

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30-Sep-07 RM'000	Corresponding Quarter Ended 30-Sep-06 RM'000 *	Current Year-to-date Ended 30-Sep-07 RM'000	Corresponding Year-to-date Ended 30-Sep-06 RM'000 *
Continuing Operations				
Revenue	157,020	-	400,025	-
Cost of Sales	(126,791)	-	(313,193)	-
Gross Profit	30,229	-	86,832	-
Other income	357	-	1,552	-
Operating expenses	(9,164)	-	(24,867)	-
Finance costs	(2,293)	-	(7,507)	-
Profit before taxation	19,129	-	56,010	-
Income tax expense	(5,171)	-	(15,918)	-
Profit for the period	13,958	-	40,092	-
Attributable to:				
Equity holders of the parent	13,958	-	40,092	-
Earnings per share of RM0.50 each (sen)				
a) Basic	8.29	N/A	35.65	N/A
b) Fully diluted	7.16	N/A	20.56	N/A

* No comparative figures are presented in the preceding year corresponding quarter and year-to-date as this is the Group's third 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)

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007**

CONDENSED CONSOLIDATED BALANCE SHEET

	30-Sep-07 RM'000
Non-current assets	
Property, plant and equipment	145,789
Prepaid lease payments	7,436
Deferred tax assets	6
	153,231
Current assets	
Inventories	42,022
Trade receivables	194,746
Other receivables	25,688
Amount due from customers for contract works	25,704
Fixed deposits with licensed bank	64,508
Cash and bank balances	12,248
	364,916
Total Assets	518,147
EQUITY AND LIABILITIES	
Equity attributable to equity holders	
Share capital	97,500
Reserves	148,246
Total equity	245,746
Non-current liabilities	
Long term borrowings	494
Deferred taxation	22,719
	23,213
Current liabilities	
Trade payables	67,593
Other payables	12,679
Amount owing to holding company	79,416
Amount owing to related companies	68,240
Borrowings	13,538
Provision for taxation	7,722
	249,188
Total liabilities	272,401
TOTAL EQUITY AND LIABILITIES	518,147
Net assets per share of RM0.50 each (RM)	1.26

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

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30-Sep-07 RM'000
Cash flow from operating activities	
Profit before taxation	56,010
Adjustments for:	
Depreciation	10,935
Gain on disposal of property, plant and equipment	14
Interest expense	7,507
Interest income	(767)
Operating profit before working capital changes	73,699
Increase in inventories	(9,623)
Increase in trade and other receivables	(48,716)
Increase in trade and other payables	(72,528)
Net cash used in operation	(57,168)
Tax paid	(2,736)
Net cash used in operating activities	(59,904)
Cash flow from investing activities	
Addition of prepaid lease payments	(186)
Purchase of property, plant and equipment	(4,461)
Proceeds from disposal of property, plant and equipment	174
Interest income received	767
Net cash used in investing activities	(3,706)
Cash flow from financing activities	
Proceeds from borrowings	2,608
Repayment of borrowings	(625)
Repayment of hire purchase loan	(216)
Payment of listing expenses	(2,958)
Proceeds from share issuance	120,520
Interest paid	(7,507)
Net cash generated from financing activities	111,822
Net change in cash and cash equivalents	48,212
Cash & cash equivalents at beginning of period	28,223
Cash & cash equivalents at end of period	76,435
Cash and cash equivalents	
Cash in hand and at bank	12,248
Fixed deposits with licensed bank	64,508
	76,756
Less: Fixed deposits pledged as security	(321)
	76,435

No comparative figures are presented in the preceding year corresponding quarter as this is the Group's third 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 Equity RM'000
Financial year ending 31 December 2007					
As at 31 December 2006	42,000	-	(31,000)	77,092	88,092
Issue of shares	23,000	97,520	-	-	120,520
Bonus issue	32,500	(32,500)	-	-	-
Listing expenses	-	(2,958)	-	-	(2,958)
Net profit for the period	-	-	-	40,092	40,092
Balance as at 30 September 2007	97,500	62,062	(31,000)	117,184	245,746

No comparative figures are presented in the preceding year corresponding quarter and year-to-date as this is the Group's third 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 THIRD QUARTER
ENDED 30 SEPTEMBER 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.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007

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 dividends 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.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 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 were no changes in composition of the group during the current quarter.

13. Changes in contingent liabilities and contingent assets

As at 30 September 2007, the Company has given corporate guarantees amounting to approximately RM34 million to licensed banks and finance companies for facilities granted to subsidiary company. Hence, the Company is contingently liable for the amount utilized by its subsidiary company of approximately RM6.4 million as at the said date.

14. Significant related party transactions

a. Intercompany transactions

	Current Quarter ended 30-Sept- 07 RM'000	Current Year-to-date ended 30-Sept- 07 RM'000
Rental paid to holding company	110	403
Loan interest paid to holding company	1,955	6,344
Management fee to holding company	810	2,430
Charter hire fee paid to related companies	17,170	45,590

The directors of the Petra Energy are of the opinion that the above transactions have been entered into 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.

b. Compensation of key management personnel

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

	Current Quarter ended 30-Sept- 07 RM'000	Current Year-to-date ended 30-Sept- 07 RM'000
Short-term employee benefits	520	1,444

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007

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

15. Review of performance

For the 9 months period ended 30 September 2007, the Group recorded a turnover of RM400.0 million and profit before taxation of RM56.0 million. The period to-date results show a favourable achievement as compared to 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. The positive result is due to higher activities and efficiency in cost management.

No comparative figures are presented in the preceding year corresponding quarter as this is the Group's third 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

The Group's turnover in the current quarter was increased by 12.6% to RM157.0 million from the last quarter of RM139.4 million. Correspondingly, the profit before taxation has shown an increase of 11.6%, from RM17.1 million in the second quarter of 2007 to RM19.1 million in the third quarter of 2007.

The increase in turnover and profit in the current quarter is mainly due to higher activities in engineering and maintenance services.

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 remain 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.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007

19. Taxation

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

	Current Quarter Ended 30-Sept- 07 RM'000	Current Year-to-date Ended 30-Sept- 07 RM'000
Current tax charge	5,059	12,713
Deferred taxation	112	3,205
Total	5,171	15,918

The effective tax rate of the Group for current period ended 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.

22. a. Corporate proposals

There were no corporate proposals announced but not completed as of 19 November 2007.

b. Status of utilisation of listing proceeds

The gross proceeds received from the Public Issue of RM120,520,000 was fully utilised as at 19 November 2007, for the following purposes:

Purpose	Proposed utilisation RM'000	Reallocated expenses RM'000	Balance unutilised RM'000
Repayment of amount owing to Holding Group	100,000	-	-
Working capital	16,320	1,242	-
Listing expenses	4,200	(1,242)	-
Total	120,520	-	-

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007

23. Borrowings and Amount Owing To Holding Company

- a. Total Group's borrowings as at 30 September 2007 were as follows:

	As at 30-Sept- 07 RM'000
Secured borrowings	
Short term	13,538
Long term	494
Total	<u>14,032</u>

The above borrowings are denominated in Ringgit Malaysia.

- b. The amount owing to holding company is unsecured and bears an interest rate of 7.5% p.a.

24. Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 19 November 2007.

25. Changes in material litigation

The Group is not engaged in any material litigation as at 19 November 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 from 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, filed and exchange bundle of documents and are in the midst of preparing witness statements. The parties and the arbitrators have agreed to tentatively fix the arbitration hearing from 3 to 7 December 2007.

PETRA ENERGY BERHAD (Company No: 718388-H)
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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 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 30 September 2007.

27. Earnings per share

Weighted Average	Current Quarter Ended 30-Sept-07 RM'000	Corresponding Year-to-date Ended 30-Sept-07 RM'000
Net profit attributable to shareholders	13,958	40,092
Number of ordinary shares in issue at the beginning of the period	84,000,000	84,000,000
Effect of the issuance pursuant to		
Public issue	35,000,000	11,794,872
Bonus issue	49,456,522	16,666,667
Weighted average number of ordinary shares in issue	168,456,522	112,461,538
Basic earnings per ordinary share of RM0.50 each (sen)	8.29	35.65

PETRA ENERGY BERHAD (Company No: 718388-H)
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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2007

Fully diluted

	Current Quarter Ended 30-Sept-07 RM'000	Current Year-to-date Ended 30-Sept-07 RM'000
Net profit attributable to shareholders	13,958	40,092
Number of ordinary shares in issue at the beginning of the period	84,000,000	84,000,000
Effect of the issuance pursuant to		
Public issue	46,000,000	46,000,000
Bonus issue	65,000,000	65,000,000
Weighted average number of ordinary shares in issue	195,000,000	195,000,000
Fully diluted per ordinary share of RM0.50 each (sen)	7.16	20.56

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 26 November 2007.