers and ancillary equipment
<u>Subsidiary of Petra Marine Sdn Bhd</u>				
PE Marine Ltd	28.02.2013/ Malaysia	USD1	100	Ownership and bareboat chartering of an accommodation work barge vessel, namely Otto 3
<u>Associated company</u>				
CEKSB	30.07.2012/ Malaysia	20,000,000	30	Contractor for the SFRSC

INFORMATION ON OUR COMPANY (Cont'd)**7. PROFIT AND DIVIDEND RECORD**

Our profit and dividend record based on our Group's audited consolidated financial statements for the past three (3) FYEs 31 December 2009 to 2011, and the unaudited consolidated financial statements for the twelve (12)-month FPE 31 December 2012 are as follows:

	<----- FYE 31 December ----->			Unaudited twelve (12)- month FPE 31 December 2012
	2009 (Audited)	2010 (Restated)	2011 (Audited)	
	RM'000	RM'000	RM'000	RM'000
Revenue	503,456	633,935	650,403	654,891
Gross profit	73,089	87,160	86,341	98,367
Other income	2,646	12,474	3,651	4,270
Earnings before interest, taxation, depreciation and amortisation	50,382	71,578	49,117	56,341
<u>Add/(Less):</u>				
Depreciation of property, plant and equipment	(17,610)	(28,488)	(25,627)	(27,478)
Finance costs	(9,052)	(20,620)	(16,072)	(13,940)
Interest income	1,368	956	807	894
Profit before taxation ("PBT")	25,088	23,426	8,225	15,817
Taxation	(10,595)	(6,336)	(4,917)	(8,413)
Profit after taxation ("PAT")	14,493	17,090	3,308	7,404
Minority interest	(103)	(96)	177	36
Profit after tax and minority interest ("PATAMI")	14,390	16,994	3,485	7,440
Weighted average no. of shares	195,000,000	195,000,000	198,472,603	214,500,000
Net EPS (sen)	7.38	8.71	1.76	3.47
Gross profit margin (%)	14.52	13.75	13.28	15.02
PATAMI margin (%)	2.86	2.68	0.54	1.14
Gross dividend per share (sen)	1.00	1.50	0.50	1.00

Commentaries:**FYE 31 December 2009 as compared to FYE 31 December 2008**

For the FYE 31 December 2009, the revenue of our Group had decreased by 9.37% to about RM503.46 million as compared to about RM555.53 million as reported in the previous financial year while our Group recorded lower PBT of about RM25.09 million as compared to the previous financial year of about RM58.18 million. The decline was mainly due to lower margin contribution from the brown field activities as a result of delays in the delivery of marine vessels that affected our offshore projects.

In addition, mobilisation costs, one-off professional fees and transaction costs for banking facilities for the acquisition of three (3) new vessels further eroded our profits.

Furthermore, the profits of our Group were also affected by late delivery charges arising from the boilers business.

The auditors' report on the consolidated financial statements of our Group for the FYE 31 December 2009 was not subject to any qualification.

INFORMATION ON OUR COMPANY (Cont'd)**FYE 31 December 2010 as compared to FYE 31 December 2009**

For FYE 31 December 2010, our Group recorded revenue of about RM633.94 million, which was an increase of 25.92% as compared to the previous financial year of about RM503.46 million.

Despite higher revenue achieved, the PBT of our Group for the FYE 31 December 2010 was lower than the previous year by 6.62%, generating about RM23.43 million in the FYE 31 December 2010 as compared to about RM25.09 million in the previous financial year.

The decline was mainly attributable to the realisation of losses incurred by the Kumang cluster on-shore tie-in at MLNG-2 and Bintulu integrated facilities onshore upgrading and modification project. The losses incurred were due to rejection of pipes ordered in January 2010 as a result of quality issues and non-delivery that eventually led to delivery delays and cost overruns.

However, the above losses was mitigated by the restatement of the charter hire arrangement in relation to a workboat of our Group from operating lease to finance lease pursuant to Financial Reporting Standard 117 Leases and the terms of the charter agreement.

The auditors' report on the consolidated financial statements of our Group for the FYE 31 December 2010 was not subject to any qualification.

FYE 31 December 2011 as compared to FYE 31 December 2010

The revenue of our Group for the FYE 31 December 2011 increased by 2.60% to about RM650.40 million as compared to about RM633.94 million as reported in the previous financial year.

However, the PBT of our Group has decreased by 64.87% from about RM23.43 million to about RM8.23 million in the FYE 31 December 2011.

The decline was mainly due to the additional cost overruns for the Kumang cluster project, effects of foreign exchange translation and an increase in operating expenses by our Group.

The auditors' report on the consolidated financial statements of our Group for the FYE 31 December 2011 was not subject to any qualification.

Unaudited twelve (12)-month FPE 31 December 2012

The revenue of our Group of RM654.89 million for the twelve (12)-month FPE 31 December 2012, representing a slight increase of about RM4.49 million compared to about RM650.40 million in the previous financial year.

Correspondingly, our Group's PBT has also increased to about RM15.82 million for the twelve (12)-month FPE 31 December 2012 as compared to about RM8.23 million in the previous financial year.

The increase was mainly due to the following:

- (i) higher activities from the hook-up, construction and commissioning contract with Petronas Carigali Sdn Bhd as well as timely completion of certain work orders; and
- (ii) the on-going cost recovery exercise for the Kumang cluster project due to resolutions of certain claims with suppliers.

However, the increase was offset by lower contribution from top-side major maintenance/hook-up, construction and commissioning contract with Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd as a result of higher wage costs and higher repair and maintenance cost incurred for marine vessels assets as well as offshore equipment tools primarily in line with the high utilisation of vessels in 2011 and 2012.

INFORMATION ON OUR COMPANY (Cont'd)**8. HISTORICAL SHARE PRICES**

The monthly high and low market prices of our Shares traded on the Main Market of Bursa Securities for the past twelve (12) months from March 2012 to February 2013 are as follows:

	Shares	
	High	Low
	RM	RM
2012		
March	1.24	1.03
April	1.28	1.02
May	1.25	1.11
June	1.51	1.17
July	1.79	1.48
August	2.04	1.60
September	2.00	1.79
October	1.85	1.65
November	1.79	1.65
December	1.71	1.51
2013		
January	1.71	1.53
February	1.59	1.40

Last transacted market price of our Shares on 12 December 2012, being the last transacted market price immediately prior to the announcement of the Rights Issue RM1.70

Last transacted market price of our Shares on 28 February 2013, being the latest practicable date prior to the issuance of this Abridged Prospectus RM1.41

Last transacted market price of our Shares on 8 March 2013, being the last trading day prior to the ex-date for the Rights Issue of 11 March 2013 RM1.36

(Source: Bloomberg (Malaysia) Sdn Bhd)

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND THE REPORTING ACCOUNTANTS' LETTER THEREON IN RELATION TO THE RIGHTS ISSUE



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**Reporting Accountants' Letter on Pro Forma Consolidated Statements of Financial Position
 (Prepared for inclusion in the Abridged Prospectus to shareholders of Petra Energy Berhad
 in relation to the Rights Issue)**

The Board of Directors
 Petra Energy Berhad
 9th Floor, Surian Tower
 No. 1, Jalan PJU 7/3
 Mutiara Damansara
 47810 Petaling Jaya
 Selangor Darul Ehsan

4 March 2013

Dear Sirs,

**Petra Energy Berhad ("PEB" or "Company")
 Pro Forma Consolidated Statements of Financial Position as at 31 December 2011**

We report on the Pro Forma Consolidated Statements of Financial Position of PEB and its subsidiaries ("PEB Group") as at 31 December 2011 (which we have stamped for the purpose of identification), which have been prepared on the basis described in the notes to the Pro Forma Consolidated Statements of Financial Position, for illustrative purposes only. The Pro Forma Consolidated Statements of Financial Position have been prepared to provide information about how the consolidated statements of financial position of PEB Group as at 31 December 2011 that has been presented might have been affected had the following proposal been completed on that date.

Rights Issue

PEB proposes to undertake a renounceable rights issue of up to 107,250,000 new ordinary shares of RM0.50 each in PEB ("Rights Shares") at an issue price of RM1.15 per Rights Share on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.50 each held in PEB ("PEB Shares") as at 5.00 p.m. on 13 March 2013 ("Rights Issue").

For illustration in the Pro Forma Consolidated Statements of Financial Position, it is assumed that the issue price for the Rights Shares is fixed at an issue price of RM1.15 per Rights Share on the basis of one (1) Rights Share for every two (2) existing PEB Shares.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not be reflective of PEB Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of PEB Group.

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND THE REPORTING ACCOUNTANTS' LETTER THEREON IN RELATION TO THE RIGHTS ISSUE (Cont'd)



Responsibilities

It is the responsibility of the Board of Directors of PEB ("Board") to prepare the Pro Forma Consolidated Statements of Financial Position on the basis described in notes to the Pro Forma Consolidated Statements of Financial Position, for illustrative purposes only.

It is our responsibility to form an opinion, as to the proper compilation of the Pro Forma Consolidated Statements of Financial Position and to report that opinion to you.

In providing this opinion, we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Consolidated Statements of Financial Position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Malaysian Approved Standard on Assurance, International Standards on Assurance Engagement, ISAE 3000: *Assurance Engagement Other Than Audits or Review of Historical Financial Information*. The work that we performed for the purpose of making this letter, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information to the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Consolidated Statements of Financial Position with the Board and responsible officers of PEB.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Consolidated Statements of Financial Position have been properly compiled on the basis stated in the accompanying notes using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of PEB. Our work also involves assessing whether the adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND THE REPORTING ACCOUNTANTS' LETTER THEREON IN RELATION TO THE RIGHTS ISSUE (Cont'd)



Opinion

In our opinion:

- (a) the Pro Forma Consolidated Statements of Financial Position of PEB Group as at 31 December 2011, which have been prepared by the directors of PEB have been properly prepared on the basis stated in the accompanying notes to Pro Forma Consolidated Statements of Financial Position using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of PEB; and
- (b) each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

The accompanying Pro Forma Consolidated Statements of Financial Position and this letter have been prepared solely for the inclusion in the Abridged Prospectus to shareholders of PEB in connection with the Rights Issue. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,

A stylized signature of 'Ernst & Young' in a cursive script.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia

A stylized signature of 'Tan Shium Jye' in a cursive script.

Tan Shium Jye
No. 2991/05/14 (J)
Chartered Accountant

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND THE REPORTING ACCOUNTANTS' LETTER THEREON IN RELATION TO THE RIGHTS ISSUE (Cont'd)

**Petra Energy Berhad
(Incorporated in Malaysia)**

APPENDIX A

PETRA ENERGY BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

Minimum Scenario

	PEB Group Audited as at 31.12.11 RM'000	Share subscription in CEKSB RM'000	PEB Group as at 31.12.11 (Adjusted) RM'000	Adjustment 1 RM'000	Pro Forma I After Proposed Rights Issue RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	425,475		425,475		425,475
Investment in an associate company	-	6,000	6,000		6,000
Deferred tax assets	1,031		1,031		1,031
	<u>426,506</u>		<u>432,506</u>		<u>432,506</u>
Current assets					
Inventories	11,761		11,761		11,761
Trade and other receivables	177,670		177,670		177,670
Amount due from customers	68,917		68,917		68,917
Tax recoverable	6,572		6,572		6,572
Cash and bank balances	108,834	(6,000)	102,834	101,090	203,924
	<u>373,754</u>		<u>367,754</u>		<u>468,844</u>
Total assets	<u>800,260</u>		<u>800,260</u>		<u>901,350</u>
EQUITY AND LIABILITIES					
Equity attributable to shareholders					
Share capital	107,250		107,250	44,387	151,637
Share premium	69,880		69,880	56,703	126,583
Merger reserve	(31,000)		(31,000)		(31,000)
Retained earnings	194,639		194,639		194,639
	<u>340,769</u>		<u>340,769</u>		<u>441,859</u>
Non-controlling interests	554		554		554
Total equity	<u>341,323</u>		<u>341,323</u>		<u>442,413</u>
Non-current liabilities					
Loans and borrowings	103,109		103,109		103,109
Hire purchase liabilities	27		27		27
Deferred tax liabilities	30,037		30,037		30,037
	<u>133,173</u>		<u>133,173</u>		<u>133,173</u>
Current liabilities					
Loans and borrowings	116,217		116,217		116,217
Hire purchase liabilities	45		45		45
Trade and other payables	202,962		202,962		202,962
Provisions	643		643		643
Amount due to customers	2,308		2,308		2,308
Income tax payable	3,589		3,589		3,589
	<u>325,764</u>		<u>325,764</u>		<u>325,764</u>
Total liabilities	<u>458,937</u>		<u>458,937</u>		<u>458,937</u>
Total equity and liabilities	<u>800,260</u>		<u>800,260</u>		<u>901,350</u>
Net assets per share (RM)	<u>1.59</u>		<u>1.59</u>		<u>1.46</u>

ERNST & YOUNG (AF: 0039)

Chartered Accountants, Kuala Lumpur
For identification purposes only

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND THE REPORTING ACCOUNTANTS' LETTER THEREON IN RELATION TO THE RIGHTS ISSUE (Cont'd)

Petra Energy Berhad
(Incorporated in Malaysia)

APPENDIX B

PETRA ENERGY BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

Maximum Scenario

	PEB Group Audited as at 31.12.11 RM'000	Share subscription in CEKSB RM'000	PEB Group as at 31.12.11 (Adjusted) RM'000	Adjustment 1 RM'000	Pro Forma I After Proposed Rights Issue RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	425,475		425,475		425,475
Investment in an associate company	-	6,000	6,000		6,000
Deferred tax assets	1,031		1,031		1,031
	<u>426,506</u>		<u>432,506</u>		<u>432,506</u>
Current assets					
Inventories	11,761		11,761		11,761
Trade and other receivables	177,670		177,670		177,670
Amount due from customers	68,917		68,917		68,917
Tax recoverable	6,572		6,572		6,572
Cash and bank balances	108,834	(6,000)	102,834	122,338	225,172
	<u>373,754</u>		<u>367,754</u>		<u>490,092</u>
Total assets	<u>800,260</u>		<u>800,260</u>		<u>922,598</u>
EQUITY AND LIABILITIES					
Equity attributable to shareholders					
Share capital	107,250		107,250	53,625	160,875
Share premium	69,880		69,880	68,713	138,593
Merger reserve	(31,000)		(31,000)		(31,000)
Retained earnings	194,639		194,639		194,639
	<u>340,769</u>		<u>340,769</u>		<u>463,107</u>
Non-controlling interests	554		554		554
Total equity	<u>341,323</u>		<u>341,323</u>		<u>463,661</u>
Non-current liabilities					
Loans and borrowings	103,109		103,109		103,109
Hire purchase liabilities	27		27		27
Deferred tax liabilities	30,037		30,037		30,037
	<u>133,173</u>		<u>133,173</u>		<u>133,173</u>
Current liabilities					
Loans and borrowings	116,217		116,217		116,217
Hire purchase liabilities	45		45		45
Trade and other payables	202,962		202,962		202,962
Provisions	643		643		643
Amount due to customers	2,308		2,308		2,308
Income tax payable	3,589		3,589		3,589
	<u>325,764</u>		<u>325,764</u>		<u>325,764</u>
Total liabilities	<u>458,937</u>		<u>458,937</u>		<u>458,937</u>
Total equity and liabilities	<u>800,260</u>		<u>800,260</u>		<u>922,598</u>
Net assets per share (RM)	<u>1.59</u>		<u>1.59</u>		<u>1.44</u>

ERNST & YOUNG (AF: 0039)

Chartered Accountants, Kuala Lumpur
For identification purposes only

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND THE REPORTING ACCOUNTANTS' LETTER THEREON IN RELATION TO THE RIGHTS ISSUE (Cont'd)

Appendix C

PETRA ENERGY BERHAD

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

1. The Pro Forma Consolidated Statements of Financial Position, for which the Directors of PEB are solely responsible, both the minimum and maximum scenarios, have been prepared for illustrative purposes, based on the audited consolidated statements of financial position of PEB Group as at 31 December 2011 to show the effects of the renounceable rights issue of up to 107,250,000 Rights Shares at an issue price of RM1.15 per Rights Share on the basis of one (1) Rights Share for every two (2) existing PEB Shares held as at 5.00 p.m. on 13 March 2013.
2. The Pro Forma Consolidated Statements of Financial Position has been prepared based on the accounting principles and bases consistent with those adopted in the preparation of the audited consolidated financial statements of PEB Group for the financial year ended 31 December 2011, after adjusting for the subscription of shares in Coastal Energy KBM Sdn Bhd ("CEKSB") as described in Note 3.

3. Share subscription in CEKSB

The audited consolidated statements of financial position of PEB Group as at 31 December 2011 set out in Appendix A and Appendix B have been adjusted for the subscription of shares in CEKSB as follows:

On 20 September 2012, PEB announced that Petra Energy Development Sdn Bhd ("PED"), a wholly-owned subsidiary of PEB entered into a conditional share subscription agreement dated 19 September 2012 with CEKSB for the subscription of 6,000,000 new ordinary shares of RM1.00 each in CEKSB by PED, representing 30% of the enlarged equity interest in CEKSB for a cash consideration of RM6.00 million ("Share Subscription"). Approval from the shareholders of PEB for the Share Subscription was obtained on 12 December 2012. The Share Subscription was completed on 17 January 2013 resulting in CEKSB now being a 30%-owned associated company of PEB.

Proceeds raised from the Rights Issue in Note 1 will be mainly used for PEB Group's funding requirements for participation in the development and production of petroleum from the Kapal, Banang and Meranti cluster of small fields in offshore Terengganu, Malaysia ("Project") vide CEKSB and upstream oil and gas projects.

This adjustment reflects the share subscription in CEKSB to illustrate as if the transaction has been completed as at 31 December 2011.

4. Minimum Scenario (Appendix A)

Under the minimum scenario, PEB assumes that only Shorefield Resources Sdn Bhd, Wasco Energy Ltd and Dato' Mohamed Nizam bin Abdul Razak (defined as Undertaking Shareholders in the Abridged Prospectus) will subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date and none of the other entitled shareholders and/or their renounee(s) subscribe for the remaining Rights Shares entitlements under the Rights Issue.

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND THE REPORTING ACCOUNTANTS' LETTER THEREON IN RELATION TO THE RIGHTS ISSUE (Cont'd)

Appendix C

PETRA ENERGY BERHAD

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

4. Minimum Scenario (Appendix A) (cont'd.)

4.1 Adjustment 1 - Rights Issue

The Rights Issue entails the issuance of 88,774,000 Rights Shares, on the basis of one (1) Rights Share for every two (2) existing PEB Shares held on the Entitlement Date. The Rights Shares will be offered at an issue price of RM1.15 per Rights Share.

The estimated expenses of RM1,000,000 relating to the Rights Issue are set off against the share premium account.

The proposed utilisation of proceeds to be raised from the Rights Issue are as follows:

	RM'000
a) Funding for the Project	100,000
b) General working capital	1,090
c) Estimated expenses in relation to the Rights Issue	1,000
	<u>102,090</u>

5. Maximum Scenario (Appendix B)

Under the maximum scenario, PEB assumes that all Rights Share entitlements are subscribed in full by all the entitled shareholders.

5.1 Adjustment 1 - Rights Issue

The Rights Issue entails the issuance of 107,250,000 Rights Shares, on the basis of one (1) Rights Share for every two (2) existing PEB Shares held on the Entitlement Date. The Rights Shares will be offered at an issue price of RM1.15 per Rights Share.

The estimated expenses of RM1,000,000 relating to the Rights Issue are set off against the share premium account.

The proposed utilisation of proceeds to be raised from the Rights Issue are as follows:

	RM'000
a) Funding for the Project	100,000
b) Funding for the upstream oil and gas projects	20,000
c) General working capital	2,338
d) Estimated expenses in relation to the Rights Issue	1,000
	<u>123,338</u>

6. Share Capital and Reserves

The share capital and reserves of PEB Group for the pro forma consolidated statements of financial position under both scenarios are referred to in Appendix D (minimum scenario) and Appendix E (maximum scenario).

PETRA ENERGY BERHAD
SHARE CAPITAL AND RESERVES
Minimum Scenario

Appendix D

	<----- Non-Distributable ----->			[-Distributable-]			
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained earnings RM'000	Equity attributable to shareholders RM'000	Non-controlling interests RM'000	Total equity RM'000
At 31 December 2011	107,250	69,880	(31,000)	194,639	340,769	554	341,323
Share Subscription in CEKSB	-	-	-	-	-	-	-
At 31 December 2011 (adjusted)	107,250	69,880	(31,000)	194,639	340,769	554	341,323
Adjustment 1	44,387	56,703	-	-	101,090	-	101,090
As per Pro Forma I	151,637	126,583	(31,000)	194,639	441,859	554	442,413

PETRA ENERGY BERHAD
SHARE CAPITAL AND RESERVES
Maximum Scenario

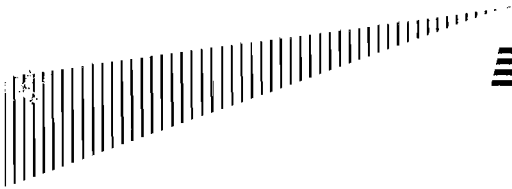
Appendix E

	<----- Non-Distributable ----->	[-Distributable-]					
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained earnings RM'000	Equity attributable to shareholders RM'000	Non- controlling interests RM'000	Total equity RM'000
At 31 December 2011	107,250	69,880	(31,000)	194,639	340,769	554	341,323
Share Subscription in CEKSB	-	-	-	-	-	-	-
At 31 December 2011 (adjusted)	107,250	69,880	(31,000)	194,639	340,769	554	341,323
Adjustment 1	53,625	68,713	-	-	122,338	-	122,338
As per Pro Forma I	160,875	138,593	(31,000)	194,639	463,107	554	463,661

ERNST & YOUNG (AF: 0039)


Chartered Accountants, Kuala Lumpur
For Identification purposes only

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON**



ERNST & YOUNG

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

CERTIFIED TRUE COPY

.....
AISHAH BINTI HASHIM
LS 0001204
COMPANY SECRETARY
PETRA ENERGY BERHAD

**Directors' Report and Audited Financial
Statements**
31 December 2011

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
(Incorporated in Malaysia)**

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit net of tax	3,308	2,441
Profit attributable to:		
Owners of the parent	3,485	2,441
Non-controlling interests	(177)	-
	<u>3,308</u>	<u>2,441</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the losses of Kumang Cluster Project incurred in the current financial year of RM27,688,000 and the effects arising from the changes in estimates as disclosed in Note 3.2(a) and Note 12 to the financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

Dividends

The amount of dividends paid by the Company since 31 December 2010 were as follows:

RM'000

In respect of the financial year ended 31 December 2010:

Final tax exempt (single-tier) dividend of 0.5 sen per ordinary share of
50 sen each, on 195,000,000 ordinary shares, declared on 21 April 2011
and paid on 18 July 2011

975

At the forthcoming Annual General Meeting ("AGM"), a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2011 of 0.5 sen per ordinary share of 50 sen each on 214,500,000 ordinary shares, amounting to a dividend payable of RM1,072,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Abdul Rahim Bin Abdul Hamid
Ahmad Azra Bin Salleh
Surya Hidayat Bin Abd Malik
Ahmadi Bin Yusoff
Kamarul Baharin Bin Albakri (resigned on 8 February 2012)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
(Incorporated in Malaysia)**

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

The Company	Number of Ordinary Shares of RM0.50 Each			
	1 January 2011	Bought	Sold	31 December 2011
Direct Interest:				
Kamarul Baharin Bin Albakri	17,000	-	-	17,000

The other directors in office at the end of the financial year had no interest over shares of the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company issued 19,500,000 new ordinary shares of RM0.50 each through a private placement at an issue price of RM0.91 per ordinary shares for cash, for additional funds to finance capital expenditure. The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
(Incorporated in Malaysia)****Other statutory information (cont'd.)**

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year, other than as disclosed in Note 28 (b) to the financial statements.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

Subsequent event

The subsequent event is disclosed in Note 29 to the financial statements.

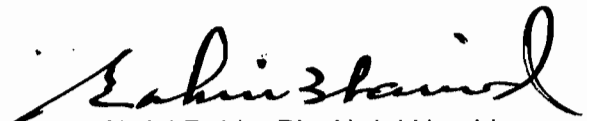
Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2012.



Ahmadi Bin Yusoff



Abdul Rahim Bin Abdul Hamid

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
(Incorporated in Malaysia)**

**Statement by Directors
Pursuant to Section 169(15) of the Companies Act, 1965**

We, Ahmadi Bin Yusoff and Abdul Rahim Bin Abdul Hamid, being two of the directors of Petra Energy Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 74 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 37 on page 75 to the financial statements have been prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2012.



Ahmadi Bin Yusoff

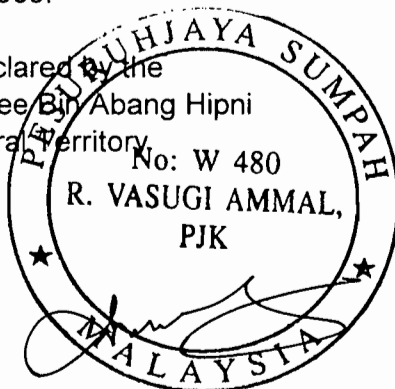


Abdul Rahim Bin Abdul Hamid

**Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965**

I, Mohamad Zaidee Bin Abang Hipni, being the officer primarily responsible for the financial management of Petra Energy Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 74 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Mohamad Zaidee Bin Abang Hipni
at Kuala Lumpur in the Federal Territory
on 12 April 2012




Mohamad Zaidee Bin
Abang Hipni

Before me,

No: 72, Tkt. 3,
Jalan Mega Mendung,
Bandar Kompleks,
58200 Kuala Lumpur.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Ernst & Young**

AF : 0039

Level 23A, Menara Milenium

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**Independent auditors' report to the members of
Petra Energy Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Petra Energy Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 74.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, that give a true and fair view and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements to give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Independent auditors' report to the members of
Petra Energy Berhad (cont'd.)
(Incorporated in Malaysia)***Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 37 on page 75 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**




Independent auditors' report to the members of
Petra Energy Berhad (cont'd.)
(Incorporated in Malaysia)

Other matters (cont'd.)

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


Ernst & Young
AF: 0039
Chartered Accountants


Ismed Darwis bin Bahatlar
No. 2921/04/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
12 April 2012

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2011

		Group		Company	
	Note	2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
		(Restated)			
Revenue	4	650,403	633,935	3,360	18,360
Cost of sales		(564,062)	(546,775)	-	-
Gross profit		<u>86,341</u>	<u>87,160</u>	<u>3,360</u>	<u>18,360</u>
Other income	5	3,651	12,474	9,920	2,305
Administrative expenses		(65,695)	(55,588)	(9,461)	(6,141)
Finance costs	6	(16,072)	(20,620)	-	(2,297)
Profit before tax	7	<u>8,225</u>	<u>23,426</u>	<u>3,819</u>	<u>12,227</u>
Income tax expense	10	(4,917)	(6,336)	(1,378)	(133)
Profit net of tax, representing total comprehensive income for the year		<u>3,308</u>	<u>17,090</u>	<u>2,441</u>	<u>12,094</u>
Total comprehensive income attributable to:					
Owners of the parent		3,485	16,994	2,441	12,094
Non-controlling interests		(177)	96	-	-
		<u>3,308</u>	<u>17,090</u>	<u>2,441</u>	<u>12,094</u>
Earnings per share attributable to owners of the parent (sen per share)					
Basic	11	<u>1.76</u>	<u>8.71</u>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2011

		Group		Company	
	Note	2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
		(Restated)			
Assets					
Non-current assets					
Property, plant and equipment	12	425,475	445,905	1,248	1,661
Investments in subsidiaries	13	-	-	47,745	47,745
Deferred tax assets	14	1,031	1,084	-	-
		<u>426,506</u>	<u>446,989</u>	<u>48,993</u>	<u>49,406</u>
Current assets					
Inventories	15	11,761	10,600	-	-
Trade and other receivables	16	177,670	191,542	196,322	193,125
Amount due from customers	17	68,917	82,119	-	-
Tax recoverable		6,572	5,554	-	256
Cash and bank balances	18	108,834	63,706	17,817	561
		<u>373,754</u>	<u>353,521</u>	<u>214,139</u>	<u>193,942</u>
Total assets		800,260	800,510	263,132	243,348

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2011 (cont'd.)

		Group		Company	
	Note	2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
		(Restated)			
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	19	107,250	97,500	107,250	97,500
Share premium	19	69,880	62,062	69,880	62,062
Merger reserve	20	(31,000)	(31,000)	-	-
Retained earnings	21	194,639	192,080	84,067	82,601
		<u>340,769</u>	<u>320,642</u>	<u>261,197</u>	<u>242,163</u>
Non-controlling interests		554	780	-	-
Total equity		<u>341,323</u>	<u>321,422</u>	<u>261,197</u>	<u>242,163</u>
Non-current liabilities					
Loans and borrowings	22	103,109	169,866	-	-
Hire purchase liabilities	23	27	69	-	-
Deferred tax liabilities	14	30,037	29,656	199	-
		<u>133,173</u>	<u>199,591</u>	<u>199</u>	<u>-</u>
Current liabilities					
Loans and borrowings	22	116,217	109,501	-	-
Hire purchase liabilities	23	45	73	-	-
Trade and other payables	24	202,962	151,371	897	1,185
Provisions	25	643	14,546	-	-
Amount due to customers	17	2,308	3,153	-	-
Income tax payable		3,589	853	839	-
		<u>325,764</u>	<u>279,497</u>	<u>1,736</u>	<u>1,185</u>
Total liabilities		<u>458,937</u>	<u>479,088</u>	<u>1,935</u>	<u>1,185</u>
Total equity and liabilities		800,260	800,510	263,132	243,348

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**Petra Energy Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity
For the financial year ended 31 December 2011**

	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Non-distributable-----I I-Distributable-I				Non- controlling interests RM'000
				Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained earnings RM'000	
2011 Group								
At 1 January 2011, as previously stated		307,013	306,233	97,500	62,062	(31,000)	177,671	780
Prior year adjustments	36	14,409	14,409	-	-	-	14,409	-
At 1 January 2011 (Restated)		<u>321,422</u>	<u>320,642</u>	<u>97,500</u>	<u>62,062</u>	<u>(31,000)</u>	<u>192,080</u>	<u>780</u>
Total comprehensive income		3,308	3,485	-	-	-	3,485	(177)
Transactions with owners								
Acquisition of non-controlling interest	13	-	49	-	-	-	49	(49)
Dividends on ordinary shares	34	(975)	(975)	-	-	-	(975)	-
Issuance of shares during the year	19	17,568	17,568	9,750	7,818	-	-	-
		<u>16,593</u>	<u>16,642</u>	<u>9,750</u>	<u>7,818</u>	<u>-</u>	<u>(926)</u>	<u>(49)</u>
Closing balance at 31 December 2011		<u>341,323</u>	<u>340,769</u>	<u>107,250</u>	<u>69,880</u>	<u>(31,000)</u>	<u>194,639</u>	<u>554</u>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**Petra Energy Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity
For the financial year ended 31 December 2011 (cont'd.)**

		Attributable to owners of the parent		Non-distributable		I-Distributable-I		
		Equity attributable to owners of the parent, total						
		Equity, total	Share capital	Share premium	Merger reserve	Retained earnings	Non-controlling interests	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2010								
Group	Note							
At 1 January 2010		306,282	97,500	62,062	(31,000)	177,036	684	
Total comprehensive income								
As previously stated		2,681	-	-	-	2,585	96	
Prior year adjustments	36	14,409	-	-	-	14,409	-	
As restated		17,090	-	-	-	16,994	96	
Transactions with owners								
Dividends on ordinary shares	34	(1,950)	-	-	-	(1,950)	-	
At 31 December 2010 (Restated)		321,422	97,500	62,062	(31,000)	192,080	780	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2011 (cont'd.)

	Note	Equity, total RM'000	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000
2011					
Company					
At 1 January 2011		242,163	97,500	62,062	82,601
Total comprehensive income		2,441	-	-	2,441
Transactions with owners					
Dividends on ordinary shares	34	(975)	-	-	(975)
Issuance of shares during the year	19	17,568	9,750	7,818	-
		16,593	9,750	7,818	(975)
At 31 December 2011		261,197	107,250	69,880	84,067
2010					
Company					
At 1 January 2010		232,019	97,500	62,062	72,457
Total comprehensive income		12,094	-	-	12,094
Transactions with owners					
Dividends on ordinary shares	34	(1,950)	-	-	(1,950)
At 31 December 2010		242,163	97,500	62,062	82,601

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
(Incorporated in Malaysia)**

Statements of cash flows

For the financial year ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Operating activities				
Profit before tax	8,225	23,426	3,819	12,227
Adjustments for:				
Interest income	(807)	(956)	(9,920)	(2,305)
Dividend income from subsidiaries	-	-	-	(15,000)
Finance costs	16,072	20,620	-	2,297
Unrealised foreign exchange loss/(gain)	2,422	(9,204)	-	-
Depreciation of property, plant and equipment	25,627	28,488	596	336
Net (gain)/loss on disposal of property, plant and equipment	(33)	(108)	2	-
Impairment of goodwill	-	1,428	-	-
Impairment/(reversal of impairment) of investment in a subsidiary	-	-	49	(1,000)
Recovery of bad debt previously written off	(517)	-	-	-
Reversal of impairment on trade receivables	(465)	-	-	-
Impairment on trade receivables	263	2,231	-	-
Impairment on other receivables	-	1,651	-	-
Impairment on advances to a subsidiary	-	-	-	284
Inventories written down	-	568	-	-
Provision for foreseeable losses	-	13,685	-	-
Provision for liquidated ascertained damages	643	4,654	-	-
Total adjustments	43,205	63,057	(9,273)	(15,388)
Operating cash flows before changes in working capital	51,430	86,483	(5,454)	(3,161)
Changes in working capital:				
Inventories	(1,161)	2,211	-	-
Trade and other receivables	14,591	3,089	(602)	(166)
Amount due from/(to) customers on contracts	12,357	(16,549)	-	-
Trade and other payables	36,196	(64,539)	(288)	(48,946)
Amount due from subsidiaries	-	-	(2,595)	41,767
Amount due to subsidiaries	-	-	-	(1,005)
Total changes in working capital	61,983	(75,788)	(3,485)	(8,350)

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
(Incorporated in Malaysia)**

Statements of cash flows

For the financial year ended 31 December 2011 (cont'd.)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Cash flows generated from/ (used in) operations	113,413	10,695	(8,939)	(11,511)
Income taxes paid	(2,765)	(8,616)	(84)	(78)
Net cash flows generated from/ (used in) operating activities	110,648	2,079	(9,023)	(11,589)
Investing activities				
Purchase of property, plant and equipment	(5,259)	(11,479)	(185)	(1,972)
Proceeds from disposal of property, plant and equipment	95	355	-	-
Acquisition of non-controlling interests	(49)	-	(49)	-
Dividend income from subsidiaries	-	-	-	15,000
Interest received	807	956	9,920	2,305
Net cash flows (used in)/generated from investing activities	(4,406)	(10,168)	9,686	15,333
Financing activities				
Dividends paid on ordinary shares	(975)	(1,950)	(975)	(1,950)
Repayment of loans and borrowings	(52,651)	(15,394)	-	-
Proceeds from loans and borrowings	7,113	52,599	-	-
Proceeds from issuance of shares	17,568	-	17,568	-
Repayment of obligations under hire purchase	(70)	(218)	-	-
Repayment of obligations under finance leases	(13,828)	(12,221)	-	-
Interest paid	(16,072)	(20,620)	-	(2,297)
Net cash flows (used in)/generated from financing activities	(58,915)	2,196	16,593	(4,247)
Net changes in cash and cash equivalents	47,327	(5,893)	17,256	(503)
Net changes in cash restricted in use	(8,713)	(38)	-	-
Cash and cash equivalents at 1 January	50,035	55,966	561	1,064
Cash and cash equivalents at 31 December (Note 18)	88,649	50,035	17,817	561

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2011

1. Corporate information

Petra Energy Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 9th Floor, Surian Tower, No. 1, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations:

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 138	Intangible Assets
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	First time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share Based Payment Transactions
Amendments to FRS 7	Financial Instruments: Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement Contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Improvements to FRSs (2010)	

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group and the Company.

2.3 Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)**2.3 Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company is currently in the process of determining the impact arising from the adoption of the MFRS Framework.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for by applying the acquisition method except for Petra Resources Sdn Bhd and Petra Fabricators Sdn Bhd which are accounted for by applying the pooling of interest method.

For acquisition method, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)**2.4 Basis of consolidation (cont'd.)**

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity.

2.6 Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
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2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	2%
Leasehold buildings	2%
Vessels	4% - 20%
Dry docking	20%
Plant and machinery	10%
Cabin, field and workshop equipment	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	20%
Air conditioner, computer, signboard, renovation and electrical installation	20% - 50%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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2. Summary of significant accounting policies (cont'd.)**2.8 Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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2. Summary of significant accounting policies (cont'd.)

2.9 Impairment of non-financial assets (cont'd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

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2. Summary of significant accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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2. Summary of significant accounting policies (cont'd.)**2.12 Impairment of financial assets (cont'd.)**

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

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2. Summary of significant accounting policies (cont'd.)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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2. Summary of significant accounting policies (cont'd.)

2.17 Financial liabilities (cont'd.)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group makes contributions to the Employees' Provident Fund, a statutory defined contribution pension scheme in Malaysia. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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2. Summary of significant accounting policies (cont'd.)

2.20 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.21(h).

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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2. Summary of significant accounting policies (cont'd.)

2.21 Revenue (cont'd.)

(b) Rendering of services

Revenue from rendering of services is recognised net of service taxes and discounts as and when the services are performed.

(c) Charter hire of vessel

Charter hire of vessels are recognised when the services are rendered on a time accrual basis.

(d) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.14.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Management fees

Management fees are recognised when services are rendered.

(g) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(h) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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2. Summary of significant accounting policies (cont'd.)

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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2. Summary of significant accounting policies (cont'd.)**2.22 Income taxes (cont'd.)****(b) Deferred tax (cont'd.)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

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2. Summary of significant accounting policies (cont'd.)

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Operating lease commitments - the Group as lessor

It is in the ordinary course of business that the Group enters into lease arrangements with third parties on its vessels, where the Group has determined that it retains all the significant risks and rewards of ownership of these vessels, the lease arrangements are accounted for as operating leases.

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3. Significant accounting judgements and estimates (cont'd.)**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of vessels

The Group's costs of the vessels less their estimated residual values are depreciated on a straight-line basis over the estimated useful lives. The useful lives and residual values of the vessels are an estimation and these are common estimations applied in the shipping industry. Changes in market development and individual conditions of the vessel might impact the economic useful life and the residual values. Accordingly, future depreciation charges could be subject to revision.

During the year, the Group revised the estimated residual values of vessels and motor vehicles to RM49,558,590. The revision in estimate has been applied on a prospective basis from 1 January 2011 and this has resulted in the lower depreciation charges by RM2,204,698 in current year.

The carrying amount of the Group's vessels at the reporting date is disclosed in Note 12.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 16 and Note 18.

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3. Significant accounting judgements and estimates (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Construction contracts

The Group recognises contract revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from contract activities are disclosed in Note 17.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement and estimate is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These are dependant on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying amounts of the Group's recognised and unrecognised deferred tax assets are disclosed in Note 14.

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4. Revenue

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Rendering of services	530,410	553,841	-	-
Sale of goods	9,685	8,082	-	-
Contract revenue	110,308	72,012	-	-
Dividend income from subsidiaries	-	-	-	15,000
Management fees from subsidiaries	-	-	3,360	3,360
	<u>650,403</u>	<u>633,935</u>	<u>3,360</u>	<u>18,360</u>

5. Other income

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Interest income from:				
- Advances to subsidiaries	-	-	9,868	2,297
- Short term deposits	807	956	52	8
Gain on foreign exchange - realised	-	798	-	-
Gain on foreign exchange - unrealised	-	9,204	-	-
Net gain on disposal of property, plant and equipment	33	108	-	-
Rental income	1,789	629	-	-
Recovery of bad debt previously written off	517	-	-	-
Others	505	779	-	-
	<u>3,651</u>	<u>12,474</u>	<u>9,920</u>	<u>2,305</u>

6. Finance costs

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Interest expense on:				
- Bank loans and overdraft	6,592	9,110	-	-
- Loan from a corporate shareholder	-	2,297	-	2,297
Obligations under finance lease	6,229	6,361	-	-
Other finance charges	3,251	2,852	-	-
	<u>16,072</u>	<u>20,620</u>	<u>-</u>	<u>2,297</u>

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7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Auditors' remuneration:				
- statutory audits	358	277	50	35
- non audit fees	5	483	5	15
Employee benefits expense (Note 8)	158,495	128,476	4,140	3,575
Non-executive directors' remuneration (Note 9)	441	227	441	227
Depreciation of property, plant and equipment	25,627	28,488	596	336
Provision for foreseeable losses	-	13,685	-	-
Provision for liquidated ascertained damages	643	4,654	-	-
Impairment of goodwill	-	1,428	-	-
Impairment/(reversal of impairment) of investment in subsidiaries	-	-	49	(1,000)
Impairment on financial assets:				
- Trade receivables	263	2,231	-	-
- Sundry receivables	-	1,651	-	-
- Advances to a fellow subsidiary	-	-	-	284
Reversal of impairment of trade receivables	(465)	-	-	-
Inventories written down	-	568	-	-
Operating lease:				
- rental of equipments	27,100	25,136	-	-
- rental of land and buildings	2,621	2,067	658	180
Loss on disposal of property, plant and equipment	-	-	2	-
Loss on foreign exchange - realised	785	-	-	-
Loss on foreign exchange - unrealised	2,422	-	-	-

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8. Employee benefits expense

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	149,304	124,413	3,266	3,108
Social security contributions	252	202	12	10
Contributions to defined contribution plan	3,282	2,762	471	399
Other benefits	5,657	1,099	391	58
	<u>158,495</u>	<u>128,476</u>	<u>4,140</u>	<u>3,575</u>

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM1,649,000 (2010: RM2,168,000) and RM1,649,000 (2010: RM1,815,000) respectively.

9. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries, allowances and compensation	1,350	1,865	1,350	1,546
Fees	22	56	22	56
Defined contribution plan	208	247	208	213
Total executive directors' remuneration (excluding benefits-in-kind)	1,580	2,168	1,580	1,815
Estimated money value of benefits-in-kind	69	-	69	-
Total executive directors' remuneration (including benefits-in-kind)	<u>1,649</u>	<u>2,168</u>	<u>1,649</u>	<u>1,815</u>
Non-Executive:				
Fees and emoluments	441	227	441	227
Total directors' remuneration	<u>2,090</u>	<u>2,395</u>	<u>2,090</u>	<u>2,042</u>

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9. Directors' remuneration (cont'd.)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011	2010
Executive directors:		
RM250,001 - RM300,000	-	1
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	-	1
RM600,001 - RM650,000	1	1
RM850,001 - RM900,000	1	-
	<u>2</u>	<u>4</u>
Non executive directors:		
RM1 - RM50,000	-	4
RM50,001 - RM100,000	-	2
RM100,001 - RM200,000	3	-
	<u>3</u>	<u>6</u>
Total	<u>5</u>	<u>10</u>

10. Income tax expense

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Current tax				
- Malaysian income tax	2,266	6,167	1,095	-
- Under/(over) provision in prior years	2,217	(426)	84	101
	<u>4,483</u>	<u>5,741</u>	<u>1,179</u>	<u>101</u>
Deferred tax (Note 14)				
- Origination and reversal of temporary differences	2,697	514	40	65
- (Over)/under provision in prior years	(2,263)	81	159	(33)
	<u>434</u>	<u>595</u>	<u>199</u>	<u>32</u>
Income tax expense recognised in profit or loss	<u>4,917</u>	<u>6,336</u>	<u>1,378</u>	<u>133</u>

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10. Income tax expense (cont'd.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Profit before tax	8,225	23,426	3,819	12,227
Tax at statutory tax rate of 25% (2010: 25%)	2,056	5,857	955	3,057
Adjustments:				
Non-deductible expenses	2,190	2,151	680	200
Income not subject to taxation	(164)	(2,208)	(500)	(4,000)
Utilisation of previously unrecognised/unabsorbed capital allowances	-	(1,372)	-	-
Deferred tax assets not recognised	881	2,253	-	808
Under/(over) provision in prior years:				
- Current tax	2,217	(426)	84	101
- Deferred tax	(2,263)	81	159	(33)
Income tax expense recognised in profit or loss	4,917	6,336	1,378	133

Income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

11. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the parent of RM3,485,000 (2010: RM16,994,000) by the weighted average number of ordinary shares outstanding during the financial year of 198,472,603 (2010: 195,000,000).

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

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12. Property, plant and equipment

Group 31 December 2011	Cost					At 31 December 2011 RM'000
	At 1 January 2011 RM'000 (As previously stated)	Prior year adjustments RM'000 (Note 36)	At 1 January 2011 RM'000 (Restated)	Additions RM'000	Disposals RM'000	
Leasehold land	7,907	-	7,907	-	-	7,907
Leasehold buildings	7,810	-	7,810	-	-	7,810
Vessels	363,784	95,963	459,747	1,169	-	460,916
Dry docking	17,105	-	17,105	-	-	17,105
Plant and machinery	11,361	-	11,361	52	-	11,413
Cabin, field and workshop equipment	37,153	-	37,153	1,053	-	38,206
Motor vehicles	5,056	-	5,056	282	(110)	5,228
Furniture, fittings and office equipment	5,503	-	5,503	358	-	5,861
Air conditioner, computer, signboard, renovation and electrical installation	10,902	-	10,902	2,345	(12)	13,235
	<u>466,581</u>	<u>95,963</u>	<u>562,544</u>	<u>5,259</u>	<u>(122)</u>	<u>567,681</u>

APPENDIX IV

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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12. Property, plant and equipment (cont'd.)

Group	Accumulated depreciation					Net carrying amount RM'000
	At 1 January 2011 RM'000 (As previously Stated)	Prior year adjustments RM'000 (Note 36)	At 1 January 2011 RM'000 (Restated)	Depreciation charge for the year RM'000	Disposals RM'000	At 31 December 2011 RM'000
31 December 2011 (cont'd.)						
Leasehold land	890	-	890	129	-	1,019
Leasehold buildings	3,484	-	3,484	145	-	3,629
Vessels	47,610	3,199	50,809	17,024	-	67,833
Dry docking	4,490	-	4,490	3,498	-	7,988
Plant and machinery	9,281	-	9,281	501	-	9,782
Cabin, field and workshop equipment	31,442	-	31,442	2,017	-	33,459
Motor vehicles	3,849	-	3,849	145	(52)	3,942
Furniture, fittings and office equipment	4,210	-	4,210	503	-	4,713
Air conditioner, computer, signboard, renovation and electrical installation	8,184	-	8,184	1,665	(8)	9,841
	113,440	3,199	116,639	25,627	(60)	142,206
						3,394
						425,475

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12. Property, plant and equipment (cont'd.)

Group 31 December 2010	Cost					At 31 December 2010 RM'000 (Restated)
	At 1 January 2010 RM'000	Additions RM'000	Disposals RM'000	Prior year adjustments RM'000 (Note 36)		
Leasehold land	7,907	-	-	-	-	7,907
Leasehold buildings	7,812	-	(2)	-	-	7,810
Vessels	360,456	3,328	-	95,963	-	459,747
Dry docking	15,930	1,175	-	-	-	17,105
Plant and machinery	13,176	-	(1,815)	-	-	11,361
Cabin, field and workshop equipment	35,527	2,980	(1,354)	-	-	37,153
Motor vehicles	4,494	623	(61)	-	-	5,056
Furniture, fittings and office equipment	4,994	787	(278)	-	-	5,503
Air conditioner, computer, signboard, renovation and electrical installation	10,043	2,586	(1,727)	-	-	10,902
	460,339	11,479	(5,237)	95,963	-	562,544

APPENDIX IV

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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12. Property, plant and equipment (cont'd.)

Group	<----- Accumulated depreciation ----->					Net carrying amount RM'000
	At 1 January 2010 RM'000	Depreciation charge for the year RM'000	Disposals RM'000	Prior year adjustments RM'000 (Note 36)	At 31 December 2010 RM'000 (Restated)	
31 December 2010 (cont'd.)						
Leasehold land	761	129	-	-	890	7,017
Leasehold buildings	3,340	144	-	-	3,484	4,326
Vessels	32,402	15,208	-	3,199	50,809	408,938
Dry docking	1,000	3,490	-	-	4,490	12,615
Plant and machinery	10,418	653	(1,790)	-	9,281	2,080
Cabin, field and workshop equipment	29,257	3,453	(1,268)	-	31,442	5,711
Motor vehicles	3,346	541	(38)	-	3,849	1,207
Furniture, fittings and office equipment	4,029	456	(275)	-	4,210	1,293
Air conditioner, computer, signboard, renovation and electrical installation	8,587	1,215	(1,618)	-	8,184	2,718
	93,140	25,289	(4,989)	3,199	116,639	445,905

The Group's vessels with a carrying amount of RM249,709,000 (2010: RM255,745,000) are pledged to secure the Group's borrowings (Note 22).

During the year, the Group revised the estimated residual values of vessels and motor vehicles to RM49,558,590. The revision in estimate has been applied on a prospective basis from 1 January 2011 and this has resulted in the lower depreciation charges by RM2,204,698 in current year.

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12. Property, plant and equipment (cont'd.)

	<----- Cost ----->			
	At 1 January 2011 RM'000	Additions RM'000	Disposal RM'000	At 31 December 2011 RM'000
Company				
31 December 2011				
Furniture, fittings and office equipment	540	30	-	570
Air conditioner, computer, signboard, renovation and electrical installation	1,488	155	(6)	1,637
	<u>2,028</u>	<u>185</u>	<u>(6)</u>	<u>2,207</u>

	<-----Accumulated depreciation ----->				
	At 1 January 2011 RM'000	Depreciation charge for the year RM'000	Disposal RM'000	At 31 December 2011 RM'000	Net carrying amount RM'000
Furniture, fittings and office equipment	73	112	-	185	385
Air conditioner, computer, signboard, renovation and electrical installation	294	484	(4)	774	863
	367	596	(4)	959	1,248

	<----- Cost ----->		
	At 1 January 2010 RM'000	Additions RM'000	At 31 December 2010 RM'000
Company			
31 December 2010			
Furniture, fittings and office equipment	19	521	540
Air conditioner, computer, signboard, renovation and electrical installation	37	1,451	1,488
	<u>56</u>	<u>1,972</u>	<u>2,028</u>

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12. Property, plant and equipment (cont'd.)

	<----- Accumulated depreciation ----->			
	At 1	Depreciation	At 31	Net
	January	charge for the	December	carrying
	2010	year	2010	amount
	RM'000	RM'000	RM'000	RM'000
Company				
31/12/2010 (cont'd.)				
Furniture, fittings and office equipment	9	64	73	467
Air conditioner, computer, signboard, renovation and electrical installation	22	272	294	1,194
	31	336	367	1,661

13. Investments in subsidiaries

	Company	
	2011	2010
	RM'000	RM'000
Unquoted shares, at costs	47,845	47,796
Impairment losses	(100)	(51)
	47,745	47,745

On 21 October 2011, the Company acquired additional 49% equity interest in Petra AWT Sdn. Bhd. from its non-controlling interest for a cash consideration of RM49,000. As a result of this acquisition, Petra AWT Sdn. Bhd. is now a wholly owned subsidiary of the Company.

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13. Investment in subsidiaries (cont'd.)

Name	Effective interest (%)		Principal activities
	2011	2010	
Incorporated in Malaysia			
Petra Resources Sdn. Bhd.	100	100	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 Sdn. Bhd.	100	100	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 Services Sdn. Bhd.	100	100	Equipment rental and related services in the oil and gas industry.
Petra Marine Sdn. Bhd.	100	100	Ownership and supply of vessels.
Petra AWT Sdn. Bhd.	100	51	Provision of complete field development and refurbishment solutions by integrating all necessary project management, engineering and equipment services to deliver such solutions to oil and gas operators.
Jurutera Perunding Akal Sdn. Bhd.	70	70	Engaged in engineering design and consultancy services.
Held through Petra Fabricators Sdn. Bhd.:			
Petra Boilers Sdn. Bhd.	100	100	Design, fabrication, supply and installation of industrial boilers and ancillary equipment.

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14. Deferred tax

Group - 31 December 2011

	At 1 January 2011 RM'000 (As previously stated)	Prior year adjustments RM'000 (Note 36)	At 1 January 2011 RM'000 (Restated)	Recognised in profit or loss RM'000	At 31 December 2011 RM'000
Deferred tax liabilities:					
Property, plant and equipment	(56,707)	(911)	(57,618)	(8,428)	(66,046)
Others	(468)	-	(468)	537	69
	<u>(57,175)</u>	<u>(911)</u>	<u>(58,086)</u>	<u>(7,891)</u>	<u>(65,977)</u>
Deferred tax assets:					
Unabsorbed capital allowances	24,775	-	24,775	9,040	33,815
Unutilised business losses	-	-	-	494	494
Provision for foreseeable losses	3,327	-	3,327	(3,187)	140
Allowances for impairment	1,250	-	1,250	(398)	852
Others	162	-	162	1,508	1,670
	<u>29,514</u>	<u>-</u>	<u>29,514</u>	<u>7,457</u>	<u>36,971</u>
	<u>(27,661)</u>	<u>(911)</u>	<u>(28,572)</u>	<u>(434)</u>	<u>(29,006)</u>

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14. Deferred tax (Cont'd.)

Group - 31 December 2010

	At 1 January 2010 RM'000	Recognised in profit or loss RM'000	Prior year adjustments RM'000 (Note 36)	At 31 December 2010 RM'000 (Restated)
Deferred tax liabilities:				
Property, plant and equipment	(49,867)	(6,840)	(911)	(57,618)
Others	(794)	326	-	(468)
	<u>(50,661)</u>	<u>(6,514)</u>	<u>(911)</u>	<u>(58,086)</u>

Deferred tax assets:

Unabsorbed capital allowances	21,852	2,923	-	24,775
Unutilised business losses	-	-	-	-
Provision for foreseeable losses	-	3,327	-	3,327
Allowances for impairment	724	526	-	1,250
Others	108	54	-	162
	<u>22,684</u>	<u>6,830</u>	<u>-</u>	<u>29,514</u>
	<u>(27,977)</u>	<u>316</u>	<u>(911)</u>	<u>(28,572)</u>

Company

	At 1 January 2010 RM'000	Recognised in profit or loss RM'000	At 31 December 2010 RM'000	Recognised in profit or loss RM'000	At 31 December 2011 RM'000
Deferred tax asset/ (liabilities):					
Property, plant and equipment	(1)	1	-	(199)	(199)
Unabsorbed capital allowances	24	(24)	-	-	-
Allowances for impairment	9	(9)	-	-	-
	<u>32</u>	<u>(32)</u>	<u>-</u>	<u>(199)</u>	<u>(199)</u>

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14. Deferred tax (cont'd.)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	1,031	1,084	-	-
Deferred tax liabilities	(30,037)	(29,656)	(199)	-
	<u>(29,006)</u>	<u>(28,572)</u>	<u>(199)</u>	<u>-</u>

At the reporting date, deferred tax assets have not been recognised for the following items due to uncertainties of their recoverabilities:

	Group	
	2011	2010
	RM'000	RM'000
Unabsorbed business losses	8,617	4,969
Unutilised capital allowances	29	1
Others	2,232	2,383
	<u>10,878</u>	<u>7,353</u>

The availability of these deferred tax assets for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

15. Inventories

	Group	
	2011	2010
	RM'000	RM'000
Cost		
Bunker fuel	2,078	1,055
Consumables	7,174	5,445
Finished goods	2,104	3,568
Raw materials	405	532
	<u>11,761</u>	<u>10,600</u>

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM24,196,000 (2010: RM18,260,000).

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16. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	181,981	196,070	-	-
Less: Allowance for impairment	(12,540)	(12,863)	-	-
Trade receivables, net	<u>169,441</u>	<u>183,207</u>	<u>-</u>	<u>-</u>
Other receivables				
Amounts due from subsidiaries	-	-	195,784	193,189
Refundable deposits	1,369	941	822	190
Prepayments	1,064	830	-	30
Sundry receivables	<u>7,672</u>	<u>8,440</u>	<u>-</u>	<u>-</u>
	10,105	10,211	196,606	193,409
Less: Allowance for impairment				
- Amounts due from subsidiaries	-	-	(284)	(284)
- Sundry receivables	<u>(1,876)</u>	<u>(1,876)</u>	<u>-</u>	<u>-</u>
Other receivables, net	<u>8,229</u>	<u>8,335</u>	<u>196,322</u>	<u>193,125</u>
	<u>177,670</u>	<u>191,542</u>	<u>196,322</u>	<u>193,125</u>
Total trade and other receivables	177,670	191,542	196,322	193,125
Add: Cash and bank balances (Note 18)	108,834	63,706	17,817	561
Less: Refundable deposits and prepayments	<u>(2,433)</u>	<u>(1,771)</u>	<u>(822)</u>	<u>(220)</u>
Total loans and receivables	<u>284,071</u>	<u>253,477</u>	<u>213,317</u>	<u>193,466</u>

(a) Trade receivables

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days (2010: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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16. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011	2010
	RM'000	RM'000
Neither past due nor impaired	122,469	130,165
1 to 30 days past due not impaired	27,863	29,225
31 to 60 days past due not impaired	806	3,913
61 to 90 days past due not impaired	2,402	1,763
More than 91 days past due not impaired	7,483	11,504
Total - Past due not impaired	38,554	46,405
Impaired	20,958	19,500
	<u>181,981</u>	<u>196,070</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM38,554,000 (2010: RM46,405,000) that are past due at the reporting date but not impaired. These balances are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Trade receivables		
- nominal amounts	20,958	19,500
Less: Allowance for impairment	(12,540)	(12,863)
	<u>8,418</u>	<u>6,637</u>

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16. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Movement in allowance accounts:

	Group	
	2011	2010
	RM'000	RM'000
At 1 January	12,863	11,758
Charge for the year (Note 7)	263	2,231
Written back (Note 7)	(465)	-
Written off	(121)	(1,126)
At 31 December	<u>12,540</u>	<u>12,863</u>

Trade receivables that are individually impaired at the reporting dates relate to certain balances that are unlikely to be collected.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, bear interest at 5.25% (2010: Nil) per annum and are repayable on demand.

(c) Other receivables that are impaired

Other receivables are unsecured. At the reporting date, the Group provided allowances of RM1,876,000 (2010: RM1,876,000) for impairment of sundry receivables with nominal amount of RM1,876,000 (2010: RM1,876,000).

(d) Amount due from subsidiaries that are impaired

At the reporting date, the Company provided an allowance of RM284,000 (2010: RM284,000) for impairment of an amount due from a subsidiary, Petra AWT Sdn. Bhd. with a nominal amount of RM284,000 (2010: RM284,000).

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17. Amount due from/(to) customers

	Group	
	2011	2010
	RM'000	RM'000
Construction contract costs incurred to date	115,087	206,740
Attributable profits less accumulated losses	23,493	25,533
Less: Provision for foreseeable losses	-	(13,685)
	<u>138,580</u>	<u>218,588</u>
Less: Progress billings	(71,971)	(139,622)
	<u>66,609</u>	<u>78,966</u>
<i>Presented as:</i>		
Gross amount due from customers for contract work	68,917	82,119
Gross amount due to customers for contract work	(2,308)	(3,153)
	<u>66,609</u>	<u>78,966</u>

18. Cash and bank balances

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Short term deposits with licensed banks	51,170	44,047	317	340
Cash at banks and on hand	57,664	19,659	17,500	221
	<u>108,834</u>	<u>63,706</u>	<u>17,817</u>	<u>561</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The weighted average effective interest rates as at 31 December 2011 for the Group and the Company were 2.52% (2010: 2.45%) per annum and 2.08% (2010: 1.95%) per annum respectively.

Short term deposits with licensed banks of the Group amounting to RM323,000 (2010: RM278,000) are pledged as securities for borrowings.

Included in short term deposit is an amount held in a Debts Service Reserve Account ("DSRA") of RM19,165,000 (2010: RM10,497,000). This deposit will be utilised for the quarterly repayment of term loan.

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

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18. Cash and bank balances (cont'd.)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Cash and bank balances	108,834	63,706	17,817	561
Less: Bank overdrafts (Note 22)	(697)	(2,896)	-	-
Cash and cash equivalents	108,137	60,810	17,817	561
Less: Cash restricted in use				
- DSRA	(19,165)	(10,497)	-	-
- Fixed deposits pledged for borrowing	(323)	(278)	-	-
Net cash and cash equivalents	88,649	50,035	17,817	561

19. Share capital and share premium

Share capital:

	Number of shares of		Amount	
	RM0.50 each			
	2011	2010	2011	2010
	'000	'000	RM'000	RM'000
Group and Company				
Authorised:				
At 1 January/31 December	1,000,000	1,000,000	500,000	500,000
Issued and fully paid:				
At 1 January	195,000	195,000	97,500	97,500
Issued during the year	19,500	-	9,750	-
At 31 December	214,500	195,000	107,250	97,500

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19. Share capital and share premium (cont'd.)

Share premium:

	Group and Company	
	2011	2010
	RM'000	RM'000
At 1 January	62,062	62,062
Issued during the year, net of transaction costs	7,818	-
At 31 December	<u>69,880</u>	<u>62,062</u>

During the financial year, the Company issued 19,500,000 ordinary shares of RM0.50 each through a private placement at an issue price of RM0.91 per ordinary shares for cash to finance capital expenditure. The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

The Company incurred transaction costs of RM177,000 which was subtracted from the share premium of RM7,995,000.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and ranked equally with regard to the Company's residual assets.

20. Merger reserve

Merger reserve arose from the acquisition of Petra Resources Sdn. Bhd. and Petra Fabricators Sdn. Bhd. which were previously under common control of Perdana Petroleum Berhad.

21. Retained earnings

As at 31 December 2011 and 2010, the Company does not have any Section 108 balances. The Company may distribute dividends out of its entire retained earnings as at 31 December 2011 and 2010 under the single tier system.

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22. Loans and borrowings

	Group	
	2011	2010
	RM'000	RM'000
	(Restated)	
Current		
Secured:		
Revolving credits	44,000	39,000
Term loan 1	39,639	39,639
Term loan 2	14,000	14,000
	<u>97,639</u>	<u>92,639</u>
Unsecured:		
Bankers' acceptances	2,113	-
Bank overdrafts (Note 18)	697	2,896
Obligations under finance lease (Note 27(c))	15,768	13,966
	<u>18,578</u>	<u>16,862</u>
	<u>116,217</u>	<u>109,501</u>
Non-current		
Secured:		
Term loan 1	48,798	87,449
Term loan 2	7,000	21,000
	<u>55,798</u>	<u>108,449</u>
Unsecured:		
Obligations under finance lease (Note 27(c))	47,311	61,417
	<u>103,109</u>	<u>169,866</u>
Total loans and borrowings	<u>219,326</u>	<u>279,367</u>

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group	
	2011	2010
	RM'000	RM'000
	(Restated)	
Not later than 1 year	116,217	109,501
More than 1 year and less than 2 years	103,109	67,202
More than 2 years and less than 5 years	-	102,664
	<u>219,326</u>	<u>279,367</u>

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22. Loans and borrowings (cont'd.)

Term loan 1

The term loan is secured by the following:

- First fixed and floating charge upon all the assets of the Group;
- First ranking assignment executed by subsidiary, Petra Resources Sdn. Bhd. ("PRSB"), to assign all of PRSB's rights, title, interest and benefits in and to all proceeds arising from a Contract to a Designated Collection Account and an Operation Account;
- First ranking statutory mortgage over the 3 vessels of the Group, which are Petra Galaxy, Petra Endeavour and Petra Orbit;
- First ranking Charge and Assignment of DSRA of RM19,165,000 (2010: RM10,497,000);
- An irrevocable and unconditional undertaking from PRSB to cover any shortfall in the DSRA; and
- Short term deposits of RM323,000 (2010: RM278,000) are pledged as securities for borrowings.

Term loan 2

The term loan is secured by the following:

- Assignment of all risk insurance in respect of the vessel "Petra Discovery" with the Bank named as the mortgagee and loss payee; and
- First ranking statutory mortgage over Petra Discovery.

23. Hire purchase liabilities

	Group	
	2011	2010
	RM'000	RM'000
Future minimum lease payments	82	173
Less: Interest in suspense	(10)	(31)
Present value of finance lease liabilities	<u>72</u>	<u>142</u>
Analysed as:		
Not later than 1 year	45	73
More than 1 year and less than 5 years	<u>27</u>	<u>69</u>
	<u>72</u>	<u>142</u>

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24. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	168,000	126,121	-	-
Other payables				
Accrued operating expenses	11,456	12,770	897	1,074
Other payables	22,980	11,954	-	111
Amount due to a corporate shareholder	526	526	-	-
	<u>34,962</u>	<u>25,250</u>	<u>897</u>	<u>1,185</u>
Total trade and other payables	202,962	151,371	897	1,185

(a) Trade payables

These amounts are non-interest bearing. Trade payables are settled within the normal credit terms ranging from 30 days to 60 days (2010: 30 days to 60 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are settled within the normal credit terms ranging from 30 days to 60 days (2010: 30 days to 60 days).

(c) Amount due to a corporate shareholder

This amount is unsecured, non-interest bearing and repayable on demand.

25. Provisions

Group - 31 December 2011

	Provision for foreseeable losses RM'000	Provision for liquidated ascertained damages RM'000	Total RM'000
At 1 January 2011	13,685	861	14,546
Arose during the year (Note 7)	-	643	643
Utilised/paid	(13,685)	(861)	(14,546)
At 31 December 2011	<u>-</u>	<u>643</u>	<u>643</u>

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25. Provisions (cont'd.)

Group - 31 December 2010

	Provision for foreseeable losses RM'000	Provision for liquidated ascertained damages RM'000	Total RM'000
At 1 January 2010	-	1,316	1,316
Arose during the year (Note 7)	13,685	4,654	18,339
Utilised/paid	-	(5,109)	(5,109)
At 31 December 2010	13,685	861	14,546

26. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Rental of vessels and rendering of services from related companies of a corporate shareholder	104,208	87,613	-	-
Rental paid to a party related to a corporate shareholder	310	310	-	-

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27. Commitments

(a) Operating lease commitments – as lessee

The Group has entered into commercial leases on certain vessels, motor vehicles, buildings and office equipment. These leases have an average tenure of between three and six years with no renewal option or contingent rent provision included in the contracts.

Future minimum rentals payable under non-cancellable operating leases at the reporting dates are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Not later than 1 year	128,684	129,209	658	658
More than 1 year and less than 5 years	22,505	104,861	165	823
	<u>151,189</u>	<u>234,070</u>	<u>823</u>	<u>1,481</u>

(b) Operating lease commitments – as lessor

The Group has entered into commercial vessel leases on certain vessels. These non-cancellable leases have remaining lease terms of between two and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting dates are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Not later than 1 year	144,156	168,874
More than 1 year and less than 5 years	16,720	140,428
	<u>160,876</u>	<u>309,302</u>

(c) Finance lease commitment

The Group has entered into a finance lease for a vessel (Note 12). The lease does not have terms of renewal, but grants the Group an option to purchase at different exercise prices during the lease term. The lease also grants the lessor the option to sell the vessel to the Group at the end of the lease term at a pre-agreed price.

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27. Commitments (cont'd.)

(c) Finance lease commitment (cont'd.)

The future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	20,864	20,258
More than 1 year and less than 2 years	48,018	20,314
More than 2 years and less than 5 years	-	46,752
Total minimum lease payments	68,882	87,324
Less: Amounts representing finance charges	(5,803)	(11,941)
Present value of minimum lease payments	63,079	75,383
Present value of payments:		
Not later than 1 year	15,768	13,966
More than 1 year and less than 2 years	47,311	15,353
More than 2 years and less than 5 years	-	46,064
Present value of minimum lease payments	63,079	75,383
Less: Amount due within 12 months (Note 22)	(15,768)	(13,966)
Amount due after 12 months (Note 22)	47,311	61,417

28. Contingent liabilities

Legal claim

- (a) Petra Boilers Sdn. Bhd. ("PBSB"), a wholly-owned subsidiary of Petra Fabricators Sdn. Bhd. ("PFSB"), which in turn is a wholly-owned subsidiary of the Company has received a Request of Arbitration made on 1 December 2009 by United Palm Oil Industry Public Co. Ltd ("UPOIPC"), a company incorporated under the laws of Thailand. UPOIPC claimed that PBSB supplied a boiler which failed and was of out-of-service, and that PBSB failed to perform contractually obliged works pertaining to the boiler causing significant loss to UPOIPC. UPOIPC is claiming damages and penalty totalling USD 11,258,335 together with interest, costs and such further or other relief as may be amended or added.

On 1 February 2010, PBSB filed its response denying UPOIPC's claim and counterclaimed that UPOIPC failed to honour its obligations to pay the balance of the contract sum for the supply of the boiler and penalty on the contract sum totalling USD 628,191 together with interests, costs and such further or other relief as may be deemed fit to be awarded.

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28. Contingent liabilities (cont'd.)

Legal claim (cont'd.)

(a) cont'd.

On 5 March, the International Chamber of Commerce ("ICC") International Court of Arbitration at its session on 4 May 2010, fixed the advance to cover the costs of arbitration at USD 400,000, subject to later readjustments. PBSB has been invited to pay USD 200,000 whilst UPOIPC has been invited to bear the balance USD 200,000 of the said USD 400,000 costs advancement to ICC.

On 25 August 2010, UPOIPC has sought to amend their Points of Claim and to increase their claim for damages and penalty from the total amount approximating USD 11,258,335 to an amount totalling approximately USD 21,582,481 (converted from Thai Baht 712,780,664) together with additional continuing loss of profits, interest, costs and such further or other relief as may be amended or added. PBSB had registered its objection to UPOIPC's application to the Tribunal. On 3 September 2010, the arbitration tribunal informed that it is allowing UPOIPC's application to amend their Request for Arbitration subject to the following terms:

- (i) UPOIPC to give discovery, by 10 September 2010, of the categories on certain documents.
- (ii) PBSB be at liberty to serve further witness statements in chief by 8 October 2010.
- (iii) UPOIPC bears all PBSB's costs arising from the amendment (including costs thrown away) such costs to be agreed or, failing which, to be fixed by the Tribunal.
- (iv) The date of service of the parties' reply witness statements will now be 5 November 2010.

The date for the arbitration hearing was fixed from 6 December to 9 December 2010.

On 26 October 2010, the Tribunal vacated the hearing dates in December 2010 and set fresh hearing dates in two tranches:

- (i) 1st tranche - 21 May 2011 to 28 May 2011; and
- (ii) 2nd tranche - 2 July 2011 to 8 July 2011

The above fresh hearing dates are consequent to the Tribunal allowing PBSB's applications for UPOIPC to produce documents, for PBSB to file further documents, for PBSB to call additional rebuttal witnesses and for the timeline to exchange rebuttal witness statements be extended.

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28. Contingent liabilities (cont'd.)**Legal claim (cont'd.)**

(a) cont'd.

The Tribunal has yet to award any judgement as of to-date. The Board of Directors has been advised by the advocate and solicitor that the UPOIPC's claim is grossly inflated, and outside the scope of the contract, which itself specifies compensation for any breach of contract.

(b) The Company received a Writ of Summons and a Statement of Claims dated 3 January 2012 for gratuity payment and other compensation-in-kind from Yang Mulia Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra ("Tengku") in respect of his past service to the Group.

Based on legal advice, the Board of Directors is of the opinion that the Group has a reasonably good prospect to avail in the proceedings.

29. Subsequent event

On 13 February 2012, Petra Resources Sdn. Bhd. entered into a Sale and Purchase Agreement with Jong Nyat Lian and Lee Wing Yim to acquire two parcels of leasehold land, measuring approximately 2.2946 hectares and described as Lot 205312634 and Lot 205312590 at Kampung Sungai Keling, Wilayah Persekutuan Labuan, together with all the buildings and fixtures erected on the land for a cash consideration of RM16,000,000.

30. Fair value of financial instruments

The carrying amount of current financial assets, current financial liabilities and non-current liabilities at a are reasonable approximation of their fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

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31. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risk, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk arising in the normal course of the Group's businesses. The directors monitor the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group.

The directors review and agree on policies for managing each of these risks and they are summarised below:

(a) Foreign currency exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily US Dollars ("USD").

With all other variables held constant, the following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD exchange rates against the functional currency of the Group.

		Group	
		Profit before tax	
		2011	2010
		RM'000	RM'000
USD/RM	- strengthen 3%	(116)	(53)
	- weaken 3%	116	53

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Group's bank borrowings and deposits placed with licensed banks and financial institutions.

As at reporting date, 71% (2010: 72%) of the Group's loans carry floating interest rates. As such, the Group's profit and loss and operating cash flows are therefore influenced by changes in market interest rate.

At the reporting date, if interest rates had been 10 basis points lower/higher, with all variables held constant, the Group's profit before tax would have been RM243,230 (2010: RM286,622) higher/lower, arising mainly as a result of lower/higher interest expense from floating rate loans.

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31. Financial risk management objectives and policies (cont'd.)

(b) Interest rate risk (cont'd.)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following table sets out the carrying amounts, the weighted average effective interest rate ("WAEIR") as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risks:

	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Group				
At 31 December 2011				
Financial assets				
Deposits	2.52%	51,170	-	51,170
Financial liabilities				
Term loans	5.71%	53,639	55,798	109,437
Bank overdrafts	5.16%	697	-	697
Revolving credits	5.16%	44,000	-	44,000
Bankers' acceptances	4.65%	2,113	-	2,113
Hire purchase liabilities	3.64%	45	27	72
Obligations under finance lease	9.10%	15,768	47,311	63,079
At 31 December 2010				
Financial assets				
Deposits	2.45%	19,659	-	19,659
Financial liabilities				
Term loans	6.30%	53,639	108,449	162,088
Bank overdrafts	7.55%	2,896	-	2,896
Revolving credits	7.55%	39,000	-	39,000
Hire purchase liabilities	3.64%	73	69	142
Obligations under finance lease	9.10%	13,966	61,417	75,383

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31. Financial risk management objectives and policies (cont'd.)

(b) Interest rate risk (cont'd.)

	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Company				
At 31 December 2011				
Financial assets				
Deposits	2.08%	317	-	317
Amounts due from subsidiaries	5.25%	195,784	-	195,784
At 31 December 2010				
Financial assets				
Deposits	1.95%	340	-	340

(c) Credit risk

The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risks by setting appropriate credit terms and limits for customers and ensuring that sales are made to customers with good credit assessment.

The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration

As at 31 December 2011, the Group has significant concentration of credit risk in the form of outstanding balance due from 2 customers which are major players in the oil and gas industry, representing approximately 77% (2010: 78%) of the Group's total net trade receivables.

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31. Financial risk management objectives and policies (cont'd.)

(d) Liquidity and cash flow risk

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating and investing activities.

Therefore the policy seeks to ensure that each business unit, through efficient working capital management, must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The Group also seeks to maintain sufficient credit lines available to meet its liquidity requirements while ensuring an effective working capital management within the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
At 31 December 2011			
Group			
Financial liabilities:			
Trade and other payables	202,962	-	202,962
Loans and borrowings	124,290	106,977	231,267
Hire purchase liabilities	47	28	75
	<u>327,299</u>	<u>107,005</u>	<u>434,304</u>
Company			
Financial liabilities:			
Trade and other payables	<u>897</u>	<u>-</u>	<u>897</u>

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31. Financial risk management objectives and policies (cont'd.)

(d) Liquidity and cash flow risk (cont'd.)

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2010				
Group				
Financial liabilities:				
Trade and other payables	151,370	-	-	151,370
Loans and borrowings	122,496	122,326	60,166	304,988
Hire purchase liabilities	76	72	-	148
	<u>273,942</u>	<u>122,398</u>	<u>60,166</u>	<u>456,506</u>
Company				
Financial liabilities:				
Trade and other payables	<u>1,185</u>	<u>-</u>	<u>-</u>	<u>1,185</u>

32. Capital management

The Group's primary objective in managing its capital is to maximise the Group's value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity.

As required by the terms of the borrowing by a subsidiary, the Group needs to cap its leverage ratio at or below 1.25 times. Leverage ratio is derived by dividing total debts by total shareholders' fund. Total debts are the sum of all loans and borrowings and hire purchase. Shareholders' fund includes share capital, share premium, and equity attributable to owners of the parent less merger reserve.

The leverage ratio as at 31 December 2011 and 31 December 2010 were as follows:

	Group	
	2011	2010
	RM'000	RM'000
	(Restated)	
Total debt	219,398	279,509
Total equity	340,769	320,642
Leverage ratio (times)	<u>0.64</u>	<u>0.87</u>

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32. Capital management (cont'd.)

The Group did not breach the leverage ratio requirements during the financial years ended 31 December 2011 and 31 December 2010.

No changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the years ended 31 December 2011 and 31 December 2010.

33. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

- I. Integrated Brown Field Maintenance and Engineering Services - provision for services in operations and maintenance, oil field optimisation, retrofits, domestic vessel recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry.
- II. Onshore Civil Engineering Services - provision for procurement, construction and commissioning of Kumang Cluster Onshore Tie-In at MLNG-2 and Bintulu Integrated Facilities ("BIF") onshore upgrading and modifications.
- III. Marine Offshore Support Services - provision for charter hire of vessel.
- IV. Design, Fabrication, Supply and Installation Services - design, fabricate, supply and install pressure vessels, heat exchanger, skid packages and other process equipment primarily for the oil and gas, and petrochemical industries.
- V. Investment Holding - investment holding and provision for Group-level corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are based on negotiated terms.

APPENDIX IV

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33. Segment information (cont'd.)

	Integrated Brownfield, Maintenance And Engineering Services				Onshore Civil Engineering Services				Marine Offshore Support Services				Design, Fabrication, Supply And Installation Services				Investment Holding				Adjustments and eliminations				Per consolidated financial statements			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	(Restated)				(Restated)				(Restated)				(Restated)				(Restated)				(Restated)				(Restated)			
Revenue:																												
External customers	495,114	454,473	20,432	20,432	34,314	34,314	99,107	107,450	35,750	37,698	-	-	-	-	-	-	-	-	-	-	-	-	-	650,403	633,935	-	-	-
Inter-segment	86,536	94,737	-	-	-	-	-	-	9,157	10,559	3,360	18,360	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)
Total revenue	581,650	549,210	20,432	20,432	34,314	34,314	99,107	107,450	44,907	48,257	3,360	18,360	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)	(99,053)	(123,656)
Results:																												
Segment results	65,437	72,838	(27,303)	(26,107)	2,177	7,253	7,253	(9,123)	(5,428)	(700)	3,819	14,524	(10,710)	(19,034)	(10,710)	(19,034)	(10,710)	(19,034)	(10,710)	(19,034)	(10,710)	(19,034)	(10,710)	(19,034)	(10,710)	(19,034)	(10,710)	(19,034)
Finance costs	(25,640)	(19,728)	(385)	(192)	(3)	(3)	(3)	-	(576)	(700)	-	(2,297)	10,532	2,297	10,532	2,297	10,532	2,297	10,532	2,297	10,532	2,297	10,532	2,297	10,532	2,297	10,532	2,297
Segment profit/(loss) before tax	39,797	53,110	(27,688)	(26,299)	2,174	7,253	7,253	(9,699)	(6,128)	(6,128)	3,819	12,227	(178)	(16,737)	(178)	(16,737)	(178)	(16,737)	(178)	(16,737)	(178)	(16,737)	(178)	(16,737)	(178)	(16,737)	(178)	(16,737)
Assets and liabilities:																												
Segment assets	737,874	730,566	4,027	23,096	60,696	72,216	87,287	58,212	263,132	243,348	(352,756)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)	(326,928)
Segment liabilities	493,612	511,612	58,014	49,395	131,465	145,158	87,111	50,226	1,935	1,185	(313,200)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)	(278,488)

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
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33. Segment information (cont'd.)

- A Inter-segment revenues are eliminated on consolidation.
- B Inter-segment interest expenses are eliminated on consolidation.
- C The following items are added to/(deducted from) segment profit to arrive at "profit before tax" presented in the consolidated statements of comprehensive income:

	2011 RM'000	2010 RM'000
Inter-segment dividends	-	15,000
Impairment of goodwill	-	1,428
Reversal of impairment of investment in subsidiary	49	1,000
Unrealised profit on closing stocks	78	(407)
Allowance for impairment on amount due from a subsidiary	-	(284)
Others	51	-
	<u>178</u>	<u>16,737</u>

- D The following items are deducted from segment assets to arrive at total assets reported in the consolidated statements of financial position:

	2011 RM'000	2010 RM'000
Inter-segment assets	<u>(352,756)</u>	<u>(326,928)</u>

- E The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	2011 RM'000	2010 RM'000
Inter-segment liabilities	<u>(313,200)</u>	<u>(278,488)</u>

Geographical information

No geographical segmental reporting has been prepared as the Group's activities involve only one geographical segment, i.e. Malaysia.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Petra Energy Berhad
(Incorporated in Malaysia)

34. Dividends

Group and Company	
2011	2010
RM'000	RM'000

Recognised during the financial year:

Dividends on ordinary shares:

- Final tax exempt (single-tier) dividend for 2010: 0.5 sen
(2010: Nil) per share

975	-
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- Interim tax exempt (single-tier) dividend for 2011: Nil
(2010: 1 sen) per share

-	1,950
975	1,950

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval
at the AGM:

- Final tax exempt (single-tier) dividend for 2011: 0.5 sen
(2010: 0.5 sen) per share

1,073	975
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At the forthcoming Annual General Meeting ("AGM"), a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2011 of 0.5 sen per ordinary share of 50 sen each, on 214,500,000 ordinary shares, amounting to a dividend payable of RM1,072,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 12 April 2012.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
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36. Prior year adjustments

In 2010, the Group entered into a charter hire agreement for a vessel. Pursuant to FRS 117 - Leases and the terms of the charter hire agreement, the charter hire arrangement of the vessel should be accounted for under a finance lease arrangement instead of an operating lease. As a result, in the prior year, the lease payments were charged to the profit or loss as and when they are incurred.

The Group has accounted for the charter hire of the vessel as a finance lease during the financial year. Accordingly, the comparative figures have been restated as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statements of Comprehensive Income			
For the year ended 31 December 2010			
Cost of sales	(562,158)	15,383	(546,775)
Other income - unrealised foreign exchange gain	4,115	8,359	12,474
Finance costs	(14,259)	(6,361)	(20,620)
Income tax expense	(3,364)	(2,972)	(6,336)
Profit for the year	2,681	14,409	17,090
Earnings per share for profit attributable to the owners of the parent	2,585	14,409	16,994
- Basic (sen per share)	1.33	7.39	8.71

**Statements of Financial Position
As at 31 December 2010**

Property, plant and equipment	353,141	92,764	445,905
Tax recoverable	7,614	(2,060)	5,554
Retained earnings	177,671	14,409	192,080
Loans and borrowings	203,984	75,383	279,367
Deferred tax liabilities	28,745	911	29,656

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2011
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Petra Energy Berhad
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37. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 and 31 December 2010 into realised and unrealised earnings is presented as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Total retained earnings of the Company and its subsidiaries				
- Realised	227,183	214,687	84,266	82,601
- Unrealised	(31,514)	(19,369)	(199)	-
	<u>195,669</u>	<u>195,318</u>	<u>84,067</u>	<u>82,601</u>
Less: Consolidation adjustments	(1,030)	(3,238)	-	-
Retained earnings as per financial statements	<u>194,639</u>	<u>192,080</u>	<u>84,067</u>	<u>82,601</u>

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012**



PETRA ENERGY

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND
FINANCIAL YEAR ENDED 31 DECEMBER 2012**

25 FEBRUARY 2013

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 12 months ended</i>	
		31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
		Unaudited RM'000	Audited RM'000	Unaudited RM'000	Audited RM'000
Revenue		191,232	217,708	654,891	650,403
Cost of sales		(178,959)	(195,683)	(556,524)	(564,062)
Gross profit		12,273	22,025	98,367	86,341
Other income		1,212	110	4,270	3,651
Administrative expenses		(20,185)	(11,273)	(72,880)	(65,695)
Finance costs		(3,890)	(4,037)	(13,940)	(16,072)
Profit/(loss) before taxation	13	(10,590)	6,825	15,817	8,225
Income tax expense	14	(3,271)	(2,481)	(8,413)	(4,917)
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the period		(13,861)	4,344	7,404	3,308
Total comprehensive income/(loss) attributable to:					
Owners of the parent		(13,914)	4,338	7,440	3,485
Non-controlling interests		53	6	(36)	(177)
		(13,861)	4,344	7,404	3,308
Earnings per share attributable to owners of the parent (sen per share)					
Basic	15	(6.49)	2.19	3.47	1.76

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

Condensed Consolidated Statements of Financial Position

		31 December 2012 Unaudited RM'000	31 December 2011 Audited RM'000
ASSETS	Note		
Non-current assets			
Property, plant and equipment	16	424,634	425,475
Deferred tax assets		-	1,031
		<u>424,634</u>	<u>426,506</u>
Current assets			
Inventories		9,287	11,761
Trade and other receivables		178,133	177,670
Amount due from customers		93,581	68,917
Tax recoverable		10,272	6,572
Cash and bank balances	17	100,702	108,834
		<u>391,975</u>	<u>373,754</u>
Total Assets		<u>816,609</u>	<u>800,260</u>
EQUITY AND LIABILITIES			
Share capital		107,250	107,250
Share premium		69,880	69,880
Merger Reserve		(31,000)	(31,000)
Retained earnings		201,006	194,639
		<u>347,136</u>	<u>340,769</u>
Non-controlling interests		518	554
Total equity		<u>347,654</u>	<u>341,323</u>
Non-current liabilities			
Loans and borrowings	18	9,792	103,109
Hire purchase liabilities		11	27
Deferred taxation		38,650	30,037
		<u>48,453</u>	<u>133,173</u>
Current liabilities			
Loans and borrowings	18	181,993	116,217
Hire purchase liabilities		15	45
Trade and other payables		229,358	202,962
Provisions		223	643
Amount due to customers		5,128	2,308
Income tax payable		3,785	3,589
		<u>420,502</u>	<u>325,764</u>
Total liabilities		<u>468,955</u>	<u>458,937</u>
Total equity and liabilities		<u>816,609</u>	<u>800,260</u>
Net assets per share of RM0.50 each		<u>1.62</u>	<u>1.59</u>

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

As at 1 January 2011	97,500	62,062	(31,000)	192,080	320,642	780	321,422
Total comprehensive income							
As previously stated	-	-	-	3,485	3,485	3,485	6,970
Final dividend for the year ended 31 December 2010	-	-	-	(975)	(975)	-	(975)
Issuance of shares during the year	9,750	7,818	-	-	17,568	-	17,568
Acquisition of non-controlling interest	-	-	-	49	49	(49)	-
As restated	9,750	7,818	-	2,559	20,127	3,436	23,563
Balance as at 31 December 2011	107,250	69,880	(31,000)	194,639	340,769	4,216	344,985

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**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

Condensed Consolidated Statements of Cash Flows

	<i>12 months ended</i>	
	31 Dec 2012	31 Dec 2011
	Unaudited RM'000	Audited RM'000
Operating Activities		
Profit before tax	15,817	8,225
Adjustments for:		
Interest income	(894)	(807)
Finance costs	13,940	16,072
Unrealised foreign exchange (gain)/loss	(1,403)	2,422
Depreciation of property, plant and equipment	27,478	25,627
Gain on disposal of property, plant and equipment	(33)	(33)
Recovery of bad debts previously written off	-	(517)
Reversal of impairment on trade receivables	-	(465)
Impairment on trade receivables	-	263
(Reversal)/provision for liquidated ascertained damages	(420)	643
Total adjustments	38,668	43,205
Operating cash flows before changes in working capital	54,485	51,430
Changes in working capital		
Inventories	2,474	(1,161)
Trade and other receivables	(22,694)	26,948
Trade and other payables	29,165	36,196
Total changes in working capital	8,945	61,983
Cash flows generated from operations	63,430	113,413
Income taxes paid	(3,141)	(2,765)
Net cash flows generated from operating activities	60,289	110,648
Investing activities		
Purchase of property, plant and equipment	(26,804)	(5,259)
Proceeds from disposal of property, plant and equipment	87	95
Acquisition of non-controlling interest	-	(49)
Interest received	894	807
Net cash flows used in investing activities	(25,823)	(4,406)
Financing activities		
Dividends paid on ordinary shares	(1,073)	(975)
Repayment of bank borrowings, net	(12,277)	(45,538)
Proceeds from issuance of shares	-	17,568
Repayment of obligations under finance lease	(14,566)	(13,828)
Repayment of obligations under hire purchase	(46)	(70)
Interest paid	(13,940)	(16,072)
Net cash flows used in financing activities	(41,902)	(58,915)
Net changes in cash and cash equivalents	(7,436)	47,327
Net changes in cash restricted in use	(11,436)	(8,713)
Cash and cash equivalents at 1 January	88,649	50,035
Cash and cash equivalents at 31 December (Note 17)	69,777	88,649

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements and hence MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has reviewed its accounting policies and concluded that the transition from FRS to MFRS did not give rise to any significant effects on the financial statements of the Group in the period of initial application.

2. Significant accounting policies

2.1 Application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. As such, the significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011.

2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

**PETRA ENERGY BERHAD (718388-H)
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Significant Accounting Policies (cont'd)

2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective (cont'd)

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

3. Seasonal or Cyclical Factors

Seasonal and cyclical factors do not have any material impact on the Group's business operations except for severe weather conditions.

4. Unusual and Extraordinary Items

There were no unusual and extraordinary items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 December 2012.

5. Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current interim results.

6. Issuance and Repayment of Debts and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities during the quarter ended 31 December 2012.

7. Dividends

A final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2011, of 0.5 sen per ordinary share of RM0.50 each on 214,500,000 ordinary shares amounting to RM1,072,500 was paid on 13 July 2012.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
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PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

8. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 December 2012 including business combination, acquisition or disposal of subsidiary and long-term investment, restructuring and discontinuing operation.

On 22 January 2013 and 29 January 2013, the Company had announced among others, that Petra Energy Development Sdn Bhd, a wholly-owned subsidiary of the Company has subscribed 6,000,000 ordinary share of RM1.00 each in Coastal Energy KBM Sdn Bhd ("CEKSB") which is equivalent to 30% of the enlarged equity interest in CEKSB. With the completion of the share subscription, CEKSB has become an associate company of the Group. The status of the corporate proposal is further disclosed in Note 25(a).

9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the current quarter ended 31 December 2012.

10. Contingencies

As at 31 December 2012, the Company has given corporate guarantees amounting to approximately RM384.3 million to licensed financial institutions for facilities granted to subsidiary companies. Arising from this, the Company is contingently liable for the amount utilised by its subsidiary companies of approximately RM167.2 million.

Save as disclosed above, there were no other contingencies during the quarter ended 31 December 2012.

11. Commitments

	31 December 2012 RM'000
Capital expenditure	
Approved and contracted for:	
- Property, plant and equipment	1,459
Approved but not contracted for:	
- Property, plant and equipment	8,464
	<u>9,923</u>

OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE 31 DECEMBER 2012 (Cont'd)

PETRA ENERGY BERHAD (718388-H)
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information

(i) Current Quarter Ended 31 December 2012 (3 months)

	Integrated Brownfield, Maintenance and Engineering Services		Onshore Civil Engineering Services		Marine Offshore Support Services		Design, Fabrication, Supply and Installation Services		Investment Holding		Adjustments and eliminations		Group	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Revenue (RM'000)														
External customers	172,475	184,591	-	(40)	11,682	23,395	7,075	9,762	-	-	-	-	191,232	217,708
Inter-segment	23,977	23,854	-	-	-	-	3,678	902	840	840	(28,495)	(25,596)	-	-
Total revenue	196,452	208,445	-	(40)	11,682	23,395	10,753	10,664	840	840	(28,495)	(25,596)	191,232	217,708
Results (RM'000)														
Segment results	1,697	17,988	(580)	108	1,180	(2,019)	(3,999)	(2,642)	(2,077)	8,390	(2,921)	(10,963)	(6,700)	10,862
Finance costs	(6,836)	(13,953)	-	(107)	(168)	37	(193)	(490)	-	-	3,307	10,476	(3,890)	(4,037)
Segment profit/(loss) before tax	(5,139)	4,035	(580)	1	1,012	(1,982)	(4,192)	(3,132)	(2,077)	8,390	386	(487)	(10,590)	6,825

OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE 31 DECEMBER 2012 (Cont'd)

PETRA ENERGY BERHAD (718388-H)
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

(ii) Current Year-to-date Ended 31 December 2012 (12 months)

	Integrated Brownfield, Maintenance and Engineering Services		Onshore Civil Engineering Services		Marine Offshore Support Services		Design, Fabrication, Supply and Installation Services		Investment Holding		Adjustments and eliminations		Group	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Revenue (RM'000)														
External customers	551,172	495,114	-	20,432	66,734	99,107	36,985	35,750	-	-	-	-	654,891	650,403
Inter-segment	90,520	86,536	-	-	-	-	8,749	9,157	13,360	3,360	(112,629)	(99,053)	-	-
Total revenue	641,692	581,650	-	20,432	66,734	99,107	45,734	44,907	13,360	3,360	(112,629)	(99,053)	654,891	650,403
Results (RM'000)														
Segment results	41,687	65,437	7,939	(27,303)	1,252	2,177	(6,832)	(9,123)	6,683	3,819	(20,972)	(10,710)	29,757	24,297
Finance costs	(23,848)	(25,640)	(33)	(385)	(1,015)	(3)	(807)	(576)	-	-	11,763	10,532	(13,940)	(16,072)
Segment profit/(loss) before tax	17,839	39,797	7,906	(27,688)	237	2,174	(7,639)	(9,699)	6,683	3,819	(9,209)	(178)	15,817	8,225

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

Current quarter compared to the corresponding quarter of the preceding year (three-months)

For the current quarter under review, the Group recorded revenue of RM191.2 million, a decrease of 12.2% compared to RM217.7 million reported in the corresponding quarter of the preceding year. Correspondingly, the Group recorded loss before taxation of RM10.6 million as compared to profit before taxation of RM6.8 million in the preceding year's corresponding quarter, mainly due to lower contribution from Integrated Brown Field Maintenance and Engineering Services Segment.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current quarter decreased by RM12.1 million or 6.6% following the completion of contracts for ERB West Development and SKO rejuvenation projects with PETRONAS Carigali Sdn Bhd.

The segment recorded loss before taxation of RM5.1 million as compared to profit before taxation of RM4.0 million in the preceding year's corresponding quarter mainly due to lower contribution from Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract with Sarawak Shell Berhad & Sabah Shell Petroleum Co. Ltd and higher repair and maintenance cost incurred for marine vessels assets as well as offshore equipment tools primarily in line with the high utilization of vessels in 2011 and 2012.

- Onshore Civil Engineering Services Segment

There was no revenue contribution from Onshore Civil Engineering Services segment following completion of Kumang Project in the preceding year's third quarter. The loss before taxation of RM0.6 million was mainly due to additional costs incurred upon settlement of contracts.

- Marine Offshore Support Services Segment

The segment revenue for the current quarter decreased by RM11.7 million or 50.1% following the expiry of charter contracts for two vessels.

Notwithstanding the lower revenue, the segment profit before taxation improved by 151% from loss of RM2.0 million in the preceding year's corresponding quarter compared to profit of RM1.0 million primarily attributed to lower overhead cost incurred during the current quarter.

- Design, Fabrication, Supply and Installation Services Segment

The segment revenue for the current quarter decreased by RM2.7 million or 27.5% mainly due to lower orders secured and activities performed for Fabrication division during the current quarter.

The segment recorded higher loss before taxation for the current quarter primarily due to the back charge cost of RM2.9 million arising from the settlement of final claims from FELDA project.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Segment Information (cont'd)

Current financial year compared to last financial year (twelve-months)

For the current financial year under review, the Group recorded a turnover of RM654.9 million, an increase of 0.7% as compared with RM650.4 million reported in the preceding financial year. Despite of lower contribution from Integrated Brown Field Maintenance and Engineering Services Segment, the Group recorded higher profit before taxation of RM15.8 million as compared to RM8.2 million in the preceding financial year, mainly due to reversal of prior year provision for liability no longer required due to amicable resolutions attained with suppliers from Onshore Civil Engineering.

- Integrated Brown Field Maintenance and Engineering Services Segment

The segment revenue for the current financial year increased by RM56.1 million or 11.3% mainly due to higher activities from the Hook-up, Construction and Commissioning (HuCC) contract with PETRONAS Carigali Sdn Bhd as well as timely completion of certain work orders.

Nevertheless, the segment recorded lower profit before taxation from RM39.8 million to RM17.8 million, down by 55.2% mainly due to lower contribution from Top-side Major Maintenance/Hook-up, Construction and Commissioning (TMM/HuCC) contract with Sarawak Shell Berhad & Sabah Shell Petroleum Co. Ltd resulting from higher wage costs as well as higher repair and maintenance cost incurred for marine vessels assets and offshore equipment tools primarily in line with the high utilization of vessels in 2011 and 2012.

- Onshore Civil Engineering Services Segment

There was no revenue contribution from Onshore Civil Engineering Services segment due to completion of Kumang Project in the preceding year's third quarter.

Nevertheless, the segment recorded profit before taxation of RM7.9 million arising from amicable resolutions of certain claims with suppliers which had been provided for in the preceding year's financial statements.

- Marine Offshore Support Services Segment

The segment revenue for the current financial year decreased by RM32.4 million or 32.7% mainly due to lower utilization of vessels during the first quarter of the current financial year, reduction in daily charter hire rate and expiry of charter contracts for 2 vessels. As a result, profit before taxation also reduced accordingly.

- Design, Fabrication, Supply and Installation Services Segment

The revenue segment for the current financial year increased by RM1.2 million or 3.5% as compared to the preceding financial year mainly due to higher orders secured and performed under Fabrication services.

Despite the increase in revenue, the segment continued to record loss before taxation of RM7.6 million for the current financial year mainly due to higher legal and arbitration fees incurred of RM2.8 million and settlement of final claims of RM1.1 million with respect to the legal case with United Palm Oil Industry Public Co. Ltd (UPOIPC) as well as back charge cost of RM2.9 million arising from the settlement of final claims from FELDA project.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Profit/(loss) before tax

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

	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 12 months ended</i>	
	31 Dec 2012	31 Dec 2011 (restated)	31 Dec 2012	31 Dec 2011 (restated)
	RM'000	RM'000	M'000	RM'000
Interest income	(303)	(220)	(894)	(807)
Interest expense	3,890	4,037	13,940	16,072
Rental income	-	-	-	1,789
(Gain)/loss on foreign exchange – unrealised	(143)	112	(1,403)	2,422
Gain on disposal of property, plant and equipment	(101)	-	(33)	(33)
Depreciation of property, plant and Equipment	7,667	5,184	27,478	25,627

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

14. Income tax expense

	<i>Current quarter 3 months ended</i>		<i>Cumulative quarter 12 months ended</i>	
	31 Dec 2012	31 Dec 2011 (restated)	31 Dec 2012	31 Dec 2011 (restated)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(2,234)	3,617	(978)	4,483
Deferred tax	5,505	(1,136)	9,391	434
	3,271	2,481	8,413	4,917

The income tax rate for the current quarter and financial year was lower than the statutory tax rate mainly due to the utilization of unabsorbed capital allowance and group relief incentive on losses incurred by a subsidiary as well as overprovision of tax in prior year. Whilst, the effective tax rate was higher than the statutory tax rate mainly due to the deferred tax effect arising from the temporary differences between the carrying amounts of certain marine assets against the corresponding tax bases.

15. Earnings per share

Basic earnings per share are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent of RM7,440,000 (2011: loss of RM3,485,000) by the weighted average number of ordinary shares outstanding during the financial year of 214,500,000 (2011: 198,472,603). The Group has no potential ordinary shares in issue as at reporting date and therefore diluted earnings per share has not been presented.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Property, plant and equipment

Acquisitions and disposals

During the twelve months ended 31 December 2012, the Group acquired assets at a cost of RM26,804,000 (31 December 2011: RM5,259,000).

Assets with a carrying amount of RM54,000 were disposed by the Group during the twelve months ended 31 December 2012 (31 December 2011: RM62,000), resulting in a gain on disposal of RM33,000 (31 December 2011: Gain of RM33,000), recognised and included in administrative expenses/other income in the statements of comprehensive income.

17. Cash and bank balances

	31 December 2012 RM'000	31 December 2011 RM'000
Short term deposits with licensed banks	51,949	51,170
Cash at banks and on hand	48,753	57,664
	100,702	108,834

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

	31 December 2012 RM'000	31 December 2011 RM'000
Cash and bank balances	100,702	108,834
Less: Bank overdrafts	-	(697)
Cash and cash equivalents	100,702	108,137
Less: Cash restricted in use		
- Debt Service Reserve Account	(30,602)	(19,165)
- Fixed deposits pledged for borrowing	(323)	(323)
Net cash and cash equivalents	69,777	88,649

18. Loans and borrowings

	31 December 2012 RM'000	31 December 2011 RM'000
All borrowings are denominated in Ringgit Malaysia except for obligations under finance lease, which is denominated in US Dollar ("USD")		
Short term borrowings		
Secured	123,772	97,639
Unsecured	9,708	2,810
Finance lease commitment – unsecured	48,513	15,768
	181,993	116,217
Long term borrowings		
Secured	9,792	55,798
Unsecured	-	-
Finance lease commitment – unsecured	-	47,311
	9,792	103,109

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

**PETRA ENERGY BERHAD (718388-H)
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

19. Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 December 2012 and 31 December 2011:

	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Rental of vessels and rendering of services from a related company of a Corporate Shareholder	9,307	23,740
Rental of buildings paid to parties related to Corporate Shareholders	92	77

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

On 3 September 2012, the Corporate Shareholder of a related company has ceased to be substantial shareholder of the Company and subsequently all transactions relating thereto are no longer deemed as Related Party Transactions.

20. Material Events After the Reporting Period

There was no material events subsequent to 31 December 2012 which has not been reflected in the financial statements.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

**PETRA ENERGY BERHAD (718388-H)
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**PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

21. Performance review

Explanatory comment on the performance of each of the Group's business segments is provided in Note 12.

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

The Group recorded loss before taxation of RM10.6 million in the fourth quarter, 2012 as compared to profit before taxation of RM3.7 million in the third quarter, 2012. The loss before taxation recorded in the current quarter was mainly due to lower margin contribution from the Integrated Brownfield Maintenance and Engineering Services segment by RM9.2 million primarily as a result of Hook-Up and Commissioning activities at Kanowit oil field and additional marine vessel charter hire cost upon final resolution of claims with vessel owner. For the Onshore Civil Engineering Services segment, the on-going cost recovery exercise for the Kumang cluster project has resulted in a write back of RM2.0 million in the immediate preceding quarter whilst no recovery was attained in the current quarter. Additionally, there was also a back charge cost of RM2.9 million incurred following the final settlement of claims with FELDA from Design, Fabrication, Supply and Installation Services segment.

(a) Prior period adjustments

As disclosed in the prior year's financial statements ended 31 December 2011 (Note 36 to the Financial Statements), the Group has accounted for the charter hire arrangement for a vessel under an operating lease arrangement instead of finance lease. The effect of the adjustments, had they been put through in the respective announced profit before taxation and profit after taxation in the individual quarters are as follows:

	Quarter 1 2011 RM'000	Quarter 2 2011 RM'000	Quarter 3 2011 RM'000	Quarter 4 2011 RM'000
Profit before taxation:				
As previously stated	6,502	6,365	(16,975)	12,181
Adjustments	2,975	3,480	(947)	(5,356)
As restated	9,477	9,845	(17,922)	6,825

	Quarter 1 2011 RM'000	Quarter 2 2011 RM'000	Quarter 3 2011 RM'000	Quarter 4 2011 RM'000
Profit after taxation:				
As previously stated	4,690	4,248	(13,680)	8,038
Adjustments	2,146	2,322	(761)	(3,695)
As restated	6,836	6,570	(14,441)	4,343

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

**PETRA ENERGY BERHAD (718388-H)
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**PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

23. Commentary on prospects

The oil and gas industry is slated for sustained growth over the next 10 years in both the offshore and onshore sectors. The Government's focus on the domestic oil and gas production by enhancing oil recovery, developing small fields and increasing exploration activities to locate new fields are one of the key growth areas that would positively impact Petra Energy Group, moving forward.

Whilst maintaining its focus on integrated brown field services activities, the Group continuously enhances its capabilities to expand into relevant market sectors.

24. Profit Forecast

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

25. Corporate Proposals

a) Status of corporate proposals announced but not completed

Save as disclosed below, there are no corporate proposals that were announced but not completed within 7 days from the date of issue of this quarterly report.

On 13 December 2012, Maybank Investment Bank Berhad ("Maybank IB") on behalf of the Board of Director of Petra Energy Berhad ("PEB" or "Company") announced that the Company proposes to undertake the Proposed Rights Issue.

On 29 June 2012, Petroliaam Nasional Berhad ("PETRONAS") and CEC International Ltd ("CECI") entered into the small field risk service contract ("SFRSC") for the development and production of petroleum from the Kapal, Banang and Meranti cluster of small fields in offshore Terengganu, Malaysia ("Project"). Pursuant to the terms of the novation agreement dated 10 September 2012 and in accordance with the requirements of the SFRSC, CECI has novated all of its individual rights, interests, benefits and obligations under the SFRSC to Coastal Energy KBM Sdn Bhd ("CEKSB").

On 20 September 2012, PEB had announced, among others, that Petra Energy Development Sdn Bhd, a wholly-owned subsidiary of PEB, has proposed to subscribe 30% of the enlarged equity interest in CEKSB ("Proposed Subscription"). Approval from the shareholders of PEB for the Proposed Subscription has been obtained on 12 December 2012.

Proceeds raised from the Proposed Rights Issue will be mainly used for PEB and its subsidiaries ("PEB Group") funding requirements for participation in the Project vide CEKSB and for PEB Group's further expansion plans into the upstream oil and gas value chain. In addition, the Proposed Rights Issue is expected to increase shareholders' equity and further strengthen the balance sheet of PEB Group.

The Proposed Rights Issue also reflects confidence of the Board in the business prospects of PEB. Moving forward, as PEB moves up the oil and gas value chain, its earnings are expected to grow in line with its business growth. Such growth is coherent with the strength of PEB in undertaking upstream oil and gas projects. This is in line with the long-term growth strategy of PEB to expand its core businesses to create sustainable recurring income.

The Proposed Rights Issue is conditional upon approvals being obtained from the following:

- (i) Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities;
- (ii) shareholders of PEB at an extraordinary general meeting to be convened; and
- (iii) any other authorities, if required.

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

25. Corporate Proposals (cont'd)

a) Status of corporate proposals announced but not completed (cont'd)

Maybank IB is the Principal Adviser for the Proposed Right Issue.

Bursa Malaysia Securities Berhad has vide its letter dated 6 February 2013 approved the listing of and quotation for up to 107,250,000 Rights Shares to be issued pursuant to the Proposed Rights Issue.

On 17 January 2013, AmlInvestment Bank Berhad ("AmlInvestment Bank") announced, on behalf of the Board of Directors of PEB, that PEB had on 17 January 2013 entered into a conditional Sale of Shares Agreement ("SSA") with Shorefield Offshore Services Sdn Bhd ("SOSSB"), Ahmadi bin Yusoff, Hafitz bin Khalid and Kamarul Baharin bin Albakri (collectively referred to as the "Vendors") to acquire 200,000 ordinary shares of RM1.00 each in Kas Ship Management Sdn Bhd ("KAS") ("Sale Shares"), representing 100% equity interest in KAS for a total purchase consideration of RM3.0 million ("Proposed Acquisition").

The Proposed Acquisition is subject to the approvals being obtained from the following:-

- (a) The shareholders of the Company at an Extraordinary General Meeting ("EGM") to be convened; and
- (b) Any other relevant authorities and/or parties, if required.

The circular to the shareholders in relation to the Proposed Right Issue and Proposed Acquisition duly approved by the Bursa Malaysia Securities Berhad and the same was circulated to the shareholders on 8 February 2013.

On 13 February 2013, Petra Resources Sdn Bhd ("PRSB"), a wholly-owned subsidiary of the Company had entered into a Memorandum of Agreement with Koi Marine Ltd, a company incorporated in Marshall Islands, to acquire Otto 3, an accommodation work barge vessel, at a purchase consideration of USD14.1 million (equivalent to approximately RM42.3 million). The transaction is expected to be completed in second quarter of 2013.

b) Status of utilisation of proceeds from Private Placement

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation
Part finance a proposed acquisition of an accommodation work barge	17,405	17,405	By February 2013
Expenses related to the Private Placement	340	340	N/A
Total	17,745	17,745	

26. Derivative Financial Instruments

There were no derivative financial instruments for the current financial year ended 31 December 2012.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE (12)-MONTH FPE
31 DECEMBER 2012 (Cont'd)**

**PETRA ENERGY BERHAD (718388-H)
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**PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING
REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

27. Gains and Losses Arising from Fair Value Changes of Financial Liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2012.

28. Changes in Material Litigations

As at 31 December 2012, there was no material litigation against the Group.

29. Dividend payable

The Board has declared a single tier interim dividend of 1.0 sen per ordinary share of 50 sen each on 214,500,000 ordinary shares for the year ended 31 December 2012, amounting to a dividend payable of RM2,145,000. The dividend will be paid on 30 April 2013 to shareholders whose name appear in the Record of Depositors at the close of business on 1 April 2013.

30. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group, into realised and unrealised earnings, is as follows:

	Current Period Ended RM'000	Previous financial year ended RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	238,583	227,183
- Unrealised	(33,521)	(31,514)
	205,062	195,669
Less: Consolidated adjustments	(533)	(1,030)
Retained earnings as per financial statements	204,529	194,639

31. Qualification of Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

32. Authorisation For Issue

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2013.

DIRECTORS' REPORT



PETRA ENERGY

06 MAR 2013

The Shareholders of

PETRA ENERGY BERHAD ("PEB")

Dear Sir/Madam,

Registered office:

9th Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiar Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

On behalf of the Board of Directors of PEB ("Board"), I wish to report, after making due enquiries in relation to the interval between the period from 31 December 2011 (being the date to which the last audited consolidated financial statements of PEB and its subsidiaries ("**PEB Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus) that:

- (i) the business of the PEB Group has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the PEB Group which have adversely affected the trading or the value of the assets of the PEB Group;
- (iii) the current assets of the PEB Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the PEB Group;
- (v) since the last audited consolidated financial statements of the PEB Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in the PEB Group in which the Board is aware of;
- (vi) save as disclosed in this Abridged Prospectus, there have not been any material change in the published reserves or unusual factor affecting the profits of the PEB Group since the last audited consolidated financial statements of the PEB Group; and
- (vii) save as disclosed above and up to the date of this letter, no other reports are required in relation to items (i) to (vi) above.

Yours faithfully,

For and on behalf of the Board of
PETRA ENERGY BERHAD

Dato' Anthony @ Firdaus bin Bujang
Executive Director/Group Chief Executive Officer

PETRA ENERGY BERHAD (718388-H)

9th Floor, Surian Tower, No.1, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
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ADDITIONAL INFORMATION**1. SHARE CAPITAL**

No securities of our Company will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

- (i) As at LPD, there is only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each in our Company, all of which rank pari passu with one another.
- (ii) Save as disclosed in Section 3 of **Appendix II** of this Abridged Prospectus, no securities of our Company have been issued or are proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Abridged Prospectus.
- (iii) Save for the Rights Shares to be provisionally allotted to the Entitled Shareholders, no person has been or is entitled to be granted an option to subscribe for any Shares and no capital of our Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Abridged Prospectus.

2. ARTICLES OF ASSOCIATION

An extract of the provisions of our Articles of Association ("**Articles**") relating to the remuneration of our Directors are as follows:

Directors' remuneration**Article 111**

The fees of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled to rank in such division for a proportion of the fees related to the period during which the Director has held office provided always that:

- (a) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover;
- (b) Fees payable to Directors shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (c) Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 112

Notwithstanding any provisions of these Articles, salaries payable to Directors who hold executive office in the Company may not include a commission on or percentage of turnover.

Article 113

The Directors may also be paid and/or reimbursed all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

ADDITIONAL INFORMATION (Cont'd)**Article 114**

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in general meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Extra remuneration payable to non-executive Director(s) shall not include a commission or percentage of turnover or profits.

Article 131

The remuneration of Executive Director and Managing Director shall (subject to the provisions of any contract between him or them and the Company) from time to time be fixed by the Directors, and may be by way of fixed salary, or commission or participation in profits of the Company or by any or all of these mode or otherwise as may be expedient, but shall not include a commission on or percentage of turnover.

Article 137

An alternate Director may be repaid by the Company such expenses as might properly be repaid to him if he were a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.

3. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Abridged Prospectus:

- (i) the memorandum of agreement dated 13 February 2013 entered into between Petra Resources Sdn Bhd, our wholly-owned subsidiary and Koi Marine Limited to acquire Otto 3, an accommodation work barge vessel for a purchase consideration of USD14.1 million (equivalent to approximately RM42.3 million);
- (ii) the conditional sale of shares agreement dated 17 January 2013 entered into between PEB, Shorefield Offshore Services Sdn Bhd, Ahmadi bin Yusoff, Hafitz bin Khalid and Kamarul Baharin bin Albakri in relation to the proposed acquisition by PEB of 100% equity interest in KAS for a total purchase consideration of RM3,000,000. This conditional sale of shares agreement is pending completion in accordance with its terms;
- (iii) the share subscription agreement dated 19 September 2012 entered into between PED and CEKSB, in relation to the Share Subscription for a cash consideration of RM6.0 million. The said agreement was completed in accordance with its terms and conditions on 17 January 2013;
- (iv) the composite shareholders and contractors operating agreement dated 19 September 2012 to regulate the affairs of CEKSB as the Contractor, entered into between CEKSB, our Company, PED and CECI. All the conditions precedent have been fulfilled on 25 January 2013 with PED becoming the registered shareholder of the 6,000,000 CEKSB Shares;

ADDITIONAL INFORMATION (Cont'd)

- (v) the novation agreement dated 10 September 2012 entered into between CECI and CEKSB for the novation of all of CECI's individual rights, interests, benefits and obligations under the SFRSC to CEKSB; and
- (vi) the sale and purchase agreement dated 13 February 2012 made between Jong Nyat Lian, Lee Wing Yim and Petra Resources Sdn Bhd where Petra Resources Sdn Bhd agreed to purchase two (2) parcels of land held under PN28, Lot 205312634, Kg Sungai Keling, Daerah Wilayah Persekutuan Labuan and PN5449, Lot 205312590, Kg Sungai Keling, Daerah Wilayah Persekutuan Labuan respectively for a sum of RM16,000,000. This sale and purchase agreement was completed in accordance with its terms on 8 June 2012.

4. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of our Group, and to the best of the knowledge and belief of our Board, our Board is not aware of any proceedings, pending or threatened, against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

5. GENERAL

- (i) There are no existing or proposed service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;
- (ii) Save as disclosed in this Abridged Prospectus, our Board is not aware of any material information, including any special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits; and
- (iii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
 - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
 - (b) any material commitment for capital expenditure of our Group;
 - (c) unusual, infrequent events or transactions or any significant economic changes which materially affected the amount of reported income from our operations; and
 - (d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenues or operating income.

ADDITIONAL INFORMATION (Cont'd)**6. CONFLICT OF INTEREST SITUATIONS AND APPROPRIATE MITIGATING MEASURES****6.1 Maybank IB**

Malayan Banking Berhad, its subsidiaries and associated companies ("**Maybank Group**") form a diversified financial group which offers an extensive range of financial products and services which includes commercial banking, investment banking, Islamic banking, offshore banking, insurance and takaful, factoring, trustee services, asset management, stock broking, nominee services, venture capital and internet banking. Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or its respective affiliates, in addition to the role involved in the Rights Issue. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or its respective affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or its affiliates. This is a result of the businesses of Maybank Group generally acting independently of each other and accordingly there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Company.

As at the LPD, our Group has several banking facilities with the Maybank Group. As set out in Section 4 of this Abridged Prospectus, our Group may procure credit facilities to fund the Project and/or the upstream oil and gas projects. In the event such credit facilities are obtained from the Maybank Group, part of the proceeds from the Rights Issue shall be applied towards repayment of the said facilities. Notwithstanding this, Maybank IB is of the opinion that the aforesaid lending relationship is not significant as the quantum of such credit facilities is not material when compared to the audited total assets of Maybank Group for the FYE 31 December 2011 amounting to about RM451.29 billion and would not give rise to a conflict of interest situation in its capacity as the Principal Adviser for the Rights Issue.

Save as disclosed above, Maybank IB confirms that as at the LPD, it is not aware of any circumstance that exists or is likely to give rise to a possible conflict of interest situation in its capacity as the Principal Adviser for the Rights Issue.

6.2 Messrs. Ernst & Young

Messrs. Ernst & Young is not aware of any circumstances that exist or are likely to give rise to a possible conflict of interest situation in relation to its capacity as the Reporting Accountants for the Rights Issue.

7. CONSENTS

- (i) The written consents of the Principal Adviser, Company Secretaries, Share Registrar, Solicitors and Principal Bankers for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of the Reporting Accountants for the inclusion in this Abridged Prospectus of their name and letter relating to our proforma consolidated statements of financial position as at 31 December 2011, and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

ADDITIONAL INFORMATION (Cont'd)

- (iii) The written consent of Bloomberg (Malaysia) Sdn Bhd to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at our registered office at *9th Floor, Surian Tower, No. 1, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours (from 8.30 a.m. to 5.30 p.m.) from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) our Memorandum of Association and Articles;
- (ii) our audited consolidated financial statements for the past two (2) FYEs 31 December 2010 and 2011;
- (iii) our latest unaudited quarterly financial statements for the twelve (12)-month FPE 31 December 2012;
- (iv) our proforma consolidated statements of financial position as at 31 December 2011 and the Reporting Accountants' letter thereon in relation to the Rights Issue;
- (v) irrevocable undertaking letters by the Undertaking Shareholders in respect of the Undertakings referred to in Section 5 of this Abridged Prospectus;
- (vi) the Directors' Report as set out in **Appendix VI** of this Abridged Prospectus;
- (vii) the material contracts referred to in Section 3 of this Appendix; and
- (viii) the consent letters referred to in Section 7 of this Appendix.

* *With effect from 1 April 2013, the registered address of our Company will be changed to Level 13, Menara OBYU, Jalan PJU 8/8A, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*

9. RESPONSIBILITY STATEMENTS

- (i) Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and they, collectively and individually, accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement herein false or misleading.

Where any information in this Abridged Prospectus has been extracted from published reports or other publicly available sources, it is the responsibility of our Board solely to ensure that such information has been accurately and correctly extracted and reproduced from these sources.

- (ii) Maybank IB, being our Principal Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.