

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30-Sep-10 RM'000	Corresponding Quarter Ended 30-Sep-09 RM'000	Current Year-to-date Ended 30-Sep-10 RM'000	Corresponding Year-to-date Ended 30-Sep-09 RM'000
Revenue	158,939	130,886	483,899	358,443
Cost of Sales	(133,458)	(112,494)	(415,072)	(297,515)
Gross Profit	<u>25,481</u>	<u>18,392</u>	<u>68,827</u>	<u>60,928</u>
Other income	865	102	2,578	2,317
Operating expenses	(14,931)	(9,921)	(41,748)	(29,846)
Finance costs	(4,003)	(1,953)	(10,753)	(6,654)
Profit/(loss) before taxation	<u>7,412</u>	<u>6,620</u>	<u>18,904</u>	<u>26,745</u>
Income tax expense	(2,779)	(2,276)	(8,410)	(8,417)
Profit/(loss) for the period	<u><u>4,633</u></u>	<u><u>4,344</u></u>	<u><u>10,494</u></u>	<u><u>18,328</u></u>
Attributable to:				
Equity holders of the parent	4,757	4,582	10,579	18,383
Minority interest	(124)	(238)	(85)	(55)
	<u><u>4,633</u></u>	<u><u>4,344</u></u>	<u><u>10,494</u></u>	<u><u>18,328</u></u>
(Loss)/Earnings per share of RM0.50 each (sen)				
a) Basic	2.44	2.35	5.43	9.43
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)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 30-Sep-10 RM'000	Corresponding Quarter Ended 30-Sep-09 RM'000	Current Year-to-date Ended 30-Sep-10 RM'000	Corresponding Year-to-date Ended 30-Sep-09 RM'000
Profit/(loss) for the period	4,633	4,344	10,494	18,328
<i>Other comprehensive income/(loss)</i>	-	-	-	-
Total Comprehensive Income/(loss) for the period	<u>4,633</u>	<u>4,344</u>	<u>10,494</u>	<u>18,328</u>
Total Comprehensive Income/(loss) attributable to:				
Equity holders of the parent	4,757	4,582	10,579	18,383
Minority interest	(124)	(238)	(85)	(55)
	<u>4,633</u>	<u>4,344</u>	<u>10,494</u>	<u>18,328</u>

(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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Sep-10	31-Dec-09
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	356,785	367,198
Intangible assets	-	1,428
Investment in jointly controlled entity	4,254	8,805
Deferred tax assets	33	33
Total Non-current Assets	361,072	377,464
Current assets		
Inventories	64,161	58,066
Trade and other receivables	219,639	185,825
Amount due from customers for contract works	15,182	22,363
Tax recoverable	5,034	2,359
Fixed deposits with licensed banks	34,763	54,007
Cash and bank balances	1,312	15,479
Total Current Assets	340,091	338,099
Total Assets	701,163	715,563
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	97,500	97,500
Reserves	216,727	206,461
Total Equity Attributable to Equity Holders of the Company	314,227	303,961
Minority interest	599	684
Total equity	314,826	304,645
Non-current liabilities		
Long term borrowings	128,936	70,002
Retirement benefit obligations	194	295
Other payables	-	29,674
Deferred taxation	30,790	27,463
Total Non-current Liabilities	159,920	127,434
Current liabilities		
Trade and other payables	142,874	199,462
Amount due to customers for contract works	-	4,633
Borrowings	81,641	78,855
Provision for taxation	1,902	534
Total Current Liabilities	226,417	283,484
Total liabilities	386,337	410,918
TOTAL EQUITY AND LIABILITIES	701,163	715,563
 Net assets per share of RM0.50 each (RM)	 1.61	 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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	30-Sep-10 RM'000	31-Dec-09 RM'000
Cash flow from operating activities		
Profit before taxation	18,904	25,088
Adjustments for:		
Amortisation	97	129
Bad Debts	-	122
Depreciation	18,937	17,481
Doubtful Debts	1,740	2,532
(Gain)/Loss on disposal of property, plant and equipment	48	4
Impairment of intangible assets	1,428	-
Interest expense	10,753	9,052
Interest income	(493)	(1,368)
Inventories written off	12	41
Property, plant and equipment written off	66	
Retirement benefits	(101)	41
Operating profit before working capital changes	<u>51,391</u>	<u>53,122</u>
Decrease/ (Increase) in inventories	(6,107)	(13,233)
(Increase)/ decrease in receivables	(29,366)	27,278
(Decrease)/ Increase in payables	(90,895)	34,687
Net cash generated from/ (used in) operation	<u>(74,977)</u>	<u>101,854</u>
Tax paid	(6,937)	(12,877)
Net cash generated from/ (used in) operating activities	<u>(81,914)</u>	<u>88,977</u>
Cash flow from investing activities		
Investment in subsidiaries	-	(2,632)
Investment in jointly controlled entity	4,551	(8,805)
Purchase of property, plant and equipment	(8,798)	(245,278)
Proceeds from disposal of property, plant and equipment	63	18
Interest income received	493	1,368
Withdrawal of fixed deposit	-	(271)
Net cash used in investing activities	<u>(3,691)</u>	<u>(255,600)</u>
Cash flow from financing activities		
Repayment of borrowings	(7,743)	-
Repayment of hire purchase loan	(163)	(244)
Repayment of term loan	(10)	(6)
Repayment of revolving credit	(1,650)	-
Interest paid	(10,753)	(9,052)
Drawdown of revolving credit	-	46,650
Drawdown of term loan	77,246	91,200
Dividend paid	(1,950)	(3,900)
Net cash generated from/ (used in) financing activities	<u>54,977</u>	<u>124,648</u>
Net change in cash and cash equivalents	<u>(30,628)</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>35,797</u>	<u>66,425</u>
Cash and cash equivalents		
Cash in hand and at banks	1,312	15,479
Bank overdraft	-	(2,783)
Fixed deposits with licensed banks	<u>34,763</u>	<u>54,007</u>
	36,075	66,703
Less: Fixed deposits pledged as security	<u>(278)</u>	<u>(278)</u>
	<u>35,797</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
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Company →						
	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 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	-	-	-	10,579	10,579	(85)	10,494
Dividend for the year ended 31 December 2009	-	-	-	(1,950)	(1,950)	-	(1,950)
Balance as at 30 September 2010	97,500	62,062	(31,000)	185,665	314,227	599	314,826
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	-	-	-	18,383	18,383	(55)	18,328
Dividend for the year ended 31 December 2008	-	-	-	(3,900)	(3,900)	-	(3,900)
Balance as at 30 September 2009	97,500	62,062	(31,000)	179,393	307,955	524	308,479

(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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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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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. 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 year to-date.

6. Material Changes in Estimates

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

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8. Dividends Paid

A first and final single-tier exempt dividend of 1.0 sen per ordinary share of RM 0.50 each amounting to RM1,950,000 for the financial year ended 31 December 2009 was paid on 27 July 2010.

9. Segmental Information

Business Segment - Quarter

Current Quarter Ended 30 Sep-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	109,680	17,390	27,774	4,095	-	-	158,939
Inter-segment revenue	14,802	-	-	6,990	840	(22,632)	-
	124,482	17,390	27,774	11,085	840	(22,632)	158,939
Results							
Segment results	14,349	(851)	1,521	(2,449)	(553)	(602)	11,415
Finance cost	(3,353)	-	-	(650)	(520)	520	(4,003)
Profit /(loss) before taxation	10,996	(851)	1,521	(3,099)	(1,073)	(82)	7,412

Corresponding Quarter Ended 30 Sep-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	91,914	-	20,534	18,438	-	-	130,886
Inter-segment revenue	14,110	-	-	-	840	(14,950)	-
	106,024	-	20,534	18,438	840	(14,950)	130,886
Results							
Segment results	6,392	-	1,589	751	959	(1,118)	8,573
Finance cost	(1,869)	-	-	(46)	(1,156)	1,118	(1,953)
Profit before taxation	4,523	-	1,589	705	(197)	-	6,620

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9. Segmental Information (cont'd.)

Business Segment – Year-to-date

Current Year-to-date Ended 30 Sep-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	343,448	29,036	79,897	31,518	-	-	483,899
Inter-segment revenue	71,480	-	-	6,990	2,520	(80,990)	-
	414,928	29,036	79,897	38,508	2,520	(80,990)	483,899
Results							
Segment results	35,886	(3,407)	5,596	(5,433)	361	(3,346)	29,657
Finance cost	(10,072)	-	-	(684)	(2,298)	2,301	(10,753)
Profit/(loss) before taxation	25,814	(3,407)	5,596	(6,117)	(1,937)	(1,045)	18,904

Corresponding Year-to-date Ended 30 Sep-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	253,393	-	49,215	55,835	-	-	358,443
Inter-segment revenue	46,031	-	-	-	62,520	(108,551)	-
	299,424	-	49,215	55,835	62,520	(108,551)	358,443
Results							
Segment results	26,462	-	3,853	3,453	62,961	(63,330)	33,399
Finance cost	(6,521)	-	-	(95)	(3,368)	3,330	(6,654)
Profit before taxation	19,941	-	3,853	3,358	59,593	(60,000)	26,745

10. 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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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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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.

12. Changes in Composition of the Group

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

13. Changes in Contingent Liabilities and Contingent Assets

As at 30 September 2010, the Company has given corporate guarantees amounting to approximately RM393.4 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 RM30.7 million. As at the said date, the amount of performance guarantees extended to third parties is approximately RM63.37 million.

14. Significant Related Party Transactions

a. Related Party Transactions

	Current Quarter ended 30-Sep-10 RM'000	Corresponding Quarter ended 30-Sep-09 RM'000
Rental paid to a corporate shareholder	-	45
Loan interest paid to a corporate shareholder	857	1,119
Management fee to a corporate shareholder	-	405
Charter hire fee paid to related companies of a corporate shareholder	25,788	19,309

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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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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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-Sep-10 RM'000	Corresponding Quarter ended 30-Sep-09 RM'000
377	471

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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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 RM158.9 million, an increase of 21.4% compared with RM130.9 million reported in the preceding year corresponding period. The increase in turnover for the current quarter is mainly due to the increase in the business activities of the integrated brown field maintenance and onshore civil engineering services sector.

The profit before taxation increased from RM6.6 million in the preceding year corresponding period to RM7.4 million for the current quarter. Despite losses incurred by the Group in the design, fabrication, supply and installation services sector amounting to RM3.1 million during the current quarter, the Group profit margin remains consistent mainly due to higher margin contribution from integrated brown field maintenance and engineering services sector.

17. Comparison with Immediate Preceding Quarter

The Group's turnover in the current quarter decreased by 7.7% to RM158.9 million from RM172.1 million reported in the preceding quarter mainly due to the decrease in the business activities of the integrated brown field maintenance and engineering services sector and design, fabrication, supply and installation services sector.

However, the profit before taxation increased from a loss of RM0.5 million in the preceding quarter to RM 7.4 million in the current quarter mainly due to provision adjustments in the immediate preceding quarter amounting to RM13.73 million.

18. Prospects

The prospects for the integrated brown field services look promising in the years ahead. The Group has currently bid projects in this core business amounting to RM3.5 billion.

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-Sep-10 RM'000	Corresponding Quarter Ended 30-Sep-09 RM'000	Current Year-to-date Ended 30-Sep-10 RM'000	Corresponding Year-to-date Ended 30-Sep-09 RM'000
Current tax charge	2,608	2,058	5,630	8,881
Deferred taxation	171	218	2,780	(464)
Total	2,779	2,276	8,410	8,417

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 15 November 2010.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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24. Borrowings

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

	As at 30-Sep-10 RM'000
Secured borrowings	
Short term	81,641
Long term	128,936
Total	<u>210,577</u>

The above borrowings are denominated in Ringgit Malaysia.

25. Derivative Financial Instruments

There were no derivative financial instruments for the current financial quarter ended 30 September 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 September 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 15 November 2010.

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28. Changes in Material Litigation

The Group is not engaged in any material litigation as at 15 November 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 was fixed on 2 September 2010 where the High Court has disallowed PFSB's application for stay of execution. The PFSB's record of appeal to the Court of Appeal has been filed on 8 September 2010 and the Company has been advised by its solicitors that a hearing date of the appeal is expected soon.

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. ("ExxonMobil") 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. On 20 August 2010, oral submissions were made by both PRSB and ExxonMobil and the arbitrators reserved their decisions until further notice.

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

- 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.

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

On 25 August 2010, UPOIC has sought to amend their Points of Claim and to increase their claim for damages and penalty from the total amount approximating USD11,258,334.55 to an amount totaling approximately USD21,582,481.10 (converted from Thai Baht 712,780,664.33) together with additional continuing loss of profits, interest, costs and such further or other relief as may be amended or added. PBSB had objected its objection to UPOIC's application to the Tribunal. On 3 September 2010, the arbitration tribunal informed that it is allowing UPOIC's application to amend their Request for Arbitration subject to the following terms:-

- (a) UPOIC to give discovery, by 10 September 2010, of the categories on certain documents
- (b) PBSB be at liberty to serve further witness statements in chief by 8 October 2010
- (c) UPOIC bears all PBSB's costs arising from the amendment (including costs thrown away) such costs to be agreed or, failing which, to be fixed by the Tribunal
- (d) The date of service of the parties' reply witness statements will now be 5 November 2010

The date for the arbitration hearing is fixed from 6 December to 9 December 2010.

On 26 October 2010, the Tribunal has vacated the hearing dates in December 2010 and set fresh hearing dates in two tranches:

- (a) 1st tranche - 21 May 2011 to 28 May 2011; and
- (b) 2nd tranche - 2 July 2011 to 8 July 2011.

The above fresh hearing dates are consequent to the Tribunal allowing PBSB's applications for UPOIC to produce documents, for PBSB to file further documents, for PBSB to call additional rebuttal witnesses and for the timeline to exchange rebuttal witness statements be extended.

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.

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29. Dividends

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

30. Earnings Per Share

Weighted Average	Current Quarter Ended 30-Sep-10 RM'000	Corresponding Quarter Ended 30-Sep -09 RM'000	Current Year-to-date Ended 30-Sep -10 RM'000	Corresponding Year-to-date Ended 30-Sep -09 RM'000
Net (loss)/profit attributable to shareholders	4,757	4,582	10,579	18,383
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)	2.44	2.35	5.43	9.43

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 22 November 2010.