

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2010**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30-Jun-10 RM'000	Corresponding Quarter Ended 30-Jun-09 RM'000	Current Year-to-date Ended 30-Jun-10 RM'000	Corresponding Year-to-date Ended 30-Jun-09 RM'000
Revenue	172,093	120,593	324,960	227,557
Cost of Sales	(155,046)	(98,455)	(281,614)	(185,021)
Gross Profit	17,047	22,138	43,346	42,536
Other income	1,337	1,391	1,713	2,215
Operating expenses	(15,263)	(10,033)	(26,817)	(19,925)
Finance costs	(3,605)	(3,441)	(6,750)	(4,701)
Profit/(loss) before taxation	(484)	10,055	11,492	20,125
Income tax expense	(1,950)	(3,537)	(5,631)	(6,141)
Profit/(loss) for the period	(2,434)	6,518	5,861	13,984
Attributable to:				
Equity holders of the parent	(2,327)	6,353	5,822	13,801
Minority interest	(107)	165	39	183
	(2,434)	6,518	5,861	13,984
(Loss)/Earnings per share of RM0.50 each (sen)				
a) Basic	(1.19)	3.26	2.99	7.08
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 2009 and the accompanying explanatory notes attached to this report)

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2010**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 30-Jun-10 RM'000	Corresponding Quarter Ended 30-Jun-09 RM'000	Current Year-to-date Ended 30-Jun-10 RM'000	Corresponding Year-to-date Ended 30-Jun-09 RM'000
Profit/(loss) for the period	(2,434)	6,518	5,861	13,984
<i>Other comprehensive income/(loss)</i>	-	-	-	-
Total Comprehensive Income/(loss) for the period	(2,434)	6,518	5,861	13,984
Total Comprehensive Income/(loss) attributable to:				
Equity holders of the parent	(2,327)	6,353	5,822	13,801
Minority interest	(107)	165	39	183
	(2,434)	6,518	5,861	13,984

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)

PETRA ENERGY BERHAD (Company No. 718388-H)
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2010**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-10	31-Dec-09
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	361,562	367,198
Intangible assets	-	1,428
Investment in jointly controlled entity	5,981	8,805
Deferred tax assets	33	33
Total Non-current Assets	367,576	377,464
Current assets		
Inventories	63,038	58,066
Trade and other receivables	208,533	185,825
Amount due from customers for contract works	26,537	22,363
Tax recoverable	5,785	2,359
Fixed deposits with licensed banks	34,595	54,007
Cash and bank balances	17,427	15,479
Total Current Assets	355,915	338,099
Total Assets	723,491	715,563
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	97,500	97,500
Reserves	211,970	206,461
Total Equity Attributable to Equity Holders of the Company	309,470	303,961
Minority interest	723	684
Total equity	310,193	304,645
Non-current liabilities		
Long term borrowings	107,362	70,002
Retirement benefit obligations	194	295
Other payables	-	29,674
Deferred taxation	30,618	27,463
Total Non-current Liabilities	138,174	127,434
Current liabilities		
Trade and other payables	205,530	199,462
Amount due to customers for contract works	4,601	4,633
Borrowings	63,173	78,855
Provision for taxation	1,820	534
Total Current Liabilities	275,124	283,484
Total liabilities	413,298	410,918
TOTAL EQUITY AND LIABILITIES	723,491	715,563
 Net assets per share of RM0.50 each (RM)	 1.59	 1.56

(The condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)

PETRA ENERGY BERHAD (Company No. 718388-H)
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	30-Jun-10 RM'000	31-Dec-09 RM'000
Cash flow from operating activities		
Profit before taxation	11,492	25,088
Adjustments for:		
Amortisation	64	129
Bad Debts	-	122
Depreciation	12,745	17,481
Doubtful Debts	82	2,532
(Gain)/Loss on disposal of property, plant and equipment	18	4
Impairment of intangible assets	1,428	-
Interest expense	6,750	9,052
Interest income	(315)	(1,368)
Inventories written off	622	41
Retirement benefits	(101)	41
Operating profit before working capital changes	<u>32,785</u>	<u>53,122</u>
Decrease/ (Increase) in inventories	(5,594)	(13,233)
(Increase)/ decrease in receivables	(27,957)	27,278
(Decrease)/ Increase in payables	(25,588)	34,687
Net cash generated from/ (used in) operation	<u>(26,354)</u>	<u>101,854</u>
Tax paid	(5,162)	(12,877)
Net cash generated from/ (used in) operating activities	<u>(31,516)</u>	<u>88,977</u>
Cash flow from investing activities		
Investment in subsidiaries	-	(2,632)
Investment in jointly controlled entity	2,824	(8,805)
Purchase of property, plant and equipment	(7,254)	(245,278)
Proceeds from disposal of property, plant and equipment	63	18
Interest income received	315	1,368
Withdrawal of fixed deposit	-	(271)
Net cash used in investing activities	<u>(4,052)</u>	<u>(255,600)</u>
Cash flow from financing activities		
Repayment of borrowings	(7,744)	-
Repayment of hire purchase loan	(115)	(244)
Repayment of term loan	(6)	(6)
Repayment of revolving credit	(4,650)	-
Interest paid	(6,750)	(9,052)
Drawdown of revolving credit	2,000	46,650
Drawdown of term loan	38,152	91,200
Dividend paid	-	(3,900)
Net cash generated from/ (used in) financing activities	<u>20,887</u>	<u>124,648</u>
Net change in cash and cash equivalents	<u>(14,681)</u>	<u>(41,975)</u>
Cash & cash equivalents at beginning of period	<u>66,425</u>	<u>108,400</u>
Cash & cash equivalents at end of period	<u>51,744</u>	<u>66,425</u>
Cash and cash equivalents		
Cash in hand and at banks	17,427	15,479
Bank overdraft	-	(2,783)
Fixed deposits with licensed banks	34,595	54,007
	<u>52,022</u>	<u>66,703</u>
Less: Fixed deposits pledged as security	(278)	(278)
	<u>51,744</u>	<u>66,425</u>

(The condensed Consolidated Statement Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND FINANCIAL QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Company →						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	
Financial year ended 31 December 2010							
As at 1 January 2010	97,500	62,062	(31,000)	175,399	303,961	684	304,645
Effect arising from adoption of FRS 139	-	-	-	1,637	1,637	-	1,637
As at 1 January 2010, as restated	97,500	62,062	(31,000)	177,036	305,598	684	306,282
Issue of shares	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,822	5,822	39	5,861
Dividend for the year ended 31 December 2009	-	-	-	(1,950)	(1,950)	-	(1,950)
Balance as at 30 June 2010	97,500	62,062	(31,000)	180,908	309,470	723	310,193
Financial year ended 31 December 2009							
As at 31 December 2008	97,500	62,062	(31,000)	164,910	293,472	17	293,489
Acquisition of subsidiary	-	-	-	-	-	562	562
Net profit for the period	-	-	-	13,801	13,801	183	13,984
Dividend for the year ended 31 December 2008	-	-	-	(3,900)	(3,900)	-	(3,900)
Balance as at 30 June 2009	97,500	62,062	(31,000)	174,811	303,373	762	304,135

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The condensed consolidated 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 condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. The 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 2009.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following new FRSS, Amendments to FRSS and IC Interpretations with effect from 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 132	Financial Instruments: Presentation (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment – Vesting conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment

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2. Changes in Accounting Policies (cont'd.)

The adoption of the abovementioned FRSs, Amendments to FRS and IC Interpretations will have no significant impact on the financial statements of the Group except for the following:

(a) FRS 101: Presentation of Financial Statements

The FRS 101 introduces the statement of comprehensive income: presenting all items of income and expense recognized in the income statement, together with all other items of recognized income and expense, either in one single statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This FRS did not have any impact on the financial position and results of the Group.

(b) FRS 139: Financial Instruments: Recognition and Measurement

The FRS 139 establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This FRS did not have any significant impact on the financial position and results of the Group.

Impact on the opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
Assets			
Trade and other receivables	185,825	(993)	184,832
Liabilities			
Short-term borrowing	78,855	(1,303)	77,552
Long-term borrowing	70,002	(1,873)	68,129
Deferred taxation	27,463	546	28,009
Equity			
Retained earnings	206,461	1,637	208,098

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2. Changes in Accounting Policies (cont'd.)

(c) FRS 117: Leases

Amendments to FRS 117 remove the classification of leases of land and of buildings, and instead, require assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. Therefore, the Group has reclassified the prepaid lease payments for land as land held in accordance with FRS 116. This amendment shall be presented on the statement of financial position as at the beginning of the earliest comparative period in accordance with FRS 101.

	Previously stated RM'000	Effect of FRS 117 RM'000	As restated RM'000
Statement of Financial Position			
Property, plant and equipment	360,052	7,146	367,198
Prepaid lease payments	7,146	(7,146)	-

3. Intangible Assets – Goodwill

During the current quarter, a provision of RM1.43 million was made for the impairment of goodwill arising from the acquisition of the business of Jurutera Perunding Akal Sdn. Bhd. in 2009.

4. Qualification of Financial Statements

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

5. Seasonal or Cyclical Factors

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

6. 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 year to-date.

7. Material Changes in Estimates

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

8. 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 year to-date.

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9. Dividends Paid

No dividend was paid in respect of the current financial year to-date.

10. Segmental Information

Business Segment - Quarter

Current Quarter Ended 30 Jun-10	Integrated Brown Field Maintenance and Engineering Services RM'000	Onshore Civil Engineering Services RM'000	Marine Offshore Support Services RM'000	Design, Fabrication, Supply and Installation Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue							
External revenue	119,219	11,646	25,591	15,637	-	-	172,093
Inter-segment revenue	27,668	-	-	-	840	(28,508)	-
	<u>146,887</u>	<u>11,646</u>	<u>25,591</u>	<u>15,637</u>	<u>840</u>	<u>(28,508)</u>	<u>172,093</u>
Results							
Segment results	6,657	(2,556)	1,756	(818)	(91)	(1,827)	3,121
Finance cost	(3,585)	-	-	(19)	(858)	857	(3,605)
Profit/(loss) before taxation	<u>3,072</u>	<u>(2,556)</u>	<u>1,756</u>	<u>(837)</u>	<u>(949)</u>	<u>(970)</u>	<u>(484)</u>

Corresponding Quarter Ended 30 Jun-09	Integrated Brown Field Maintenance and Engineering Services RM'000	Onshore Civil Engineering Services RM'000	Marine Offshore Support Services RM'000	Design, Fabrication, Supply and Installation Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue							
External revenue	89,973	-	15,250	15,370	-	-	120,593
Inter-segment revenue	14,102	-	-	-	60,840	(74,942)	-
	<u>104,075</u>	<u>-</u>	<u>15,250</u>	<u>15,370</u>	<u>60,840</u>	<u>(74,942)</u>	<u>120,593</u>
Results							
Segment results	11,248	-	1,196	1,219	60,920	(61,087)	13,496
Finance cost	(3,428)	-	-	(13)	(1,087)	1,087	(3,441)
Profit before taxation	<u>7,820</u>	<u>-</u>	<u>1,196</u>	<u>1,206</u>	<u>59,833</u>	<u>(60,000)</u>	<u>10,055</u>

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10. Segmental Information (cont'd.)

Business Segment – Year-to-date

Current Year-to-date Ended 30 Jun-10	Integrated Brown Field Maintenance and Engineering Services RM'000	Onshore Civil Engineering Services RM'000	Marine Offshore Support Services RM'000	Design, Fabrication, Supply and Installation Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue							
External revenue	233,768	11,646	52,123	27,423	-	-	324,960
Inter-segment revenue	56,678	-	-	-	1,680	(58,358)	-
	<u>290,446</u>	<u>11,646</u>	<u>52,123</u>	<u>27,423</u>	<u>1,680</u>	<u>(58,358)</u>	<u>324,960</u>
Results							
Segment results	21,537	(2,556)	4,075	(2,984)	914	(2,744)	18,242
Finance cost	(6,719)	-	-	(34)	(1,778)	1,781	(6,750)
Profit/(loss) before taxation	<u>14,818</u>	<u>(2,556)</u>	<u>4,075</u>	<u>(3,018)</u>	<u>(864)</u>	<u>(963)</u>	<u>11,492</u>

Corresponding Year-to-date Ended 30 Jun-09	Integrated Brown Field Maintenance and Engineering Services RM'000	Onshore Civil Engineering Services RM'000	Marine Offshore Support Services RM'000	Design, Fabrication, Supply and Installation Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue							
External revenue	161,479	-	28,681	37,397	-	-	227,557
Inter-segment revenue	31,921	-	-	-	61,680	(93,601)	-
	<u>193,400</u>	<u>-</u>	<u>28,681</u>	<u>37,397</u>	<u>61,680</u>	<u>(93,601)</u>	<u>227,557</u>
Results							
Segment results	20,070	-	2,264	2,702	62,002	(62,212)	24,826
Finance cost	(4,652)	-	-	(49)	(2,212)	2,212	(4,701)
Profit before taxation	<u>15,418</u>	<u>-</u>	<u>2,264</u>	<u>2,653</u>	<u>59,790</u>	<u>(60,000)</u>	<u>20,125</u>

11. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the current quarter and financial year to-date.

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12. 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.

13. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 June 2010 including business combination, acquisition or disposal of subsidiary and long-term investment, restructuring and discontinuing operation.

14. Changes in Contingent Liabilities and Contingent Assets

As at 30 June 2010, the Company has given corporate guarantees amounting to approximately RM358.40 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 RM38.4 million. As at the said date, the amount of performance guarantees extended to third parties is approximately RM63.37 million.

15. Significant Related Party Transactions

a. Related Party Transactions

	Current Quarter ended 30-Jun-10 RM'000	Corresponding Quarter ended 30-Jun-09 RM'000
Rental paid to a corporate shareholder	-	45
Loan interest paid to a corporate shareholder	857	1,087
Management fee to a corporate shareholder	-	405
Charter hire fee paid to related companies of a corporate shareholder	20,449	17,023

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.

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15. Significant Related Party Transactions (cont'd.)

b. Compensation of key management personnel

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

Current Quarter ended 30-Jun-10 RM'000	Corresponding Quarter ended 30-Jun-09 RM'000
496	494

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

16. Review of Performance

For the current quarter, the Group recorded turnover of RM172.1 million, an increase of 42.7% compared with RM120.6 million reported in the preceding year corresponding period. However, the profit before tax decreased from RM10.1million in the preceding year corresponding period to a loss of RM0.5 million for the current quarter.

The decrease in profit before tax in the current quarter is mainly due to the following:

- a) Lower margin contribution by approximately 1% from brownfield maintenance and engineering services;
- b) Provision of RM3.81 million for the refurbishment of the workbarge "Petra Emerald" in 2009;
- c) Provision of RM1.43 million for the impairment of goodwill arising from the acquisition of 70% of the total issued and paid-up capital of Jurutera Perunding Akal Sdn Bhd in 2009;
- d) Provision of RM1.54 million for the slow moving stock and work in progress written off for the previous year(s);
- e) Provision of RM4.4 million for liquidated ascertain damages (LAD) for the boiler business attributed to contracts which were supposed to be completed in 2009; and
- f) Provision of RM2.55 million for an onshore engineering project due to the urgency and unforeseen air freight charges for the purchase of the uncommon line pipe specifications (X65) of steel pipes in 2010. The Company would pursue to recover the sums from the client for the onshore project.

17. Comparison with Immediate Preceding Quarter

The Group's turnover in the current quarter increased by 12.6% to RM172.1 million from RM152.9 million reported in the preceding quarter. However, the profit before taxation decreased from RM12.0 million in the preceding quarter to a loss of RM0.5 million for the current quarter.

In spite of the increase in turnover, the profit before taxation decreased mainly due to the following:

- a) Lower margin contribution by approximately 1% from brownfield maintenance and engineering services sector;
- b) Provision of RM3.81 million for the refurbishment of the workbarge "Petra Emerald" in 2009;

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17. Comparison with Immediate Preceding Quarter (cont'd.)

- c) Provision of RM1.43 million for the impairment of goodwill arising from the acquisition of 70% of the total issued and paid-up capital of Jurutera Perunding Akal Sdn Bhd in 2009;
- d) Provision of RM1.54 million for the slow moving stock and work in progress written off for the previous year(s);
- e) Provision of RM4.4 million for liquidated ascertain damages (LAD) for the boiler business attributed to contracts which were supposed to be completed in 2009 and
- f) Provision of RM2.55 million for an onshore engineering project due to the urgency and unforeseen air freight charges for the purchase of the uncommon line pipe specifications (X65) of steel pipes in 2010. The Company would pursue to recover the sums from the client for the onshore project.

18. 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. The Directors are optimistic on the future prospects in the oil and gas sector.

19. Profit Forecast

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

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20. Taxation

	Current Quarter Ended 30-Jun-10 RM'000	Corresponding Quarter Ended 30-Jun-09 RM'000	Current Year-to-date Ended 30-Jun-10 RM'000	Corresponding Year-to-date Ended 30-Jun-09 RM'000
Current tax charge	85	4,150	3,022	6,823
Deferred taxation	1,865	(613)	2,609	(682)
Total	1,950	3,537	5,631	6,141

The effective tax rate of the Group for the current quarter and financial year to-date is higher than the statutory tax rate principally due to tax losses and expenses that were not deductible for tax purposes.

21. Unquoted Investment and Properties

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

22. 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.

23. Corporate Proposals

There were no corporate proposals announced but not completed as of 10 August 2010.

24. Borrowings and Amount Owing to a Corporate Shareholder

a. Total Group's borrowings as at 30 June 2010 were as follows:

	As at 30-Jun-10 RM'000
Secured borrowings	
Short term	63,173
Long term	107,362
Total	170,535

The above borrowings are denominated in Ringgit Malaysia.

b. The amount owing to a corporate shareholder is unsecured and bears an interest rate of 7.5% p.a.

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25. Derivative Financial Instruments

There were no derivative financial instruments for the current financial quarter ended 30 June 2010.

26. Gains and Losses Arising from Fair Value Changes of Financial Liabilities

There were no financial liabilities measured at fair value through profit or loss for the current financial quarter ended 30 June 2010. All financial liabilities are measured at the amortised cost effective interest method. Hence, no gains or losses were recognised for changes in the fair values of these liabilities.

27. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off-balance sheet risk as at 10 August 2010.

28. Changes in Material Litigation

The Group is not engaged in any material litigation as at 10 August 2010 except for the following:

- a. Petra Fabricators Sdn Bhd (“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. On 19 January 2010, the Judge decided to allow the Plaintiff’s claim and dismissed PFSB’s counter claim with costs. However, an appeal has been filed to the Court of Appeal against the whole of the decision of the High Court Judge on 19 February 2010. The hearing for a stay of execution of the High Court Judge’s decision on 29 January 2010 filed by PFSB with the High Court of Malaya at Kuala Lumpur has been postponed to 18 August 2010.

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.

- b. Petra Resources Sdn Bhd (“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 date which was earlier fixed on 20 and 21 July 2010 is now fixed on 20 August 2010.

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

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28. Changes in Material Litigation (cont'd.)

- c. Petra Boilers Sdn Bhd (“PBSB”), a wholly-owned subsidiary of PFSB, which in turn is a wholly-owned subsidiary of PEB has received a Request of Arbitration made on 1 December 2009 by United Palm Oil Industry Public Co. Ltd. (“UPOIC”), a company incorporated under the laws of Thailand. UPOIC claimed that PBSB supplied a boiler which failed and is of out-of-service, and that PBSB has failed to perform contractually obliged works pertaining the boiler causing UPOIC significant loss. UPOIC is claiming damages and penalty totaling USD11,258,335 together with interest, costs and such further or other relief as may be amended or added.

On 12 February 2010, PBSB filed its Answer denying UPOIC’s claim and counter-claimed that UPOIC 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 totaling USD628,191 together with interests, costs and such further or other relief as may be deemed fit to be awarded.

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 USD400,000, subject to later readjustments. PBSB has been invited to pay USD200,000 whilst UPOIC has been invited to bear the balance USD200,000 of the said USD400,000 costs advancement to ICC.

The Board of Directors has been advised by the advocate and solicitor that the UPOIC’s claim is without merit and grossly inflated, and outside the scope of the contract, which itself specifies compensation for any breach of contract.

29. Dividends

There is no dividend proposed in respect of the current quarter ended 30 June 2010.

30. Earnings Per Share

Weighted Average	Current Quarter Ended 30-Jun-10 RM'000	Corresponding Quarter Ended 30-Jun -09 RM'000	Current Year-to-date Ended 30-Jun -10 RM'000	Corresponding Year-to-date Ended 30-Jun -09 RM'000
Net (loss)/profit attributable to shareholders	(2,327)	6,353	5,822	13,801
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 (loss)/earnings per ordinary share of RM0.50 each (sen)	(1.19)	3.26	2.99	7.08

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31. 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 16 August 2010.