



PETRA

Synergising Partnerships

Synergising Partnerships

At PETRA, we believe our competitive edge lies in the synergies forged with our clients, business partners and vendors, shareholders, employees, and the investment community – partnerships that have helped us grow over the years, and synergies that will strengthen our resilience in this industry.

The simple cover design celebrates our new corporate logo and its heritage via the subtle Sarawakian patterns on the background.

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The Story of Petra Energy's Logo

“Bejalai” is an Iban word for a traditional rite of passage in which young Sarawakian men embark on a journey into the unknown jungles of Borneo to gain courage, wisdom and strength.

The young men relentlessly work their way through each remote outpost, often performing challenging and difficult tasks in return for food and shelter. Along the way, they build mutually beneficial relationships in which the villagers gain labour and the young men emerge stronger, wiser and braver. At the end of each stay, the men earn a tattoo to mark their achievement – a badge of honour, so to speak.

Petra too is on a journey. Our company strategy takes us into new ways of doing business, where our partnership with those we meet along the way benefits all parties. Our new logo, inspired by the symmetry and interlocking nature of Sarawakian design, defines 2 “P’s” working together. It is a symbol of our brand promise of “Synergising Partnerships.” And like the Sarawakian tattoo, it is our badge of honour, marking the knowledge, courage and wisdom we gain upon our return from each journey.

VISION **STATEMENT**

TO BE A SUSTAINABLE
OIL AND GAS COMPANY



OUR CORE VALUES

Our values will always be an integral part of us, the way we work and the manner in which we go about our daily business.

PROFESSIONALISM

We promise to display professionalism in everything that we do.

- We take responsibility for our work and ensure the highest delivery standards.
- We are disciplined and comply to rules and regulations when performing our duties.
- We do not compromise on quality and benchmark ourselves against global standards in service excellence.
- We ensure uncompromised service quality.

INTEGRITY

We promise to have integrity in all that we do.

- We are trustworthy and honest.
- We have principles and can be counted on to behave honourably, even when no one is watching.
- We are fair and transparent in all our dealings.
- We give peace of mind.

TEAMWORK

We promote teamwork.

- We understand our roles and responsibilities in expediting our job functions.
- We listen and value opinions before reaching a consensus or final decision.
- We support one another to deliver value no matter how challenging the tasks may be.
- We inspire and encourage our team to give their best and achieve our company's goals.
- We are a strong and united company who work together as partners with our team, our colleagues and our clients.

COMMITMENT

We always deliver on our commitment.

- We are accountable for our performance and quality standards.
- We continuously strive to improve and educate ourselves to achieve high performance levels.
- We deliver what we promise and work towards a common goal.
- We deliver outstanding performance.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Petra Energy Bhd (“the Company”) will be held at Mutiara Ballroom, Ground Floor, The Royale Chulan Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28 May 2015 at 11:00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note 2 (a)
2. To approve the payment of Directors’ fee for the financial year ended 31 December 2014. **(Resolution 1)**
3. To re-elect Datuk Seri Panglima Sulong bin Matjeraie as a Director of the Company pursuant to Article 103 of the Company’s Articles of Association. **(Resolution 2)**
4. To re-elect the following Directors of the Company who retire by rotation pursuant to Article 104 of the Company’s Articles of Association and being eligible, offer themselves for re-election:
 - (i) Ahmadi bin Yusoff; and **(Resolution 3)**
 - (ii) Gian Carlo Maccagno. **(Resolution 4)**
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. As Special Business, to consider and if thought fit, to pass the following resolutions with or without modifications:

Ordinary Resolution 1 Authority to Issue and Allot Shares

THAT subject always to the approvals of the relevant authorities and pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue and allot ordinary shares in the Company at any time, upon such terms and conditions, for such purposes and to such person(s) as the Directors may in their discretion deem fit provided that the aggregate number of ordinary shares to be issued does not exceed ten per centum (10%) of the total issued share capital of the Company at the time of issue and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company. **(Resolution 6)**

Ordinary Resolution 2 Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with OBYU Holdings Sdn. Bhd. (“OBYU”)

THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies be and are hereby authorised to enter into and give effect to recurrent related party transactions of a revenue or trading nature with OBYU, a company related to Shorefield Resources Sdn. Bhd., a major shareholder of the Company, as set out in Section 2.5 Table 1 of the Circular to Shareholders dated 6 May 2015, which are necessary for the Group’s day-to-day operations in the ordinary course of business, on terms not more favourable than those generally available to the public and not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, before the next AGM;

whichever is the earlier.

AND THAT the Directors of the Company be authorised to act for and on behalf of the Company, to take all such steps and execute all necessary documents as they may consider expedient or deem fit in the best interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution. **(Resolution 7)**

Ordinary Resolution 3

Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with OBYU Holdings Sdn. Bhd. (“OBYU”)

THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies be and are hereby authorised to enter into and give effect to recurrent related party transactions of a trading nature with OBYU, a company related to Shorefield Resources Sdn. Bhd., a major shareholder of the Company, as set out in Section 2.5 Table 1 of the Circular to Shareholders dated 6 May 2015, which are necessary for the Group’s day-to-day operations in the ordinary course of business, on terms not more favourable than those generally available to the public and not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless authority is renewed by a resolution passed at the next AGM;

- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, before the next AGM;

whichever is the earlier.

AND THAT the Directors of the Company be authorised to act for and on behalf of the Company, to take all such steps and execute all necessary documents as they may consider expedient or deem fit in the best interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution. **(Resolution 8)**

Ordinary Resolution 4

Proposed New Shareholders’ Mandate for the Purchase of the Company’s own Shares on Bursa Malaysia Securities Berhad of not more than Ten Per Centum (10%) of the Issued and Paid-Up Share Capital of the Company (“Proposed Share Buy-Back”)

THAT subject to the provision under the Companies Act, 1965 (the “Act”), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company’s issued and paid-up share capital from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the maximum number of shares which may be purchased and/or be held by the Company shall not exceed ten per centum 10% of the issued and paid-up share capital of the Company (“Shares”) for the time being.

THAT the maximum amount of funds to be utilised by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company’s aggregate retained profits and/or share premium account.

NOTICE OF ANNUAL GENERAL MEETING

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any of the Shares so purchased by the Company in the following manner:

- (a) to cancel the Shares so purchased;
- (b) to retain the Shares so purchased as treasury shares;
- (c) to retain part of the Shares so purchased as treasury shares and cancel the remainder; or
- (d) distribute the treasury shares as dividend to shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities.

THAT the authority conferred by this resolution will be effective immediately upon passing of this ordinary resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time the said authority would lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first,

AND THAT the Directors of the Company be and are hereby authorised to take all steps to give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to take all such steps as they may deem necessary or expedient in the best interest of the Company.

(Resolution 9)

- 7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.

By Order of the Board

Aishah binti Hashim (LS 01204)
Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)
Company Secretaries

Kuala Lumpur
6 May 2015

NOTES:

1. Appointment of Proxy

- (a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2015 shall be eligible to attend, speak and vote at the Meeting.
- (b) A member entitled to attend, speak and vote at the Meeting is entitled to appoint more than one proxy to attend, speak and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting. Notwithstanding this, a member entitled to attend, speak and vote at the Meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of the member at the Meeting. There should be no restriction as to the qualification of the proxy.
- (c) In the case of a corporate member, the instrument appointing a proxy must be executed either under its common seal or under the hand of its officer or attorney duly authorised.

- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) To be valid, the instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd. (Company No. 36869-T) of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

2. Explanatory Notes to Special Businesses

(a) Item 1 of the Agenda

The Agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(b) Proposed Ordinary Resolution 1

The proposed Ordinary Resolution 1, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the Company’s total issued share capital speedily without having to convene a general meeting. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Instances for which the Company may issue new shares within this general mandate include but not limited to the purpose(s) of raising fund through private placement for investments, working capital and/or acquisitions.

This general mandate sought by the Company is to renew the general mandate granted to the Directors at the Eighth Annual General Meeting held on 29 May 2014 to issue shares pursuant to Section 132D of the Companies Act, 1965.

(c) Proposed Ordinary Resolution 2

The proposed adoption of the Ordinary Resolution 2, if passed, will enable the Group to enter into the Recurrent Related Party Transaction of a Revenue or Trading Nature which are necessary for the Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favorable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the proposed Ordinary Resolution 2 is set out in the Circular to Shareholders dated 6 May 2015.

(d) Proposed Ordinary Resolution 3

The proposed adoption of the Ordinary Resolution 3, if passed, will enable the Group to enter into the Recurrent Related Party Transaction of a Revenue or Trading Nature which is necessary for the Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favorable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the proposed Ordinary Resolution 3 is set out in the Circular to Shareholders dated 6 May 2015.

(e) Proposed Ordinary Resolution 4

The proposed adoption of the Ordinary Resolution 4, if passed, will give authority to the Directors of the Company to make purchases of shares in the Company through Bursa Securities up to ten percent of the issued and paid-up share capital of the Company.

Further information on the proposed Ordinary Resolution 4 is set out in the Circular to Shareholders dated 6 May 2015.

BUSINESS OVERVIEW

Petra Energy is an integrated brownfield services provider for the upstream oil and gas industry. The Group began operations 25 years ago and today provides a comprehensive range of services specializing in Hook-up Construction and Commissioning and Topside Major Maintenance supported by its key assets – marine vessels, minor fabrication yards and its people.

In 2013, Petra Energy became the third Malaysian Company to be awarded the Small Field Risk Service Contract by PETRONAS (the national oil company) to develop and produce petroleum from the KBM small fields cluster offshore Terengganu, Malaysia in partnership with Coastal Energy.

Our service offerings include:

Integrated Brownfield Maintenance & Engineering

- Hook-up Construction Commissioning and Topside Major Maintenance
- Project Management, Procurement & Logistics
- Engineering, Operations & Maintenance
- Oil Field Optimisation
- Equipment, Packaging & Manufacturing

Development & Production (small field RSC)

- Development & Production of petroleum from Kapal, Banang & Meranti small fields offshore Terengganu

Marine Offshore Support

- 4 workboats, 4 workbarges & 1 AHTS

Design, Fabrication, Supply & Installation

- Design & Fabrication of process and heat transfer equipment
- Engineering design & project management

New Business

- Brownfield development
- Subsea Services & Underwater Inspection Maintenance Repair (IMR)

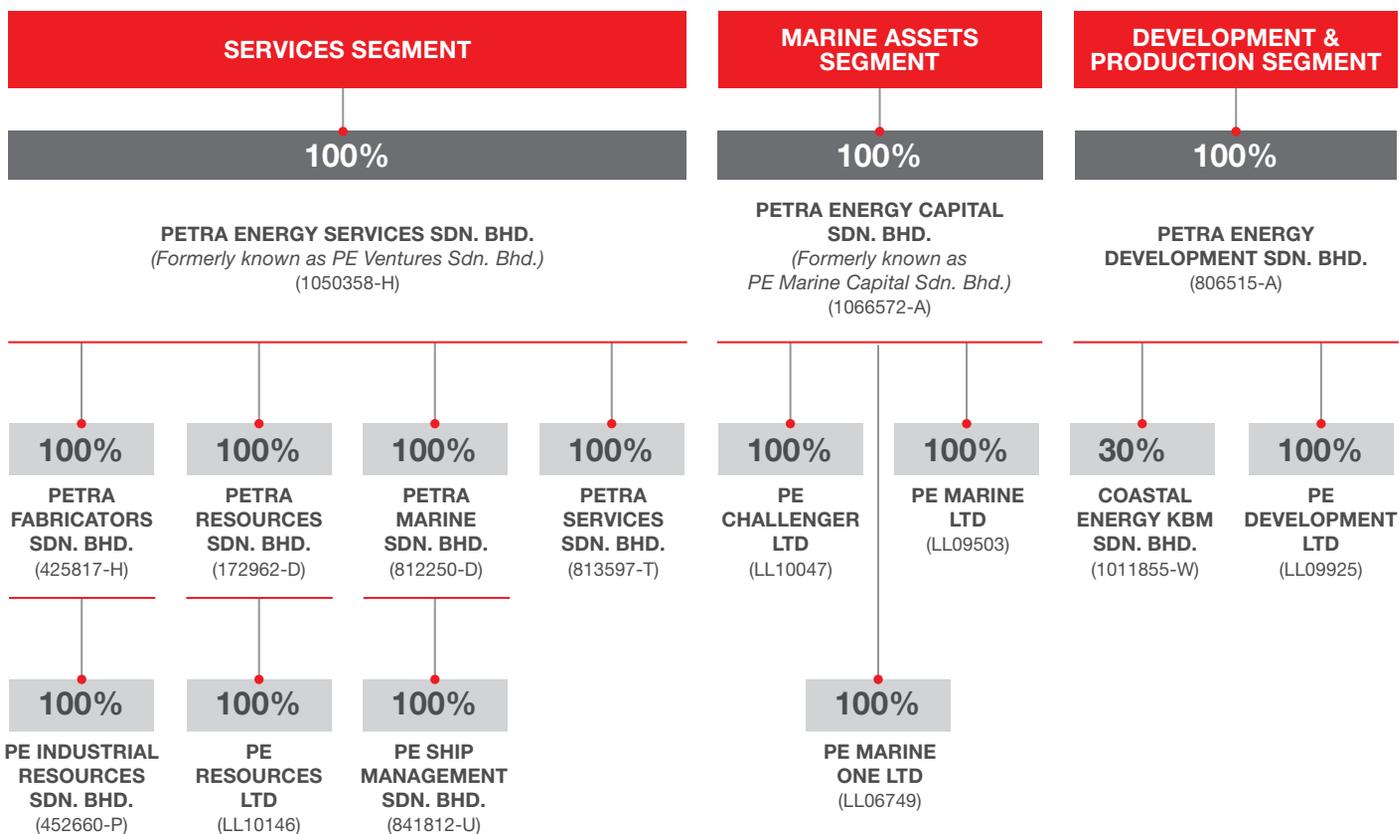


CORPORATE STRUCTURE

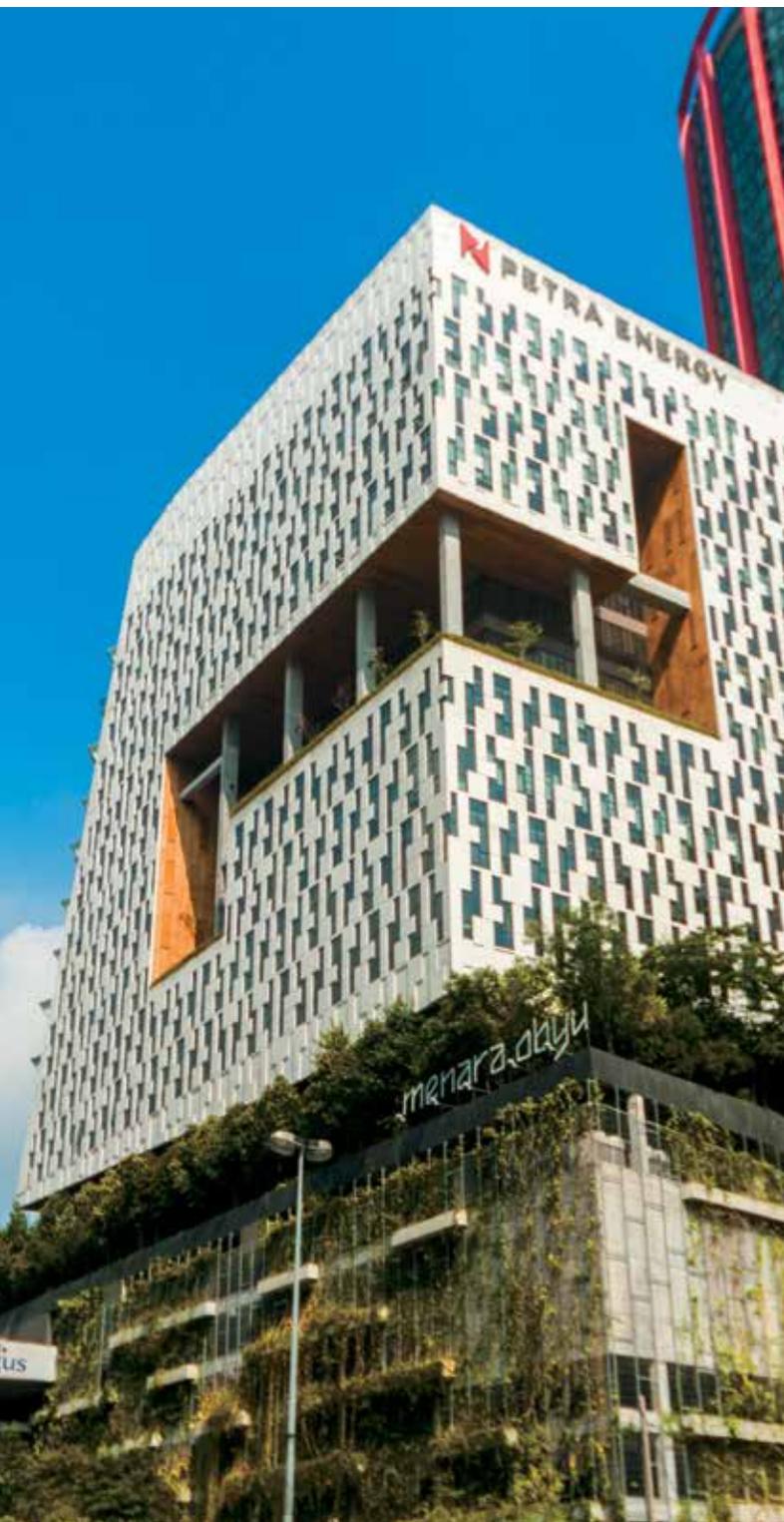


PETRA

PETRA ENERGY BHD
(718388-H)



CORPORATE INFORMATION



BOARD OF DIRECTORS

Datuk Seri Panglima Sulong bin Matjeraie
Independent Non-Executive Director / Chairman

Abdul Rahim bin Abdul Hamid
Senior Independent Non-Executive Director

Ahmad Azra bin Salleh
Independent Non-Executive Director

Gian Carlo Maccagno
Non-Independent Non-Executive Director

Dato' Anthony @ Firdauz bin Bujang
Executive Director / Group Chief Executive Officer

Ahmadi bin Yusoff
Executive Director

AUDIT COMMITTEE

Abdul Rahim bin Abdul Hamid
Chairman

Ahmad Azra bin Salleh
Member

Gian Carlo Maccagno
Member

BOARD RISK MANAGEMENT COMMITTEE

Abdul Rahim bin Abdul Hamid
Chairman

Ahmad Azra bin Salleh
Member

Gian Carlo Maccagno
Member

NOMINATION COMMITTEE

Ahmad Azra bin Salleh
Chairman

Abdul Rahim bin Abdul Hamid
Member

Gian Carlo Maccagno
Member

REMUNERATION COMMITTEE

Ahmad Azra bin Salleh
Chairman

Abdul Rahim bin Abdul Hamid
Member

Gian Carlo Maccagno
Member

COMPANY SECRETARIES

Aishah binti Hashim
(LS 01204)

Chua Siew Chuan
(MAICSA 0777689)

Mak Chooi Peng
(MAICSA 7017931)

AUDITORS

Messrs. PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur

HEADQUARTERS

Suite 13-02, Level 13, Menara OBYU
4, Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7726 5576
Fax: 03-7726 3686
Email: peb.corporate@penergy.com.my

REGISTERED OFFICE

Suite 13-02, Level 13, Menara OBYU
4, Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7726 5576
Fax: 03-7726 3686
Email: peb.corporate@penergy.com.my

SHARE REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
(36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel: 03-2084 9000
Fax: 03-2094 9940

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad (295400-W)
Affin Bank Berhad (25046-T)
HSBC Bank Malaysia Berhad (127776-V)
Malayan Banking Berhad (3813-K)
United Overseas Bank (Malaysia) Berhad (271809-K)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector: Trading/Services
Stock Code: 5133
Stock Name: PENERGY
Listed on 26 July 2007

BOARD OF DIRECTORS

ABDUL RAHIM BIN ABDUL HAMID
Senior Independent Non-Executive
Director

**DATUK SERI PANGLIMA SULONG
BIN MATJERAIE**
Independent Non-Executive Director /
Chairman

AHMAD AZRA BIN SALLEH
Independent Non-Executive Director



GIAN CARLO MACCAGNO
Non-Independent Non-Executive
Director

**DATO' ANTHONY @ FIRDAUZ
BIN BUJANG**
Executive Director / Group Chief
Executive Officer

AHMADI BIN YUSOFF
Executive Director



BOARD OF DIRECTORS' PROFILE



DATUK SERI PANGLIMA SULONG BIN MATJERAIE

INDEPENDENT NON-EXECUTIVE DIRECTOR/CHAIRMAN

Datuk Seri Panglima Sulong bin Matjeraie, a Malaysian citizen aged 68, was appointed to the Board of Petra Energy Bhd on 28 August 2014.

Datuk Seri Panglima Sulong bin Matjeraie who has more than 30 years of legal and judicial experience was a Federal Court Judge before his retirement in 2013.

He had his early education at University of Malaya where he graduated with the B.A. (Hons) Degree in 1970 before leaving for England in 1971 where he read law at the Inns of Court School of Law in London. He was called to the Bar of England and Wales in the Trinity Term of 1974 by the Honourable Society of Inner Temple, London. In 1975, he studied at the University of Southampton and obtained his Master of Laws (LLM) Degree in 1977. In 1978, he was awarded a Certificate in Advanced Management Programme by the Banff School of Advanced Management, Alberta, Canada.

He has served in various capacities in the Sarawak State Service such as Bintulu District Officer, State Training Officer Sarawak, Secretary of the Government Examination Board, Director of Civic Development Unit, General Manager of Sarawak Timber Industry Development Corporation and General Manager of Bintulu Development Authority.

In 1983, he resigned from the Sarawak Government service to set up a legal firm under the name and style of Messrs Sulong Matjeraie & Co. and served as its Senior Partner until his appointment as a Judicial Commissioner at the High Court of Malaya in Johor in 1998. He was made a High Court Judge of Malaya in Johor Bahru in 2000 before being transferred to the High Court of Sabah and Sarawak where he served as its High Court Judge at Kota Kinabalu, Sabah.

In 2007, he was promoted to be a Judge of the Court of Appeal and was later appointed as a Federal Court Judge at the Federal Court of Malaya, Palace of Justice at Putrajaya.

In 2013, Datuk Seri Sulong was appointed by the Prime Minister of Malaysia as one of the four eminent persons to serve as a member of the Judicial Appointments Commission for a period of two (2) years. His appointment has been extended further by the Prime Minister for a maximum period of another two (2) years until 9 February 2017.

On 30 January 2014, he was made a Bencher of the prestigious Honourable Society of the Inner Temple, London.

He does not have any family relationship with any member of the Board or major shareholders of Petra Energy. He does not have any conflict of interest with Petra Energy and neither has he been convicted of any offence within the past 10 years.



ABDUL RAHIM BIN ABDUL HAMID

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Abdul Rahim bin Abdul Hamid, a Malaysian citizen aged 65, was appointed to the Board of Petra Energy Bhd on 13 July 2010.

He is the Chairman of the Audit Committee and the Board Risk Management Committee, and a member of the Nomination Committee and the Remuneration Committee of the Board of Petra Energy.

He is a Fellow of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants.

He started his career in Coopers & Lybrand (previously known as Cooper Brothers & Co.) in 1971. He rose in the firm to eventually become its Chief Executive in 1993. When the firm merged with Price Waterhouse in 1998 to form PricewaterhouseCoopers, he served as its Deputy Executive Chairman until he retired in June 2004.

During the span of 33 years in the firm, he was involved in auditing, business consultancy and organisational development work covering a cross section of business sectors and industry.

Since his retirement, he has been passionately involved in the area of human capital development by undertaking business and leadership coaching of entrepreneurs and enterprises.

He presently sits on the boards of MIDF Amanah Asset Management Berhad, Malaysia Debt Ventures Berhad, AEON Co. (M) Berhad, Malaysian Venture Capital Management Berhad, Encorp Berhad, Ire-Text Corporation Berhad and Asian Finance Bank Berhad.

He does not have any family relationship with any member of the Board or major shareholders of Petra Energy. He does not have any conflict of interest with Petra Energy and neither has he been convicted of any offence within the past 10 years.

BOARD OF DIRECTORS' **PROFILE**



AHMAD AZRA BIN SALLEH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ahmad Azra bin Salleh, K.M.W., a Malaysian citizen aged 59, was appointed to the Board of Petra Energy Bhd on 13 July 2010.

He is the Chairman of the Nomination Committee, Remuneration Committee and a member of the Audit Committee and Risk Management Committee of the Board of Petra Energy.

He is a graduate of the University of London and was admitted to the Malaysian Bar in September 1987.

He is a member of the Honourable Society of Lincoln's Inn, United Kingdom. He is also a Fellow of the Chartered Institute of Arbitrators, London. He is also an Arbitrator with the Kuala Lumpur Regional Centre for Arbitration (KLRC).

He specialises in the field of Construction Law and has more than 26 years of experience as a practicing Advocate and Solicitor in this field. He also advises in areas such as privatisation, corporatisation, corporate and commercial.

He started his legal career in 1981 as a corporate legal adviser in Shell U.K.'s subsidiary company, Shell Malaysia (Trading) Sdn. Bhd., handling corporate and commercial matters involving public and private companies in the Shell Group.

He entered into private practice as an advocate and solicitor in 1987 as a civil litigation based practitioner. He was a partner in Messrs. Zaid Ibrahim & Co. from 1988 to 1994 handling corporate, commercial and construction contracts principally for the Project Lebuh raya Utara-Selatan ("PLUS") Highway. He is now practicing as a partner of the legal firm Messrs. Azra Salleh & Co.

He is also involved in arbitration and advises both public and private companies in construction industry matters.

He does not have any family relationship with any member of the Board or major shareholders of Petra Energy. He does not have any conflict of interest with Petra Energy and neither has he been convicted of any offence within the past 10 years.



GIAN CARLO MACCAGNO

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Gian Carlo Maccagno, an Italian aged 52 was appointed to the Board of Petra Energy Bhd on 18 September 2012.

He is a member of Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee of the Board of Petra Energy.

Presently, he is the Deputy Managing Director of Wah Seong Corporation Berhad (“WSC”) and is also the Chief Executive Officer of Wasco Energy Group of Companies, overseeing the overall business and management operations within the WSC Group of Companies.

Having attained his Bachelor in Business Administration from Tecnico Commerciale Maddalena Adria (RO) Italy in 1982, he worked with Socotherm S.R.L, Italy from 1984 to 1987 as a Trainee in Production and Project Management. He was later appointed as Project Manager for Socotherm S.R.L in Nigeria

from 1987 to 1990 and was briefly seconded to Petro-Pipe Industries (M) Sdn. Bhd. (“PPI”) in 1990 to assist in the setting up of the PPI coating plant in Kuantan, Malaysia. After serving as Country Manager for Socotherm S.R.L in Taiwan from 1991 to 1992, he returned to Malaysia in 1993 having been appointed as the General Manager of Wasco Coatings Malaysia Sdn. Bhd. (formerly known as PPSC Industries Sdn. Bhd.) in Kuantan, Malaysia. He has vast experience in the global pipe coating business and oil and gas business in general.

He currently sits on the board of WSC and several other private companies within the WSC Group of Companies.

He does not have any family relationship with any member of the Board or major shareholders of Petra Energy. He does not have any conflict of interest with Petra Energy and neither has been convicted of any offence within the past 10 years.

BOARD OF DIRECTORS' **PROFILE**



DATO' ANTHONY @ FIRDAUZ BIN BUJANG

EXECUTIVE DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER

Dato' Anthony @ Firdauz bin Bujang, a Malaysian citizen aged 56, was appointed to the Board of Petra Energy Bhd on 18 September 2012.

Dato' Anthony holds a Degree in Economics, Business Administration from University Malaya.

He started his career in 1983 as an Accountant in Bank Utama Malaysia Berhad. During the period from 1988 to 1996, he held various positions in Sarawak Shell Berhad such as Secretary and Adviser to Major Tender Board, Head of General Contracts and Head of Strategy, Planning & Procurement for Shell Gabon, Republic of Gabon, West Africa. He then joined TV3 and NTV7 as General Manager, Director of Operations and CEO. His last posting prior to joining Petra Energy was as the Group CEO in NSTP Berhad.

He sits on the board of One Medicare Sdn. Bhd., AmanahRaya-REIT Managers Sdn. Bhd. and Amanah Raya Berhad. He is also director for all subsidiary companies of Petra Energy as well as the director for Petra Energy's associate company, Coastal Energy KBM Sdn. Bhd.

Dato' Anthony does not have any family relationship with any member of the Board or major shareholders of Petra Energy and does not hold any directorship in any public companies. He does not have any conflict of interest with Petra Energy or its subsidiaries and neither has he been convicted of any offence within the past 10 years.



AHMADI BIN YUSOFF

EXECUTIVE DIRECTOR

Ahmadi bin Yusoff, a Malaysian citizen aged 56, was appointed to the Board of Petra Energy Bhd on 18 February 2010.

He holds a Bachelor of Arts (Hons) degree from Universiti Sains Malaysia.

He sits on the boards of various companies including Shorefield Resources Sdn. Bhd. (since 2009), an investment holding company and a major shareholder of Petra Energy, OBYU Holdings Sdn. Bhd. (since 2002), an investment holding company, CMS Wires Sdn. Bhd. (since 2008), a company involved in the manufacture and sale of welded wire mesh and Javel Engineering Sdn. Bhd. (since 2002), a construction company. He is also the director for all subsidiary companies of Petra Energy.

Prior to this, he held various key management positions with experience spanning over 17 years in the electrical, media, agro-chemical, construction, plantation and trading sectors.

He is the brother of Tan Sri Bustari bin Yusuf, a major shareholder of Petra Energy. He has never been convicted of any offence within the past 10 years.

SENIOR MANAGEMENT TEAM



top, left to right:

Dato' Anthony @ Firdauz bin Bujang
Executive Director & Group Chief
Executive Officer

Ahmadi bin Yusoff
Executive Director & Director, Strategic
Planning & Corporate Services

middle, left to right:

Suhaini @ Abdullah bin Hipni @ Webb
Managing Director, Petra Resources
Sdn. Bhd.

Jamalludin bin Obeng
Director, Group Business Development
Managing Director, Petra Fabricators
Sdn. Bhd.

Ng Ing Peng
Group Chief Financial Officer

bottom, left to right:

Badariah binti Abd Jalil
Director, Group Human Capital

Mohammad Kamal bin Md. Yosof
Director, Operations, Petra Resources
Sdn. Bhd.

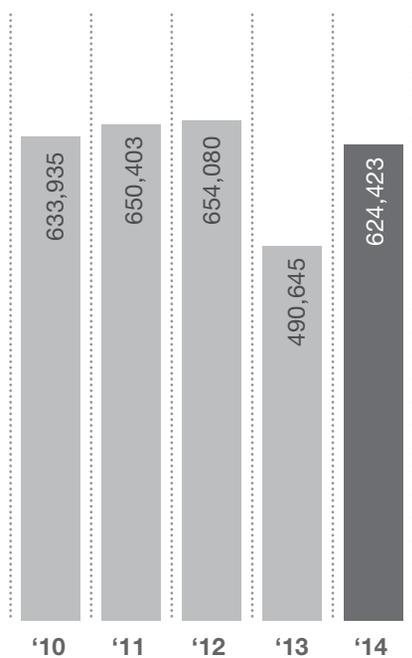
Sim Kien Beng
Managing Director, Petra Marine
Sdn. Bhd.

FINANCIAL HIGHLIGHTS

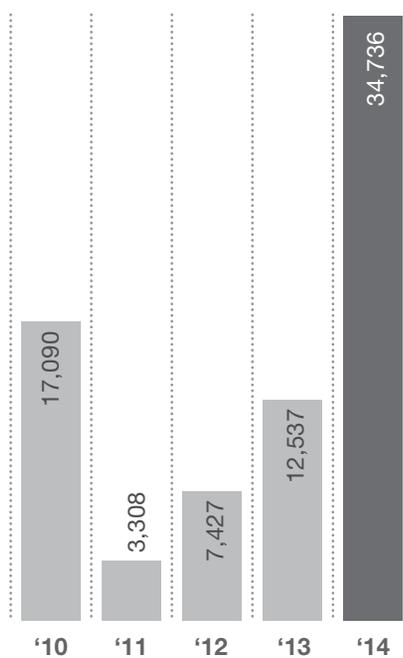
31 December

FINANCIAL YEAR	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
INCOME STATEMENT					
REVENUE	633,935	650,403	654,080	490,645	624,423
EBITDA	72,534	49,924	55,903	43,017	71,244
PBT	23,426	8,225	15,886	1,284	21,780
PAT	17,090	3,308	7,427	12,537	34,736
PATAMI (attributable to enquiry holders)	16,994	3,485	7,469	12,735	34,750

Revenue
(RM'000)



Profit After Tax
(RM'000)

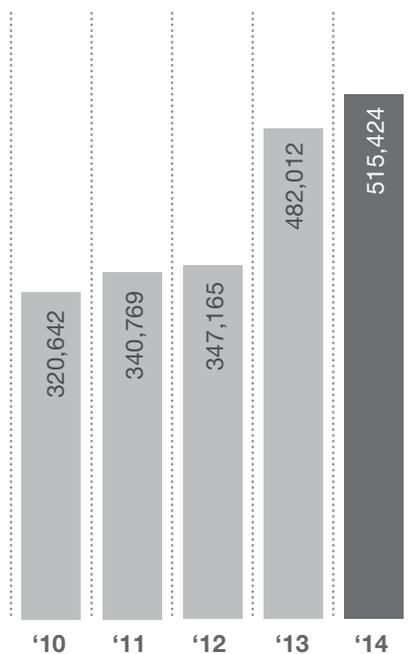


FINANCIAL HIGHLIGHTS

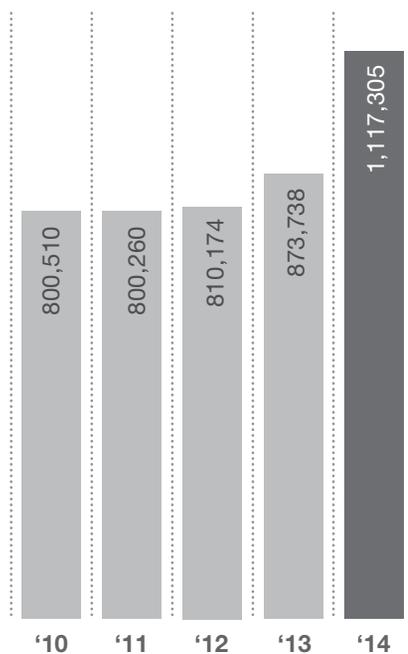
31 December

FINANCIAL YEAR	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
BALANCE SHEET					
Total Liabilities	479,088	458,937	462,497	391,243	601,881
Total Borrowings	279,367	219,326	194,289	199,192	349,490
Total Assets	800,510	800,260	810,174	873,738	1,117,305
Total Shareholders' Equity	320,642	340,769	347,165	482,012	515,424

Total Shareholders' Equity
(RM'000)



Total Assets
(RM'000)



CALENDAR OF EVENTS

FEBRUARY 2014

10 FEBRUARY 2014

Petra Energy's management celebrates the new year with employees in Miri, Sarawak in tandem with Management Visit 2014

MARCH 2014

25 – 28 MARCH 2014

Petra Energy exhibits at the inaugural Offshore Technology Conference Asia at the KL Convention Centre

26 MARCH 2014

First Oil celebration and Cocktail Reception – KBM Cluster of small fields – CEKBM Project

APRIL 2014

25 APRIL 2014

Petra Energy launches Health Awareness Drive for employees, Weight Loss Challenge Programme and Stop Smoking initiative

MAY 2014

29 MAY 2014

Petra Energy Bhd – 8th Annual General Meeting



JUNE 2014



1 JUNE 2014

Petra Energy sponsors mobile clinic via the Malaysian Oil and Gas Services Council Charity Golf



11 JUNE 2014

Petra Energy co-hosts the "Q2 PCSB HSE Contractors Conference" with PETRONAS Carigali

JULY 2014

16 JULY 2014

Petra Energy's intranet goes Live!

CALENDAR OF **EVENTS**

AUGUST 2014

6 AUGUST 2014

Petra Energy supports Universiti Teknologi PETRONAS Science and Engineering Design Exhibition (SEDEX)



15 AUGUST 2014 & 20 AUGUST 2014

Petra Energy celebrates Hari Raya with employees

Raya Open House 2014 West Malaysia & Raya Open House 2014 East Malaysia



20 AUGUST 2014

Petra Energy awarded one of the BEST COMPANIES TO WORK FOR IN ASIA 2014 – MALAYSIA by HR Asia



28 AUGUST 2014

Petra Energy announces appointment of new Independent Non-Executive Director/Chairman, Datuk Seri Panglima Sulong bin Matjaraie

SEPTEMBER 2014



2 SEPTEMBER 2014

Launch of Petra Energy's core values, brand promise and new logo

24

PETRA ENERGY BHD



4 SEPTEMBER 2014

First oil from Banang field ahead of schedule, part of the CEKBM Project

SEPTEMBER 2014



5 SEPTEMBER 2014

Petra Energy supports the Sarawak Regatta 2014 – Piala PETRA and Team Dewa sponsor



23 – 25 SEPTEMBER 2014

Petra Energy participates in the Malaysian Oil & Gas Services Exhibition and Conference 2014

30 SEPTEMBER 2014

Early activation contact for Topside Major Maintenance services for PETRONAS Carigali's Sabah operations

NOVEMBER 2014

7 NOVEMBER 2015



Petra Energy introduces new logo to the industry via sponsorship of the MALAYSIAN OIL & GAS SERVICES COUNCIL AND MALAYSIAN GAS ASSOCIATION Industry Dinner



Petra Energy recognised as a finalist (Top 3) for Best Graduate Employer Programme 2014 by Talent Corporation Malaysia and Grad Malaysia

CALENDAR OF **EVENTS**

NOVEMBER2014



22 NOVEMBER 2014

Petra Energy Family Day at Sunway Lagoon and Gymkhana Club Miri

DECEMBER2014

10 – 12 DECEMBER 2015

Petra Energy participates in International Petroleum Technology Conference 2014 with Coastal Energy



30 DECEMBER 2014

Petra Energy initiates Blood Donation Drive with Tabung Darah Negara as part of its CSR initiatives for victims of floods in East Coast, Malaysia.

JANUARY2015

13 JANUARY 2015

Petra Energy proposed disposal of the entire 51% equity interest in Bumi Subsea Sdn. Bhd. by PE Ventures Sdn. Bhd.

27 JANUARY 2015

Petra Energy participates in International Energy Week 2015 – Kuching, Sarawak

FEBRUARY2015

12 FEBRUARY 2015

Petra Energy proposed disposal of the entire 70% equity interest in Jurutera Perunding Akal Sdn. Bhd.

13 FEBRUARY 2015

Petra Energy receives award by Malaysian Offshore Contractors Association (MOCA) for “Majlis Kolaborasi Strategik Kolej Komuniti Wilayah Sarawak Bersama Score dan Industri Berimpak Tinggi”

MARCH2015

11 MARCH 2015

Petra Energy awarded Topside Maintenance Execution Services for Gumusut-Kakap Floating Production System by Sabah Shell Petroleum Company



31 MARCH 2015

3.5 million manhours without Lost Time Incident (LTI) for the provision of Hook-up and Commissioning services for PETRONAS Carigali's facilities from 2011 to 2014

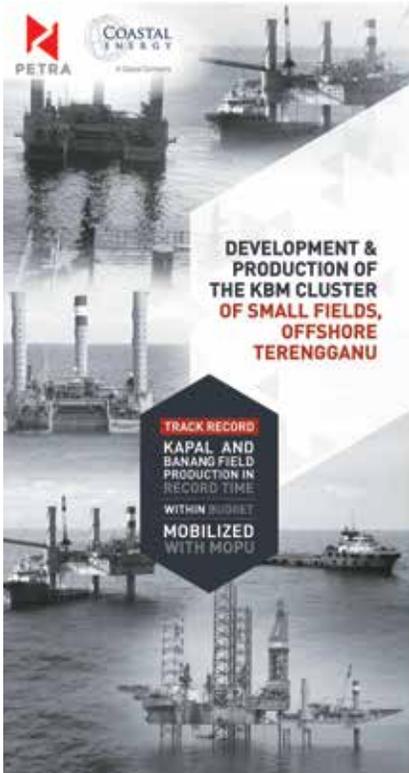
CHAIRMAN'S STATEMENT



Dear Shareholders,

It is an honour to present to you Petra Energy Berhad's 2014 Annual Report in my capacity as the new Chairman of the Board. I am particularly pleased to report that for the year under review, the Company's operational and financial performances have shown marked improvements.

CHAIRMAN'S STATEMENT



While 2013 was a year of transition, 2014 saw us beginning to realise the positive impact of the initiatives under our 5-year strategic plan following the rollout of various initiatives under the key areas of Commercial, Process, People, Brand and Partnership and will best be remembered as a year of achievements.

In our journey towards achieving our longer term strategic goals, we are focused on making the successful transition to a highly engaged, delivery focused organisation, committed to enhancing shareholder value with strong emphasis on Health, Safety and Environment.

Petra Energy Bhd (The Company/Group) has reinforced its position as a leading provider in its core competency area of Hook-up Construction and Commissioning (HuCC) and Topside Major Maintenance (TMM). We also marked our presence in small field development and production activities via the risk service contract for the Kapal, Banang and Meranti cluster of small fields in partnership with Coastal Energy via our 30% joint venture company, Coastal Energy KBM Sdn. Bhd.

Some notable achievements in 2014:

- optimised HuCC and TMM business in our core competency area
- focused on operational excellence supported by processes and systems to manage costs efficiently
- invested in our people through strategic talent management initiatives
- revisited our core values and brand promise. These values will define who we are as an organisation, guide our journey and ensure our fundamentals are intact as we grow the Company to capitalise on opportunities for new and profitable revenue streams.

Our achievements in 2014 are reflective of the key initiatives executed under the Group's strategic plan. The outcome of these initiatives is a visibly reinvigorated Petra Energy as reflected in the programmes executed, our achievements and dealings with stakeholders.



FINANCIAL PERFORMANCE

I am pleased to report that the Group recorded revenue of RM624.4 million, an increase of RM133.8 million as compared to RM490.6 million in the preceding year. We achieved a profit before tax (PBT) of RM21.8 million for the financial year ended 31 December 2014 (FYE2014) compared to RM1.3 million in FYE 2013. This improvement came on the back of an increase in activities from contracts executed within the integrated brownfield maintenance services segment. The Group recorded Profit After Tax and Minority Interest (PATAMI) of RM34.8 million, our highest performance since the year 2009.

The year's results are reflective of an improved performance in the Group's core activities in the integrated brownfield maintenance and engineering services segment. An increase in work orders from the Pan Malaysia HuC project for PETRONAS Carigali Sdn. Bhd. (PCSB) in Sarawak and Sabah waters and the Shell Gumusut Kakap Offshore Services Contract contributed significantly to Group revenue. The offshore marine support services work supporting the Group's core HuCC projects also contributed to the revenue growth. The integrated brownfield maintenance and engineering services segment contributed to almost 84% of total Group revenue, with the balance from the marine offshore support services and fabrication businesses. We are pleased to note that our group-wide focus on operational efficiency is progressively showing

results. The increase in activities is testament of our major client's confidence in the Group's ability to safely execute projects on schedule and within budget.

In line with the improved performance in FYE2014, the Board is pleased to declare a single tier interim dividend of 2.0 sen per ordinary share of 50.0 sen each on 321,750,000 ordinary shares in respect of the year ended 31 December 2014. This amounts to a dividend payout of RM6,435,000 and represents the highest dividend paid by the Group since year 2009.

This dividend will be paid on 15 May 2015 to shareholders whose name appears in the Record of Depositors at the close of business on 17 April 2015.

OPERATIONAL AND CORPORATE HIGHLIGHTS

On the operations front, we achieved the following milestones during the year under review:

- the early activation of the TMM contract for Sabah waters by PCSB
- successfully and safely completed 20 projects for the PETRONAS Carigali Pan Malaysia HuC services contract
- secured the offshore services contract by Sabah Shell Petroleum Co. Ltd. for the Gumusut Kakap floating production system (March 2015). This contract is an addition to the offshore services contract awarded in 2012
- achieved first oil from the Banang small field, ahead of schedule and within budget. The Banang field is part of the KBM small fields cluster.

Commendations awarded to the Group include:

- Best Performing Contractor for the ERB West Project by PCSB
- commendation for good work executed for the Tembungo Early Monetisation Platform part of the Pan Malaysia HuC contract. We also received commendations for various projects executed during the year
- we were incentivised for our achievements and commitment to Health, Safety and Environment for 10 projects under the Pan Malaysia HuC contract.

CHAIRMAN'S STATEMENT

In Q1 2015, a corporate restructuring exercise was initiated to streamline our operations that resulted in the placement of the Group's subsidiaries into various segments, namely Services, Marine Assets and Development and Production. The objective of this exercise is to help us achieve better economies of scale and management of business operations, as well as ensure effective and efficient project execution. The new structure is reflected on page 9 of this report.

UPHOLDING HSE

In December 2014, we achieved 3.5 million manhours without LTI (lost time incident) for the provision of HuC services for PCSB facilities from 2011 to 2014. To read more on the Group's initiatives and achievements in HSE, please refer to page 38 of this annual report.

ATTRACT, NURTURE AND ENGAGE THE BEST FIT TALENT

We believe a Company is only as good as its people. With this in mind, we initiated several programmes with a focus on people engagement and development. This has helped us reach new heights in our talent development and management. 2014 saw us record successes for our efforts in people development:

- Employee Engagement score increased to 65% from 40% recorded in 2012
- we were awarded one of the Best Companies to Work For in Asia (Top 40) by HR Asia
- our Fast Track Engineer Programme was recognised as a finalist in the "Top Graduate Employment Company award" by Talent Corporation Malaysia and Grad Malaysia

Our successful talent programme was a critical driver in attracting, developing and retaining key talent in the Group, which was instrumental in our improved operational performance. The Company will remain committed to invest in our people to ensure we maintain a high performing, ethical and commercially driven mindset.

For more information on our workplace initiatives, please refer to the Corporate Responsibility section on page 40 of this Report.



Voted one of HR Asia's
**Top 40 Best
Companies to
Work For in Asia**
&
**Top Graduate
Employment
Company**
Finalist

STRONG BRAND PRESENCE AND VALUES

To signify the new direction of our revitalised organisation, we revisited our core values to communicate to all our stakeholders what "PETRA" stands for as a company and a brand. We adopted the theme Synergising Partnerships as our brand promise, guided by our core values of Integrity, Professionalism, Commitment and Teamwork.

What all this means, is enhanced shareholder value for shareholders, delivering on our promise for our clients, and mutually beneficial partnerships for our vendors and business partners. For our employees, this promise translates into a more conducive work environment and a stronger platform for our people to be the best they can be. As for the investment community, it underscores our commitment of being a company with strong governance and integrity.



“ We adopted the theme ‘**Synergising Partnerships**’ as our brand promise, guided by our core values of **Integrity, Professionalism, Commitment and Teamwork.** ”

RESPONSIBLE CORPORATE PRACTICES

Petra Energy Board of Directors (Board) believes that good governance is important to the success of our business and we remain committed to applying the principles necessary to uphold and implement strong standards of corporate governance and risk management throughout the Group. These measures will go a long way to safeguard our corporate reputation, ensure the sustainable growth of our businesses, strengthen investor confidence and ensure continued shareholder value creation.

The Board subscribes to the principles and recommendations set out in the Second Edition of the Malaysian Code of Corporate Governance 2012. We are also exploring ways to adopt the criteria relating to gender diversity. We continue to undertake the necessary due diligence with regard to any new investments or ventures, and are at this time adopting a conservative and prudent valuation policy, particularly in light of the challenging industry environment.

As a socially responsible organisation, we believe that we have a duty to give back to the communities. In 2014, we initiated various activities in line with our Corporate Social Responsibility focus area of education and the underprivileged in society. For more details on the Group’s Corporate Responsibility efforts, please refer to the CR section of this Annual Report on pages 40 to 44.

OUTLOOK

2015 will be a challenging year with reduced oil price, uncertainties and cost reduction initiatives by oil majors. Mindful of these market realities and to ensure we remain profitable and sustainable, we will prioritise and enhance our operational efficiencies and capabilities, manage our costs prudently and focus on our fundamentals.

CHAIRMAN'S STATEMENT

Our 'Synergising Partnerships' Commitment:

- Enhanced Shareholder Value
- Delivering on our Promise
- Mutually Beneficial Partnership
- Providing a Platform for Employees to be the best they can be
- Strong Corporate Governance

We are confident that the ongoing initiatives we have put in place under the 5-year strategic plan initiated in early 2013 will see the Group through these challenges. Growing the current business and cautiously exploring opportunities up the oil & gas value chain for new revenue streams will remain a priority for the Group.

ACKNOWLEDGEMENTS

Our successes, thus far, are to a large extent, the result of the synergistic partnerships that we have nurtured and maintained with diverse groups of stakeholders who have been supportive of our objectives.

On behalf of the Board, I would like to express our appreciation to our shareholders for their confidence in our ability to bring them added value; our clients for their trust in our ability to deliver on our promise; our principal bankers who have accorded us the means to expand our business; and our business partners who continue to unreservedly support our endeavours with their invaluable knowledge and skills. My sincere gratitude also goes to our vendors for their professionalism and support and to the government authorities and regulators for ensuring a viable oil and gas ecosystem.

I also wish to convey my heartfelt appreciation to my colleagues on the Board for their continuing wise counsel and insights that have helped steer the Company forward, and to our Management, for displaying astute leadership that has been critical to ensuring our profitability.

To our employees, our single most important asset, thank you for all your hard work, commitment and dedication to excellence.

Synergising Partnerships



Datuk Seri Panglima Sulong bin Matjeraie,
Chairman

17 April 2015

OUR EMPLOYEES



The strength of our team is in each member. The strength of each member is in the team.

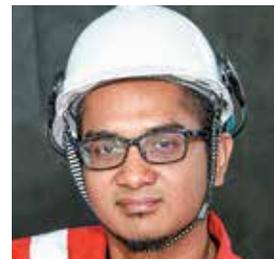
We have created a conducive work environment, one where all our varied employees are able to work in unison to achieve the common goal of success. This allowed us to harness the strength of each individual, making us stronger as one company. By preserving this productive nature, we've been able to establish mutually beneficial relationships with our stakeholders.

Synergising Partnerships



PETRA

www.petraenergy.com.my



MANAGEMENT **DISCUSSION & ANALYSIS**



We took significant steps towards our strategic goals in 2014. We reinforced our position in our core competency area of HuCC and TMM, and made progress in development and production to enhance our competitiveness. As we leverage on our comprehensive 5-year strategic roadmap, we are seeing the results of our efforts while we transform into a stronger organisation.

The outcome of these collective efforts is reflected in the key highlights of the year in review under the following segments of the Group:

BUSINESS SEGMENT PERFORMANCE

Integrated Brownfield Maintenance and Engineering Services Segment

The integrated Brownfield Maintenance and Engineering Services segment's contributed approximately 84% towards the group's revenue. A significant portion of this revenue is attributed to the Pan Malaysia HuC and TMM contract executed for PETRONAS Carigali Sdn. Bhd. (PCSB).

Revenue for this segment recorded an increase by 22.8% to RM524.1 million in FYE2014. The improved performance is attributable to an increase in work orders for the Pan Malaysia HuC and TMM contract. In 2014, we executed 20 projects under this contract.

2014 Key Highlights:

- Commendation for our performance for work relating to the Tembungo Early Monetisation Platform project and for our excellent performance in implementing various work orders under the Pan Malaysia HuC project
- Best Performing contractor for the ERB West Turaround by PCSB for contributions towards work completion, leadership, HSE contribution and teamwork
- Early activation of the Topside Major Maintenance services (TMM) contract for PETRONAS Carigali's Sabah operations
- Award of the Offshore Services Contract (OSC) by Sabah Shell for the Gumusut Kakap floating production system. Petra Energy provides contract management, site execution and offshore maintenance crews. This contract is an addition to the OSC awarded in 2012 by Shell for the same project, it is a strong testament to our capabilities in HuCC and TMM operations.

Best Performing Contractor

for ERB West Turnaround Project Awarded by PCSB

HSE Excellence: 3.5mil manhours LTI-Free

for the provision of Hook-up and Commissioning of PCSB's facilities from 2011 to 2014

Letter of Commendation from PCSB

for excellent performance in Tembungo Early Monetisation Platform project

Fleet Strength

4 AWBs
4 Workboats
1 AHTS vessel

Marine Offshore Support Services Segment

In FYE2014, the Marine Offshore Support Services segment's revenue increased by RM31.2 million to RM60.3 million. The increase in revenue can be attributed to full year contribution from a wholly owned subsidiary which was acquired in May 2013, plus contributions from vessels which were chartered to third parties during FYE2014.

Today, our offshore marine fleet comprises four accommodation work barges (AWBs), four workboats and one anchor handling tug supply (AHTS) vessel.

MANAGEMENT DISCUSSION & ANALYSIS

2014 Key Highlights:

- The year saw Petra Orbit, Petra Challenger and Petra Galaxy providing support to the Group's HuCC and TMM operations offshore Sabah and Sarawak
- Petra Discovery was mobilised for HuC Projects offshore Bintulu
- Petra Endeavour provided HuC and TMM services to PCSB for the ERB West Platform in Sabah waters
- Petra Lyra was used for bareboat charter hire in a PTTEP project in Songkhla, Thailand

The Group recently secured an umbrella contract from PCSB for the provision of spot charter marine vessel services for its operations in Malaysia. The contract is on a non-exclusive basis for two years effective January 2015 to January 2017, with an extension option of one year exercisable by PCSB from the expiry date.

In FYE2014, six out of seven vessels were dry-docked, meaning there will be minimal idle time in 2015 and the next four years.

Moving forward, we are exploring the possibility of making investments in strategic marine assets as part of the Group's Vessel Replacement and Renewal Programme.

Design, Fabrication, Supply and Installation Services Segment

The Design, Fabrication, Supply and Installation Services segment's revenue increased by 15.3% to RM40 million in FYE2014. The segment's improved growth is mainly due to higher activities undertaken in the fabrication division over the course of the year.

2014 Key Highlights:

- Designed & fabricated Gas Filter Coalescers, Dust Filters and Dry Gas Filters for Eva North Malay Basin Gas Delivery System Project.
- Designed, fabricated and delivered process equipment including pressure vessels and heat exchangers for PCSB.
- Designed & fabricated Launchers & Receivers, Duplex Turret Closed Drain Drum and Duplex Pump Sumps for Inpex Operations Australia Pty. Ltd.





- Collaborated with process designer, Jord International Pty. Ltd. to fabricate and deliver Dry Gas Filters for the Tomago Pipeline Project in Australia.
- Fabricated a 170 tonne Slug Catcher for the Besar Phase 1 Development Project for PCSB.

The Group's fabrication yard in Shah Alam, Selangor continues to design, fabricate, supply and install heat transfer equipment, pressure vessels, process skid packages and storage tanks, amongst others. Today, Petra Energy's design, fabrication, supply and installation services segment supplies to international markets.

LOOKING AHEAD

Oil price uncertainties are expected to impact the industry. In light of this, the Group will continue to undertake key measures to manage costs and operational expenditures in our efforts to enhance shareholder value. Our priority will be to grow the current business and explore opportunities to capitalise on new revenue streams in the upstream oil and gas value chain.

We expect our performance to be sustained by contributions from our integrated brownfield maintenance and engineering services and marine offshore support segments. The continuing contributions from the Pan Malaysia HuC and TMM projects with PCSB will augur well for the Group. The Sabah Shell Gumusut Kakap offshore services contract is also expected to contribute to the Group's bottom line in 2015.

While we continue to set our sights primarily on Malaysia, we remain open to exploring other opportunities. We will forge partnerships and undertake collaborative efforts with other parties for mutual benefit.

Moving forward, we will focus on our fundamentals and on our strategic roadmap to ensure a clear path on our journey to become a sustainable oil and gas company.

HEALTH, SAFETY & ENVIRONMENT

The infographic features a background of a complex, light-colored geometric pattern. In the top left corner is the Petra Energy logo, consisting of a red stylized 'P' and the word 'PETRA' below it. In the top right corner is the Petronas logo, a green stylized 'P' with a drop and the word 'PETRONAS' below it. The central focus is the large, bold, red number '3,500,000' with 'Mhrs' in red to its right. Below this, the text 'W/O LTI Achievement' is written in a bold, black, sans-serif font. A horizontal line separates this from the text 'FOR THE PROVISION OF HOOK-UP & COMMISSIONING OF PETRONAS CARIGALI'S FACILITIES FROM 2011 TO 2014' in a smaller, black, sans-serif font. At the bottom, there are two red arrow-shaped banners pointing to the right. The left banner contains the text 'INTEGRITY | PROFESSIONALISM | COMMITMENT | TEAMWORK' and the right banner contains 'SYNERGISING PARTNERSHIPS'.

3,500,000 Mhrs
W/O LTI Achievement

FOR THE PROVISION OF HOOK-UP & COMMISSIONING OF PETRONAS CARIGALI'S FACILITIES
FROM 2011 TO 2014

INTEGRITY | PROFESSIONALISM | COMMITMENT | TEAMWORK

SYNERGISING PARTNERSHIPS

Petra Energy's business activities are strongly driven by a Health, Safety and Environment (HSE) culture that is benchmarked against industry best practices. The Group in its aim to inculcate the safety culture among our workforce is committed and driven to excel in HSE. We place emphasis on HSE policies and practices in the workplace, yards and amongst our offshore teams and operating environments. Programmes are initiated with the objective of ensuring HSE is a way of life and not merely a practice adhered to whilst working.



2014 Total manhours:
7,262,775

2014 HSE Highlights:

- 3.5 million manhours without lost time injury (LTI) for the provision of hook-up and commissioning services of PETRONAS Carigali Sdn. Bhd.'s (PCSB) facilities from 2011 to 2014
- 1 million LTI-free hours for the Gumusut Kakap offshore services contract from November 2012 to May 2014 and 500 Goal Zero Days (May 2014)
- 1 year LTI-free days for the Shell Crane Maintenance project at Petra Fabrication Yard
- Best Performing Contractor for the ERB West Turnaround project (August 2014) for contributions towards HSE, work completion, teamwork and leadership.
- 2014 Total Recordable Case Frequency recorded at 0.28, this translates into a 17% reduction from 2013 (0.34), showing a steady decrease since 2011 in recordable case injuries over time.

Some HSE programmes undertaken in 2014:

- Celebrated the Gumusut Kakap project HSE Day - 1 million manhours without LTI and 500 Goal Zero Days
- Co-hosted the 'Q2 HSE Contractors Conference' with PCSB
- HSE Day at Petra's office and minor fabrication yard, Shah Alam, Selangor

- Toolbox and Personal Protective Equipment Campaign
- Weekly HSE walkabout
- Business Continuity Plan tabletop drill.

At Petra Energy, we recognise that healthy employees translate into a healthier workforce and better productivity. We endeavour to keep this balance going through healthy competitions and other activities. In 2014, we held initiatives and programmes on health awareness to provide employees convenient access to medical checks, blood tests, basic screenings and health products.

Apart from operational HSE initiatives, we also put in place a Health Awareness Drive, a yearly programme that encourages and provides all employees a platform to lead healthy lifestyles. The Group also initiated a Stop Smoking campaign and a Lose Weight challenge with a structured weight management plan.

Today, HSE is in every employee's KPI, and in addition, project management teams have stringent practices in place to ensure that the Group fulfils all HSE standards and practices to deliver value. It is also a Board level agenda at all Board meetings of the Group.

The Management is committed to ensuring and providing the highest level of service to oil majors, with greater focus on the execution of HSE Programmes. Albeit the challenging oil price and narrowing margins, we are committed to ensuring that HSE initiatives will continue to be prioritised.

CORPORATE RESPONSIBILITY



At the heart of the Petra Energy Bhd are our core values of Integrity, Professionalism, Teamwork and Commitment. These values and our commitment to Health Safety and Environment are the cornerstone of our approach in our Corporate Responsibility initiatives.

In 2014, the Group introduced Petra Energy's Corporate Responsibility guideline. Moving forward, the Company will focus its CSR efforts in education, youth development and aiding the underprivileged in society.

The following outlines some of our key initiatives for the period under review.

SYNERGISING PARTNERSHIPS AT THE WORKPLACE

Our goal is to create a highly engaged work environment with a high performing, ethical and commercially driven workforce that would prompt a culture shift. This shift, we believe is necessary to help take the Company to the next level of growth.

We are driven to create a work environment that is mutually beneficial to our employees. We believe healthy employees translate to a healthier workforce and better productivity.

All employee engagement stems from our core principle of connecting the needs, priorities and goals of individual employees to drive business results.

Our successes to date could not have been achieved if not for the commitment from our employees.

2014 Key Highlights:

Talent Management Programme – attract, nurture and retain

- Identified a pool of high potential individuals (HPI). Dialogues are conducted with talents to personalise each individual's development plan
- Initiated a Succession Management Programme framework comprising a competency based development model and leadership curriculum adopted by the company as an investment in talent development

Training for all employees

- Continuous improvement is a trait we encourage amongst employees. We provide opportunities for all employees to undergo training in both technical and soft skills. Our training man-days for 2014 stood at 2,957 for 652 employees

Healthy Lifestyle Programme

- Sports activities to encourage healthy competition are initiated at all locations of the Group
- Health Awareness Drive – Stop Smoking Competition and Weight Loss Challenge.

Enhancing engagement

- Townhalls, tea talks and an intranet page keep employees connected
- Core value workshops to promote Integrity, Professionalism, Commitment and Teamwork – about 300 employees benefited from these workshops in 2014. This is part of a continuous initiative to ensure we live up to our core values
- Pilgrimage programmes for employees on subsidised rates

The value generated from these initiatives resulted in increased productivity and enhanced communication amongst teams.





Recognising excellence

In 2014, the Group also initiated the “Anugerah Kecemerlangan Akademik” for the children of employees. 18 students who sat for national examinations were awarded through this initiative based on an established selection criteria.

“ The FTE programme is in its 4th year and has shaped the careers of 38 successful trainees who are now on track for successful careers in Petra Energy. ”

SYNERGISING PARTNERSHIPS IN THE MARKETPLACE

The Fast Track Engineer Programme

The Fast Track Engineer Programme at Petra Energy is a graduate programme aimed at developing leaders. The programme is designed to unleash the potential of fresh engineering graduates to prepare them for a future in the oil and gas industry. This is part of the Company’s internal capability building process to ensure long term business sustainability as aligned with key stakeholder business objectives.

The FTE programme is in its 4th year and has shaped the careers of 38 successful trainees who are now on track for successful careers in Petra Energy.



JOIN PETRA'S FAST TRACK ENGINEERING PROGRAMME

At PETRA, we believe in recruiting the right people, to nurture and develop outstanding talents. The Fast Track Engineers (FTE) programme is a structured one-year programme designed to recruit and develop outstanding graduates who possess the potential to rise and succeed in senior leadership roles.

OUR FTES GET TO...

- Travel
- Hands on training and certification
- Career progression
- Overall business exposure

THEY ARE GIVEN...

- Mentor system
- Individual developmental plan
- Senior management full support

HOW WE RECRUIT OUR FAST TRACK ENGINEERS AND PROGRAMME PATH

- Call for resume submission via career fairs and email
- Screening process via phone interview and online assessment
- Selected candidates undergo two-day assessment
- Chosen candidates will be interviewed individually by Project Management Team and Group Human Capital
- Successful candidates are required to do a team presentation to the Group CEO and Senior Management
- Shortlisted candidates are required to do a team presentation to the Group CEO and Senior Management
- Trainees will be evaluated quarterly to gauge their competency level. After completing the job rotation, final assessment and placement interview
- Trainees will be part of the talent pool and will be continuously developed to assume roles in future business

Welders' Training Programme with Yayasan Sarawak

Petra Energy collaborated with Yayasan Sarawak for a welders' training programme.

In line with its focus area on education, the Company actively provides opportunities for training and development of registered students under Yayasan Sarawak. 75 students in East Malaysia were given the opportunity to undergo welders training programme.

Sarawak Business Summit 2014 – Associate Sponsor

The Group also supports the development of the oil and gas industry in Sarawak. In November 2014, Petra Energy sponsored the Sarawak Business Summit as an associate sponsor.

Encouraging innovation and technology in young minds

Petra Energy supports Universiti Teknologi PETRONAS' (UTP) Science and Engineering Design Exhibition (SEDEX). SEDEX showcases the student's innovative creations and inventions to promote science and engineering.

This sponsorship is a yearly initiative. Moving forward, the Company is looking to collaborate on R&D initiatives with UTP with the aim of creating innovations that will aid in cost management and HSE for Petra Energy in the near future.



SYNERGISING PARTNERSHIPS IN THE COMMUNITY

Giving back to the community is an ongoing initiative. In 2014, Petra Energy undertook the following:

Sarawak Regatta – supporting culture conservation

In 2014, Petra Energy supported the Sarawak Regatta. A new category, The Piala PETRA (closed category for Sarawakian rower teams), was initiated. The Sarawak Regatta is the oldest paddle boat race of its kind in Malaysia. This iconic event was part of the state's annual tourism calendar.

The Company has been operating in Miri, Sarawak since it started operations in 1988 and supports the preservation of an age-old tradition and the state's tourism activities.

Our commitment to the underprivileged

Dinner and Iftar with:

Anak Yatim Pinggir TTDI; Rumah Anak Yatim Kasih Harmoni, Paya Jaras and Rumah Amal Limpahan Kasih, Puchong; Anak Yatim Al-Hijrah, Kemaman. Miri employees and Anak Yatim Kampung Luak & Kampung Tualang Laut; Raya open house with staff and children from Anak Yatim Rumah Kasi Harmoni, Paya Jaras; Celebrating Aidiladha with Anak Yatim Kasih Harmoni, Paya Jaras.

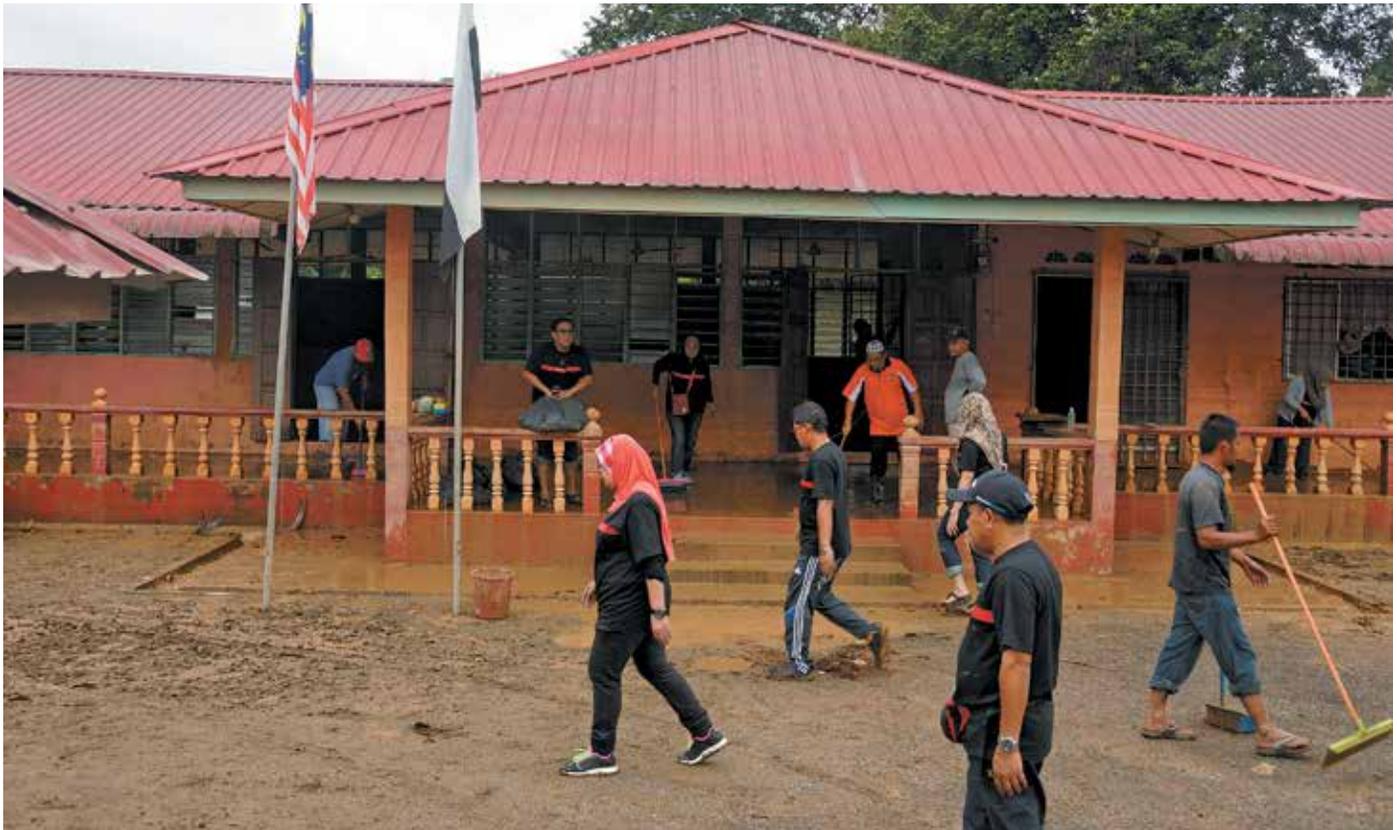


Employee volunteerism - flood relief support

In 2014, we initiated the following flood relief operations to aid flood victims affected by one of the worst floods that ever hit the country in late 2014:

- Blood donation drive with the National Blood Bank
- Donation for flood victims via Media Prima's flood relief efforts
- Flood relief volunteer team – employees of the group together with members of the senior management team were mobilised early January 2015 for clean-up activities of communities affected by the floods. Some 60 employees participated in this initiative

Moving forward, the Company believes that being a socially responsible corporate citizen is imperative to our growth. We will continue to promote best CR practices that align with our business objectives.



AUDIT COMMITTEE REPORT

The members of the Audit Committee are as follows:

Abdul Rahim bin Abdul Hamid	Chairman	Senior Independent Non-Executive Director
Ahmad Azra bin Salleh	Member	Independent Non-Executive Director
Gian Carlo Maccagno	Member	Non-Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) (“Bursa Securities”), the Board had resolved to establish a Committee of the Board known as the Audit Committee (“the Committee”) on 18 May 2007.

The Committee is one of the committees of the Board of Directors. The Committee does not have the authority to make decision on behalf of the Board but has the authority to examine areas or issues within their respective terms of reference and to report back to the Board with relevant recommendations.

OBJECTIVE

The principal objectives of the Committee are to assist the Board, by providing:-

- a focused review and detailed discussion of the Company’s processes for producing financial data, its internal controls and independence of its external auditors, and
- a forum for discussing the Company’s financial data, which concerns the performance of the management, and the manner of its preparation. The management shall participate in the forum only upon request.

MEMBERSHIP

- The Committee shall be appointed by the Board of Directors amongst the Directors of the Company and shall consist of not less than three (3) members, all of whom

must be Non-Executive Directors, with a majority being independent. The Chairman shall be an Independent Non-Executive Director appointed by the Board.

- No Alternate Director shall be appointed as a member of the Committee.
- All members of the Committee should be financially literate and at least one member of the Committee:
 - Must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - If he is not a member of the MIA, he must have the following credentials:-
 - at least 3 years’ working experience and passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - at least 3 years’ working experience and be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - a degree/masters/doctorate in accounting or finance, including but not limited to members of professional accountancy organisation which have been admitted as Rill members of the International Federation of Accountants, and at least 3 years’ post qualification experience in accounting or finance; or
 - at least 7 years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

AUDIT COMMITTEE REPORT

- iii. If he is none of the above, he must fulfil such other requirements as approved by Bursa Securities.
 - (d) In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements, the Board shall, within three (3) months of the event, fill the vacancy.
 - (e) The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.
- 2. In pursuance of the Listing Requirements, the Committee may promptly report any breaches of the said Listing Requirements, which have not been satisfactorily resolved by the Board of Directors, to Bursa Securities.

DUTIES

AUTHORITY

- 1. Whenever necessary and reasonable for the performance of the Committee's duties, the Committee, in accordance with any procedure to be determined by the Board and at the cost of the Company, shall be authorised to:
 - (a) investigate any matter within the Committee's terms of reference;
 - (b) have resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
 - (e) obtain independent professional advice or other advice, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
 - (f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.
- 1. The duties of the Committee shall include the following, which shall be reported to the Board of Directors of the Company except as expressed hereunder:-
 - (a) to review with the external auditors, the following:-
 - i. before the audit commences, the audit plan i.e. the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
 - ii. their evaluation of the system of internal controls;
 - iii. their audit report, any management letter and the management's response;
 - iv. their recommendation, if any;
 - v. any matters that they may wish to discuss, including any concerns, problems or reservations arising from their audit, and the co-operation and assistance given by the employees of the Company to them (in the absence of management where necessary). Any reporting to the Board in this area shall be at the sole discretion of the Committee.
 - (b) in respect of the internal audit function of the Company and the Group:-
 - i. to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

- ii. to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;
 - iii. to review any appraisal or assessment of the performance of members of the internal audit function;
 - iv. to approve any appointment or termination of senior staff members of the internal audit function;
 - v. to take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (c) to consider any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (d) to review the quarterly and year end financial statements of the Board, prior to the approval by the Board of Directors, focusing particularly on:-
- i. any changes in accounting policies and practices or implementation;
 - ii. prudence and reasonableness in judgement and estimates;
 - iii. significant and unusual events;
 - iv. significant adjustments arising from the audit;
 - v. the going concern assumption;
 - vi. compliance with accounting standards and other legal requirements
- (e) to prepare/review the following for publication in the Company's annual report:-
- i. Audit Committee Report at the end of each financial year that complies with the Listing Requirements containing, inter alia, a summary of the activities of the Committee in the discharge of its functions and duties for that financial year, and the existence of an internal audit function together with the summary report of the activities of the internal audit function; and
 - ii. if applicable, statement verifying allocations of options pursuant to any employees' shares option scheme, that such allocations are in accordance with the allocation criteria set out for the scheme.
- (f) to assist the Board in reviewing the following for publication in the Company's annual report:
- i. Statement of Corporate Governance that the Company has applied the principles and recommendations as set out in the 2012 Malaysian Code on Corporate Governance ("the Code"), and on the extent of compliance with the said principles and recommendations, specifying and giving reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
 - ii. Statement of Directors' responsibilities for preparing the annual audited financial statements; and
 - iii. Statement of Internal Control of the Company as a Group;
- (g) to recommend the nomination of a person or persons as external auditor(s) (inter alia, taking into account the adequacy of the experience and resources of the audit firm and the persons assigned to the audit), to consider the audit fee and any questions of resignation or dismissal, including the consideration of whether there is reason (supported by grounds) to believe that the Company's external auditor(s) is/are not suitable for re-appointment; and

AUDIT COMMITTEE **REPORT**

- (h) To consider any other matters as directed by the Board of Directors from time to time.
- 2. The Chairman of the Committee is encouraged to engage on a continuous basis with senior management, such as the Chairman of the Board, the Executive Director(s), the Head of Finance, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

OVERSEEING THE INTERNAL AUDIT FUNCTION

- 1. The Committee shall oversee all internal audit functions and is authorised to omission investigations to be conducted by internal audit as it deems fit.
- 2. The Head of Internal Audit shall report directly to the Committee and shall have direct access to any member of the Committee.
- 3. The Head of Internal Audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.
- 4. All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

MEETINGS PROCEDURES

1. Frequency and calling

The Committee shall meet as frequently as the Chairman shall decide in order to discharge its duties, but not less than four (4) times in a year. In addition, the Chairman is required to call for a meeting of the Committee, if requested to do so by any Committee members, any Executive Directors or the external auditors.

2. Notice

The notice period convening the meeting of the Audit Committee shall be at least seven (7) days, which may be waived with the consent of all members of the Committee.

3. Quorum

A majority of Independent Directors shall form a quorum.

4. Secretary

The Secretary of the Company shall serve as the Secretary of the Committee. The Secretary shall be responsible for keeping the minutes of meetings of the Committee, circulating them to the Committee members and other members of the Board of Directors.

5. Attendance

- (a) The members of the Committee, the Head of Internal Audit, the Head of Finance and the Secretary shall normally attend meetings of the Committee.
- (b) The other Directors and employees may attend any meetings or parts of any meetings of the Committee, upon invitation.
- (c) A representative of the external auditors shall attend the meeting of the Committee to consider the final audited financial statements of the Company, and such other meetings as determined by the Committee. The Committee shall meet with the external auditors without the presence of Executive Directors and management staff at least twice a year.

6. Participation in meetings by conferencing

All or any members of the Committee may participate in a meeting of the Committee by means of a telephone conference, video conference or any communication technology, which allows all members of the Committee participating in the meeting to communicate simultaneously with each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or if there is no such group, the meeting shall be deemed held at the registered office of the Company.

CIRCULAR RESOLUTIONS

A resolution in writing signed or approved by letter, telegram, telex or telefax by all the Committee members and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be described as "Audit Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee Members.

AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2014

Names of Directors	Attendance*
Abdul Rahim bin Abdul Hamid	5/5
Ahmad Azra bin Salleh	5/5
Gian Carlo Maccagno	5/5

* Number of meetings attended/Number of meetings held

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year under review, the following activities were undertaken by the Audit Committee:

1. Reviewed the internal audit plan and internal audit report of the in-house Group Internal Audit Department to ensure adequacy in scope and coverage on the activities of the Group;
2. Reviewed the proposed risk management processes to effectively identify, assess, control, monitor and report significant risks that may affect the achievement of the Group's business objectives;
3. Reviewed the unaudited quarterly financial reports, including the announcements pertaining thereto, before recommending the same to the Board for approval and release;
4. Reviewed the performance of the Company and the Group, and made recommendations for appropriate corrective measures to the Board of Directors;
5. Reviewed the recurrent related party transactions of the Company and the Group;
6. Reviewed the audit findings of the external auditors for the financial year ended 31 December 2014; and
7. Reviewed the audit planning memorandum of the external auditors on the statutory audit of the Company for the financial year ended 31 December 2014.

INTERNAL AUDIT FUNCTION

The Audit Committee obtained reasonable assurance on the effectiveness of the system of internal controls via the internal audit function, which shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes with the Company and the Group. The internal audit function is undertaken by the in-house Group Internal Audit Department.

The total cost incurred by the Company for the internal audit function for the financial year ended 31 December 2014 is amounted to RM 569,701.00.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

RESPONSIBILITY

The Board of Directors (“Board”) of Petra Energy Bhd (“PEB” or “the Company”) acknowledges its responsibility for maintaining sound internal control and risk management systems that would provide reasonable assurance in ensuring the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations, to safeguard shareholders’ interests and the Group’s assets. The system of internal control is designed to manage the Company’s risk within acceptable risk profile, and provides reasonable assurance against material errors, misstatement or irregularities.

In view of the limitations inherent in any system of internal control, such a system is designed to mitigate rather than eliminate risks of failure to achieve corporate objectives. Accordingly, the system provides reasonable and not absolute assurance against material error, misstatement or loss. The system of internal control covers, inter alia, risks management, financial, operational and compliance controls. The Board confirms that the system of internal control and risk management of the Company was in place during the financial year. The system is subject to regular review by the Board.

RISK MANAGEMENT

By virtue of PEB being a hook up commissioning and topside major maintenance service provider in the Oil & Gas Industry, our businesses have unique risks that are specific to our industry. We recognise the fact that these risks must be effectively managed to ensure the long-term growth and enhancement of shareholder value. As such, PEB adopts a comprehensive risk

management framework that includes risk management policy, visible objectives, clear lines of responsibility and accountability as well as an efficient framework on procedures and reporting guidelines. Our risk management system is also linked to the Group’s internal control system, thus providing us an efficient and reliable decision making tool. PEB Risk Management Framework has been approved by the Board of Directors for adoption in January 2013 and PEB Group Risk Register and status on Improvement Plans were deliberated diligently during the quarterly Board Risk Management Committee meetings.

Risk Management Policy

The Group’s Risk Management Policy advocates that adequate and effective risk management processes and practices be set in place to enable us to achieve our business objectives. It also provides a reasonable assurance to the Board and other stakeholders on the adequacy of the state of internal control of the Group and our ability to increase shareholder value and confidence.

Key Objectives of the Risk Management Process

Our Risk Management process aims to enhance the decision making process within the Group in order for our strategic objectives to be fulfilled. It also aims to optimise returns to shareholders while taking into account the interests of other stakeholders. The process ensures we undertake appropriate and timely responses to changes in the operating environment that may impact the Group's ability to achieve its objectives. It seeks to improve the Group's operating performance and to reduce the risk of material misstatement in official announcements and financial statements. It helps create a risk attuned environment to safeguard the Group's assets and helps us to maintain our reputation. Finally, it ensures we are continuously in compliance with corporate governance best practices and the relevant laws including Bursa Malaysia's Listing Requirements. The following diagram outlines the risk management reporting structure that is in place at PEB Group.



Role of the Board of Directors

The Board is tasked with sanctioning the Group's Risk Management objectives and policy. It also provides stewardship by identifying and acknowledging the principal risks identified by the Risk Management Steering Committee and ensuring the implementation of appropriate action plans to manage these risks. The Board also reviews the adequacy and integrity of our internal controls and management information system to ensure compliance with the applicable laws, regulations, rules, directives and guidelines. The Board also considers the nature and extent of risks acceptable to the Group as well as evaluates the risk implications.

Role of the Board Risk Management Committee

The Board Risk Management Committee's role is to implement and support the overseeing functions of the Board's role in risk management. It reviews the Risk Management Steering Committee's periodic reports as well as highlighting any changes to the Group's Risk Profile.

Role of the Risk Management Steering Committee

The Risk Management Steering Committee ("RMSC") is chaired by the Chief Executive Officer of PEB. Its members are appointed from the senior management team and it covers all divisions and relevant departments. The RMSC is to review the validity of the identified risks and ensure that actions to mitigate these risks are being implemented. The RMSC is also responsible for the following activities:

- Agreeing on the procedures and reporting formats of the risk management processes;
- Reviewing the adequacy and effectiveness of the risk management framework;
- Undertaking regular "gap analysis" in order to identify gaps in internal controls;
- Ensuring the Board and Management receive adequate and appropriate information for purposes of decision making and review respectively;
- Communicating and providing a reference point for dissemination and feedback of the Group risk management policy and procedures;
- Commissioning, where required, special projects to investigate, develop or report on special aspects of the risk management processes of the Group; and
- Presenting risk progress reports on risk management to the Board Risk Management Committee and the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Role of the Risk Management Working Committee (“RMWC”)

The Risk Management Working Committee (“RMWC”) is chaired by the Head of Group Internal Audit & Risk Management. The members consist of relevant Heads of Divisions and Heads of Departments covering all areas. The RMWC is tasked with reviewing the Group Risk Register, highlighting any new risk that may arise to the RMSC, and updating the Group Risk Register accordingly. It is responsible for the following activities:

- Recommending procedures and reporting formats on the risk management process;
- Preparing risk progress report;
- Preparing and recommending the risk management framework;
- Communicating the extent and categories of risk for the Group to the RMSC;
- Considering new entries for the risk register from the time of the last review and updating entries of the last reported register; and
- Discussing and recommending improvement plans on risk management issues and procedures that can be implemented or incorporated by any function of the Group to the RMSC.

Risk Management Process

There are six steps within the risk management process. Within each stage, there are distinct decisive factors to be considered before the next stage is reached. A structured framework approach to risk management that incorporates all the necessary steps was developed. These steps are depicted in Figure 1 below.

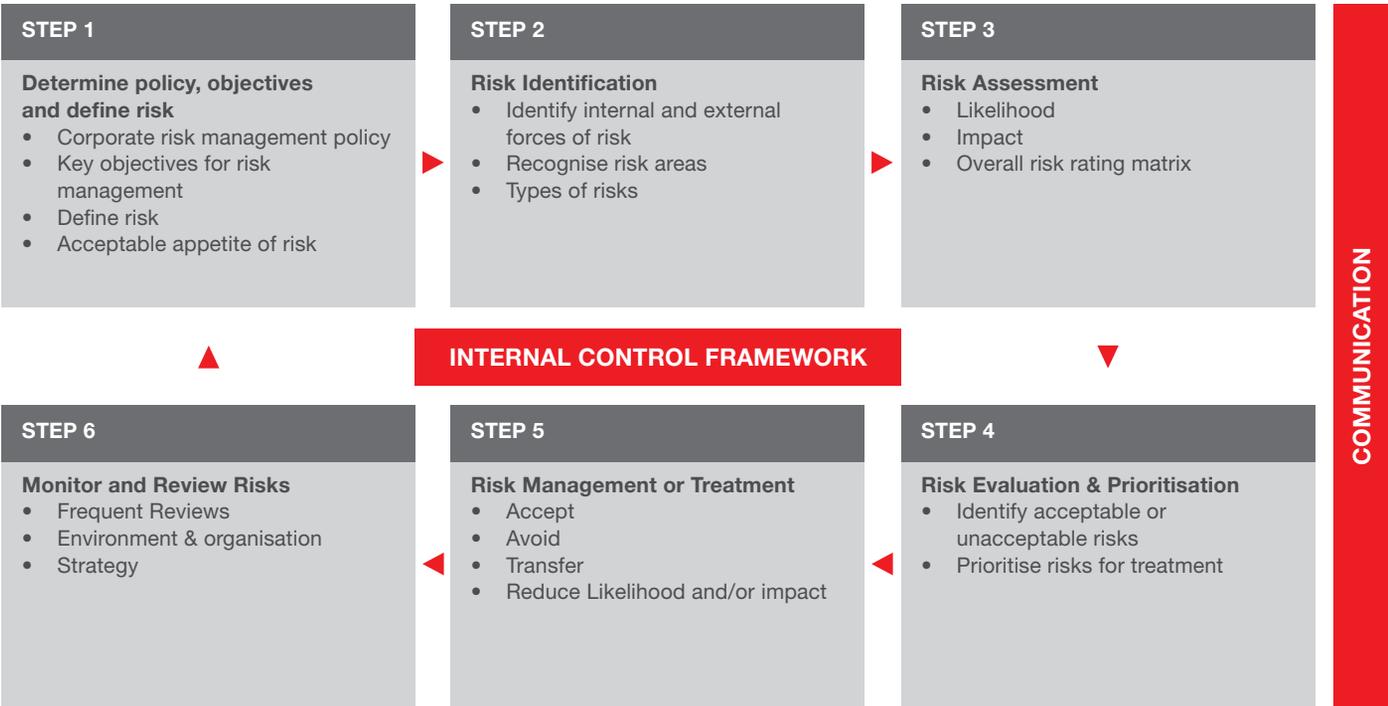


Figure 1: PEB Risk Management Framework Diagram

Conclusion

The Board is of the opinion that the Group's Risk Management System is effective and functioning adequately, and that everyone in the Group has been made aware of and alert to the requirements of the system and its procedures. The Board has acknowledged that all identified risks are being managed to an acceptable level, and that the system is proficient in helping to keep the Group in line with its long term goals and objective. The Board also monitors the progress of implementation plan and the level of risk rating on Quarterly basis.

As of August 2014, there is a total of 63 identified risks for PEB Group which categorised as follows:

No	Type of Risk	Net Risk Rating		
		High	Medium	Low
1	Strategic Risk	0	5	1
2	Business Risk	1	7	1
3	Financial Risk	0	8	1
4	Operational Risk	7	14	7
5	Security (IT & HSE) Risk	0	7	0
6	Sales & Marketing Risk	0	0	1
7	Regulatory & HR Risk	0	1	2

INTERNAL CONTROL

Key elements of the Company's internal control system, including the processes in place to review its adequacy, are as follows:

Control Environment

The internal control mechanism is embedded in the various work processes and procedures at appropriate levels in the Company. The work processes and procedures are documented in the Company's Standard Operating Manuals. These manuals assist in ensuring continuity of work practice and effective control of various tasks. As a result, a structure for an organisation wide control has been established throughout the Company. Continuous efforts are also being undertaken by the heads of departments to review and update the manuals regularly or when it is deemed necessary, add in a new procedure.

Organisational Structure

The Group has a well-defined organisational structure that is aligned to its business and operational requirements and each strategic operating function is headed by a responsible Divisional or Departmental Head. Clear lines of accountability and responsibility, approval, authorisation, and control procedures have been laid down and communicated throughout the Group.

Human Capital Management

The Group believes that the key strategy to maintain business growth in an environment of intense competition is to enhance the operational efficiency and productivity of human capital. Thus, formal appraisals guided by Key Performance Indicator ("KPI") parameters provide a framework to translate and align the strategy of human capital development to the Group's Strategic Plan and is being used as a performance measurement tool. The Group continued to emphasise on the talent and competencies of employees by establishing Talent Management Framework. The Succession Plan for key critical position has also been established and approved by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Business Plan and Budget

The Group undertakes a comprehensive business planning and budgeting process each year, to establish goals and targets against which performance is monitored on an on-going basis. The Board participates in the review and approval of the Business Plan and Budget. A quarterly reporting and review of financial results and forecast has been established and is consistently observed. The quarterly financial performance is constantly presented to the Board.

Group Limits of Authority (LOA)

The Company documented its Group Limit of Authority (“LOA”) which clearly defines the level of authority and responsibility in making operational and commercial business decisions. Approving authorities cover various levels of management and includes the Board. The LOA is reviewed regularly and any amendments made to the LOA must be tabled to and approved by the Board. The latest version of LOA was approved by the BOD in August 2014.

The Company has also established the Supply Chain Manual (“SCM”) which act as a tool for management control over the Company’s procurement process. It indicates the standard exercise for task execution across all levels. The manual explained the network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers. It also include the management and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. Continuous reviews and updates are conducted accordingly to reflect any changes in Petra Energy Group of Company Policies to avoid conflict or inconsistencies.

Insurance and Physical Safeguards

The Group undertakes adequate insurance and ensure physical safeguard on assets are in place to ensure that the assets are sufficiently covered against any mishap that will result in material losses.

Information and Communication

While the management is responsible to ensure proper implementation of internal control procedures, the Board can request to review the state of internal controls as and when it deems necessary. The Board can request for information and clarification from management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts, and any costs shall be borne by the Company.

Audit Committee

The Audit Committee has been established by the Board since year 2002. The Audit Committee comprises three (3) members of the Board, majority of whom are independent directors. Its terms of reference together with the Audit Committee Report are disclosed in pages 45 to 49 of this Annual Report.

Internal Audit Function

The Audit Committee has established the Internal Audit Function since July 2011. The Group Internal Audit (“GIA” or “the Department”) of Petra Energy Bhd acts as an independent appraisal function to assist the Audit Committee in discharging their duties and to provide assurance to Management and the Board that all internal controls are in place, adequate and functioning effectively within the acceptable limits and expectations. GIA strives to provide the means for the Company to accomplish its control objectives by introducing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance processes. The purpose, authority and responsibility of GIA as well as the nature of assurance and consultancy activities provided to the Company are clearly stated in the Internal Audit Charter as approved by the Audit Committee in year 2011. In order to preserve its independence, GIA directly reports to the Audit Committee and administratively to the Chief Executive Officer of PEB.

Activities of GIA are guided by the Annual Internal Audit Plan which is reviewed and approved by the Audit Committee on a yearly basis. The risk-based audit plan is developed to cover strategic, operational, information technology and financial activities that are significant to the overall performance of the Company. GIA primarily acts as an assurance unit which reviews the effectiveness of the system of internal control, highlighting any areas for improvement and recommend enhancement to the internal controls where necessary and to minimise or eliminate the risk of internal fraud and irregularities.

As an integral part of the management process, GIA furnishes the Management with independent analysis, appraisals, counsel and information on the activities under review. The key internal audit activities that add value to the Group can be summarised as follows:

1. Serve the Audit Committee and the Management with high-quality professional internal audit products;
2. Solidify the foundation for the provision of effective delivery of audit services;
3. Perform the internal audit work in an efficient and effective manner and to evaluate the results of audit tests within a business context;
4. Identifying continuous process and business improvement activities, including opportunities to improve the efficiency and effectiveness of controls to achieve an optimal balance between risk and control;
5. Communicate audit results in the most efficient and effective manner that adds value to the management with an alignment to risk and business objectives;
6. Continuously develop internal auditing new skill sets to address emerging business challenges.

In year 2014, six (6) audit works have been carried out i.e. four (4) as per approved Audit Plan 2014 and two (2) as requested by the Management. The audit coverage encompasses evaluation of effectiveness and efficiency of the system of internal control in the Company. Key audit engagements in year 2014 were based on the following objective categories:

1. Review of procurement activities within PEB group of companies.
2. Consultancy engagement i.e. SCM review and other policies review.
3. Compliance review on Bursa Listing Requirements.

The Head of GIA, holds a Bachelor in Accounting and Finance from University of Melbourne, and is a Chartered Accountant with the Institute of Chartered Accounts in Australia. With 10 years of experience in both external and internal audits in Ernst & Young and PETRONAS, the Head of GIA offers a wealth of experience in focusing on business process improvements, taking into consideration the risks involved and the elements of internal controls established.

The Head of GIA currently sits as an observer in the Executive Committee Meeting and Management Committee Meeting where the senior management of the Company discusses and deliberates on issues pertaining to the operations of the Company. He would provide his input and opinion on matters discussed with regards to internal control, where necessary.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Code of Conduct

Our Code of Conduct (“the Code”) governs the professional conduct of our employees and outlines their responsibilities to the Group in performing their duties. The various policies and guidelines within the Code spell out the standards and ethics that all employees are expected to adhere to in the course of their work. It highlights the Group’s expectations on their professional conduct which includes good attendance, punctuality and appearance, and prohibits instances on alcohol and drug abuse as well as sexual harassment. The Code also covers issues pertaining to employee commitment, confidentiality, in subordination, public statements, and conflicts of interest. The Code is designed to maintain discipline and order in the work place among employees at all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code and the disciplinary actions that can be taken against them.

Whistle Blower Policy

A Whistle Blower Policy was approved by the BOD in December 2011 and being introduced to all staff in year 2012. The Policy provides a platform for employees to report instances on unethical behaviour, actual or suspected fraud or dishonesty, or a violation of the Company’s Code of Conduct or Ethics Policy. The Whistle Blower Policy includes protection for the whistle-blowers from any reprisals as a direct consequence on making such disclosures. It also covers the procedures for disclosure, investigation and the respective outcomes of such investigations. The Group expects its employees to act in the Group’s best interests and to maintain high principles and ethical values. The Group will not tolerate any irresponsible or unethical behaviour that would jeopardise its good standing and reputation.

The Board has received an assurance from the CEO and CFO of PEB that the risk management and internal control system is operating adequately and effective, in all material aspects.

Associated Company

The statement of risk management and internal control of an associated company is excluded from this Statement.

STATEMENT ON CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in directing the business of the Group. The Board is fully committed to ensure that the highest standard of corporate governance as articulated in the Principles and Best Practices set out in the Malaysian Code of Corporate Governance 2012 (“the Code”) is practised throughout the Group as the underlying principle in discharging its responsibilities and to ensure transparency and corporate accountability.

The Board is pleased to disclose below how the Company has applied the Principles and the extent to which the Company has complied with the Code during the financial year ended 31 December 2014. The Board is of the opinion that it has, in all material respects, complied with the Principles and Best Practices outlined in the Code.

A. THE BOARD OF DIRECTORS

(i) Principal Responsibilities of the Board

Being the highest authority in the Company, the Board as a whole, leads and takes control of the Company. The Board considers the interests of all its stakeholders in its conduct. The Board is primarily responsible for the development of the corporate objectives, the strategic direction, the performance and the corporate governance of Petra Energy and its subsidiaries (“the Group”). The Board is also ultimately responsible for the identification and management of risks profiles, the adequacy and integrity of internal control systems, the succession planning of senior management and the implementation of investor relations programme.

In discharging its responsibilities, the Board is guided by the Code. The Board ensures that compliance is monitored through a process where declarations are obtained from all directors and Management Team on their compliance and this includes disclosure of any conflict of interest situations.

(ii) Board Composition and Balance

During the financial year ended 31 December 2014, the Board comprised two (2) Executive Directors and four (4) Non-Executive Directors, three (3) of whom are independent.

This composition met the Main Market Listing Requirements of Bursa Securities, which requires a minimum of two (2) or one third (1/3) of the directors, whichever is the higher, to be independent directors. The two (2) Executive Directors have overseen the daily operations and management whilst the four (4) Non-Executive Directors with different backgrounds have added value to the Company’s business by bringing in a mix of their respective knowledge, expertise, experience and skills. The detailed profile of each Director is disclosed in pages 14 to 19 of this annual report.

STATEMENT ON **CORPORATE GOVERNANCE**

The three (3) Independent Directors do not participate in the day to day management of the Group and do not engage in any business dealing or other relationship with the Company to ensure that they are capable of exercising judgment objectively and act in the best interest of the Company. They gave their independent views and judgement in the Board decision making process. The three (3) Independent Directors of Petra Energy, who are respected professionals in their own rights and have demonstrated their continued professionalism in discharging their duties, also ensure the proper functioning of the Board as a whole. With this composition, the Board has been well balanced such that no individual or small group of individuals could dominate the Board's decision making. The Board and the Management have also been active in their efforts towards promoting and improving diversity in the composition of the Board in terms of skills, expertise, age along with gender diversity, as demonstrated in the Senior Management team.

The Executive Directors of the Company are primarily responsible for the effective functioning of the Board, as they have intimate knowledge and experience in the core business activities of the Group. The responsibility of running the Group's business as a whole was mainly tasked upon the Executive Directors.

(iii) Board Structures and Procedures

The Board meets regularly and anticipates at least four (4) Board meetings during a financial year. Additional meeting(s) may be convened as and when deemed necessary.

The Directors are normally given seven (7) days' notice for each meeting unless waived by them, together with the list of agendas for discussion. The regular agendas are the briefing by the Audit Committee Chairman on the outcome of Audit Committee meeting(s), the review of periodic financial results, the briefing by the Executive Director on the business aspects, the briefing on the corporate

social responsibility activities, the notation of circular resolutions passed by the Directors, confirmation and ratification of announcements made to Bursa Securities and dealings in securities by Directors and principal officer, if any.

Relevant Board papers are disseminated together with or soonest possible after issuance of notice to facilitate sufficient time for perusal and review of issues before discussion at the meeting. Representatives from the management, external auditors and appointed advisers who are able to provide additional insights into, advice and/or contribute on matters to be discussed are invited to be present at the relevant times during the Board meetings.

All proceedings of the Board meetings covering the deliberations of issues and the conclusions are recorded in the minutes and later confirmed by the Board.

In between Board meetings, approvals are sought from the Directors via circular resolutions.

The Directors may raise queries or request the appropriate findings before making their decisions. The Directors have unrestricted access to quantitative and qualitative information within the Company, whether as a full Board or in their individual capacity, in furtherance of their duties.

The Directors, whether as a full Board or in their individual capacity, also have access to the advice and services of the Management Team and the Company Secretaries. The Board or the individual Director may also seek advice from independent professional experts at the Company's expense, if necessary, with the consent of the Board. The Board believes that the current company secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The Company Secretaries who meet the requirements are appointed by the Board for discharge of their duties and termination of their services is a matter of the Board as a whole.

The Board met eight (8) times during the financial year ended 31 December 2014 and the details of the attendance of Directors during the financial year under review are as set out below:

Names of Directors	Attendance*	Percentage (%)
Ahmadi bin Yusoff	8/8	100
Abdul Rahim bin Abdul Hamid	8/8	100
Ahmad Azra bin Salleh	8/8	100
Datuk Seri Panglima Sulong bin Matjeraie**	2/2	100
Dato' Anthony @ Firdauz bin Bujang	8/8	100
Gian Carlo Maccagno`	8/8	100

* Number of meetings attended/Number of meetings held

** Datuk Seri Panglima Sulong bin Matjeraie was appointed as the Chairman of the Board effective 28 August 2014.

(iv) Appointment to the Board

The Nomination Committee is responsible for making recommendation relating to any new appointments to the Board. In making those recommendations, the Nomination Committee will take into account the individual's skill, expertise, knowledge, professionalism, integrity, experience and level of other commitments. Any new nomination received is put to the full Board for assessment and approval.

General Meeting of the Company. Each Director will retire from office at least once in every three (3) years and the Directors scheduled for retirement shall be eligible for re-election.

(vi) Directors' Training

All the Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad for directors of public listed companies.

(v) Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or if the number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3), shall retire by rotation at each Annual

The Directors of the Company are encouraged to acquaint themselves with the ongoing projects of the Group. They are also encouraged to attend training courses at the Group's expense to enhance their skills and knowledge, where relevant.

During the financial year ended 31 December 2014, the Directors attended the trainings as indicated below:

Names of Directors	Trainings Attended
Abdul Rahim bin Abdul Hamid	<ul style="list-style-type: none"> - Internal Capital Adequacy Assessment Process (ICAAP) Training by PricewaterhouseCoopers on 5 May 2014 - Briefing on Anti Money Laundering Act on 11 June 2014 - GST Tea Talk Session with Royal Malaysian Customs Department on 24 June 2014 - Tea Talk with Professor Jean-Philippe Deschamps on Innovation Governance in Practise "How Top Management Promote, Steer and Sustain Innovation" on 27 August 2014

STATEMENT ON **CORPORATE GOVERNANCE**

Names of Directors	Trainings Attended
	<ul style="list-style-type: none"> - MIDF Luncheon Talk on Valuing Upstream Oil & Gas Assets on 23 September 2014 - Corporate Governance Updates on 7 October 2014 - MIA International Conference on 4 November 2014 to 5 November 2014 - MIDF Luncheon Talk with Tun Daim Zainuddin on Regional Economic Development on 6 November 2014
Ahmad Azra bin Salleh	<ul style="list-style-type: none"> - Construction Industry Payment and Adjudication Act 2012 (CIPAA) Conference 2014 on 25 February 2014. - GST Tea Talk Session with Royal Malaysian Customs Department on 24 June 2014. - Strong Leadership in Crisis Management on 26 June 2014. - Practical Drafting and Defending of Adjudication Claims held on 5 July 2014. - Rethinking Strategy: Has Competitive Advantage Ended held on 19 June 2014.
Ahmadi bin Yusoff	<ul style="list-style-type: none"> - PEB Brand Promise Workshop held on 17 February 2014. - GST Briefing and Awareness held on 15 April 2014. - SBO TSM Team Building Session held from 25 June 2014 to 26 June 2014. - PEB Total Leadership Programme from 12 August 2014 to 14 August 2014. - Going Beyond with PEB Core Values held on 20 August 2014. - Malaysian Oil and Gas Services Exhibition and Conference on 23 September 2014 - SBO Team Building held from 15 November 2014 to 16 November 2014.
Datuk Seri Panglima Sulong bin Matjeraie	<ul style="list-style-type: none"> - Regulating the Capital Market Changing Dynamics and Challenges held from 5 June 2014 to 6 June 2014. - Asean Corporate Governance Scorecard held on 29 September 2014. - Board Chairman Series: The Role of the Board Chairman held on 12 November 2014.
Dato' Anthony @ Firdauz bin Bujang	<ul style="list-style-type: none"> - PEB Brand Promise Workshop on 17 February 2014 - Offshore Technology Conference Asia 2014 held on 25 March 2014 to 28 March 2014. - GST Briefing & Awareness held on 15 April 2014. - GST Tea Talk Session with Royal Malaysian Customs Department held 24 June 2014. - SBO TSM Team Building Session held from 25 June 2014 to 26 June 2014. - PEB Total Leadership Programme held on 12 August 2014 to 14 August 2014. - Going beyond with PEB Core Values held on 20 August 2014. - Petra Energy Health Awareness Drive held on 2 October 2014.
Gian Carlo Maccagno	<ul style="list-style-type: none"> - Credit Suisse Market Outlook Seminar held on 26 January 2014. - Credit Suisse Market Outlook Seminar held on 19 February 2014. - Offshore Technology Conference (OTC) held on 5 May 2014. - Credit Suisse Market Outlook Seminar held in 19 August 2014. - PricewaterhouseCoopers Oil & Gas Briefing held on 19 September 2014.

The Directors will continue to participate in training programmes to equip themselves and to effectively discharge their duties as Directors as and when beneficial. The Directors have constantly kept themselves updated on both local and international affairs, and to changes in regulations affecting the Company through advisories from regulatory bodies, the management and through self-reading.

(vii) Board Committees

The Board has delegated specific responsibilities to four (4) Board Committees, namely the Audit Committee (“AC”), the Nomination Committee (“NC”), the Remuneration Committee (“RC”) and the Board Risk Management Committee (“BRMC”). All the Board Committees do not have the authority to make decision on behalf of the Board but has the authority to examine areas or issues within their respective terms of reference and to report back to the Board with relevant recommendations.

The composition of the Board Committees and the attendance of the Members at the meetings during the financial year ended 31 December 2014 are as follows:

Names of Directors	Attendance*			
	AC	NC	RC	BRMC
Abdul Rahim bin Abdul Hamid	5/5	4/4	5/5	4/4
Ahmad Azra bin Salleh	5/5	4/4	5/5	4/4
Gian Carlo Maccagno	5/5	4/4	5/5	4/4

* Number of meetings attended/Number of meetings held

1) Audit Committee

The composition and terms of reference of the Audit Committee are set out in the Audit Committee Report appearing in pages 48 to 52 of this annual report.

2) Nomination Committee

The Committee comprises exclusively of a majority Independent Non-Executive Directors. The Committee has been established on 18 May 2007. Currently, the Nomination Committee consists of:

- (i) Encik Ahmad Azra bin Salleh (Chairman)
– Independent Non-Executive Director
- (ii) Encik Abdul Rahim bin Abdul Hamid
– Senior Independent Non-Executive Director
- (iii) Mr. Gian Carlo Maccagno
– Non-Independent Non-Executive Director

The principal objectives of the Nomination Committee are as follows:

- (i) to assess and recommend suitable candidates for appointment to the Board, Board Committees, Board of subsidiary companies and key Company-wide senior management officers of the Company.
- (ii) to assess the Directors of the Company and subsidiary companies on an on-going basis, with the view to ensure that the all Boards have the appropriate mix of skills, experiences and other qualities, and the appropriate Board size.

STATEMENT ON **CORPORATE GOVERNANCE**

The Nomination Committee is authorised by the Board of Directors to act as follows:

- (1) To recommend to the Board, candidates for all directorship to be filled by the shareholders or the Board, in the Company and subsidiaries companies.
- (2) To recommend to the Board, suitable Directors to fill the seats on Board committees.
- (3) To recommend to the Board, suitable candidates for appointment to key Company-wide senior management positions in the Company.
- (4) To annually review the required mix of skills, experience and other qualities of the Board, the Board of subsidiary companies and key Company-wide senior management, including core competencies of a Director of the key Company-wide senior management, and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors.
- (5) To establish and implement a process for assessing the effectiveness of the Board and the Board of subsidiary companies as a whole, the effectiveness of each Director and the performance of the key Company-wide senior management.
- (6) To assess and recommend to the Board, the re-election of Directors retiring by rotation at annual general meetings.
- (7) To recommend to the Board, the removal of Director including Director of subsidiary companies, and key Company-wide senior management officers if he is ineffective, errant or negligent in discharging his responsibilities.

- (8) To oversee the appointment, management succession planning and performance evaluation of the key Company-wide senior management officers.
- (9) To carry out such other responsibilities as may be delegated by the Board from time to time and such other matters as the Nomination Committee considers appropriate.

3) Remuneration Committee

The Committee has been established on 18 May 2007. The Committee consist of not less than three (3) members, a majority of whom shall be Non-Executive Directors. Currently, the Committee members are as follows:

- (i) Encik Ahmad Azra bin Salleh (Chairman) – Independent Non-Executive Director
- (ii) Encik Abdul Rahim bin Abdul Hamid – Senior Independent Non-Executive Director
- (iii) Mr. Gian Carlo Maccagno – Non-Independent Non-Executive Director

The objective of the Remuneration Committee is to recommend to the Board, the remuneration package of the Executive Directors including Directors of subsidiary companies, and key Senior Management officers to ensure that the Executive Directors and key Senior Management officers are fairly rewarded for their contribution to overall performance and that the compensation is reasonable in light of the Group's objectives.

The Committee is authorised by the Board of Directors to act as follows:

- (1) To review and recommend to the Board, the overall remuneration policy and structure for Executive Directors of the Company including subsidiary companies, and key Senior Management officers to ensure that rewards commensurate with their contributions to the Group's growth and profitability; and that the remuneration policy supports the Group's objectives and shareholder value and is consistent with the Group's culture and strategy.
- (2) To review annually the performance of the Executive Directors, including Director of subsidiary companies, and key Senior Management officers and recommend to the Board, adjustments in remuneration and/or reward payments, if any, reflecting their contributions for the year. Salaries payable to Executive Directors must not include a commission on or percentage of turnover.
- (3) To review as and when necessary, with other independent professional advice or outside advice if required, the adequacy of the remuneration and benefit packages of the Executive Directors, including their terms and conditions of service for market comparability and recommends changes to the Board whenever necessary.
- (4) To ensure that the review and update the job description for Executive Directors are in line with the Company's corporate strategies and direction.

4) Board Risk Management Committee

The Board Risk Management Committee ("BRMC") has been established on 27 April 2010. The BRMC delegates to the Risk Working Committee ("RWC") the responsibility for identification and management of operational risks, training and ensuring effective implementation and maintenance of operation and divisional level risk management system. In this respect, RWC will assist the BRMC by assuming direct responsibility for the routine risk management activities within the Group. The RWC provides updates on key risk management issues to the BRMC by providing regular reporting of its activities.

The BRMC shall comprise not fewer than three (3) members with at least one (1) member being Independent Non-Executive Director. Currently, the Committee members are as follows:

- (i) Encik Abdul Rahim bin Abdul Hamid (Chairman) – Senior Independent Non-Executive Director
- (ii) Encik Ahmad Azra bin Salleh – Independent Non-Executive Director
- (iii) Mr. Gian Carlo Maccagno – Non-Independent Non-Executive Director

The BRMC has the overall responsibility for overseeing the Group's risk management system, approving appropriate risk management practices and procedures to ensure effectiveness of risk identification, management and monitoring. Its primary roles include the following:

- (1) To provide regular and timely reporting and update the Board on key risk management issues as well as ad-hoc evaluation and reporting of new ventures/investments proposals.

STATEMENT ON **CORPORATE GOVERNANCE**

- (2) To ensure the effective implementation of risk treatment policy and procedures.
- (3) To assist and promote risk awareness so that risk identification, evaluation and management process and culture are adopted throughout the Group.
- (4) To ensure that risk management is incorporated in the Statement of Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approval of the Board.
- (3) To follow-up on management risk treatment action plans reported by the RWC.
- (4) To provide regular reporting and timely update on the operations of the Enterprise-Wide Risk Management framework to the Board.
- (5) To propose to the Board the monetary threshold and qualitative criteria of proposed investment and/or new ventures, which require the evaluation and recommendation of the BRMC before submission to the Board.

The Committee is authorised by the Board of Directors to act as follows:

- (1) To review the Enterprise Risk Profile/ Register to ensure comprehensive and effective management of key risks.
- (2) To ensure that strategic risks are considered and addressed at Board level and Executive Directors level.
- (6) To review investment and/or new venture proposals prepared by project sponsor which meet the aforesaid threshold and requisite qualitative criteria.

B. DIRECTORS' REMUNERATION

The details of Directors' Remuneration received and/or receivable from the Company and its subsidiaries during the financial year ended 31 December 2014 are as follows:

Type of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	–	443
Salaries, allowances and compensation	2,262	64
Benefits-in-kind	63	–
Defined contribution plan	372	–

Number of Directors whose remuneration falls into the following bands:

	Number of Directors	
	2013	2014
Executive Directors:		
RM750,001 – RM800,000	1	1
RM1,450,001 – RM 1,500,000	1	1
	2	2
Non-Executive Directors:		
Below RM50,000	–	1
RM50,001 – RM100,000	1	–
RM100,001 – RM150,000	–	1
RM150,001 – RM200,000	2	2
	3	4

The Board ensures that the level of remuneration is sufficient to attract and retain Directors needed to run the Group successfully. The component part of remuneration has been structured to link rewards to corporate and individual performance for Executive Directors whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities.

The Board as a whole determines the remuneration of the Non-Executive Directors, Executive Directors, and the Key Senior Management officers of the Group, with the interested directors abstaining from discussions with respect to their remuneration.

C. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board is responsible in ensuring the financial statements are prepared in accordance with the provisions of the Companies Act, 1965 ("the Act") and the approved accounting standards in Malaysia ("the accounting standards"). The Board considers adherence to the Act and the accounting standards as sufficient to enable it to present a balanced and understandable assessment of the Company and the Group's positions and prospects.

(ii) Internal Controls & Risk Management

The Board has the overall responsibility in maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Whilst the Board recognises that it is not realistic to expect complete elimination of all risks, it is confident that the system of internal control within the structure of the Group is capable of mitigating these risks to an acceptable level. The inherent system of internal control is designed to provide reasonable assurance against the risk of material errors, misstatements or irregularities.

STATEMENT ON **CORPORATE GOVERNANCE**

Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.

(iii) Relationship with Auditors

The Board, through the Audit Committee, has established transparent arrangements for maintaining appropriate relationships with both the external and internal auditors of the Group. These arrangements are included in the Audit Committee's terms of reference.

D. RELATIONSHIP WITH STAKEHOLDERS

The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders.

(i) Shareholders

The Board values regular communications with shareholders. These include various announcements made during the year, the timely release of annual reports, circulars to shareholders, press releases and announcements on quarterly financial results, which provide shareholders with an overview of the Group's business and financial performances. The Company also conducts regular dialogues with its institutional shareholders and financial analysts.

(ii) Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM")

The AGM and EGM is the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.

(iii) Company Website

The Group maintains a homepage at www.penergy.com.my which provides a comprehensive avenue for information such as Board Charter, Corporate Information including Financial Information, Press Statements and Business Activities to allow shareholders, investors and members of the public to access information on the Group. Shareholders are able to put questions to the Company through its email published in the website and the Company will reply accordingly.

(iv) Annual Report

Another major channel used by the Board to provide its shareholders and investors with information on its business, financials and other key activities is the Annual Report of the Company, which contents are continuously enhanced to take into account the developments, amongst others, in corporate governance. The Board aims to provide and present a clear and comprehensive assessment of disclosures in the Annual Report to shareholders as guided by the principles set out in the Listing Requirements and the Code.

ADDITIONAL DISCLOSURES

STATUS OF UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2014.

SHARE BUY-BACK

There was no share buy-back of the Company's shares during the financial year ended 31 December 2014.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

There were no options, warrants or convertible securities during the financial year as the Company has not issued any options, warrants or convertible securities.

DEPOSITORY RECEIPT PROGRAMME

The Company has not sponsored any depository receipt programme during the financial year ended 31 December 2014.

SANCTIONS AND/OR PENALTIES IMPOSED

There was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2014 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm was RM119,000.

VARIANCE IN RESULTS

There was no profit estimate, forecast or projection made by the Company for the financial year ended 31 December 2014.

There was no deviation of 10% or more in the profit after tax and minority interest between the audited and the unaudited results announced for the financial year ended 31 December 2014.

PROFIT GUARANTEES

During the financial year ended 31 December 2014, there was no profit guarantee given by the Company.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts involving Directors and Major Shareholders entered into by the Company and its subsidiaries during the financial year ended 31 December 2014.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE ("RRPTS")

The information on RRPTs for the financial year is presented in the Audited Financial Statements in this Annual Report and the Circular to Shareholders.

STATEMENT OF **DIRECTORS' RESPONSIBILITY**

IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to take reasonable steps in ensuring that the financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, 1965, applicable financial reporting standards and approved accounting standards in Malaysia so to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and the cash flows of the Group and the Company for that year then ended.

The Directors consider that in preparing the financial statements for the year ended 31 December 2014:

- the Group and the Company have adopted the appropriate accounting policies and applied them consistently;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed; and
- the financial statements have been prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy at any time of the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that appropriate systems are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.



FINANCIAL HIGHLIGHTS

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DIRECTORS' REPORT

The Directors are pleased to submit their annual report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the Group are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	34,736	20,207
Profit attributable to:		
Owners of the Company	34,750	20,207
Non-controlling interests	(14)	–
	34,736	20,207

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2013 was as follows:

	RM'000
Interim tax exempt (single-tier) dividend of 1.0 sen per ordinary share of 50 sen each, on 321,750,000 ordinary shares for the financial year ended 31 December 2013, declared on 25 February 2014 and paid on 15 May 2014	3,218

On 25 February 2015, the Directors declared a single tier interim dividend of 2.0 sen per ordinary share of 50.0 sen each on 321,750,000 ordinary shares for the financial year ended 31 December 2014, amounting to RM6,435,000 and payable on 15 May 2015.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2014.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIRECTORS

The Directors who have held office during the financial period since the date of the last report are:

Datuk Seri Panglima Sulong Bin Matjeraie (appointed on 28 August 2014)

Dato' Anthony @ Firdauz Bin Bujang

Ahmadi Bin Yusoff

Abdul Rahim Bin Abdul Hamid

Ahmad Azra Bin Salleh

Gian Carlo Maccagno

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

None of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and financial position were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors:

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 21 April 2015.

DATO' ANTHONY @ FIRDAUZ BIN BUJANG
DIRECTOR

ABDUL RAHIM BIN ABDUL HAMID
DIRECTOR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Anthony @ Firdauz Bin Bujang and Abdul Rahim Bin Abdul Hamid, two of the Directors of Petra Energy Bhd, state that, in the opinion of the Directors, the financial statements set out on pages 77 to 147 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2014 and of the results and cash flows of the Group and Company for the financial year ended on the date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 35 on page 148 have been prepared with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 21 April 2015.

DATO' ANTHONY @ FIRDAUZ BIN BUJANG
DIRECTOR

ABDUL RAHIM BIN ABDUL HAMID
DIRECTOR

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Ng Ing Peng, being the officer primarily responsible for the financial management of Petra Energy Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 77 to 148 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

NG ING PENG

Subscribed and solemnly declared by the abovenamed Ng Ing Peng, at Kuala Lumpur in Malaysia on 21 April 2015, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BHD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Petra Energy Bhd on pages 77 to 147, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 34.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BHD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 35 on page 148 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur

21 April 2015

NURUL A'IN BINTI ABDUL LATIF

(No. 2910/02/17 (J))

Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	4	624,423	490,645	10,494	10,860
Cost of sales		(530,380)	(423,275)	(9,222)	–
Gross profit		94,043	67,370	1,272	10,860
Other income	5	8,052	17,142	19,197	3
Administrative expenses		(66,091)	(76,045)	(10,031)	(22,657)
Profit/(loss) from operations		36,004	8,467	10,438	(11,794)
Finance income	6	5,807	3,947	10,574	12,676
Finance costs	6	(16,221)	(11,110)	(8)	(5)
Share of results of associate		(3,810)	(20)	–	–
Profit before tax	7	21,780	1,284	21,004	877
Income tax credit/(expense)	10	12,956	11,253	(797)	(773)
Profit for the financial year		34,736	12,537	20,207	104
Other comprehensive income: Items that may be subsequently reclassified to profit or loss					
– Currency translation differences		1,880	1,578	–	–
Other comprehensive income for the financial year, net of tax		1,880	1,578	–	–
Total comprehensive income for the financial year		36,616	14,115	20,207	104
Profit/(loss) for the financial year attributable to:					
Owners of the Company		34,750	12,735	20,207	104
Non-controlling interests		(14)	(198)	–	–
		34,736	12,537	20,207	104
Total comprehensive income/(expense) attributable to:					
Owners of the Company		36,630	14,313	20,207	104
Non-controlling interests		(14)	(198)	–	–
		36,616	14,115	20,207	104
Earnings per share attributable to the owners of the Company (sen per share)					
Basic/diluted	11	10.80	4.20		

The notes set out on pages 84 to 147 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	447,430	445,245	3,541	4,558
Trade and other receivables	13	–	2,357	104,864	232,365
Investments in subsidiaries	14	–	–	180,921	47,945
Investment in an associate	15	2,170	5,980	–	–
Goodwill		–	168	–	–
Deferred tax assets	16	4,848	–	–	–
		454,448	453,750	289,326	284,868
CURRENT ASSETS					
Inventories	17	48,188	21,154	–	–
Trade and other receivables	13	459,111	259,823	113,406	50,870
Amount due from customers on contracts	18	18,565	19,510	–	–
Tax recoverable		9,149	6,747	504	115
Cash and bank balances	19	127,844	112,754	5,439	59,438
		662,857	419,988	119,349	110,423
Total assets		1,117,305	873,738	408,675	395,291
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	20	160,875	160,875	160,875	160,875
Share premium	21	138,934	138,934	138,934	138,934
Merger reserve	22	(31,000)	(31,000)	–	–
Currency translation reserve		3,458	1,578	–	–
Retained earnings		243,157	211,625	105,524	88,535
		515,424	482,012	405,333	388,344
Non-controlling interests		–	483	–	–
Total equity		515,424	482,495	405,333	388,344

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
NON-CURRENT LIABILITIES					
Borrowings	23	178,335	104,771	-	-
Hire purchase liabilities	24	422	79	-	-
Deferred tax liabilities	16	12,620	25,648	76	274
		191,377	130,498	76	274
CURRENT LIABILITIES					
Borrowings	23	171,155	94,421	-	-
Hire purchase liabilities	24	59	19	-	-
Trade and other payables	25	239,211	165,718	3,266	6,673
Provisions	26	-	284	-	-
Amount due to customers on contracts	18	38	120	-	-
Income tax payable		41	183	-	-
		410,504	260,745	3,266	6,673
Total liabilities		601,881	391,243	3,342	6,947
Total equity and liabilities		1,117,305	873,738	408,675	395,291

The notes set out on pages 84 to 147 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Attributable to Owners of the Company							Non-controlling interests RM'000	Total equity RM'000
		Non-distributable				Distributable		Total RM'000		
		Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000				
2014										
At 1 January 2014		160,875	138,934	(31,000)	1,578	211,625	482,012	483	482,495	
Profit/(loss) for the financial year		-	-	-	-	34,750	34,750	(14)	34,736	
Other comprehensive income for the financial year		-	-	-	1,880	-	1,880	-	1,880	
Total comprehensive income/(expense) for the financial year		-	-	-	1,880	34,750	36,630	(14)	36,616	
Transactions with owners:										
Interim dividend in respect of the financial year ended 31 December 2013	34	-	-	-	-	(3,218)	(3,218)	-	(3,218)	
Disposal of subsidiaries	29	-	-	-	-	-	-	(469)	(469)	
		-	-	-	-	(3,218)	(3,218)	(469)	(3,687)	
At 31 December 2014		160,875	138,934	(31,000)	3,458	243,157	515,424	-	515,424	
2013										
At 1 January 2013		107,250	69,880	(31,000)	-	201,035	347,165	512	347,677	
Profit/(loss) for the financial year		-	-	-	-	12,735	12,735	(198)	12,537	
Other comprehensive income for the financial year		-	-	-	1,578	-	1,578	-	1,578	
Total comprehensive income/(expense) for the financial year		-	-	-	1,578	12,735	14,313	(198)	14,115	
Transactions with owners:										
Interim dividend in respect of the financial year ended 31 December 2012	34	-	-	-	-	(2,145)	(2,145)	-	(2,145)	
Rights shares issued	20, 21	53,625	69,712	-	-	-	123,337	-	123,337	
Share issue expense	21	-	(658)	-	-	-	(658)	-	(658)	
Share of net assets acquired in a subsidiary		-	-	-	-	-	-	169	169	
		53,625	69,054	-	-	(2,145)	120,534	169	120,703	
At 31 December 2013		160,875	138,934	(31,000)	1,578	211,625	482,012	483	482,495	

The notes set out on pages 84 to 147 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
2014					
At 1 January 2014		160,875	138,934	88,535	388,344
Total comprehensive income for the financial year		–	–	20,207	20,207
Transactions with owners:					
Interim dividend in respect of the financial year ended 31 December 2013	34	–	–	(3,218)	(3,218)
At 31 December 2014		160,875	138,934	105,524	405,333
2013					
At 1 January 2013		107,250	69,880	90,576	267,706
Total comprehensive income for the financial year		–	–	104	104
Transactions with owners:					
Interim dividend in respect of the financial year ended 31 December 2012	34	–	–	(2,145)	(2,145)
Rights share issued	20, 21	53,625	69,712	–	123,337
Share issue expenses	21	–	(658)	–	(658)
		53,625	69,054	(2,145)	120,534
At 31 December 2013		160,875	138,934	88,535	388,344

The notes set out on pages 84 to 147 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		21,780	1,284	21,004	877
Adjustments for:					
Finance income		(5,807)	(3,947)	(10,574)	(12,676)
Finance costs		16,221	11,110	8	5
Unrealised foreign exchange gain		(5,877)	(1,784)	(7,770)	–
Negative goodwill arising from acquisition	29	–	(12,835)	–	–
Property, plant and equipment:					
– Depreciation charge		33,243	30,623	1,671	1,373
– Impairment loss		–	8,904	–	–
– Written off		–	121	–	77
– Gain on disposal		(12)	–	–	–
Net impairment loss on:					
– Trade receivables		3,923	1,722	–	–
– Other receivables		–	1,394	–	125
– Amount due from an associate		–	158	–	–
– Investment in a subsidiary		–	–	–	900
Trade receivables written off		424	3,605	15	–
Net (gain)/loss on disposal of subsidiaries		(243)	–	1,703	–
Gain on novation of intercompany balances		–	–	(13,127)	–
Share of results of an associate		3,810	20	–	–
Inventories written down		5,181	–	–	–
Provision for liquidated ascertained damages		7	107	–	–
Dividend income		–	–	(350)	(7,500)
		72,650	40,482	(7,420)	(16,819)
Changes in working capital:					
Inventories		(32,215)	18,478	–	–
Trade and other receivables		(60,252)	1,666	650	(1,233)
Amount due from/(to) customers on contracts		863	(2,958)	–	–
Trade and other payables		73,258	(63,038)	(670)	1,810
Cash flows generated from/(used in) operations		54,304	(5,370)	(7,440)	(16,242)
Taxation paid		(7,464)	(1,637)	(1,384)	(116)
Net cash flows generated from/(used in) operating activities		46,840	(7,007)	(8,824)	(16,358)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents		–	268	–	–
Acquisition of interest in an associate company		–	(6,000)	–	–
Purchase of property, plant and equipment		(39,095)	(10,364)	(654)	(4,691)
Proceeds from disposal of:					
– Property, plant and equipment		17	–	–	–
– Subsidiaries, net of cash and cash equivalents	29	193	–	–	–
– Investment in a subsidiary		–	–	142	–
Government grant received	12	6,489	–	–	–
Advances (net) to:					
– Associate		(119,465)	(47,220)	(181)	–
– Subsidiary		–	–	(41,981)	(49,772)
Dividend income from a subsidiary		–	–	350	7,500
Interest received		1,771	2,560	375	1,723
Net cash flows used in investing activities		(150,090)	(60,756)	(41,949)	(45,240)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid on ordinary shares	34	(3,218)	(2,145)	(3,218)	(2,145)
Proceeds from issuance of shares	20, 21	–	123,337	–	123,337
Share issue expenses	21	–	(658)	–	(658)
Repayments of borrowings		(71,123)	(93,999)	–	–
Proceeds from borrowings		222,832	130,865	–	–
Repayments of obligations under hire purchase		(45)	(17)	–	–
Repayments of obligations under finance leases		–	(49,805)	–	–
Repayment of advances to corporate shareholder		–	(18,146)	–	–
Interest paid		(14,991)	(10,184)	(8)	(5)
Net cash flows generated from/ (used in) financing activities		133,455	79,248	(3,226)	120,529
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		30,205	11,485	(53,999)	58,931
NET (INCREASE)/DECREASE IN RESTRICTED CASH AND CASH EQUIVALENTS		(110,751)	30,574	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		110,818	68,843	59,438	507
EFFECTS OF EXCHANGE RATE CHANGES		1,317	(84)	–	–
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	19.1	31,589	110,818	5,439	59,438

The notes set out on pages 84 to 147 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are disclosed in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

Petra Energy Bhd is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associate.

The registered office and the principal place of business of the Company is located at Suite 13.02, Level 13, Menara OBYU, No. 4, Jalan PJU8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

These financial statements were authorised for issue by the Board of Directors in accordance with their resolution dated on 21 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparing the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on 1 January 2014 are as follows:

No	Malaysian Financial Reporting Standards/IC Interpretation	Effective dates
1	Amendments to MFRS 132 "Offsetting Financial Assets and Financial Liabilities"	1 January 2014
2	Amendments to MFRS 10 "Consolidated Financial Statements"	1 January 2014
3	Amendments to MFRS 139 "Novation of Derivatives and Continuation of Hedge Accounting"	1 January 2014
4	Amendments to MFRS 12 "Disclosures of Interests in Other Entities"	1 January 2014
5	Amendments to MFRS 127 "Separate Financial Statements"	1 January 2014
6	IC Interpretation 21 "Levies"	1 January 2014

The impact of the new accounting standards, amendments and improvements to published and existing standards and IC interpretations on the financial statements of the Group and the Company is not material, except for additional disclosures made in Note 19.

(b) Standards early adopted by the Group and the Company

There are no standards early adopted by the Group and the Company.

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards, amendments to standards and interpretations in the following periods:

(i) Financial year beginning on/after 1 January 2016

- Amendment to MFRS 11 "Joint arrangements" (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 "Business Combination" when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the new standards, amendments to standards and interpretations in the following periods: (continued)

(i) Financial year beginning on/after 1 January 2016 (continued)

- Amendments to MFRS 116 “Property, plant and equipment” and MFRS 138 “Intangible assets” (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a ‘business’. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors’ interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

(ii) Financial year beginning on/after 1 January 2017

MFRS 15 “Revenue from contracts with customers” (effective from 1 Jan 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 “Revenue” and MFRS 111 “Construction contracts” and related interpretations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the new standards, amendments to standards and interpretations in the following periods: (continued)

(iii) Financial year beginning on/after 1 January 2018

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”. The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The impact of the new accounting standards, amendments and improvements to published standards and interpretations on the financial statements of the Group and the Company is currently being assessed by management.

(d) Standards, amendments to published standards and interpretations to existing standards that are not applicable to the Group but not yet effective

No	Malaysian Financial Reporting Standards/IC Interpretation	Effective dates
1	Amendments to MFRS 116 “Property, plant and equipment” and MFRS 141 “Agriculture” regarding bearer plants	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for by applying the acquisition method except for Petra Resources Sdn Bhd and Petra Fabricators Sdn Bhd, which were accounted for by applying the pooling of interest method.

In applying the acquisition method, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any excess of the consideration transferred over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.6. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

For the pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the “acquired” entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(d) Associates (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

2.3 Investments in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are accounted for at cost less any impairment charges. Dividends received from subsidiaries and associates are recorded as a component of revenue in the Company's separate income statement. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency (continued)

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within other income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency (continued)

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the plant and equipment. Leasehold land classified as finance lease is depreciated in equal instalment over the period of the respective leases. The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	50 – 879 years
Leasehold buildings	50 years
Vessels and other marine assets	4% – 20%
Dry docking	20%
Plant and machinery	10%
Cabin, field and workshop equipment	10% – 20%
Motor vehicles	20%
Furniture, fittings and office equipment	20% – 33.3%
Air conditioner, computer, signboard, renovation and electrical installation	20% – 50%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.7 on impairment of non-financial assets.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.6 Goodwill

Goodwill arising on business combinations is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.7 Impairment of non-financial assets

Goodwill is tested annually for impairment. Assets that are subjected to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss. If loans and receivables has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market value.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and cash restricted in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

During the financial year, the Company had changed its inventory valuation method from the First-In First-Out (“FIFO”) method to the Weighted Average method. The Directors believe that the change in accounting policy would provide a better reflection of the Group’s inventory balance at the end of the financial year. The change in accounting policy has been applied retrospectively. Nevertheless, there is no significant impact to the financial statements.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group’s and the Company’s other financial liabilities include trade and other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial liabilities (continued)

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.17 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group makes contributions to the Employees' Provident Fund, a statutory defined contribution pension scheme in Malaysia. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 “Provisions, contingent liabilities and contingent assets” and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

2.19 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.20(h).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. Revenue is shown net of goods and services tax, returns, rebates and discounts and other eliminating sales within the Group.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from the hook up and commissioning as well as engineering services are recognised by reference to the stage of completion at the reporting date. Stage of completion is determined by reference to related cost and labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(c) Charter hire of vessel

Charter hire of vessels are recognised when the services are rendered on a time accrual basis.

(d) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.12.

(e) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(f) Management fees

Management fees are recognised when services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue (continued)

(g) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(h) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

2.22 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting date.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Incremental costs directly attributable to the issue of shares are deducted against share premium account.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group, or a present obligation or asset whereby it is not probable to estimate the amount reliably.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company, but are disclosed as contingencies unless the probability of outflow/inflow of economic benefits is remote.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Depreciation of vessels

The Group's costs of the vessels less their estimated residual values are depreciated on a straight-line basis over the estimated useful lives. The useful lives and residual values of the vessels are an estimation and these are common estimations applied in the shipping industry. Changes in market development and individual conditions of the vessel might impact the economic useful life and the residual values. Accordingly, future depreciation charges could be subject to revision. The carrying amount of the Group's vessels at the reporting date is disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.1 Key sources of estimation uncertainty (continued)

(b) Impairment review of carrying value of vessels

The Group reviews periodically whether there is any indication of impairment for the vessels in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of each vessel, being defined as a cash generating unit, have been determined based on fair value less cost to sell based on an independent valuation report. The impairment charge on vessels, if any, is as disclosed in Note 12.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 13.

(d) Construction contracts

The Group recognises contract revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such differences will impact the contract profit or losses recognised.

The carrying amounts of assets and liabilities of the Group arising from contract activities are disclosed in Note 18.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.1 Key sources of estimation uncertainty (continued)

(e) Income taxes

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgements regarding the future financial performance of the entity in which the deferred tax asset has been recognised.

4. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Rendering of services	319,076	261,067	–	–
Sale of goods	6,623	8,250	–	–
Charter hire of vessels	258,746	186,664	–	–
Contract revenue	39,978	34,664	–	–
Dividend income from a subsidiary	–	–	350	7,500
Management fees from subsidiaries	–	–	10,144	3,360
	624,423	490,645	10,494	10,860

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. OTHER INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Negative goodwill arising from acquisition	–	12,835	–	–
Net gain/(loss) on foreign exchange:				
– unrealised	5,877	1,784	7,770	–
– realised	(158)	–	(1)	–
Net gain/(loss) on disposal of:				
– property, plant and equipment	12	–	–	–
– subsidiaries	243	–	(1,703)	–
Gain on novation of intercompany balances	–	–	13,127	–
Others	2,078	2,523	4	3
	8,052	17,142	19,197	3

6. FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finance income from:				
– Short term bank deposits	1,771	2,561	375	1,720
– Advances to subsidiaries	–	–	10,199	10,956
– Advances to an associate	4,036	–	–	–
– Loan and receivables	–	1,386	–	–
Total finance income	5,807	3,947	10,574	12,676
Interest expense on:				
– Term loans	(8,659)	(2,497)	–	–
– Obligations under finance lease	–	(777)	–	–
– Revolving credits	(4,930)	(4,868)	–	–
– Other borrowings	(876)	(1,172)	–	–
Other finance charges	(1,756)	(1,796)	(8)	(5)
Total finance costs	(16,221)	(11,110)	(8)	(5)
Net finance (costs)/income	(10,414)	(7,163)	10,566	12,671

7. PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors' remuneration:				
– statutory audit	457	354	63	60
– non-audit fees	119	106	51	50
– under provision in prior year	85	–	–	–
Employee costs (Note 8)	134,405	155,967	13,106	13,568
Non-executive Directors' remuneration (Note 9)	507	454	507	454
Property, plant and equipment:				
– Depreciation charge	33,243	30,623	1,671	1,373
– Impairment loss	–	8,904	–	–
– Write off	–	121	–	77
– Gain on disposal	(12)	–	–	–
Net, impairment loss on:				
– Trade receivables	3,923	1,722	–	–
– Other receivables	–	1,394	–	125
– Amount due from an associate	–	158	–	–
– Investment in a subsidiary	–	–	–	900
Trade receivables written off	424	3,605	15	–
Inventories written down (Note 17)	5,181	–	–	–
Provision for liquidated ascertained damages	7	107	–	–
Operating lease:				
– charter hire of vessels	98,351	77,967	–	–
– rental of equipments	21,434	38,988	55	50
– rental of land and buildings	4,725	3,550	482	786

8. EMPLOYEE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	110,318	132,349	9,548	9,830
Social security contributions	1,044	823	32	40
Contributions to defined contribution plan	10,548	10,662	1,336	1,378
Other benefits	12,495	12,133	2,190	2,320
	134,405	155,967	13,106	13,568

Included in employee costs of the Group and the Company are Executive Directors' remuneration amounting to RM2,634,000 (2013: RM1,981,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
Executive:		
Salaries, allowances and compensation	2,262	1,751
Defined contribution plan	372	230
Total executive Directors' remuneration (excluding benefits-in-kind)	2,634	1,981
Estimated money value of benefits-in-kind	63	41
Total executive Directors' remuneration (including benefits-in-kind)	2,697	2,022
Non-Executive:		
Fees and emoluments	507	454
Total Directors' remuneration	3,204	2,476

10. INCOME TAX EXPENSE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current tax				
– Malaysian income tax	4,920	1,259	995	735
– Deferred tax (Note 16)	(17,876)	(12,512)	(198)	38
	(12,956)	(11,253)	797	773
Current tax				
– Current financial year	5,538	1,584	1,232	735
– Over accrual in prior financial year	(618)	(325)	(237)	–
Total current tax	4,920	1,259	995	735
Deferred tax (Note 16)				
– Origination and reversal of temporary differences	(17,876)	(12,512)	(198)	38
Total income tax (credit)/expense	(12,956)	(11,253)	797	773

10. INCOME TAX EXPENSE (CONTINUED)

The explanation of the relationship between income tax expense and profit before tax is as follows:

Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	21,780	1,284	21,004	877
Tax calculated at the applicable Malaysian tax rate of 25% (2013: 25%)	5,445	321	5,251	219
Tax effects of:				
– Effect of tax rate in other jurisdiction	(1,317)	(1,172)	–	–
– Expenses not deductible for tax purposes	6,237	4,623	1,095	2,429
– Income not subject to tax	(1,469)	(3,209)	(5,312)	(1,875)
– Utilisation of deferred tax assets previously not recognised	–	(648)	–	–
– Deferred tax assets not recognised	255	–	–	–
– Reversal of temporary differences previously recognised*	(21,489)	(15,619)	–	–
– (Over)/under accrual in prior financial year	(618)	4,451	(237)	–
	(12,956)	(11,253)	797	773

* The tax credit recognised is mainly arising from the reversal of the temporary differences previously recognised as a result of internal restructuring within the Group.

11. EARNINGS PER SHARE

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2014	2013
Profit attributable to owners of the Company (RM'000)	34,750	12,735
Weighted average number of shares in issue ('000)	321,750	302,974
Basic/diluted EPS (sen)	10.80	4.20

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share are the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM'000	Leasehold buildings RM'000	Vessels and other marine assets RM'000	Dry docking RM'000	Plant and machinery RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air- conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
Group										
31.12.2014										
Cost	16,410	15,447	530,022	19,766	11,121	44,101	5,170	6,072	19,807	667,916
Accumulated depreciation and accumulated impairment losses	(1,429)	(4,071)	(139,541)	(2,289)	(10,423)	(38,277)	(3,995)	(5,044)	(15,417)	(220,486)
Net book value	14,981	11,376	390,481	17,477	698	5,824	1,175	1,028	4,390	447,430
31.12.2013										
Cost	16,410	15,447	520,142	17,105	11,122	39,764	5,053	6,468	19,313	650,824
Accumulated depreciation and accumulated impairment losses	(1,295)	(3,767)	(115,966)	(14,984)	(10,144)	(36,580)	(4,103)	(5,354)	(13,386)	(205,579)
Net book value	15,115	11,680	404,176	2,121	978	3,184	950	1,114	5,927	445,245

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Leasehold buildings RM'000	Vessels and other marine assets RM'000	Dry docking RM'000	Plant and machinery RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air- conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
Group										
Net book value										
At 1 January 2014	15,115	11,680	404,176	2,121	978	3,184	950	1,114	5,927	445,245
Additions	-	-	13,111	19,766	11	4,473	473	434	1,255	39,523
Government grant received	-	-	(6,489)	-	-	-	-	-	-	(6,489)
Disposal	-	-	-	-	-	(5)	-	-	-	(5)
Disposal of subsidiaries	-	-	-	-	-	-	-	(26)	(100)	(126)
Write-off	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(134)	(304)	(22,842)	(4,410)	(291)	(1,828)	(248)	(494)	(2,692)	(33,243)
Exchange differences	-	-	2,525	-	-	-	-	-	-	2,525
At 31 December 2014	14,981	11,376	390,481	17,477	698	5,824	1,175	1,028	4,390	447,430
At 1 January 2013	15,253	11,987	381,564	5,619	1,262	4,527	1,148	1,119	2,996	425,475
Acquisition of subsidiary	-	-	46,275	-	-	-	-	4	-	46,279
Additions	-	-	3,715	-	11	732	102	471	5,423	10,454
Disposal	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	(6)	(115)	(121)
Depreciation charge	(138)	(307)	(21,159)	(3,498)	(295)	(2,075)	(300)	(474)	(2,377)	(30,623)
Impairment charge	-	-	(8,904)	-	-	-	-	-	-	(8,904)
Exchange differences	-	-	2,685	-	-	-	-	-	-	2,685
At 31 December 2013	15,115	11,680	404,176	2,121	978	3,184	950	1,114	5,927	445,245

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
Company				
2014				
Cost	5	938	6,750	7,693
Accumulated depreciation	(2)	(648)	(3,502)	(4,152)
Net book value	3	290	3,248	3,541
2013				
Cost	5	902	6,331	7,238
Accumulated depreciation	(1)	(455)	(2,224)	(2,680)
Net book value	4	447	4,107	4,558
Net book value				
At 1 January 2014	4	447	4,107	4,558
Additions	–	36	618	654
Write off	–	–	–	–
Depreciation charge	(1)	(193)	(1,477)	(1,671)
At 31 December 2014	3	290	3,248	3,541
Net book value				
At 1 January 2013	5	280	1,032	1,317
Additions	–	323	4,368	4,691
Write off	–	–	(77)	(77)
Depreciation charge	(1)	(156)	(1,216)	(1,373)
At 31 December 2013	4	447	4,107	4,558

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's vessels and leasehold land and buildings with a carrying amount of RM257,889,000 (2013: RM230,952,000) and RM16,102,000 (2013: RM16,274,000) respectively are pledged to secure the Group's borrowings (Note 23).

During the financial year, the Group revised the estimated residual values of vessels to RM49,677,000 (2013: RM34,294,400). The revision in estimate had been applied on a prospective basis from 1 January 2014 and this had resulted in lower depreciation charges by RM1,278,000 in the current financial year.

During the financial year, the Group received a government grant in respect of a vessel acquired in 2013 and this had resulted in a depreciation savings of RM79,000 in the current financial year.

In 2013, the Group had recognised an impairment loss of RM8,904,000 to impair a vessel to its recoverable amount due to the change in the fair value of the vessel. The recoverable amount was measured at its fair value less cost to sell based on an independent valuation report.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade receivables:				
Third parties	91,663	80,331	–	–
Accrued revenue	166,594	100,674	–	–
Associate	5,606	916	–	–
Retention sum	–	26,426	–	–
Gross trade receivables	263,863	208,347	–	–
Less: Allowance for impairment				
– Third parties	(15,196)	(12,803)	–	–
– Associate	(158)	(158)	–	–
	248,509	195,386	–	–
Other receivables:				
Amounts due from:				
– Subsidiaries	–	–	111,667	48,647
– Associate	190,572	48,610	182	1
Deposits	2,642	2,826	1,410	1,567
Prepayments	15,629	10,992	190	328
Sundry receivables	2,869	3,628	82	452
Gross other receivables	211,712	66,056	113,531	50,995
Less: Allowance – sundry receivables	(1,110)	(1,619)	(125)	(125)
	210,602	64,437	113,406	50,870
Total current receivables, net	459,111	259,823	113,406	50,870

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Trade receivables:				
Third parties	–	2,357	–	–
Other receivables:				
Amounts due from subsidiaries	–	–	104,864	232,365
Total non-current receivables, gross	–	2,357	104,864	232,365

(a) Trade receivables

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	183,098	191,219
1 to 30 days past due not impaired	39,955	3,846
31 to 60 days past due not impaired	9,184	2,426
61 to 90 days past due not impaired	200	252
More than 91 days past due not impaired	16,072	–
Total – Past due not impaired	65,411	6,524
More than 91 days – impaired	15,354	12,961
Gross trade receivables	263,863	210,704

Receivables that are neither past due nor impaired

Trade receivables from third parties are unsecured, non-interest bearing and are generally on 30 to 90 days (2013: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are neither past due nor impaired (continued)

Trade receivables from third parties that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Accrued revenues and retention sum balances are neither past due nor impaired and are recognised upon service rendered which represents their fair value on initial recognition.

Amount due from an associate is unsecured, interest free and are repayable within credit terms of 30 days.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM65,411,000 (2013: RM6,524,000) that are past due at the reporting date but not impaired. These balances are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2014	2013
	RM'000	RM'000
At 1 January	12,961	11,427
Impairment loss recognised	4,586	2,456
Impairment loss reversed	(663)	(576)
Impairment loss written off	(1,530)	(346)
At 31 December	15,354	12,961

All trade receivables above are individually impaired at the reporting dates as they relate to balances that are unlikely to be collected.

(b) Amounts due from subsidiaries

The non-current amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at 5.25% (2013: 5.25%) per annum and are repayable on demand.

The current portion of amount due from a subsidiary is non-trade in nature, unsecured, interest free and are repayable within the next twelve months.

These balances are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Other receivables

Other receivables are unsecured and short-term in nature. The carrying amounts of the other receivables reasonably approximate their fair value due to the relatively short-term nature.

Amount due from an associate is unsecured, bears interest at 2.30% per annum (2013: Nil) and are repayable within the next twelve months.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest free and are repayable on demand.

At the reporting date, the movement of the allowance account used to record the impairment is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	1,619	832	125	–
Impairment loss recognised	–	1,394	–	125
Impairment loss written off	(509)	(607)	–	–
At 31 December	1,110	1,619	125	125

All other receivables above are individually impaired at the reporting dates as they relate to balances that are unlikely to be collected.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost		
Ordinary shares	1,100	48,845
Accumulated impairment losses	–	(900)
	1,100	47,945
Redeemable convertible preference shares (“RCPS”)	164,180	–
Advances to subsidiaries treated as quasi-investment	15,641	–
	180,921	47,945

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

During the financial year, the Group embarked on a group-wide internal corporate restructuring exercise (“Group Internal Restructuring”) to realign the Group’s businesses into distinct business units. The Group Internal Restructuring will involve the reorganisation of various entities within the Group’s existing business segments into three (3) principal business units.

The restructuring included the capitalisation and novation of intercompany balances. The RCPS are issued by the subsidiaries by way of capitalisation of the amounts due to the Company.

The above restructuring exercise has no impact to the Group’s and Company’s cash outflows.

Name	Effective interest		Principal activities
	2014	2013	
	%	%	
<u>Incorporated in Malaysia</u>			
Petra Energy Services Sdn. Bhd. (formerly known as PE Ventures Sdn. Bhd.)	100	100	Investment holding
Petra Energy Capital Sdn. Bhd. (formerly known as PE Marine Capital Sdn. Bhd.)	100	100	Investment holding
Petra Energy Development Sdn. Bhd.	100	100	Investment holding
Petra Resources Sdn. Bhd.*	–	100	Provision of services in operations and maintenance, oil field optimisation, retrofits, domestic vessels recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry
Petra Fabricators Sdn. Bhd.*	–	100	Design, fabrication, supply and installation of pressure vessels, heat exchangers, skid packages and other process equipment primarily for the oil and gas and petrochemical industries
Petra Services Sdn. Bhd.*	–	100	Equipment rental and related services in the oil and gas industry
Petra Marine Sdn. Bhd.*	–	100	Ownership and supply of vessels
Jurutera Perunding Akal Sdn. Bhd. #	–	70	Engineering design and consultancy services

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Effective interest		Principal activities
	2014	2013	
	%	%	
<u>Held through Petra Energy Services Sdn. Bhd. (formerly known as PE Ventures Sdn. Bhd.):</u>			
Petra Resources Sdn. Bhd.*	100	–	Provision of services in operations and maintenance, oil field optimisation, retrofits, domestic vessels recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry
Petra Fabricators Sdn. Bhd.*	100	–	Design, fabrication, supply and installation of pressure vessels, heat exchangers, skid packages and other process equipment primarily for the oil and gas and petrochemical industries
Petra Services Sdn. Bhd.*	100	–	Equipment rental and related services in the oil and gas industry
Petra Marine Sdn. Bhd.*	100	–	Ownership and supply of vessels
Bumi Subsea Sdn. Bhd.#	–	51	Dormant
<u>Held through Petra Resources Sdn. Bhd.:</u>			
PE Resources Ltd	100	100	Investment holding
<u>Held through Petra Fabricators Sdn. Bhd.:</u>			
PE Industrial Resources Sdn. Bhd.	100	100	Design, fabrication, supply and installation of industrial boilers and ancillary equipment
<u>Held through Petra Marine Sdn. Bhd.:</u>			
PE Ship Management Sdn. Bhd.	100	100	Provision of anchor handling tug supply vessels
PE Marine One Ltd	100	100	Carry on offshore leasing business
PE Marine Ltd	100	100	To facilitate the leasing of transaction of an accommodation work barge vessel
PE Challenger Ltd^	–	100	To facilitate the leasing of transaction of an accommodation work barge vessel

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Effective interest		Principal activities
	2014	2013	
	%	%	
<u>Held through Petra Energy Development Sdn Bhd</u>			
PE Development Ltd	100	100	Investment holding
<u>Held through Petra Energy Capital Sdn. Bhd. (formerly known as PE Marine Capital Sdn. Bhd.)</u>			
PE Challenger Ltd [^]	100	–	To facilitate the leasing of transaction of an accomodation work barge vessel

[#] Not audited by PwC and disposed during the financial year (refer Note 29).

^{*} On 16 October 2014, the Company had transferred all its investment in the subsidiaries to Petra Energy Services Sdn. Bhd. (formerly known as PE Ventures Sdn. Bhd.) at net book value. This exercise is part of a group-wide internal corporate restructuring exercise to realign the Group's businesses into distinct business units.

[^] On 31 December 2014, Petra Marine Sdn. Bhd., a wholly-owned subsidiary of the Group, had transferred all its investment in the subsidiary to Petra Energy Capital Sdn. Bhd. (formerly known as PE Marine Capital Sdn. Bhd.) at net book value. This exercise is part of a group-wide internal corporate restructuring exercise to realign the Group's businesses into distinct business units.

(a) Non-controlling interests

In 2013, the total non-controlling interest of the Group for the financial year was RM483,262, of which RM402,315 was attributed to Jurutera Perunding Akal Sdn. Bhd. ("JPA"). The non-controlling interest in respect of Bumi Subsea Sdn Bhd was not material.

The information below was before inter-company eliminations.

(i) The summarised statement of comprehensive income for the financial year ended 31 December were as follows:

	JPA 2013 RM'000
Revenue	2,664
Loss before tax	(366)
Total comprehensive expense	(366)
<hr/>	
Total comprehensive expense attributable to NCI	(109)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Non-controlling interests (continued)

(ii) The summarised statement of financial position as at 31 December were as follows:

	JPA 2013 RM'000
Non-current assets	179
Current assets	1,651
Current liabilities	(309)
Net assets	1,521

(iii) The summarised statement of cash flows for the financial year ended 31 December were as follows:

	JPA 2013 RM'000
Net cash flows from operating activities	269
Net cash flows used in investing activities	(98)
Net cash flows used in financing activities	(229)
Net decrease in cash and cash equivalent	(58)
Net changes in cash restricted in use	(21)
Cash and cash equivalents at beginning of financial year	140
Cash and cash equivalents at end of financial year	61

(b) Impairment assessment of investment in a subsidiary

In 2013, the Company had undertaken the test of impairment of its investment in a subsidiary following an impairment indicator arising from losses incurred by the subsidiary, based on a number of key assumptions as follows:

- The value in use was calculated using the budgeted cash flows of the subsidiary for five years from 2014 to 2018;
- A terminal value based on the cash flows for 2018 at nil growth rate had been included in the cash flow projections;
- The forecast over these periods reflected the Company's expectation of revenue growth, operating costs and other cash outflow and margins based on past records and current assessment of expectation of market and industry growth; and
- The pre-tax discount rate used to calculate the value in use was 23.58%.

Based on the impairment test performed, the investment in the subsidiary has been impaired by RM900,000.

15. INVESTMENT IN ASSOCIATE

	Group	
	2014 RM'000	2013 RM'000
Unquoted shares at cost	6,000	6,000
Share of results of associate	(3,830)	(20)
Share of net assets	2,170	5,980

The Group's share of revenue, profit, assets and liabilities of an associate are as follows:

	Group	
	2014 RM'000	2013 RM'000
Loss after tax	(3,810)	(20)
Non-current assets	1,296	–
Current assets	234,297	168,207
Current liabilities	(233,918)	(162,929)
Net assets	1,675	5,278
Less: Effect of movements in foreign currency	(527)	(320)
Add: Goodwill	1,022	1,022
	2,170	5,980

The details of the associate are as follows:

Name	Country of incorporation	Group's effective interest	
		2014 %	2013 %
Coastal Energy KBM Sdn. Bhd.#	Malaysia	30	30

Not audited by PwC. Equity accounted based on management financial statements for the financial year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. INVESTMENT IN ASSOCIATE (CONTINUED)

On 29 June 2012, Petroliam Nasional Berhad (“PETRONAS”) and CEC International Ltd (“CECI”) entered into the small field risk service contract (“SFRSC”) for the development and production of petroleum from the Kapal, Banang and Meranti cluster of small fields in offshore Terengganu, Malaysia (“Project”). Pursuant to the terms of the novation agreement dated 10 September 2012 and in accordance with the requirements of the SFRSC, CECI has novated all of its individual rights, interests, benefits and obligations under the SFRSC to Coastal Energy KBM Sdn. Bhd. (“CEKSB”).

On 17 January 2013, PED had provided parental guarantee to PETRONAS to ensure performance of SFRC by CEKSB. PED has guaranteed the performance of the contract and it shall assume any loss, damages, costs and expenses arising from the failure or breach of the said contract based on PED’s proportionate interest in CEKSB.

The following table summarised the information of CEKSB which are accounted for using the equity method and reconciles the information to the carrying amount of the Group’s interest in CEKSB.

- (i) The summarised statement of comprehensive income for the financial year ended 31 December are as follows:

	CEKSB	
	2014 RM’000	2013 RM’000
Loss for the financial year/ total comprehensive expense	(12,700)	(67)
Group’s share of loss	(3,810)	(20)

- (ii) The summarised statement of financial position as at 31 December are as follows:

	CEKSB	
	2014 RM’000	2013 RM’000
Non-current assets	4,320	–
Current assets	780,991	560,691
Current liabilities	(779,725)	(543,095)
Net assets	5,586	17,596

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

There are no contingent liabilities relating to the Group’s interest in the associate.

16. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets				
– To be recovered more than 12 months	3,760	–	–	–
– To be recovered within 12 months	1,088	–	–	–
	4,848	–	–	–
Deferred tax liabilities				
– To be recovered more than 12 months	(8,994)	(21,134)	–	–
– To be recovered within 12 months	(3,626)	(4,514)	(76)	(274)
	(12,620)	(25,648)	(76)	(274)
Deferred tax liabilities (net)	(7,772)	(25,648)	(76)	(274)
At start of financial year	(25,648)	(38,160)	(274)	(236)
(Charged)/Credited to profit or loss (Note 10):				
– Property, plant and equipment	26,764	15,671	198	(19)
– Unabsorbed capital allowances	(8,292)	(3,766)	–	–
– Unutilised business losses	–	(242)	–	–
– Others	(596)	849	–	(19)
	17,876	12,512	198	(38)
At end of financial year	(7,772)	(25,648)	(76)	(274)
Subject to income tax:				
Deferred tax assets				
Unabsorbed capital allowances	24,208	32,500	–	–
Unutilised business losses	–	–	–	–
Others	3,310	3,906	31	31
Before offsetting	27,518	36,406	31	31
Offsetting	(22,670)	(36,406)	(31)	(31)
After offsetting	4,848	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities				
Property, plant and equipment	(35,290)	(62,054)	(107)	(305)
Offsetting	22,670	36,406	31	31
After offsetting	(12,620)	(25,648)	(76)	(274)

The amount of deductible temporary differences, unabsorbed capital allowances and unutilised business losses (all of which have no expiry date) for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group	
	2014 RM'000	2013 RM'000
Unutilised business losses	18,659	19,284
Unabsorbed capital allowances	107	321
Other deductible temporary differences	1,880	23
	20,646	19,628

17. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
Cost:		
Consumables	5,350	6,529
Finished goods	–	30
Raw materials	–	399
Work in progress	42,838	14,061
	48,188	21,019
Net realisable value:		
Consumables	–	135
	48,188	21,154

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM174,514,000 (2013: RM132,831,738).

During the year, the Group had written down inventories of RM5,181,000 (2013: Nil) as disclosed in Note 7.

18. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2014 RM'000	2013 RM'000
Construction contract costs incurred to date	46,190	44,761
Attributable profits less accumulated losses	18,920	16,413
	65,110	61,174
Less: Progress billings	(46,583)	(41,784)
	18,527	19,390
Presented as:		
Amount due from customers	18,565	19,510
Amount due to customers	(38)	(120)
	18,527	19,390

Amounts due from customers on contracts are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

19. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short term deposits with licensed banks	84,915	70,606	5,076	47,445
Cash on hand and banks balances	42,929	42,148	363	11,993
	127,844	112,754	5,439	59,438

19.1 Deposits of the Group and Company at the end of reporting period have a maturity period of 1 (one) day to 1 (one) month (2013: 1 – 3 months). The weighted average effective interest rates as at 31 December 2014 for the Group was 2.75% (2013: 3.0%) per annum and for the Company was 3.0% (2013: 3.0%).

Included in short term deposit is an amount held in Debts Service Reserve Account (“DSRA”) of RM26,132,000 (2013: RM6,000) and deposits pledged of RM67,511,000 (2013: RM361,000) as securities for credit facilities granted to certain subsidiaries.

The gradual build-up in the DSRA will be used to meet the scheduled principal repayment of term loan as disclosed in Note 23.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	127,844	112,754	5,439	59,438
Less: Bank overdrafts (Note 23)	(2,612)	(1,569)	–	–
Cash and cash equivalents	125,232	111,185	5,439	59,438
Less: Restricted cash				
– DSRA	(26,132)	(6)	–	–
– Deposits pledged	(67,511)	(361)	–	–
Net cash and cash equivalents	31,589	110,818	5,439	59,438

19. CASH AND BANK BALANCES (CONTINUED)

19.2 Offsetting of financial assets and financial liabilities

The following table provided information of financial assets and liabilities that have been set off for presentation purpose:

	Note	Gross amount RM'000	Balance that are set off RM'000	Net carrying amount in the statements of financial position RM'000
Group 2014				
Cash and bank balances		145,319	(17,475)	127,844
Borrowings	23	(366,615)	17,475	(349,140)

During the financial year, certain cash and bank balances and term loans were set off for presentation purpose as there is an enforceable right to set off and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

19.3 The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Counterparties with external credit rating:				
- AAA	127,480	107,246	5,434	54,437
- AA	-	5,414	-	4,997
	127,480	112,660	5,434	59,434

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

20. SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000

Authorised:

At 1 January/31 December	1,000,000	1,000,000	500,000	500,000
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Issued and fully paid:

At 1 January	321,750	214,500	160,875	107,250
Issued during the financial year	–	107,250	–	53,625
At 31 December	321,750	321,750	160,875	160,875

On 13 December 2012, the Company proposed to undertake a renounceable rights issue involving up to 107,250,000 Rights Shares (“Proposed Right Issue”) on a basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.50 each (“Shares”) held in the Company. The issue price was determined at RM1.15 per Rights Share and was fully subscribed.

On 9 April 2013, the Rights Issue was completed with the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

21. SHARE PREMIUM

	Group and Company	
	2014 RM'000	2013 RM'000
At 1 January	138,934	69,880
Issued during the financial year, net of transaction costs	–	69,054
At 31 December	138,934	138,934

22. MERGER RESERVE

Merger reserve arose from the acquisition of Petra Resources Sdn. Bhd. and Petra Fabricators Sdn. Bhd. which were previously under the common control of Perdana Petroleum Berhad, and which had ceased to be a substantial shareholder of the Company on 3 September 2012.

23. BORROWINGS

	Note	Group 2014 RM'000	2013 RM'000
Current			
Secured:			
Invoice financing		69,356	–
Term loans		34,828	26,313
		104,184	26,313
Unsecured:			
Revolving credits		47,900	49,400
Bankers' acceptances and trust receipts		16,459	17,139
Bank overdrafts (Note 19)		2,612	1,569
		66,971	68,108
Total current borrowings		171,155	94,421
Non-current			
Secured:			
Term loans		178,335	104,771
Total non-current borrowings		178,335	104,771
Total borrowings	19	349,490	199,192

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

23. BORROWINGS (CONTINUED)

Invoice financing and Term loans

The invoice financing and term loan are secured by the following:

- First ranking statutory mortgages over certain vessels (Note 12);
- First party legal charge over properties located at Kampung Sg. Keling, Wilayah Persekutuan Labuan (Note 12);
- Assignment of all risk insurance in respect of the mortgaged vessels with the Banks and a financial institution named as the mortgagees and loss payees;
- First ranking assignments executed by certain subsidiaries to assign all of the subsidiaries' rights, title, interest and benefits in and to all proceeds arising from the Designated Agreements;
- First ranking Charge and Assignment of DSRA and deposits pledged (Note 19); and
- Corporate guarantees by the Company.

24. HIRE PURCHASE LIABILITIES

	Group	
	2014	2013
	RM'000	RM'000
Secured:		
Current	59	19
Non-current	422	79
	<hr/>	<hr/>
	481	98

Hire purchase liabilities are payable as follows:

	Group	
	2014	2013
	RM'000	RM'000
Future minimum hire purchase payments	567	117
Less: Interest in suspense	(86)	(19)
	<hr/>	<hr/>
Present value of hire purchase liabilities	481	98
	<hr/>	<hr/>
Analysed as:		
Not later than 1 year	59	19
More than 1 year and less than 5 years	271	38
More than 5 years	151	41
	<hr/>	<hr/>
	481	98

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<u>Trade payables</u>				
Third parties	99,941	64,122	–	–
Advance billings	6,694	3,853	–	–
Accrued expenses	108,270	83,366	–	–
	214,905	151,341	–	–
<u>Other payables</u>				
Other payables and accrued expenses	24,306	14,377	2,135	2,805
Amounts due to subsidiaries	–	–	1,131	3,868
	24,306	14,377	3,266	6,673
Total trade and other payables	239,211	165,718	3,266	6,673

Trade payables and other payables are non-interest bearing and credit terms ranging from 30 days to 60 days (2013: 30 days to 60 days).

Included in the Group's other payables and accrued expenses are amounts totalling RM21,774 (2013: RM156,624) which are due to parties related to a corporate shareholder. The amounts are unsecured, interest free and repayable within the next twelve months.

26. PROVISIONS

	Group	
	2014 RM'000	2013 RM'000
Provision for liquidated ascertained damages		
At 1 January	284	223
Provision during the financial year (Note 7)	7	107
Utilised/paid	(291)	(46)
At 31 December	–	284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

27. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year:

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Transactions with related parties of corporate shareholders with significant influence over the Company:				
– Rental paid	1,701	(1,327)	504	–

(b) Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include all the Executive Directors of the Company and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group.

The details of remuneration receivable by key management of the Group and the Company during the year are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	6,170	4,751	5,523	4,342
Defined contribution plan	867	612	816	563
Other employee benefits	140	81	92	81
	7,177	5,444	6,431	4,986

Included in the above is the Executive Directors' compensation which is disclosed in Note 9 to the financial statements.

28. COMMITMENTS

(a) Operating lease commitments – as lessee

The Group has entered into commercial leases on certain vessels, motor vehicles, buildings and office equipment. These leases have an average tenure of between one and six years with no renewal option or contingent rent provision included in the contracts.

Future minimum rentals payable under non-cancellable operating leases at the reporting dates are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Not later than 1 year	37,571	26,699	1,681	1,630
More than 1 year and less than 5 years	129,692	68,142	523	2,012
More than 5 years	10,551	11,121	–	–
	177,814	105,962	2,204	3,642

(b) Operating lease commitments – as lessor

The Group has entered into commercial vessel leases on certain vessels. These non-cancellable leases have remaining lease terms of between one month and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting dates are as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than 1 year	63,502	29,674
More than 1 year and less than 5 years	66,690	4,180
	130,192	33,854

(c) Capital commitments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment				
Approved and contracted for	6,000	969	–	–
Approved but not contracted for	10,960	22,739	1,559	–
	16,960	23,708	1,559	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. SIGNIFICANT EVENTS

(a) Significant disposals during the financial year

During the financial year, the Group completed the following disposals:

- (i) On 17 December 2014, Petra Energy Services Sdn. Bhd. (formerly known as PE Ventures Sdn. Bhd.), a wholly-owned subsidiary of the Company, entered into a Shares Sales Agreement with Farid Khan bin Kaim Khan and Raziah Bibi binti Aurange Zeb, to dispose 312,245 ordinary shares of RM1.00 each, representing a 51% equity interest in Bumi Subsea Sdn. Bhd. ("BSSB"), for a total cash consideration of RM430,912.
- (ii) On 18 December 2014, the Company entered into a Shares Sales Agreement with Chiew Chung Lee, to dispose 70,000 ordinary shares of RM1.00 each, representing a 70% equity interest in Jurutera Perunding Akal Sdn. Bhd. ("JPA"), for a total cash consideration of RM141,189.

As a result of the disposals, BSSB and JPA ceased to be subsidiaries of the Company.

Details of the disposal and the net cash flows on the disposals are as follows:

	Note	At the date of disposal RM'000
Property, plant and equipment	12	126
Goodwill		168
Trade and other receivables		398
Cash and bank balances		379
Trade and other payables		(218)
<hr/>		
Total identifiable net assets		853
Less: Non-controlling interests		(469)
Less: Other disposal cost incurred		(55)
<hr/>		
Total net assets disposed		329
Gain on disposal	5	243
<hr/>		
Net disposal of proceeds		572
Less: Cash and bank balances of subsidiaries disposed		(379)
<hr/>		
Net cash inflows on disposals		193

29. SIGNIFICANT EVENTS (CONTINUED)

(b) Significant acquisition in prior financial year

On 17 January 2013, the Company entered into a conditional Sale of Shares Agreement with several parties, including a related party of a corporate shareholder with significant influence over the Company and a member of key management personnel to acquire 200,000 shares of RM1.00 each in PE Ship Management Sdn. Bhd. (formerly known as KAS Ship Management Sdn. Bhd.) and its subsidiary (collectively known as “PE Ship Group”), representing 100% equity interest in PE Ship for a total purchase consideration of RM3,000,000. The acquisition was completed on 16 May 2013. The acquisition resulted in the recognition of negative goodwill by the Group amounting to RM12,835,000.

The following table summarises the consideration paid, the fair value of assets acquired and the liabilities assumed at the acquisition date.

	Note	2013 RM'000
Purchase consideration in cash		3,000
<u>Recognised amounts of identifiable assets acquired/(liabilities assumed)</u>		
Plant and equipment	12	46,279
Trade and other receivables		1,999
Cash and bank balances		3,136
Trade and other payables		(11)
Borrowings		(17,378)
Amount due to corporate shareholder		(18,146)
Taxation		(44)
Total identifiable net assets		15,835
Negative goodwill arising from acquisition	5	(12,835)
Total		3,000

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of current financial assets, non-current financial assets, current financial liabilities and non-current liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Company determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation principles (continued)

Financial instruments that are measured in the statements of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation technique

The fair value of the Group's borrowings and hire purchase liabilities are measured based on level 2 hierarchy.

31. FINANCIAL INSTRUMENTS BY CATEGORY

Loans and receivables as per statements of financial position

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade and other receivables excluding prepayments	443,482	251,188	218,080	282,907
Cash and bank balances	127,844	112,754	5,439	59,438
Amounts due from customers on contract	18,565	19,510	–	–
	589,891	383,452	223,519	342,345

Other financial liabilities at amortised cost as per statements of financial position

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade and other payables excluding statutory liabilities and advance billings	230,206	156,552	1,769	6,350
Borrowings	349,490	199,192	–	–
Hire purchase liabilities	481	98	–	–
	580,177	355,842	1,769	6,350

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risk, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk arising in the normal course of the Group's businesses. The Directors monitor the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group.

The Directors review and agree on policies for managing each of these risks and they are summarised below:

(a) Foreign currency exchange risk

The Group and the Company are exposed to transactional currency risk primarily through sales, purchases, borrowings and advances that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily US Dollars ("USD").

The Group and the Company's exposure to foreign currency risk, denominated in USD, based on carrying amount as at the end of reporting period was:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	10,044	4,464	–	–
Amount due from contract customers	5,153	7,797	–	–
Amount due from a subsidiary	–	–	105,256	–
Amount due from an associate	190,572	48,610	182	–
Cash and bank balances	26,481	–	–	–
Borrowings	(125,554)	(21,635)	–	–
Trade payables	(5,970)	(5,363)	–	–
	100,726	33,873	105,438	–

The other financial assets and financial liabilities are denominated in Ringgit Malaysia.

With all other variables held constant, the following table demonstrates the sensitivity of the Group and the Company's profit before tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group and the Company.

	Profit/(loss) before tax			
	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
USD/RM – strengthen 3%	3,022	1,016	3,163	–
– weaken 3%	(3,022)	(1,016)	(3,163)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate.

The Group's income and operating cash flows' exposure to changes in interest rate risk relates primarily to the Group's bank borrowings and deposits placed with licensed banks and financial institutions.

As at reporting date, 75% (2013: 91%) of the Group's loans carry floating interest rates. As such, the Group's profit and loss and operating cash flows are therefore influenced by changes in market interest rate.

At the reporting date, if interest rates had been 10 basis points lower/higher, with all variables held constant, the Group's profit before tax would have been RM263,675 (2013: RM182,053) higher/lower, arising mainly as a result of lower/higher interest expense from floating rate loans.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following table sets out the carrying amounts, the weighted average effective interest rate ("WAEIR") as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risks:

	Note	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
At 31 December 2014						
Financial assets						
Short term deposits with licensed banks	19	2.75%	84,915	–	–	84,915
Financial liabilities						
Term loans	23	3.54%	34,828	178,335	–	213,163
Bank overdraft	23	8.35%	2,612	–	–	2,612
Revolving credits	23	5.15%	47,900	–	–	47,900
Invoice Financing	23	5.02%	69,356	–	–	69,356
Bankers' acceptances and trust receipts	23	5.72%	16,459	–	–	16,459
Hire purchase liabilities	24	2.70%	59	271	151	481

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk (continued)

	Note	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Group					
At 31 December 2013					
Financial assets					
Short term deposits with licensed banks	19	3.00%	70,606	–	70,606
Financial liabilities					
Term loans	23	4.56%	26,313	104,771	131,084
Bank overdraft	23	7.85%	1,569	–	1,569
Revolving credits	23	5.32%	49,400	–	49,400
Bankers' acceptances and trust receipts	23	4.49%	17,139	–	17,139
Hire purchase liabilities	24	4.50%	19	79	98

(c) Credit risk

(i) Receivables, Investments and other financial assets

The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risks by setting appropriate credit terms and limits for customers and ensuring that sales are made to customers with good credit assessments.

The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration

As at 31 December 2014, the Group has significant concentration of credit risk in the form of outstanding balance due from 2 customers which are major players in the oil and gas industry, representing approximately 78% (2013: 88%) of the Group's total net trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(ii) Financial guarantee contracts

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by subsidiaries.

The maximum exposure to credit risk amounts to RM349,490,000 (2013: RM199,192,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(d) Liquidity and cash flow risk

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating and investing activities.

Therefore the policy seeks to ensure that each business unit, through efficient working capital management, must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The Group also seeks to maintain sufficient credit lines available to meet its liquidity requirements while ensuring an effective working capital management within the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Note	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2014					
Group					
Financial liabilities					
Trade and other payables excluding statutory liabilities and advance billings	31	230,206	–	–	230,206
Borrowings		173,397	180,232	–	353,629
Hire purchase liabilities		80	325	162	567
		403,683	180,557	162	584,402

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Note	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2014					
Company					
Financial liabilities					
Trade and other payables excluding statutory liabilities and advance billings	31	1,769	–	–	1,769
Financial guarantee contracts		358,529	–	–	358,529
		360,298	–	–	360,298
At 31 December 2013					
Group					
Financial liabilities					
Trade and other payables excluding statutory liabilities and advance billings	31	156,552	–	–	156,552
Borrowings		96,192	104,827	4,354	205,373
Hire purchase liabilities		23	49	45	117
		252,767	104,876	4,399	362,042
At 31 December 2013					
Company					
Financial liabilities					
Trade and other payables excluding statutory liabilities and advance billings	31	6,350	–	–	6,350
Financial guarantee contracts		205,373	–	–	205,373
		211,723	–	–	211,723

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Capital management

The Group's primary objective in managing its capital is to maximise the Group's value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity.

As required by the terms of the borrowing by a subsidiary, the Group needs to cap its leverage ratio at or below 1.25 times. Leverage ratio is derived by dividing total debts by total shareholders' fund. Total debts are the sum of all borrowings and hire purchase. Shareholders' fund includes share capital, share premium, and equity attributable to owners of the Company less merger reserve.

The leverage ratio is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Total debt	349,490	199,290
Total equity	515,424	482,012
Leverage ratio (times)	0.68	0.41

No changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the years ended 31 December 2014 and 31 December 2013.

33. SEGMENT INFORMATION

For management purposes, the Group is organised into four reportable operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the chief operating decision-maker, which in this case is the Group Chief Executive Officer, who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. The following summary describes the operations in each of the Group's reportable segments:

- I. Integrated Brownfield Maintenance and Engineering Services – provision for services in operations and maintenance, oil field optimisation, retrofits, domestic vessel recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry.
- II. Onshore Civil Engineering Services – provision for procurement, construction and commissioning of Kumang Cluster Onshore Tie-In at MLNG-2 and Bintulu Integrated Facilities onshore upgrading and modifications.
- III. Marine Offshore Support Services – provision for charter hire of vessel.
- IV. Design, Fabrication, Supply and Installation Services – design, fabricate, supply and install pressure vessels, heat exchanger, skid packages and other process equipment primarily for the oil and gas, and petrochemical industries.

Other non-reportable segments comprise operations related to the corporate assets and expenses.

33. SEGMENT INFORMATION (CONTINUED)

	Integrated Brownfield, 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	Total RM'000
2014					
Revenue:					
External customers	524,116	–	60,329	39,978	624,423
Inter-segment	104,968	–	26,151	–	131,119
Total revenue	629,084	–	86,480	39,978	755,542
Results:					
Finance income	1,149	–	191	56	1,396
Depreciation	(17,406)	–	(13,583)	(583)	(31,572)
Finance costs	(12,059)	–	(450)	(1,545)	(14,054)
Inventories written off	(2,431)	–	–	(2,750)	(5,181)
Segment profit/(loss)	22,914	–	5,605	(4,482)	24,037
Assets and liabilities					
Segment assets	706,410	–	378,626	47,423	1,132,459
Segment liabilities	(399,815)	–	(289,658)	(42,965)	(732,438)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

33. SEGMENT INFORMATION (CONTINUED)

	Integrated Brownfield, 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	Total RM'000
2013					
Revenue:					
External customers	426,898	–	29,083	34,664	490,645
Inter-segment	61,999	–	–	6,437	68,436
Total revenue	488,897	–	29,083	41,101	559,081
Results:					
Finance income	2,153	–	19	55	2,227
Negative goodwill arising from acquisition of a subsidiary	–	–	12,835	–	12,835
Depreciation	(27,194)	–	(1,435)	(621)	(29,250)
Impairment loss	(8,904)	–	–	–	(8,904)
Finance costs	(9,561)	(371)	(805)	(368)	(11,105)
Segment profit/(loss)	53,368	12,692	13,907	(4,085)	75,882
Assets and liabilities					
Segment assets	787,763	513	310,947	50,037	1,149,260
Segment liabilities	(263,752)	(29,706)	(355,218)	(51,289)	(699,965)

33. SEGMENT INFORMATION (CONTINUED)

	External customers RM'000	Inter segment RM'000	Finance income RM'000	Negative goodwill RM'000	Depreciation RM'000	Impairment loss RM'000	Finance costs RM'000	Inventories write down RM'000	Segment profit/ (loss) RM'000	Segment assets RM'000	Segment liabilities RM'000
2014											
Total reportable segments	624,423	131,119	1,396	-	(31,572)	-	(14,054)	(5,181)	24,037	1,132,459	(732,438)
Other non- reportable segment	-	-	4,411	-	(1,671)	-	(2,167)	-	8,299	317,511	(136,438)
Elimination of inter-segment transactions or balances	-	(131,119)	-	-	-	-	-	-	(10,556)	(332,665)	266,995
Consolidated total	624,423	-	5,807	-	(33,243)	-	(16,221)	(5,181)	21,780	1,117,305	(601,881)
2013											
Total reportable segments	490,645	68,436	2,227	12,835	(29,250)	(8,904)	(11,105)	-	75,882	1,149,260	(699,965)
Other non- reportable segment	-	-	1,720	-	(1,373)	-	(5)	-	3,036	143,794	(30,119)
Elimination of inter-segment transactions or balances	-	(68,436)	-	-	-	-	-	-	(77,634)	(419,316)	338,841
Consolidated total	490,645	-	3,947	12,835	(30,623)	(8,904)	(11,110)	-	1,284	873,738	(391,243)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

33. SEGMENT INFORMATION (CONTINUED)

Geographical information

No geographical segmental reporting has been prepared as the Group's activities involve only one geographical segment, i.e. Malaysia.

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Group	
	2014	2013
	RM'000	RM'000
<u>Integrated Brownfield, Maintenance and Engineering Services</u>		
Customer A	395,144	157,531
Customer B	89,751	256,669
	<hr/>	<hr/>
	484,895	414,200
	<hr/>	<hr/>
<u>Marine Offshore Support Services</u>		
Customer A	285	10,300
Customer B	253	112
	<hr/>	<hr/>
	538	10,412
	<hr/>	<hr/>

34. DIVIDENDS

	Group and Company	
	2014	2013
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
– Interim tax exempt (single-tier) dividend for financial year ended 2013: 1.0 sen (2012: 1.0 sen)	3,218	2,145
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares:		
– Interim tax exempt (single-tier) dividend for financial year ended 2014: 2.0 sen (2013: 1.0 sen) per share	6,435	3,218

On 25 February 2015, the Directors declared a single tier interim dividend of 2.0 sen per ordinary share of 50.0 sen each on 321,750,000 ordinary shares for the year ended 31 December 2014, amounting to RM6,435,000 and payable on 15 May 2015.

SUPPLEMENTARY INFORMATION

– BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

35. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries:				
– Realised	248,125	235,479	105,600	89,559
– Unrealised	67,241	47,068	(76)	(1,024)
	315,366	282,547	105,524	88,535
Total share of retained earnings from associated company:				
– Realised	(3,830)	(20)	–	–
	311,536	282,527	105,524	88,535
Less: Consolidation adjustments	(68,379)	(70,902)	–	–
Retained earnings as per financial statements	243,157	211,625	105,524	88,535

LIST OF PROPERTIES

Address	Description	Status	Remaining Lease period/ Years	Date of Acquisition	Age/Years	NBV RM'000
Petra Resources Sdn Bhd Lot 2000, Block 4 Miri Concession Land District Piasau Industrial Estate 98000 Miri, Sarawak	Workshop	Leasehold	28	18/07/2000	27	1,775
Petra Resources Sdn Bhd Lot 1991, Block 4 Miri Concession Land District Piasau Industrial Estate 98000 Miri, Sarawak	Warehouse	Leasehold	28	18/07/2000	27	275
Petra Fabricators Sdn Bhd Lot 58, Jalan Utas 15/7 Kawasan Perusahaan Seksyen 15 40000 Shah Alam Selangor Darul Ehsan	Factory (Approximately 13,656 sq. m)	Leasehold	58	24/07/2006	41	8,205
Petra Resources Sdn Bhd Lot 205312634 and Lot 205312590 at Kampung Sungai Keling Wilayah Persekutuan Labuan	Fabrication Yard (Approximately 0.2064 and 2.0882 hectares respectively)	Leasehold	972	13/02/2012	27	16,102

Petra Energy Bhd Group has not carried out any revaluation on its landed properties.

ANALYSIS OF SHAREHOLDINGS

AS AT 17 APRIL 2015

Class of Securities : Ordinary shares of RM0.50 each
 Authorised Capital : RM500,000,000
 Issued Capital : 321,750,000 ordinary shares of RM0.50 each
 Paid-up Capital : RM160,875,000.00
 Voting Rights : On a poll, one vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS (as per the Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1 – 99	134	4.82	5,241	0.00
100 – 1,000	853	30.69	484,684	0.15
1,001 – 10,000	1,249	44.94	5,639,762	1.75
10,001 – 100,000	439	15.80	14,549,789	4.52
100,001 – 16,087,499 (*)	100	3.60	76,313,512	23.72
16,087,500 AND ABOVE (**)	4	0.14	224,757,012	69.85
TOTAL	2,779	100.00	321,750,000	100.00

Remark : * – less than 5% of issued holdings
 : ** – 5% and above of issued holdings

LIST OF THIRTY 30 LARGEST SECURITIES ACCOUNT HOLDERS (as per the Record of Depositors)

Names of Shareholders	No. of Shares Held	%
1. Wasco Energy Ltd	86,550,000	26.90
2. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Shorefield Resources Sdn Bhd (01103812348A)</i>	77,250,000	24.01
3. Lembaga Tabung Haji	31,707,012	9.85
4. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Mohamed Nizam bin Abdul Razak</i>	29,250,000	9.09
5. Shorefield Resources Sdn Bhd	11,130,000	3.46
6. AmSec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Abang Sarbini bin Abang Ahmad Latif</i>	9,000,000	2.80
7. CitiGroup Nominees (Asing) Sdn Bhd <i>Exempt An for Citibank New York (Norges Bank 1)</i>	6,018,000	1.87
8. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for Credit Suisse (SG BR-TST-ASING)</i>	5,057,450	1.57
9. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (DR)</i>	3,481,200	1.08
10. AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohamad Zaidee bin Abang Hipni</i>	3,465,000	1.08

Names of Shareholders	No. of Shares Held	%
11. Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Mei Loon</i>	3,260,000	1.01
12. Ting Chek Ting	1,900,000	0.59
13. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Senthil A/L Appu (CEB)</i>	1,854,300	0.58
14. Goh Siew Chin	1,647,500	0.51
15. CitiGroup Nominees (Tempatan) Sdn Bhd <i>Allianz Life Insurance Malaysia Berhad (MEF)</i>	1,622,600	0.50
16. Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	1,499,862	0.47
17. Amanahraya Trustees Berhad <i>Public Islamic Treasures Growth Fund</i>	1,274,600	0.40
18. AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Siew Booy (D18)</i>	1,165,000	0.36
19. Amsec Nominees (Tempatan) Sdn Bhd <i>Patrick Sim Yaw Kheng</i>	1,000,000	0.31
20. Midvest Asia Sdn Bhd	935,000	0.29
21. Tiong Ing	884,900	0.28
22. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For Julius Baer & Co. Ltd. (Singapore Bch)</i>	825,000	0.26
23. Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohammad Afrin bin Samsudin</i>	760,000	0.24
24. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (DG)</i>	750,000	0.23
25. Amanahraya Trustee Berhad (AMITTIKAL)	691,100	0.21
26. CitiGroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad for CIMB-Principal Balanced Income Fund</i>	668,300	0.21
27. ARHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ibrahim bin Baki</i>	550,000	0.17
28. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Sia Derg</i>	533,600	0.17
29. Ng Boo Kean @ Ng Beh Kian	516,700	0.16
30. Kiing Sie Ing	510,000	0.16
TOTAL	285,757,124	88.81

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2014

LIST OF SUBSTANTIAL SHAREHOLDERS (as per the register of substantial shareholders)

Names	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
1. Shorefield Resources Sdn Bhd	88,380,000	27.47	–	–
2. Wasco Energy Ltd	86,550,000	26.90	–	–
3. Lembaga Tabung Haji	31,707,012	9.85	–	–
4. Dato' Mohamed Nizam Bin Abdul Razak	29,250,000	9.09	–	–
5. Shorefield Sdn Bhd	–	–	88,380,000 ^(a)	27.47
6. OBYU Holdings Sdn Bhd	–	–	88,380,000 ^(a)	27.47
7. Tan Sri Bustari Bin Yusuf	–	–	88,380,000 ^(a)	27.47
8. Wah Seong Corporation Berhad	–	–	86,550,000 ^(b)	26.90
9. Wah Seong (Malaya) Trading Co. Sdn Bhd	–	–	86,550,000 ^(c)	26.90
10. Tan Kim Yeow Sendirian Berhad	–	–	86,550,000 ^(d)	26.90
11. Tony Tan @ Choon Keat	–	–	86,550,000 ^(d)	26.90
12. Tan Chin Nam Sdn Bhd	–	–	86,550,000 ^(d)	26.90
13. Robert Tan Chung Meng	–	–	86,550,000 ^(d)	26.90
14. Pauline Tan Suat Ming	–	–	86,550,000 ^(d)	26.90

Notes:

- (a) Deemed interested through Shorefield Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("Act").
- (b) Deemed interested by virtue of its direct interest in Wasco Energy Ltd pursuant to Section 6A of the Act.
- (c) Deemed interested by virtue of its direct interest in Wah Seong Corporation Berhad pursuant to Section 6A of the Act.
- (d) Deemed interested by virtue of their respective indirect interests in Wah Seong Corporation Berhad pursuant to Section 6A of the Act.

LIST OF DIRECTORS' SHAREHOLDINGS (as per the register of directors' shareholdings)

Names	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
1. Abdul Rahim Bin Abdul Hamid	–	–	–	–
2. Ahmad Azra Bin Salleh	–	–	–	–
3. Ahmadi Bin Yusoff	–	–	–	–
4. Dato' Anthony @ Firdaus Bin Bujang	–	–	–	–
5. Gian Carlo Maccagno	–	–	–	–
6. Datuk Seri Panglima Sulong bin Matjeraie	–	–	–	–

FORM OF PROXY



PETRA

PETRA ENERGY BERHAD

(Company No. 718388-H)
(Incorporated in Malaysia)

Number of Shares Held

I/We _____ CDS Account No. _____
(FULL NAME AND NRIC/PASSPORT/COMPANY NO.) (FOR NOMINEE COMPANY ONLY)

of _____
(FULL ADDRESS)

being a member of PETRA ENERGY BHD ("the Company"), hereby appoint _____

_____ (FULL NAME AND NRIC/PASSPORT NO.)

of _____
(FULL ADDRESS)

or failing him, _____
(FULL NAME AND NRIC/PASSPORT NO.)

of _____
(FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company to be held at Mutiara Ballroom, Ground Floor, The Royale Chulan Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28 May 2015 at 11:00 a.m. and at any adjournment thereof, in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receipt of Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.	N/A	N/A
2.	Approval of payment of Directors' fees.		
3.	Re-election of Datuk Seri Panglima Sulong bin Matjeraie as Director who retire pursuant to Article 103 of the Company's Articles of Association.		
4.	Re-election of Ahmadi bin Yusoff as Director who retire pursuant to Article 104 of the Company's Articles of Association.		
5.	Re-election of Gian Carlo Maccagno as Director who retire pursuant to Article 104 of the Company's Articles of Association.		
6.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration.		
7.	Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.		
8.	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with OBYU Holdings Sdn. Bhd.		
9.	Proposed new shareholders' mandate for recurrent related party transaction of a revenue or trading nature in OBYU Holdings Sdn. Bhd.		
10.	Proposed share buy-back.		

Please indicate with an "X" in the spaces provided above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Date: _____

Signature/Common Seal of Member

NOTES:

- (a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2015 shall be eligible to attend, speak and vote at the Meeting.
- (b) A member entitled to attend, speak and vote at the Meeting is entitled to appoint more than one proxy to attend, speak and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting. Notwithstanding this, a member entitled to attend, speak and vote at the Meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of the member at the Meeting. There should be no restriction as to the qualification of proxy.
- (c) In the case of a corporate member, the instrument appointing a proxy must be executed either under its common seal or under the hand of its officer or attorney duly authorised.
- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) To be valid, the instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

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here

**THE COMPANY SECRETARY
PETRA ENERGY BHD**

c/o Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

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