

**PETRA ENERGY BERHAD (Company No. 718388-H)
(Incorporated in Malaysia)**

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 31-Mar-07 RM'000	Corresponding Quarter Ended 31-Mar-06 RM'000 *	Current Year-to-date Ended 31-Mar-07 RM'000	Corresponding Year-to-date Ended 31-Mar-06 RM'000 *
Continuing Operations				
Revenue	103,591	-	103,591	-
Cost of Sales	(74,250)	-	(74,250)	-
Gross Profit	29,341	-	29,341	-
Other income	391	-	391	-
Operating expenses	(7,339)	-	(7,339)	-
Finance costs	(2,653)	-	(2,653)	-
Profit before taxation	19,740	-	19,740	-
Income tax expense	(5,763)	-	(5,763)	-
Profit for the period	13,977	-	13,977	-
Attributable to:				
Equity holders of the parent	13,977	-	13,977	-
Minority interest	-	-	-	-
	13,977	-	13,977	-
Earnings per share of RM0.50 each (sen)				
a) Basic	16.64	N/A	16.64	N/A
b) Fully diluted	N/A	N/A	N/A	N/A

* No comparative figures are presented in the preceding year corresponding quarter and year-to-date as this is the Group's first quarterly report on consolidated results in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad.

(The condensed Consolidated Income Statements should be read in conjunction with the proforma consolidated financial report and the accountants' report for the financial year ended 31 December 2006 as disclosed in the Prospectus dated 26 June 2007 and the accompanying explanatory notes attached to the interim financial statements)

**PETRA ENERGY BERHAD (Company No. 718388-H)
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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED BALANCE SHEET

	31-Mar-07 RM'000
Non-current assets	
Property, plant and equipment	150,973
Prepaid lease payments	7,500
Deferred tax assets	6
	158,479
Current assets	
Inventories	45,562
Trade and other receivables	198,052
Tax refundable	2,726
Fixed deposits with licensed bank	23,212
Cash and bank balances	8,037
	277,589
Total Assets	436,068
EQUITY AND LIABILITIES	
Equity attributable to equity holders	
Share capital	42,000
Reserves	60,069
Total equity	102,069
Non-current liabilities	
Long term borrowings	646
Deferred taxation	24,624
	25,270
Current liabilities	
Trade and other payables	48,199
Amount owing to holding company	187,736
Amount owing to related companies	58,099
Borrowings	14,495
Provision for taxation	200
	308,729
Total liabilities	333,999
TOTAL EQUITY AND LIABILITIES	436,068
Net assets per share of RM0.50 each (RM)	1.22

No comparative figures are presented in the preceding year as this is the Group's first quarterly report on consolidated results in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad.

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PETRA ENERGY BERHAD (Company No. 718388-H)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	31-Mar-07 RM'000
Cash flow from operating activities	
Profit before taxation	19,740
Adjustments for:	
Depreciation	3,631
Interest expense	2,653
Interest income	(252)
Operating profit before working capital changes	25,772
Increase in inventories	(13,163)
Increase in trade and other receivables	(607)
Decrease in trade and other payables	(6,445)
Net cash generated from operation	5,557
Tax paid	(924)
Net cash used in operating activities	4,633
Cash flow from investing activities	
Addition of prepaid lease payments	(186)
Purchase of property, plant and equipment	(2,217)
Interest income received	252
Net cash used in investing activities	(2,151)
Cash flow from financing activities	
Proceeds from borrowings	3,190
Repayment of borrowings	(250)
Repayment of hire purchase loan	(64)
Interest paid	(2,653)
Net cash generated from financing activities	223
Net change in cash and cash equivalents	2,705
Cash & cash equivalents at beginning of period	28,223
Cash & cash equivalents at end of period	30,928
Cash and cash equivalents	
Cash in hand and at bank	8,037
Fixed deposits with licensed bank	23,212
	31,249
Less: Fixed deposits pledged as security	(321)
	30,928

No comparative figures are presented in the preceding year corresponding quarter as this is the Group's first quarterly report on consolidated results in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad.

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PETRA ENERGY BERHAD (Company No. 7138388-H)
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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Financial year ending 31 December 2007							
As at 31 December 2006	42,000	-	(31,000)	77,092	88,092	-	88,092
Add / (Less): Net profit for the period	-	-	-	13,977	13,977	-	13,977
Balance as at 31 March 2007	42,000	-	(31,000)	91,069	102,069	-	102,069

No comparative figures are presented in the preceding year corresponding quarter and year-to-date as this is the Group's first quarterly report on consolidated results in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad.

(The condensed Consolidated Income Statements should be read in conjunction with the proforma consolidated financial report and the accountants' report for the financial year ended 31 December 2006 as disclosed in the Prospectus dated 26 June 2007 and the accompanying explanatory notes attached to the interim financial statements)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards (“FRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the proforma consolidated financial information and the accountants’ report for the financial year ended 31 December 2006 as disclosed in the Prospectus dated 26 June 2007 and the accompanying explanatory notes. These explanatory notes attached to the 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 2006.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised FRS effective for financial period beginning 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the abovementioned FRSs does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are disclosed below:

a. FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2007, the reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed as follows, with the comparatives restated to conform with the current period’s presentation.

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a. FRS 117: Leases (cont'd)

	Audited RM'000	FRS 117 Note 2 (a)	Restated RM'000
At 31 December 2006			
Balance Sheet			
Property, plant and equipment	159,701	(7,348)	152,353
Prepaid lease payments	-	7,348	7,348

b. FRS 124: Related Party Disclosures

This standard affects the identification of related parties, and results in additional related party disclosures presented in the financial statements.

3. Qualification of financial statements

The preceding annual financial statements of the Group were not subject to any qualification.

4. Seasonal or cyclical factors

Seasonal and cyclical factors do not have any material impact on the Group's business operations.

5. Unusual and extraordinary items

There are no unusual and extraordinary items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

6. Material changes in estimates

There are no material changes in the estimates of amounts reported in the current quarter.

7. Issuance and repayment of debts and equity securities

There have been no cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter.

8. Dividends paid

There were no dividend paid during the current quarter.

9. Segmental information

The Group is principally involved in the oil and gas industry where its activities were carried out within the boundaries of Malaysia. Therefore, no segmental reporting was prepared.

10. Valuation of property, plant and equipment

There is no valuation of property, plant and equipment during the current quarter.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

11. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the interim period reported which have not been reflected in the financial statements.

12. Changes in composition of the group

There are no changes in composition of the group during the current quarter.

13. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets of the group since the last annual balance sheet as at 31 December 2006.

14. Significant related party transactions

Compensation of key management personnel

The remuneration of directors and other members of key management are as follows:

	Quarter ended 31 March 07 RM'000
Short-term employee benefits	<u>395</u>

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. Review of performance

For the first quarter ended 31 March 2007, the Group reported a turnover of RM103.6 million and profit before taxation of RM19.7 million. The results are in line with the Group's forecasted turnover and profit before taxation of RM450.9 million and RM47.6 million respectively for the year ending 31 December 2007 contained in its prospectus dated 26 June 2007.

No comparative figures are presented in the preceding year corresponding quarter as this is the Group's first quarterly report on consolidated results in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

16. Comparison with immediate preceding quarter

No comparative figures are presented in the immediate preceding quarter as this is the Group's first quarterly report on consolidated results in conjunction with its listing on the Main Board of Bursa Securities.

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17. Prospects

The prospects for the integrated brownfield services look promising in the years ahead. Considering the increasing number of mature oil fields and aged platforms that require rejuvenation to extend their productive lives, coupled with increased oil prices, are providing ample growth opportunities for brown field services.

Barring any unforeseen circumstances, the Board of Directors is confident that the prospects of the Group remains positive and bright.

18. Profit Forecast

Save for the profit after tax forecast of RM34.5 million included in the Company's Prospectus dated 26 June 2007, the Group did not issue any forecast for the current financial quarter. Disclosure on explanatory notes for the variance between actual and forecast results would be provided in the final quarter announcement for the current financial year ending 31 December 2007.

19. Taxation

The provision of taxation for the current quarter and financial period to date under review are as follows:

	Current Quarter Ended 31-Mar-07 RM'000	Current Year-to-date Ended 31-Mar-07 RM'000
Current tax charge	652	652
Deferred taxation	5,111	5,111
Total	<u>5,763</u>	<u>5,763</u>

The effective tax rate of the Group for current period under review is higher than the statutory tax rate due principally to certain expenses that were not deductible for tax purposes.

20. Unquoted investment and properties

There were no purchase or disposal of unquoted investment and properties for the current quarter and financial period to date.

21. Quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial period to date and the Group did not hold any quoted securities as at the end of financial period to date.

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22. Corporate proposals

There were no other corporate proposals announced but not completed as of 11 July 2007 except for the following:

On 26 June 2007, the Company launched its Prospectus for its Initial Public Offering (“IPO”) in conjunction with its listing on the Main Board of Bursa Securities, involving a public issue of 46,000,000 new ordinary shares of RM0.50 each in Petra Energy (“Petra Energy Shares”) at an issue price of RM2.62 per ordinary share, payable in full on application comprising:

- 6,535,000 Petra Energy Shares for application by the Malaysian Public.
- 6,765,000 Petra Energy Shares for application by the PPB shareholders on the basis of 1 Petra Energy share for every 40 existing PPB shares held in PPB on 25 June 2007.
- 26,200,000 Petra Energy Shares for application by identified Bumiputera investors approved by Ministry of International Trade and Industry.
- 6,500,000 Petra Energy Shares for application by identified investors.

Bonus issue of 65,000,000 Petra Energy Shares to be issued to the shareholders of Petra Energy on the basis of 1 Petra Energy Share for every 2 shares held in Petra Energy after the said public issue.

Upon completion of the public issue and bonus issue, Petra Energy shall be admitted to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of Petra Energy of RM97,500,000 comprising 195,000,000 Petra Energy Shares on the Main Board of Bursa Securities which is fixed on 26 July 2007.

23. Borrowings

Total Group’s borrowings as at 31 March 2007 were as follows:

	As at 31-Mar-07 RM’000
Secured borrowings	
Short term	14,495
Long term	646
Total	<u>15,141</u>

The above borrowings are denominated in Ringgit Malaysia.

24. Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 11 July 2007.

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25. Changes in material litigation

The Group is not engaged in any material litigation as at 11 July 2007 except for the following:

- a. Petra Fabricators Sdn Bhd (“PFSB”), a wholly owned subsidiary of the Company, which has received a Writ of Summons and a Statement of Claims for a total sum of RM1,071,899 from Kencana Best Wide Sdn Bhd (“KBW”) (formerly known as Best Wide Matrix Sdn Bhd), for goods and services rendered.

PFSB has filed a Defence and Counter-Claim for a sum of approximately RM2 million being the rectification cost incurred against KBW. PFSB’s counter-claim and KBW’s claim have been set down for further case management on 18 September 2007 for the parties to provide updates on the status of the preparation of relevant documents for the full hearing of the case set down for 7 to 9 January 2008. The Directors are of the opinion that the prospect of success in the defence and counter-claim is high.

- b. Petra Resources Sdn Bhd (“PRSB”), a wholly owned subsidiary of the Company has on 4 July 2006 served a Notice of Arbitration on ExxonMobil Exploration and Production Malaysia Inc. for payment of a balance sum of RM8,973,366 on disputed unit of measurement of work completed. As at to-date, the parties has appointed arbitrators and had attended preliminary meeting on 16 May 2007. The parties and the arbitrators have agreed to tentatively fix the arbitration hearing from 3 to 7 December 2007.

The Directors are of the opinion that PRSB has good grounds in demanding the payment and hence, has taken action in instituting the arbitration proceedings in the best interest of the Group.

26. Dividends

There is no dividend proposed in respect of the current quarter ended 31 March 2007.

27. Earnings per share

Basic / Fully diluted

	Current Quarter Ended 31-Mar-07 RM'000	Current Year-to-date Ended 31-Mar-07 RM'000
Net profit attributable to shareholders	13,977	13,977
Number of ordinary shares of RM0.50 each	84,000	84,000
Earnings per ordinary share (sen)	16.64	16.64

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28. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 18 July 2007.