

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

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 MARCH 2009**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>Current Quarter Ended 31-Mar-09 RM'000</b>	<b>Corresponding Quarter Ended 31-Mar-08 RM'000</b>	<b>Current Year-to-date Ended 31-Mar-09 RM'000</b>	<b>Corresponding Year-to-date Ended 31-Mar-08 RM'000</b>
<b>Continuing Operations</b>				
Revenue	106,964	120,847	106,964	120,847
Cost of Sales	(86,566)	(96,349)	(86,566)	(96,349)
Gross Profit	20,398	24,498	20,398	24,498
Other income	824	774	824	774
Operating expenses	(9,892)	(8,373)	(9,892)	(8,373)
Finance costs	(1,260)	(1,856)	(1,260)	(1,856)
Profit before taxation	10,070	15,043	10,070	15,043
Income tax expense	(2,604)	(4,070)	(2,604)	(4,070)
<b>Profit for the period</b>	<b>7,466</b>	<b>10,973</b>	<b>7,466</b>	<b>10,973</b>
Attributable to:				
Equity holders of the parent	7,448	10,973	7,448	10,973
Minority interest	18	-	18	-
	7,466	10,973	7,466	10,973
<b>Earnings per share of RM0.50 each (sen)</b>				
a) Basic	3.82	5.63	3.82	5.63
b) Fully diluted	N/A	N/A	N/A	N/A

(The condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report)

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>31-Mar-09</b>	<b>31-Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	128,169	131,732
Prepaid lease payments	7,243	7,275
Deferred tax assets	17	17
	<u>135,429</u>	<u>139,024</u>
<b>Current assets</b>		
Inventories	53,080	44,875
Trade and other receivables	203,924	229,886
Amount due from customers for contract works	14,842	6,471
Tax recoverable	-	517
Fixed deposits with licensed banks	93,918	94,493
Cash and bank balances	8,637	14,805
	<u>374,401</u>	<u>391,047</u>
<b>Total Assets</b>	<u>509,830</u>	<u>530,071</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	97,500	97,500
Reserves	203,420	195,972
	<u>300,920</u>	<u>293,472</u>
<b>Minority interest</b>	35	17
<b>Total equity</b>	<u>300,955</u>	<u>293,489</u>
<b>Non-current liabilities</b>		
Long term borrowings	233	280
Retirement benefit obligations	244	254
Amount due to holding company	41,614	51,649
Deferred taxation	27,626	27,695
	<u>69,717</u>	<u>79,878</u>
<b>Current liabilities</b>		
Trade and other payables	71,973	85,651
Amount owing to holding company	16,927	10,234
Amount due to customers for contract works	9,914	9,625
Amount owing to related companies	36,459	47,618
Borrowings	3,566	3,023
Provision for taxation	319	553
	<u>139,158</u>	<u>156,704</u>
<b>Total liabilities</b>	<u>208,875</u>	<u>236,582</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>509,830</u>	<u>530,071</u>
Net assets per share of RM0.50 each (RM)	1.54	1.50

(The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>31-Mar-09</b>	<b>31-Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	10,070	58,185
<b>Adjustments for:</b>		
Amortisation	32	129
Bad Debts	-	26
Depreciation	3,784	15,011
Doubtful Debts	1,105	1,453
(Gain)/Loss on disposal of property, plant and equipment	5	(131)
Interest expense	1,260	6,993
Interest income	(570)	(2,070)
Inventories written off	3	73
Retirement benefits	(9)	94
Operating profit before working capital changes	<u>15,680</u>	<u>79,763</u>
(Increase)/ decrease in inventories	(8,208)	(3,658)
(Increase)/ decrease in trade and other receivables	16,486	12,023
Increase/ (decrease) in trade and other payables	(28,099)	(8,586)
Net cash used in operation	<u>(4,141)</u>	<u>79,542</u>
Tax paid	<u>(2,389)</u>	<u>(12,823)</u>
Net cash generated from/ (used in) operating activities	<u>(6,530)</u>	<u>66,719</u>
<b>Cash flow from investing activities</b>		
Proceeds from issuance of shares to minority shareholder	-	49
Purchase of property, plant and equipment	(232)	(3,473)
Proceeds from disposal of property, plant and equipment	5	170
Interest income received	570	2,070
Withdrawal of fixed deposit	-	237
Net cash generated from/ (used in) investing activities	<u>343</u>	<u>(947)</u>
<b>Cash flow from financing activities</b>		
Repayment of hire purchase loan	(55)	(328)
Interest paid	(1,260)	(6,993)
Drawdown of revolving credit	1,650	-
Dividend paid	-	(5,772)
Repayment of revolving credit	-	(12,530)
Net cash generated from/ (used in) financing activities	<u>335</u>	<u>(25,623)</u>
Net change in cash and cash equivalents	(5,852)	40,149
Cash & cash equivalents at beginning of period	<u>108,401</u>	<u>68,252</u>
Cash & cash equivalents at end of period	<u>102,549</u>	<u>108,401</u>
<b>Cash and cash equivalents</b>		
Cash in hand and at banks	8,637	14,805
Bank overdraft	-	(891)
Fixed deposits with licensed banks	<u>93,918</u>	<u>94,493</u>
	102,555	108,407
Less: Fixed deposits pledged as security	<u>(6)</u>	<u>(6)</u>
	<u>102,549</u>	<u>108,401</u>

**(The condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report)**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Merger Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total RM'000</b>	<b>Minority Interest RM'000</b>	<b>Total Equity RM'000</b>
<b>Financial year ended 31 December 2009</b>							
As at 31 December 2008	97,500	62,062	(31,000)	164,910	293,472	17	293,489
Net profit for the period	-	-	-	7,448	7,448	18	7,466
<b>Balance as at 31 March 2009</b>	<b>97,500</b>	<b>62,062</b>	<b>(31,000)</b>	<b>172,358</b>	<b>300,920</b>	<b>35</b>	<b>300,955</b>
<b>Financial year ended 31 December 2008</b>							
As at 31 December 2007	97,500	62,062	(31,000)	128,010	256,572	-	256,572
Net profit for the period	-	-	-	10,973	10,973	-	10,973
<b>Balance as at 31 March 2008</b>	<b>97,500</b>	<b>62,062</b>	<b>(31,000)</b>	<b>138,983</b>	<b>267,545</b>	<b>-</b>	<b>267,545</b>

**(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report)**

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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 statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008. 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 2008.

**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 2008. The following new/revised FRSs and IC Interpretations are yet to be effective:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment

All the new FRSs and IC Interpretations above are effective from 1 January 2010, with the exception of FRS 8, which is effective from 1 July 2009.

The adoption of the abovementioned FRSs and IC Interpretations does not have significant impact on the financial statements of the Group.

**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 and financial period to-date.

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**6. Material Changes in Estimates**

There are no material changes in the estimates of amounts reported in the current quarter and financial period to-date.

**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 and financial period to date.

**8. Dividends Paid**

There were no dividends paid during the current quarter and financial period to-date.

**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 and financial period to-date.

**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 for the Company's acquisition on 30 April 2009 of the 70% of the issued and paid-up capital of Jurutera Perunding Akal Sdn Bhd represented by 70,000 ordinary shares of RM1.00 each at a total consideration of RM2.74 million.

**12. Changes in Composition of the Group**

There were no changes in the composition of the Group for the current quarter ended 31 March 2009 including business combination, acquisition or disposal of subsidiary and long-term investment, restructuring and discontinuing operation.

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**13. Changes in Contingent Liabilities and Contingent Assets**

As at 31 March 2009, the Company has given corporate guarantees amounting to approximately RM76.5 million to licensed financial institutions for facilities granted to subsidiary companies. Arising from this, the Company is contingently liable for the amount utilized by its subsidiary companies of approximately RM6.7 million as at the said date.

**14. Significant Related Party Transactions**

**a. Inter-company transactions**

	<b>Current Quarter ended 31-Mar-09 RM'000</b>	<b>Corresponding Quarter ended 31-Mar-08 RM'000</b>
Rental paid to holding company	45	45
Loan interest paid to holding company	1,125	1,473
Management fee to holding company	405	405
Charter hire fee paid to related companies	<u>16,362</u>	<u>13,685</u>

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.

**b. Compensation of key management personnel**

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

	<b>Current Quarter ended 31-Mar-09 RM'000</b>	<b>Corresponding Quarter ended 31-Mar-08 RM'000</b>
	<u>532</u>	<u>498</u>

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

**15. Review of Performance**

For the current quarter, the Group recorded turnover of RM107.0 million, a decrease of 11.4% compared with RM120.8 million reported in the preceding year corresponding period. The profit before taxation decreased by 32.7% from RM15.0 million in the preceding year corresponding period to RM10.1 million for the current quarter.

The lower turnover and profit before tax in the current quarter is mainly due to the delay in the delivery of vessels to service the planned projects, additional mobilisation costs for new contracts and provision for doubtful debts.

**16. Comparison with Immediate Preceding Quarter**

The Group's turnover in the current quarter decreased by 30.4% to RM107.0 million from RM153.7 million reported in the preceding quarter. Profit before taxation decreased from RM10.7 million reported in the preceding quarter to RM10.1 million in the current quarter.

In spite of the decrease in turnover in the current quarter, there is no significant decrease in profit before tax. This is mainly due to higher margin contribution of sales mix in the current quarter and bonus for the year ended 31 December 2008 in the preceding quarter.

**17. Prospects**

The prospects for the integrated brown field 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, there are 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. While the Directors are optimistic on the future prospects, they are also aware of the adverse impact of the current global economic crisis. The Directors in preserving shareholders' value, will exercise extra prudence and caution in facing the challenging economic environment.

**18. Profit Forecast**

No profit forecast or profit guarantee has been issued by the Group.



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**19. Taxation**

	<b>Current Quarter Ended 31-Mar-09 RM'000</b>	<b>Corresponding Quarter Ended 31-Mar-08 RM'000</b>	<b>Current Year-to-date Ended 31-Mar-09 RM'000</b>	<b>Corresponding Year-to-date Ended 31-Mar-08 RM'000</b>
Current tax charge	2,673	2,880	2,673	2,880
Deferred taxation	(69)	1,190	(69)	1,190
<b>Total</b>	<b>2,604</b>	<b>4,070</b>	<b>2,604</b>	<b>4,070</b>

The effective tax rate of the Group for current quarter and the financial period to-date 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 year to date and the Group did not hold any quoted securities as at the end of financial period to-date.

**22. Corporate Proposals**

There were no corporate proposals announced but not completed as of 18 May 2009.

**23. Borrowings and Amount Owing to Holding Company**

a. Total Group's borrowings as at 31 March 2009 were as follows:

	<b>As at 31-Mar-09 RM'000</b>
Secured borrowings	
Short term	3,566
Long term	233
<b>Total</b>	<b>3,799</b>

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 18 May 2009.

**25. Changes in Material Litigation**

The Group is not engaged in any material litigation as at 18 May 2009 except for the following:

- a. PFSB, a wholly-owned subsidiary of PEB, received a Writ of Summons and a Statement of Claims dated 24 September 2003 for a total sum of RM1,071,899 from Kencana Bestwide Sdn Bhd (formerly known as Best Wide Matrix Sdn Bhd) (“KBW”) for goods and services rendered.

PFSB filed a Defence and Counter-Claim dated 1 December 2003 for a sum of approximately RM2 million being the rectification cost incurred against KBW. KBW’s claim and PFSB’s counter-claim have been set for hearing on 13 and 14 July 2009.

Based on legal advice, the Directors are of the opinion that the prospect of success in the defence and counter-claim is high.

- b. PRSB, a wholly-owned subsidiary of PEB has on 4 July 2006, served a Notice of Arbitration on ExxonMobil Exploration and Production Malaysia Inc. for payment of a balance sum of RM8,973,366.00, together with damages, interest and costs, on disputed unit of measurement of work completed. The matter is currently being heard and the next hearing dates are scheduled on 17 to 21 August 2009.

Based on legal advice, the Directors are of the opinion that PRSB has good grounds in demanding the payment for the outstanding amount.

**26. Dividends**

There is no dividend proposed in respect of the current quarter ended 31 March 2009.

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**27. Earnings Per Share**

<b>Weighted Average</b>	<b>Current Quarter Ended 31-Mar-09 RM'000</b>	<b>Corresponding Quarter Ended 31-Mar-08 RM'000</b>	<b>Current Year-to-date Ended 31-Mar-09 RM'000</b>	<b>Corresponding Year-to-date Ended 31-Mar-08 RM'000</b>
Net profit attributable to shareholders	7,448	10,973	7,448	10,973
Number of ordinary shares in issue at the beginning of the period	195,000,000	195,000,000	195,000,000	195,000,000
Effect of the issuance pursuant to				
Public issue	-	-	-	-
Bonus issue	-	-	-	-
Weighted average number of ordinary shares in issue	195,000,000	195,000,000	195,000,000	195,000,000
Basic earnings per ordinary share of RM0.50 each (sen)	3.82	5.63	3.82	5.63

**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 May 2009.