

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

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2007**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 31-Dec-07 RM'000	Corresponding Quarter Ended 31-Dec-06 RM'000 *	Current Year-to-date Ended 31-Dec-07 RM'000	Corresponding Year-to-date Ended 31-Dec-06 RM'000 *
Continuing Operations				
Revenue	136,053	-	536,078	-
Cost of Sales	(111,677)	-	(424,870)	-
Gross Profit	24,376	-	111,208	-
Other income	2,058	-	3,610	-
Operating expenses	(9,995)	-	(34,862)	-
Finance costs	(2,163)	-	(9,670)	-
Profit before taxation	14,276	-	70,286	-
Income tax expense	(3,786)	-	(19,704)	-
Profit for the period	10,490	-	50,582	-
Attributable to:				
Equity holders of the parent	10,490	-	50,582	-
Earnings per share of RM0.50 each (sen)				
a) Basic	5.38	N/A	37.96	N/A
b) Fully diluted	5.38	N/A	25.94	N/A

* No comparative figures are presented in the preceding year corresponding quarter and year-to-date as this is the Group's fourth 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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CONDENSED CONSOLIDATED BALANCE SHEET

	31-Dec-07 RM'000
Non-current assets	
Property, plant and equipment	143,165
Prepaid lease payments	7,404
Deferred tax assets	6
	<u>150,575</u>
Current assets	
Inventories	44,273
Trade receivables	197,517
Other receivables	27,218
Amount due from customers for contract works	17,206
Tax recoverable	537
Fixed deposits with licensed bank	40,733
Cash and bank balances	27,439
	<u>354,923</u>
Total Assets	505,498
EQUITY AND LIABILITIES	
Equity attributable to equity holders	
Share capital	97,500
Reserves	158,736
Total equity	256,236
Non-current liabilities	
Long term borrowings	422
Deferred taxation	24,485
	<u>24,907</u>
Current liabilities	
Trade payables	53,147
Other payables	15,143
Amount owing to holding company	80,897
Amount owing to related companies	52,887
Borrowings	18,134
Provision for taxation	4,147
	<u>224,355</u>
Total liabilities	249,262
TOTAL EQUITY AND LIABILITIES	505,498
Net assets per share of RM0.50 each (RM)	1.31

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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	31-Dec-07 RM'000
Cash flow from operating activities	
Profit before taxation	70,286
Adjustments for:	
Depreciation	14,735
Loss on disposal of property, plant and equipment	(6)
Interest expense	9,670
Interest income	(1,170)
Operating profit before working capital changes	93,515
Increase in inventories	(11,874)
Increase in trade and other receivables	(51,884)
Increase in trade and other payables	(91,017)
Net cash used in operation	(61,260)
Tax paid	(8,868)
Net cash used in operating activities	(70,128)
Cash flow from investing activities	
Addition of prepaid lease payments	(186)
Purchase of property, plant and equipment	(5,673)
Proceeds from disposal of property, plant and equipment	262
Interest income received	1,170
Net cash used in investing activities	(4,427)
Cash flow from financing activities	
Proceeds from borrowings	7,231
Repayment of borrowings	(652)
Repayment of hire purchase loan	(288)
Payment of listing expenses	(2,958)
Proceeds from share issuance	120,520
Interest paid	(9,670)
Net cash generated from financing activities	114,183
Net change in cash and cash equivalents	39,628
Cash & cash equivalents at beginning of year	28,223
Cash & cash equivalents at end of year	67,851
Cash and cash equivalents	
Cash in hand and at bank	27,439
Fixed deposits with licensed bank	40,733
	68,172
Less: Fixed deposits pledged as security	(321)
	67,851

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PETRA ENERGY BERHAD (Company No. 7138388-H)
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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 year	-	-	-	50,582	50,582
Balance as at 31 December 2007	97,500	62,062	(31,000)	127,674	256,236

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

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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 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.

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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 except as follows:

On 12 February 2008, the Company entered into a memorandum of understanding with Advanced Well Technologies Pty Ltd (“AWT”), a company incorporated in Australia to form a jointly owned private limited company to reside in and to be registered in Malaysia (“Newco”) to primarily undertake the business of providing complete field review, development and refurbishment solutions, productivity enhancement, integrity management and decommissioning, by integrating all necessary project management, engineering and equipment services to deliver such solutions to oil and gas operators in Malaysia and mutually agreed regions in South East Asia and Asia.

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 31 December 2007, the Company has given corporate guarantees amounting to approximately RM34 million to licensed financial institutions for facilities granted to a subsidiary company. Arising from this, the Company is contingently liable for the amount utilized by its subsidiary company of approximately RM13.3 million as at the said date.

14. Significant related party transactions

a. Intercompany transactions

	Current Quarter ended 31-Dec-07 RM'000	Current Year-to-date ended 31-Dec-07 RM'000
Rental paid to holding company	109	512
Loan interest paid to holding company	1,497	7,841
Management fee to holding company	810	3,240
Charter hire fee paid to related companies	16,462	62,052

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties.

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b. Compensation of key management personnel

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

	Current Quarter ended 31-Dec-07 RM'000	Current Year-to-date ended 31-Dec-07 RM'000
Short-term employee benefits	462	1,906

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

15. Review of performance

For the current year ended 31 December 2007, the Group recorded a turnover of RM536.1 million and profit before taxation of RM70.3 million. The year 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 ended 31 December 2007 contained in its prospectus dated 26 June 2007. The favourable 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 fourth 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 decreased by 13.4% to RM136.1 million from the last quarter of RM157.0 million. Correspondingly, the profit before taxation has shown a decrease of 25.4%, from RM19.1 million in the third quarter of 2007 to RM14.3 million in the fourth quarter of 2007.

The decrease in turnover and profit in the current quarter is mainly due to lower 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.

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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. The variance between the actual and the forecast results for the current financial year ended 31 December 2007 is as follows:

	Forecast for Financial Year 31-Dec-07 RM'000	Current Year-to-date Ended 31-Dec-07 RM'000	Variance RM'000
Revenue	450,871	536,078	85,207
Profit before taxation	47,611	70,286	22,675
Taxation	(13,127)	(19,704)	(6,577)
Profit after taxation	34,484	50,582	16,098

For financial year ended 31 December 2007, the Group has achieved a favourable variance of RM16.1 million or 46.7% in profit after taxation as compared to the Group's forecasted profit after taxation of RM34.5 million. The favourable variance is due to higher activities and efficiency in cost management.

19. Taxation

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

	Current Quarter Ended 31-Dec-07 RM'000	Current Year-to-date Ended 31-Dec-07 RM'000
Current tax charge	1,910	14,623
Deferred taxation	1,766	4,971
Under provision for previous year	110	110
Total	3,786	19,704

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 year to date.

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21. Quoted securities

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

22. a. Corporate proposals

There were no corporate proposals announced but not completed as of 20 February 2008.

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	-	-

23. Borrowings and Amount Owing To Holding Company

a. Total Group's borrowings as at 31 December 2007 were as follows:

	As at 31-Dec-07 RM'000
Secured borrowings	
Short term	18,134
Long term	422
Total	<u>18,556</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.

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24. Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 20 February 2008.

25. Changes in material litigation

The Group is not engaged in any material litigation as at 20 February 2008 except for the following:

- a. Petra Fabricators Sdn Bhd (“PFSB”), a wholly owned subsidiary of the Company, 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 full hearing of the case on 8th, 22nd and 29th May 2008.

Based on legal advice, 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. On the last hearing dates, PRSB’s 1st and 2nd witnesses have been called to testify. The matter is now fixed for continued hearing on 5th – 8th May 2008 and 26th – 30th May 2008.

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

The Board of Directors has proposed a final dividend of 4.0 sen per ordinary share of RM0.50 each less 26% of tax amounting to RM5,772,000 in respect of the financial year ended 31 December 2007. The proposed dividend is subject to the shareholders’ approval at the forthcoming Annual General Meeting (“AGM”) and the notice of the AGM and the entitlement date will be notified in due course.

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27. Earnings per share

Weighted Average	Current Quarter Ended 31-Dec-07 RM'000	Corresponding Year-to-date Ended 31-Dec-07 RM'000
Net profit attributable to shareholders	<u>10,490</u>	<u>50,582</u>
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	20,416,438
Bonus issue	<u>65,000,000</u>	<u>28,849,315</u>
Weighted average number of ordinary shares in issue	<u>195,000,000</u>	<u>133,265,753</u>
Basic earnings per ordinary share of RM0.50 each (sen)	<u>5.38</u>	<u>37.96</u>
Fully diluted	Current Quarter Ended 31-Dec-07 RM'000	Current Year-to-date Ended 31-Dec-07 RM'000
Net profit attributable to shareholders	<u>10,490</u>	<u>50,582</u>
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	<u>65,000,000</u>	<u>65,000,000</u>
Weighted average number of ordinary shares in issue	<u>195,000,000</u>	<u>195,000,000</u>
Fully diluted per ordinary share of RM0.50 each (sen)	<u>5.38</u>	<u>25.94</u>

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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 27 February 2008.