PETRA

Synergising **Partnerships**

Annual Report **2015**

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 corporate logo and its heritage via the subtle Sarawakian patterns on the background.

WHAT'S INSIDE

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.

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.

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.

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.

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 mater 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth 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, 26 May 2016 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 2015 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 2015. **(Resolution 1)**

3. To re-elect Madam Ng Ing Peng 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) Dato' Anthony @ Firdauz bin Bujang; and **(Resolution 3)**
   (ii) Encik Abdul Rahim bin Abdul Hamid. **(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)**

NOTICE OF ANNUAL GENERAL MEETING

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 2.4 Table 1 of the Circular to Shareholders dated 29 April 2016, 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 Renewal of Shareholders' Mandate for Share Buy-Back

THAT subject to the provision under 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.

NOTICE OF ANNUAL GENERAL MEETING

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.

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; or
(b) to retain the Shares so purchased as Treasury Shares; or
(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 8)**

NOTICE OF ANNUAL GENERAL MEETING

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
29 April 2016

NOTES:

1. **Appointment of Proxy**

   (a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2016 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 not more than two (2) proxies 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 two (2) proxies, 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.

NOTICE OF ANNUAL GENERAL MEETING

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 Ninth Annual General Meeting held on 28 May 2015 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 Transactions 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 favourable 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 29 April 2016.

(d) Proposed Ordinary Resolution 3

The proposed adoption of the Ordinary Resolution 3, 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 3 is set out in the Circular to Shareholders dated 29 April 2016.

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 specialising in Hook-up Construction and Commissioning and Topside Major Maintenance supported by its key assets – marine vessels, minor fabrication yards and its people.

Petra Energy via its associate 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.

Our service offerings include:

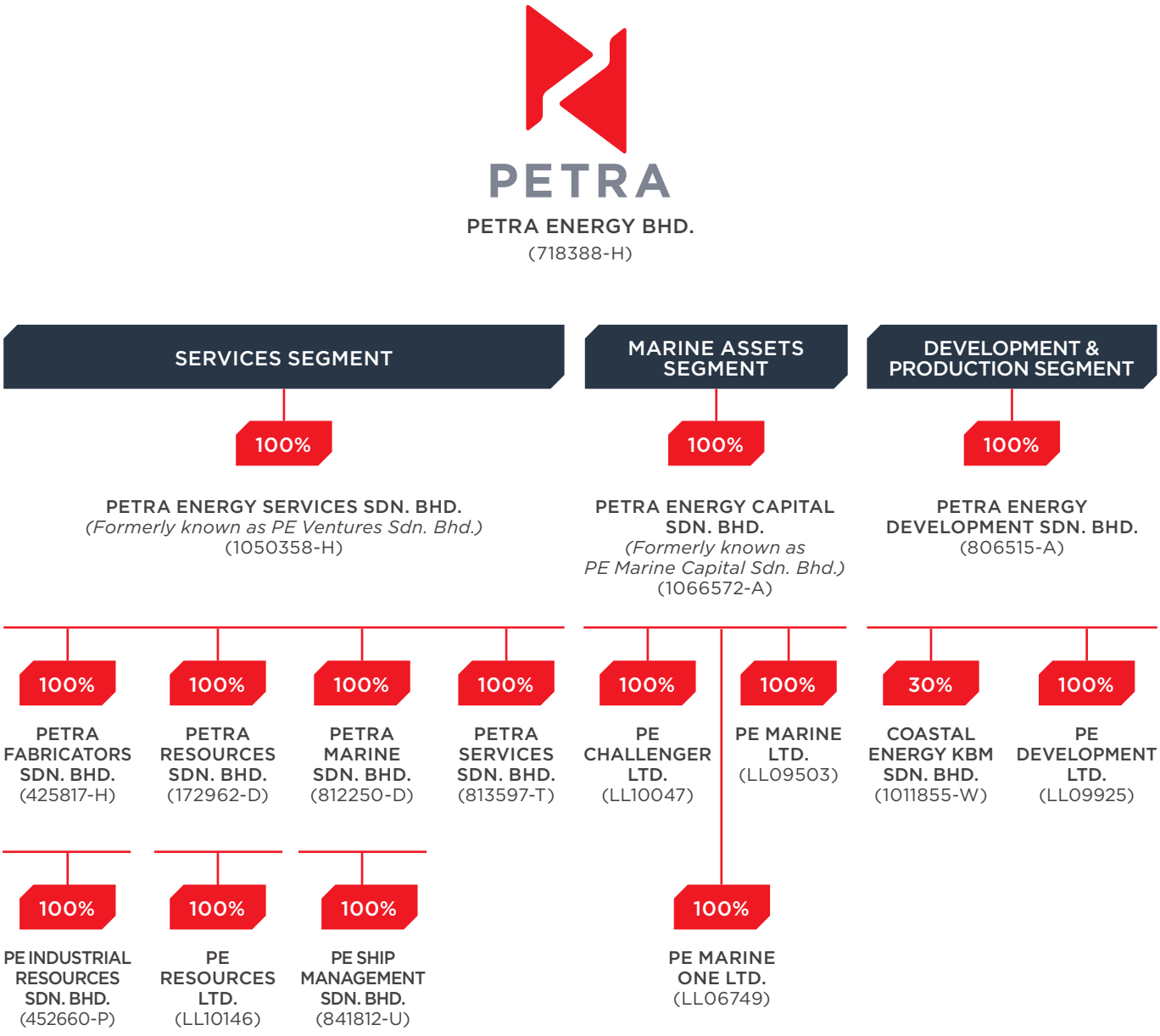
Integrated Brownfield Maintenance & Engineering
- Hook-up Construction Commissioning and Topside Major Maintenance
- Project Management, Procurement & Logistics
- Engineering, Operations & Maintenance
- Oil Field Optimisation
- Equipment, Packaging & Manufacturing

Development & Production (small field RSC)
- Development & Production of petroleum from Kapal, Banang & Meranti smallfields 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

CORPORATE STRUCTURE



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

Ng Ing Peng
Executive Director / Group Chief Financial Officer

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

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

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

BOARD OF DIRECTORS

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

AHMADI BIN YUSOFF
Executive Director

NG ING PENG
Executive Director / Group Chief Financial Officer

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 (LL.M) 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, Secretary of Complaints Suggestions Bureau, 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. He was the Chairman of the Kuching Division of the Advocates Association of Sarawak and served as its President 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 Malaysia, 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) more 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 presently sits on the boards of Brahim's Holdings Berhad, Ho Hup Construction Company Berhad and Southern Acids (M) Berhad as well.

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

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-Tex 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 (KLRCA).

He specialises in the field of Construction Law and has more than 29 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 Lebuhraya 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 also 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.

BOARD OF DIRECTORS' PROFILE

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 the 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 PPI's 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. in Kuantan, Malaysia. He has vast experience in the global pipe coating business and the 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 Amanah Raya Berhad and OBYU Holdings Sdn. Bhd. He does not hold any shares in OBYU Holdings Sdn. Bhd. He is also director for all subsidiaries and associate company of Petra Energy Bhd.

Dato' Anthony does not have any family relationship with any members of the Board or major shareholders of Petra Energy Bhd. 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.

BOARD OF DIRECTORS' PROFILE

AHMADI BIN YUSOFF

Executive Director / Director, Strategic Planning & Corporate Services

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 Bhd., OBYU Holdings Sdn. Bhd. (since 2002), an investment holding company, Shorefield Sdn. Bhd. (since 1999), a company involved in the Rural Electrification Scheme Contractor, Javel Engineering Sdn. Bhd. (since 2002), a construction company and Cascara Sdn. Bhd. (since 2008), an investment holding. He is also the director for all subsidiaries company 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 Bhd. He has never been convicted of any offence within the past 10 years.

BOARD OF DIRECTORS' PROFILE

NG ING PENG

Executive Director / Group Chief Financial Officer

Ng Ing Peng, a Malaysian citizen aged 59, was appointed to the board of Petra Energy Bhd. on 14 May 2015.

She holds a Bachelor of Accounting Degree from University Malaya and is a member of the Institute of Chartered Accountants of England and Wales.

She joined Petra in July 2013 and became Group Chief Financial Officer in December 2014. Prior to Petra Energy Bhd., Ng Ing Peng was the Head of Finance at CIMB Group Holdings Berhad. Throughout her career spanning over 35 years, she held various key management positions in the auditing and banking/finance industries.

She sits on the board of Red Sena Berhad and is also director for subsidiaries of Petra Energy.

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

MANAGEMENT TEAM

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

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

Ng Ing Peng
Executive Director / Group Chief Financial Officer

Mohammad Kamal bin Md. Yosof
Chief Executive Officer, Petra Resources Sdn. Bhd.

Jamalludin bin Obeng
Director, Business Development, Petra Energy Bhd. / Chief Executive Officer, Petra Fabricators Sdn. Bhd.

Sim Kien Beng
Chief Executive Officer, Petra Marine Sdn. Bhd.

Badariah binti Abd Jalil
Director, Group Human Capital

Dr. Rodaina Ibrahim
Director, Group Information Technology

Rizal Khalid
Head of Internal Audit & Risk Management

Aishah Hashim
Group Company Secretary

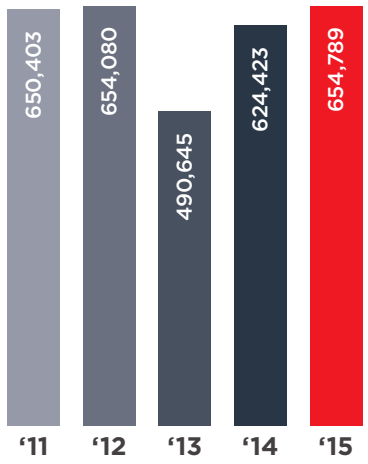
FINANCIAL HIGHLIGHTS

	31 December				
FINANCIAL YEAR	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
INCOME STATEMENT					
REVENUE	650,403	654,080	490,645	624,423	654,789
EBITDA	49,924	55,903	43,017	71,244	105,085
PBT	8,225	15,886	1,284	21,780	62,015
PAT	3,308	7,427	12,537	34,736	47,214
PATAMI (attributable to enquiry holders)	3,485	7,469	12,735	34,750	47,214

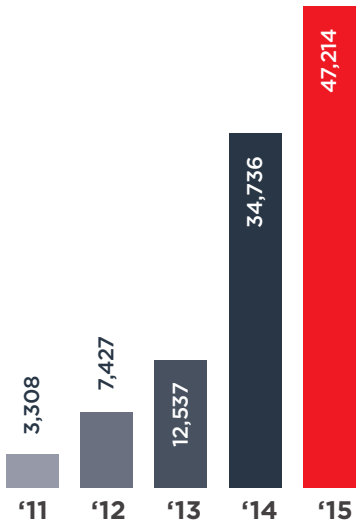
	31 December				
FINANCIAL YEAR	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
BALANCE SHEET					
Total Liabilities	458,937	462,497	391,243	601,881	559,114
Total Borrowings	219,326	194,289	199,192	349,490	341,913
Total Assets	800,260	810,174	873,788	1,117,305	1,106,025
Total Shareholders' Equity	340,769	347,165	482,012	515,424	546,911

FINANCIAL HIGHLIGHTS

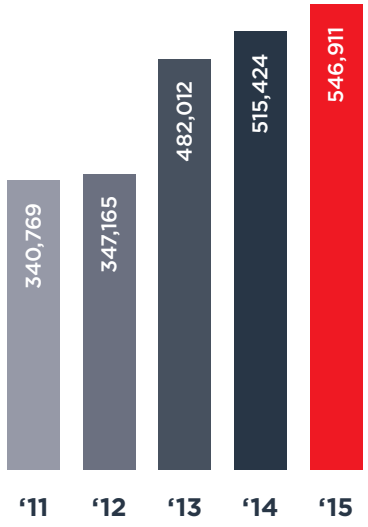
REVENUE (RM'000)



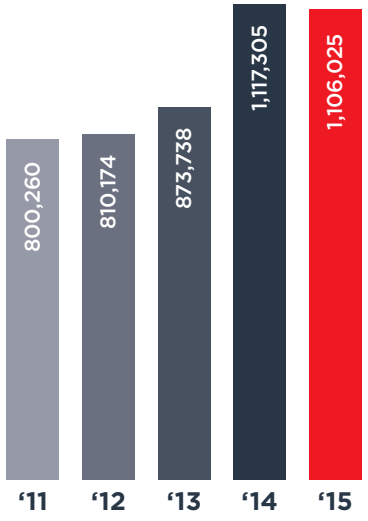
PROFIT AFTER TAX (RM'000)



TOTAL SHAREHOLDERS EQUITY (RM'000)



TOTAL ASSETS (RM'000)



CALENDAR OF EVENTS

14 JANUARY 2015

Petra Energy supports Flood Relief efforts in West Malaysia via sponsor and clean-up activities by 30 employee volunteers

17 FEBRUARY 2015

Petra Energy awarded umbrella contract from Petronas Carigali Sdn. Bhd. for the provision of spot-charter services from 2015 – 2017

17 FEBRUARY 2015

Corporate Restructuring exercise - re-organisation of the Company's subsidiary companies into 3 main core business segments; Services, Marine Assets and Development & Production Segment

31 MARCH 2015

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

27 APRIL 2015

Hari Sukan Petra

1 MAY 2015

Participated in the National Labour Day celebrations, Kuching, Sarawak. The Petra Team won Best Cheer Contingent 2015.

15 MAY 2015

Appointment of Madam Ng Ing Peng as Executive Director to the Petra Energy Bhd. Board.

28 MAY 2015

Ninth Annual General Meeting

28 MAY 2015

Townhall with Employees

CALENDAR OF EVENTS

2 JUNE 2015

Petra Energy The Oil and Gas Asia Exhibition 2015 (OGA 2015)

12 JUNE 2015

Gawai celebrations with employees at the Group's Miri Project office

12 JUNE 2015

Launch of the Group's Employee Safety & Wellness Programme

5 AUGUST 2015

Petra Energy supports University Teknologi PETRONAS' 35th Science and Engineering Design Exhibition (SEDEX)

13 AUGUST 2015

Petra Energy Bhd. Hari Raya Open House 2015

14 SEPTEMBER 2015

Achieved 2 million manhours without Lost Time Incident for the Shell Gumusut Kakap Offshore Services Contract

22 SEPTEMBER 2015

Petra Energy's employee volunteers participate in Feed the Homeless a CSR initiative by the Group.

CALENDAR OF EVENTS

25 SEPTEMBER 2015

Petra Energy sponsor of the Piala PETRA race category at the Sarawak Regatta 2015.

22 OCTOBER 2015

Co-hosted PETRONAS Carigali's Marine Offshore Safety Taskforce Q2 2015 Engagement

25 SEPTEMBER 2015

Petra Energy supports the women entrepreneurs and homestays of Sarawak

13 NOVEMBER 2015

Awarded Best Companies to work for in Asia 2015 – Top 40 in Malaysia by HR Asia for the second consecutive year

19 OCTOBER 2015

Strategic Setting Brainstorming session with the leaders of Petra Energy

26 NOVEMBER 2015

Awarded the Samarang Redevelopment Phase 2 Enhanced Oil Recovery Project for Petronas Carigali

CALENDAR OF EVENTS

27 NOVEMBER 2015

Employee Townhall Q4 2015

2 DECEMBER 2015

Petra Energy participates and supports Shell Quality Day in Miri, Sarawak

18 DECEMBER 2015

Petra Energy's Bowling Tournament 2015 – Employee Wellness programme initiative

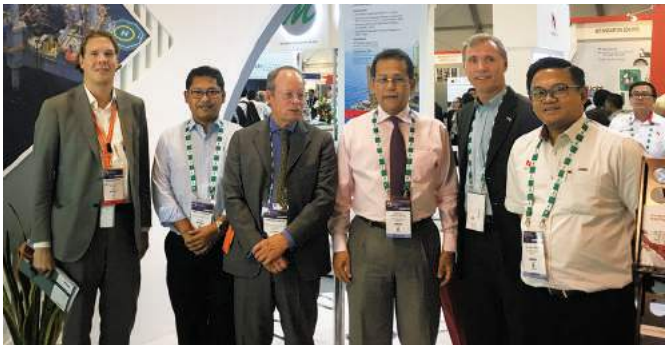
30 DECEMBER 2015

Awarded the Overall HSE Performance Award at Petronas Carigali's Service Provider Engagement session 2015

1 FEBRUARY 2016

Achieved 10 million barrels via our associate company from the Kapal, Banang and Meranti cluster of small fields offshore Terengganu, Malaysia

22 MARCH 2016



Petra Energy participates in the Offshore Technology Cenference Asia 2015

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am honoured to present to you Petra Energy Bhd.'s 2015 Annual Report. I am particularly pleased to report that for the year under review, the Company's operational and financial performances have shown improvement in line with implementation of our 5-year strategic plan since 2013.

CHAIRMAN'S STATEMENT

The oil and gas industry faced major challenges in 2015, largely due to decline in oil prices, creating a domino effect to all service companies across the value chain. Oil majors and national oil companies such as PETRONAS and SHELL, our biggest clients, initiated cuts to their capital budgets and operating expenditures to weather the new realities.

Despite these challenging conditions, I am pleased to note that Petra Energy made commendable operational achievements throughout the period, building our strength in the area of project execution as a result of the implementation of our 5-year strategic plan over the years.

Some notable achievements include:

- Production of more than 10 million barrels from the Kapal, Banang and Meranti cluster of small fields under the Risk Sharing Contract (RSC) with an associate.

- The award of the Samarang Redevelopment Phase 2 EOR Project for Petronas Carigali contract, which marks the Group's first Engineering Procurement Construction & Commissioning (EPCC) type of project. This is testament to our initiative to move up the value chain and an expansion of our current service offerings, as set forth in the Group's strategic plan.

- Winning the Bronze Award at Shell Malaysia's Safety Awards 2015 - Upstream Category, for our commitment to safety, health and Shell's Goal Zero initiative.

- Awarded the MCOT HSE Appreciation – Petra Resources Sdn. Bhd. in contributing to MCOT HSE Milestones "1 million manhours LTI Free 2015" - H2 MCOT Service Provider Engagement 30th December 2015".

- Awarded Best Companies to Work for in Asia 2015 – Top 40 in Malaysia – winning the award for the second consecutive year.

- Achieved 5 million manhours without LTI for projects related to the provision of HuC of PCSB's facilities.

- Achieved 2 million manhours without LTI – Shell Gumusut Kakap Offshore Services Contract.

- Accorded a Certificate of Good Performance certification for achieving 230,000 manhours for completion of HUC for the Greater D18 Development project offshore campaign.

- Achieved Employee Engagement Score of 80% in 2015 from 65% in 2014. The Best Companies to work in Asia rate currently records an employee engagement score of 85%.

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015, the Group posted a net profit after tax (PAT) of RM47.2 million on the back of RM654.8 million in revenue. Both revenue and net profit increased by 5% and 36% respectively as compared to the previous financial year.

The Group's result is reflective on its return from the Development & Production Segment, coupled with its improved performance from the core activities in the Services Segment. These returns have resulted in improvements in the Company's net assets per share of RM1.70 as compared to RM1.60, and recorded improvement in net debt-to-equity ratio of 0.23 in contrast to 0.43 registered in the preceding year, respectively.

In line with the healthy financial performance of the Group in FY2015, the Board is pleased to declare a single interim dividend of 2.0 sen and a special dividend of 2.0 sen per ordinary share of 50.0 sen each on 320,947,200 ordinary shares payable on 18 May 2016 to shareholders whose names appear in the Record of Depositors at the close of business on 20 April 2016, in addition to the previous special dividend declared on 26 November 2015 and subsequently paid on 30 December 2015. This amounts to a total dividend payout of RM32.1 million in respect of the financial year ended 31 December 2015, the highest dividend pay-out for a single financial year by the Group.

OPERATIONAL HIGHLIGHTS

On the operational front, the Group continued to undertake work orders under the Petronas Carigali Sdn. Bhd.'s (PCSB) Pan Malaysia hook-up construction & commissioning (HUCC) contract, the topside major maintenance contract for Sabah waters and SHELL's Gumusut Kakap offshore services contract.

Some accomplishments in our Services segment include the safe and on schedule completion of:

- PCSB's Temana Revisit and Upgrading Project (TRUP).
- Successful installation of PCSB's Baram main helideck support frame structure, weighing 147 metric tonnes. The Baram Helideck installation project was supported by Petra Marine's accommodation and work barge, Petra Challenger.
- The HUCC offshore campaign for the Greater D18 project system handover to D18 operations for PCSB.
- The successful completion in Q32015 of the first phase of Shell's Gumusut Kakap offshore services contract.

The award of the Samarang Redevelopment Phase 2 Enhanced Oil Recovery (EOR) Project for Petronas Carigali awarded to the Group marks the first EPCC type of project on this scale for Petra Enegry. Given the challenges in the energy industry, this work order marks positive development for the Group and we are honoured by our client, PCSB'S confidence in us.

CHAIRMAN'S STATEMENT

It is a recognition of our capabilities as a contractor and a notch up for our credentials.

Meanwhile, the Marine Assets Segment also made positive headway during the period under review. The Group's workboat, Petra Orbit was awarded best fuel management performer for Q3 and Q4 2015.

During 2015, the Small Field Risk Service Contract for development and production of petroleum from the small fields of Kapal, Banang and Meranti yielded major milestone to the Group. All capital investment was recouped and began to contribute its profitability to the Group's financial performance. This segment is to complement the growth driver for the Group during this challenging time. With more than 10 million barrels of oil produced to-date, we are encouraged by the success of the project and will work closely with our partner to enhance production and efficiency moving forward.

HEALTH SAFETY AND ENVIRONMENT (HSE)

The Group upholds HSE best practices in all of its initiatives. To read more on our achievements and initiatives please refer to page 37 of this annual report.

CORPORATE RESPONSIBILITY

As a responsible corporate citizen, the Group places emphasis on ensuring its corporate responsibility initiatives spans broadly across all of Petra Energy's businesses. Education and assisting the underprivileged in society, guides our Corporate Social Responsibility (CSR) agenda for the Company. Centered on our brand promise of synergising partnerships and our values of integrity, professionalism, commitment and teamwork, we intend to continuously enhance our corporate value while striving to help build a safe and sustainable future for the communities we operate in.

CHAIRMAN'S STATEMENT

OUTLOOK

The business outlook for oil and gas industry continues to face challenges in view of lower capital and operational expenditure spending by oil operators due to the prolonged weak oil price. We expect that PETRONAS and other oil operators will continue to tighten their budgets resulting in a slowdown of work orders. Industry sources and experts anticipate this low oil price environment to prolong for the next two to three years. However, we believe the long term fundamentals of the industry remain secure as hydrocarbons continue to remain a primary energy source.

While this downturn has ensued a real challenge for companies such as Petra Energy, it also gives us an opportunity to adopt new strategies and business processes. Conserving cash is vital as we strive to pursue more projects and intensify our efforts for new revenue streams to ensure we add value for all our shareholders.

In managing the realities of the current downtrend in the oil and gas environment, the Management of Petra Energy realigned the Group's strategic plan in Q4 2015 to ensure our priorities moving forward are in tandem with our client's objectives. This will also enable the Group to remain agile, resilient and sustainable in this current economic environment. Cost optimisation and exploring opportunities for new revenue streams will remain a key focus area for the Group.

We believe that a robust strategic plan is imperative to propel the Group in weathering the challenges facing the oil and gas industry. Efficiency, cost optimisation, process enhancements and talent will continue to be our underlying priorities. Measures to manage costs and operational expenditures will remain a priority to ensure healthy cash balances.

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. We will continue to draw on the strength and depth of experience of our major shareholders and partners as we continue to look for new opportunities.

I am confident that our leaders and talent will focus on our fundamentals, as set out in our strategic plan, to see us through this difficult time and ensure the company remains relevant and emerges stronger.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I am pleased to welcome Madam Ng Ing Peng who joined the Petra Energy board on 14 May 2015 as Executive Director, bringing with her a wealth of financial and management experience, thus strengthening the Group's stewardship. I would also like to extend my appreciation to all our stakeholders, most importantly our shareholders for your unwavering support and trust in our abilities. To my colleagues on the Board for their wise counsel and insights that have helped steer the Company forward. To the Management team, for their foresight and leadership that has been critical to ensuring our profitability.

To our employees, thank you. Your contributions and dedication have helped Petra Energy achieve its objectives and your commitment to step up and deliver your best makes me very proud to be part of this Group.

Synergising Partnerships

Datuk Seri Panglima Sulong bin Matjeraie
Chairman

14 April 2016

MANAGEMENT DISCUSSION & ANALYSIS

The year 2015 was challenging for the oil and gas industry. As oil majors and operators reviewed budgets and rationalised expenditures, service companies were inevitably impacted by the sluggish low oil price environment. Despite these challenges, Petra Energy made some progressive strides in line with our objectives as outlined in the Group's 5-year strategic plan.

The main contributor to the Group's profitability was the return of investment from our entry in development & production via the Kapal Banang Meranti Small Field Risk Service Contract (KBMSFRSC). The KBMSFRSC contributed significantly to the Group's profitability arising from the share of results of associate.

As a result, Petra Energy recorded profit for the financial year at RM47.2 million, higher by 36% compared to RM34.7 million in 2014. Significant highlights of the year under review is reflected under the following segments, namely Services, Marine Assets and Development & Production segments of the Group.

BUSINESS SEGMENT PERFORMANCE

Services Segment

The services segment encapsulates the Group's core activities in the area of providing services such as Hook-up Commissioning (HuC), Topside Major Maintenance (TMM), fabrication, trading and engineering services. Anchor contracts within this segment are the Pan Malaysia HuC and TMM (Hook-up Commissioning and the Topside Major Maintenance) contract executed for PETRONAS Carigali Sdn. Bhd. (PCSB), the Offshore Services Contract (OSC) and Topside Maintenance Execution Services (TMES) for Gumusut Kakap Floating Production System (GKFPS) for Sabah Shell Petroleum Co. Ltd. (SHELL), as well as the design, fabrication, supply and installation services unit.

In 2015, this segment contributed about 80% towards the Group's revenue. Revenue grew by 16% to RM518.4 million, as compared to RM448.1 million recorded in the previous financial year. The growth was mainly attributed to the full year recognition from the early activation of the Pan Malaysia Sabah Offshore TMM contract, coupled with higher activities performed within the Pan Malaysia HuC.

MANAGEMENT DISCUSSION & ANALYSIS

As for our contract with SHELL, the first phase of the OSC package of the contract was successfully delivered and the Group was subsequently awarded the TMES work package as a continuation to our service involvement for the Gumusut Kakap project.

2015 key highlights for this segment are as follows:

Pan Malaysia HuC and TMM

- Award of the Samarang Redevelopment Phase 2 Enhance Oil Recovery (EOR) Project – an Engineering, Procurement, Construction and Commissioning (EPCC) project marking the first of its kind for the Group in Q3 2015. Petra Energy will undertake EPCC works for the Samarang field offshore Sabah waters.
- Commended for our performance for work in relation to the Baram Helideck Project, executing safe lifting and installation of the 147MT main helideck support frame structure during the monsoon season.
- Commended for our effective teamwork for work in relation to the Temana, TRUP Offshore Execution, for the safe and on schedule completion of the project.
- Recognised for good performance in achieving zero health and safety incidents and 230,000 manhours without Lost Time Incident (LTI) for HuC work for the Greater D18 Development Project.
- Awarded the "Overall Health, Safety & Environment (HSE) Performance Award for work in Miri Crude Oil Terminal (MCOT) Half 2 Service Provider Engagement Session 2015" as part of the Pan Mal HuC project.

SHELL Gumusut Kakap Project

- Achieved 2 million manhours without LTI for the GKFPS contract.
- Commended for the safe and successful completion of work to achieve first turnaround milestone ahead of schedule.
- Achieved 91% Green Banding assessment scoring for the Group's HSE Management System by Shell Malaysia Exploration and Production (SMEP) for compliance with SMEP's contractor management requirements.

MANAGEMENT DISCUSSION & ANALYSIS

Design, Fabrication, Supply and Installation Services unit

- Secured PETRONAS minor fabrication licence for Q3 2015 which will enable the unit to undertake direct bidding from Petronas and other Production Sharing contractors.
- Secured first major direct order from Hyundai Heavy Industries Co. Ltd. consisting of 8 units of Pressure Vessels for the HESS/Petronas Baronia Project.
- Recognised by ONGC (Oil and Natural Gas Corporation Limited India) as the first and only approved Pressure Vessel fabricator in Malaysia. This enables the Company to bid for all ONGC tenders. The unit secured RM5 million worth of projects from ONGC in 2015.

Moving forward, we will align our objectives and continue to work towards integrating value engineering with all of our projects in line with PETRONAS' CORAL 2.0 Agenda. The CORAL initiative is aimed at reducing costs and innovating for efficiency.

Marine Assets Segment

This segment encompass of Group's activities within the range of marine assets and fleet operations, management and chartering. Petra Energy's fleet of marine vessels include:

- 4 accommodation work boats, mainly for deployment within the Group's Pan Malaysia contract;
- 4 accommodation work barges; and
- 1 anchor handling tug supply vessel (AHTS).

The impact on the challenging economic environment saw a decrease of revenue within this segment by 23% to RM136.4 million from RM176.3 million stated in the previous financial year.

The decrease in revenue was mainly due to the lower utilisation of work barges. This was exacerbated by expiry of a long term charter agreement for the AHTS and subsequent lead time incurred for its mobilisation within the Pan Malaysia contract, coupled with lead time in deployment of 3 vessels which were dry-docked during the period.

2015 key highlights:

- Successful installation of helideck for Baram & Bokor facilities by Petra Challenger in Q4 2015.
- Petra Orbit was awarded the Best Fuel Management performer for Peninsular Malaysia operations in Q3 and Q4 2015 by PCSB for the Dulang B project.
- Other activities include Management HSE visits on board Petra Challenger, HSE Monsoon Season Campaign on board Petra Orbit and participation in World Maritime Day and PCSB'S East Logistic Command Centre HSE Day 2015.

Moving forward, we anticipate 2016 to continue to be a challenging with a slowdown in award of contracts impacting vessel chartering. The Group has plans to intensify its business development and marketing efforts to charter its vessels in new regional markets.

Development & Production Segment

This segment categorises the Group's business activities in the risk service contracts and any new activities in relation to rejuvenation of brownfield wells, enhanced oil recovery and production service contract. At present, the only activity within this segment involves the Group's participation in the KBMSFRSC.

Subsequent to the full reimbursement of development and production CAPEX and OPEX during the year, the segment registered its first profitability.

MANAGEMENT DISCUSSION & ANALYSIS

Since the first drilling work performed in July 2013, we have been making progress with achievement of key milestones within the shortest possible time and within budget. Production remains stable in excess of 10,000 barrels per day, coupled with ongoing oil lifts.

2015 key highlights:

- Reimbursement of CAPEX, approximately 26 months after commencement of drilling.
- Total lifting of 8.8 million barrels of oil as at end Q4 2015.
- Achieved 569,901 manhours without LTI for the Kapal field and 398,220 manhours for the Banang field.

As at Q1 2015, the Kapal, Banang and Meranti cluster of small fields has reached cumulative production of 10 million barrels. Moving forward, we will continue to reduce and control CAPEX and OPEX, maintain our HSE track record and optimise production. The KBMSFRSC will continue its operations during this low oil price environment due to strong and sustained production levels, lifting from clients, as well as the ability to withstand current oil price levels, as all CAPEX is fully reimbursed. We will work with our partner on development plans to enhance production and efficiency.

LOOKING AHEAD

Industry sources estimate the current depressed oil prices to prolong for the next two to three years. Service providers in the upstream industry will inevitably be impacted as a result of contract deferments and cut backs by clients, which undeniably will impact Petra Energy in terms of slower activities within its anchor contracts, although we expect this will be alleviated by contribution from the KBMSFRSC.

While safety and on schedule delivery remains our priority, the Group will mitigate this downturn and ensure we steer a path to profitability by aggressively managing costs & expenditures and enhance project planning and execution processes in line with the Group's strategic plan. We expect 2016 to be a more challenging year than 2015 and we will review our commercial strategy and service offerings to ensure we remain competitive.

HEALTH SAFETY AND ENVIRONMENT


PETRONAS

MCOT HSE APPRECIATION

PETRA RESOURCE SDN BHD

IN CONTRIBUTING TO MCOT HSE MILESTONES
"1 MILLION MANHOURS"
LTI FREE 2015

H2 MCOT SERVICE PROVIDER ENGAGEMENT
30th DECEMBER 2015

"HSE BEGIN WITH YOU"

ERWAN SUBRI
MCOT TERMINAL MANAGER

1 Million Manhours
LTI FREE 2015


CARIGALI

Certificate of Appreciation

This is to certify that
PETRA RESOURCES SDN BHD (172962-D)
in recognition of their good performance in achieving
230,000 manhours without
LTI and project completion
for
GREATER D18 DEVELOPMENT PROJECT
(2014-2015)

SUHAIMI BIN MOHD ANNUAR
BYRHOS DIM
PETRONAS CARIGALI SDN BHD
28TH NOVEMBER 2015

GREATER D18 DEVELOPMENT
PROJECT (2014-2015)


Sarawak Shell Berhad

OUR SAFETY DAY 2016
ACHIEVING GOAL ZERO BECAUSE WE CARE

In Appreciation To

Petra Resource Sdn Bhd

For Your Dedication And Participation

Jinikol Gusting
Shell Malaysia Safety Day Lead

Simon Durkin
Shell Malaysia Managing Director

ACHIEVING GOAL ZERO

The safety and well-being of our employees and the communities we operate in is of prime importance for the Group. For the period under review, Petra Energy showed positive safety improvements recording 4,765,784 million manhours without LTI / Zero LTI. We are pleased to report that no major incidents were recorded for the period under review.

For its role in health, safety and environment (HSE), the Group received the following awards in 2015:

- The Shell Malaysia Safety Awards (SMSA) Bronze Award for the Upstream Category.
- The Overall HSE Performance Award for Miri Crude Oil Terminal (MCOT) Service Provider and HSE appreciation certificate in contributing to the MCOT HSE Milestone of 1 million manhours without LTI.
- HSE appreciation & recognition for outstanding performance in safety and the successful completion of the Baram Infill Project & Helideck Installation.
- Recognition for good performance in achieving 230,000 manhours without LTI from Petronas Carigali Sdn. Bhd. (PCSB) for the Greater D18 Development Project.
- Achieved 500,000 manhours without LTI for the fabrication yard under the provision of hook up & commissioning of PCSB's facilities.

HEALTH SAFETY AND ENVIRONMENT

MCOT H_2 Service Provider Engagement Session 2015 Overall Session

Certificate of Appreciation

THIS IS TO CERTIFY AND ACKNOWLEDGE

PETRA RESOURCES SDN BHD

IN RECOGNITION FOR THEIR OUTSTANDING PERFORMANCE IN SAFE AND SUCCESSFUL COMPLETION OF BARAM-B INFILL DRILLING PROJECT (2014-2015) & BARAM-B HELIDECK INSTALLATION (2015)

BADP-B AND BAP-B PLATFORM
FOR
PETRONAS CARIGALI SDN BHD

MOHD HILMI SAH
HUC ENGINEER
PETRONAS CARIGALI SDN BHD

CIM BARAM-BRAVO
PETRONAS CARIGALI SDN BHD

BAHAM-B INFILL DRILLING PROJECT (2014-2015) & BARAM-B HELIDECK INSTALLATION (2015)

Some HSE Programmes undertaken in 2015:

- Employee Safety for employees Group-wide to embed the safety leadership culture mindset within the Group.
- Co-hosted the PCSB Marine Offshore Safety Taskforce Q2 engagement.
- Hosted the Service Provider Senior Engagement (SPSM) session with PCSB for Sabah operations.
- HSE Management visits to the Petra Fabrication Yards and offshore vessel.
- HSE Award and Recognition programme for employees.

CORPORATE RESPONSIBILITY

Petra Energy believes in ensuring the sustainability and safety of the communities, environment and its stakeholders. This is the very essence of Synergising Partnerships – ensuring synergy and mutual benefit in everything we do.

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

WORKPLACE INITIATIVES

At Petra Energy we strive to create a high performing, ethical and commercially-driven culture in our effort to attract, nurture and engage the best fit talent. In doing so, the Group put together specific programmes designed to support this objective.

Key highlights of our workplace initiatives in 2015 include:

Employee Safety & Wellness Programme (ESWP)

- An initiative, with the theme Live Healthy, Get Energised and Be Safe, was designed as a holistic approach to employee safety and wellness. The health and safety programme encourages participation in sports activities such as Futsal, table tennis, weekly Zumba and fitness classes, Weight Loss Challenge, weekly badminton and bowling tournaments among others. A PETRA Football Club mooted by employees was subsequently set-up following the ESWP and now participates in industry tournaments.

CORPORATE RESPONSIBILITY

Health and Safety Lunch Talk series undertaken in 2015 include;

- Ouch my Back and Neck Hurts
- Road Safety
- Diabetes and Its Complications
- Stress & Work management
- Women's Health

Training for all employees

In 2015, the Group initiated a new approach of training and development to enhance working engagement. This approach allowed employees to share knowledge via training sessions facilitated by the Group on both soft and technical skills based on specific areas of expertise. In 2015 a total of 25 employees signed up as trainers within the Group.

Training man-days for 2015 was recorded at 1,507 man-days for 628 employees.

The Group also undertook the following employee engagement initiatives in 2015:

- Group-wide Employee Townhall Engagement sessions in Q1 2015 and Q4 2015.

- Festive celebrations with Management at all locations.

- 65 employees and their families were subsidised under the Group's Pilgrimage Programme in the year 2015.

- Islamic centered initiatives such as *Monthly Kuliah Zohor* and *Solat Hajat; Takzirah* on board vessels and the weekly *Bacaan Yasin* among others.

The Group's Employee Engagement Survey 2015 recorded an improved engagement score of 80% as compared to 65% previously.

MARKETPLACE INITIATIVES

Welders Training Porgarmme with Yayasan Sarawak

Petra Energy Bhd. embarked on this collaborative effort with Yayasan Sarawak to introduce a Welders Training Programme for Sarawakian youths in December 2013. Petra Energy provides on the job training for 3 months which includes Health Safety Environment (HSE) fundamentals and welding techniques (theory and practical) supervised by welder foreman.

In 2015, 35 trainees were placed at the Group's business operations in East and West Malaysia.

Promoting innovation and technology in young minds

The Group supports Universiti Teknologi PETRONAS' Science and Engineering Design Exhibition (SEDEX). The Programme showcases student projects to promote science and engineering innovation. In 2015, Petra Energy was gold sponsor for UTP's 35th SEDEX.

COMMUNITY INITIATIVES

For community development, the Group undertook the following during the period under review initiatives:

- Gold sponsor of the Sarawak Regatta 2015 - supporting culture conservation.
- Supporting women entrepreneurs and homestays in Sarawak in conjunction with the Sarawak Regatta 2015.
- *Qurban* distribution by employee volunteers to the local community in Paya Jeras.
- Feeding the Homeless and urban poor in Klang Valley by employee volunteers.
- Sponsorship and Ramadhan Iftar meals with Priyatim Sarawak, Anak Yatim Pinggiran TTDI, Rumah Anak Yatim Kasih Harmoni, Rumal Amal Limpahan Kasih Puchong, Anak Yatim Kampung Luak & Kampung Tualang Laut.
- Flood Relief and clean-up in Pahang, Malaysia.
- Initiation of the Group's *Tabung Khairat*, a fund dedicated to community and social initiatives.
- Ramadhan 2015 contribution towards *"Wang Zakat Warga Emas Batang Sadong"*, Sarawak Malaysia.

AUDIT COMMITTEE REPORT

1. ATTENDANCE OF MEETINGS

In 2015, the Audit Committee met five times on 24 February 2015, 21 April 2015, 20 May 2015, 20 August 2015 and 25 November 2015. The details of the attendances of each member at the Audit Committee Meetings held during 2015 are as follows:

Name of Committee Members	Attendance at Committee Meeting
Abdul Rahim bin Abdul Hamid Chairman/Senior Independent Non-Executive Director	5/5
Ahmad Azra bin Salleh Member/Independent Non-Executive Director	5/5
Gian Carlo Maccagno Non-Independent Non-Executive Director	5/5

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 does not have the authority to make decisions 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.

3. OBJECTIVE

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

(a) 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

(b) 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.

4. MEMBERS OF AUDIT COMMITTEE

Composition

(a) The Committee shall be appointed by the Board of Directors from 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.

(b) The Chairman shall be an Independent Non-Executive Director appointed by the Board.

(c) No Alternate Director shall be appointed as a member of the Committee.

AUDIT COMMITTEE REPORT

(d) All members of the Committee should be financially literate and at least one member of the Committee:

i. Must be a member of the Malaysian Institute of Accountants ("MIA"); or

ii. If he is not a member of the MIA, he must have the following credentials:

- at least 3 years' working experience and must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
- at least 3 years' working experience and must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- holds a degree/masters/doctorate in accounting or finance, and at least 3 years post qualification experience in accounting or finance; or
- have at least 7 years' experience of being a Chief Financial Officer of a corporation or have the function of being primarily responsible for the management of the financial affairs of a corporation; or
- fulfils such other requirements as may be prescribed or approved by Bursa Securities.

(e) In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market ("Listing Requirements"), the Board shall, within three (3) months of the event, fill the vacancy.

(f) 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.

5. AUTHORITY

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 and documents 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 such 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.

AUDIT COMMITTEE REPORT

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.

6. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In carrying out its responsibilities, the Committee's policies and procedures remain flexible to changes in circumstances and conditions that are in compliance with legal and regulatory requirements.

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) Risk Management

To review the adequacy and effectiveness of risk management, internal control and governance system instituted in the Company.

(b) External Auditors

(i) to review the external auditors' audit plans, scope of their audits and their audit reports;

(ii) to assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal;

(iii) to review the independency and objectivity of the external auditors and their services, including non audit services; and

(iv) to review the provision of non-audit services by the external auditors for recommendation to the Board for decision.

(c) Internal Audit

(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; and

(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.

AUDIT COMMITTEE REPORT

(d) Related Party Transactions

To monitor and review 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.

(e) Financial Reporting

To review the quarterly and year-end financial statements of the Company and its Group for recommendation to the Board of Directors for approval, focusing particularly on:

(i) any changes in or implementation of new accounting policies and practices;

(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; and

(vi) compliance with the applicable approved accounting standards in Malaysia and other legal and regulatory requirements.

(f) Other Matters

(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.

(iii) To assist the Board in reviewing the following for publication in the Company's annual report:

(a) Statement of Corporate Governance that the Company has applied the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("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;

(b) Statement of Directors' Responsibilities for preparing the annual audited financial statements; and

(c) Statement of Internal Control of the Company as a Group;

AUDIT COMMITTEE REPORT

(iv) 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

(v) To consider any other matters as directed by the Board of Directors from time to time.

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.

Trainings

For the year under review, members of the Committee have attended various trainings and the details of the trainings attended are reported under the Statement on Corporate Governance page 63 to 65 in this Annual Report 2015.

7. OVERSEEING THE INTERNAL AUDIT FUNCTION

1. The Committee shall oversee all internal audit scope and functions, competency and resources and that it has the necessary authority to carry out its work.

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 prior approval of the Committee.

5. The Internal Audit Reports are issued to Management including the action plans with deadlines to complete the necessary preventive and/or corrective actions. The summary of key findings are tabled to the Audit Committee for due deliberation to ensure that Management undertakes to carry out the agreed remedial actions. The members of Management Committee may be invited to the Audit Committee Meeting from time to time, especially when major control weaknesses are discussed at the said meeting.

8. MEETING PROCEDURES

(a) Frequency of meetings

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.

AUDIT COMMITTEE REPORT

(b) 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.

(c) Quorum

A majority of Independent Directors shall form a quorum.

(d) 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.

(e) Attendance

(i) The members of the Committee, the Head of Internal Audit, the Head of Finance and the Secretary shall normally attend meetings of the Committee.

(ii) The other Directors and employees may attend any meetings or parts of any meetings of the Committee, upon invitation.

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.

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.

9. CIRCULAR RESOLUTIONS

A resolution in writing signed or approved by letter, telegram, 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 REPORT

10. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

(a) 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;

(b) Reviewed the unaudited quarterly financial reports, including the announcements pertaining thereto, before recommending the same to the Board for approval and release;

(c) Reviewed the performance of the Company and the Group, and made recommendations for appropriate corrective measures to the Board of Directors;

(d) Reviewed on a quarterly basis the recurrent related party transactions ("RRPT") entered into by the Company and/or its Group pursuant to the shareholders mandate on RRPT procured at the 9th AGM of the Company held on 28 May 2015 and the reporting of these transactions in the Annual Report 2015;

(e) Reviewed the audit findings of the external auditors for the financial year ended 31 December 2015;

(f) Reviewed the audit planning memorandum of the external auditors on the statutory audit of the Company for the financial year ended 31 December 2015;

(g) Reviewed and recommended the Statement on Corporate Governance, Statement on Risk Management and Internal control and Audit Committee Report to the Board for approval; and

(h) Review and make appropriate recommendation to the Board on the implementation of Group Limits of Authority.

11. GROUP INTERNAL AUDIT

The Committee is supported by the in-house Group Internal Audit Department ("GIA") in the discharge of its duties and responsibilities. GIA is headed by the Head of GIA and in order to maintain the department's independence, the Head of GIA functionally reports directly to the Audit Committee and administratively to the Group Chief Executive Officer.

GIA checks for compliance with statutory/regulatory requirements, internal policies and procedures and review the efficiency and effectiveness of the internal controls established within the Group. GIA also carries out investigative audits whenever there are improper, illegal and dishonest acts reported.

(a) The Internal Audit functions reviews the internal control structures over the Company's activities focussing on high risk areas as determined using risk based approach.

AUDIT COMMITTEE REPORT

(b) The Internal Audit covers the review of the operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and levels of its services, amongst others. These audits are to ensure that the internal controls established by the Management are appropriate, effectively applied and efficient. In performing such reviews, recommendations for improvements and enhancements to the existing controls and work processes are made where necessary.

(c) Internal Audit also conduct audits on the information systems of the Company to ensure that the computing resources are adequately secured to protect the data integrity and confidentiality, and there are adequate measures to safeguard and provide for the continued availability of the system to support the business operational needs.

The Audit Committee also 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 internal control and governance processes with the Company and the Group.

The total cost incurred by the Company for the internal audit function for the financial year ended 31 December 2015 is amounted to RM746,343.85.

Further details of the activities of the Internal Audit Department is set out in the Statement on Risk Management and Internal Control.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Group 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

The Risk Management Working Committee ("RMWC") is chaired by the Head of Group 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 Risk Management Steering Committee ("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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 February 2016, there is a total of 18 identified risks for PEB Group comprised of six (6) High risks, eleven (11) Medium risks and one (1) Low risk.

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. 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 42 to 49 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Berhad 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 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. Perform the internal audit work in an efficient and effective manner and to evaluate the results of audit tests within a business context;
3. 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;
4. Communicate audit results in the most efficient and effective manner that adds value to the management with an alignment to risk and business objectives; and
5. Continuously develop internal auditing new skill sets to address emerging business challenges.

In year 2015, six (6) audit engagements have been completed as per approved Audit Plan 2015. The audit coverage encompasses evaluation of the effectiveness and efficiency of the system of internal control in the Company. Key audit engagements in year 2015 were based on the following objective categories:

1. Review of procurement activities within PEB group of companies.
2. Review of IT General Controls of PEB Group.
3. Review of fabrication yard operations.
4. Review of vessel operations and maintenance.
5. Compliance review on Bursa Listing Requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Australia. With 11 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.

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.

Whistleblowing Policy

A Whistleblowing Policy was approved by the BOD in December 2011 and 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 Whistleblowing 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 Group CEO and Group Chief Financial Officer 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 Petra Energy and its subsidiaries ("the Group"). The Board is fully committed to ensure that the Group continue to maintain the highest standards in 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 Group Corporate Governance framework is built on the following requirements and guidelines:

(i) The principles and recommendations of the Code issued by the Securities Commission of Malaysia;
(ii) The corporate governance requirements of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities");
(iii) Corporate Governance Guide: Towards Boardroom Excellence issued by Bursa Securities; and
(iv) The Business Principles of Synergising Partnership supported by the Group's Core values which is in line with its Code of Business Conduct.

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 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.

The Board also sets the Group Core Values, adopt proper standards to ensure that the Group operates with integrity and complies with the relevant rules and regulations.

The Board ensures that compliance is monitored through a process where declarations are obtained from all parties on their compliance and this includes disclosure of any conflict of interest situations.

Roles and Responsibilities of the Chairman and Group Chief Executive Officer

It is the Company's aims to ensure a balance of power between the Chairman and the Group Chief Executive Officer (GCEO) with a clear division of responsibility between the running of the Board and the Company's business respectively.

The Chairman of the Board is an Independent Non-Executive Director. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfils its obligations under the Board Charter and as required under the relevant legislations.

STATEMENT ON CORPORATE GOVERNANCE

In accordance with the Board Charter, the role of the Chairman includes:

(i) leading the Board in setting values and standards of the Company;
(ii) maintaining a relationship of trust with and between the Executive Directors and Non-Executive Directors;
(iii) ensuring provision of accurate, timely and clear information to facilitate Directors to perform effectively, able to make informed decisions and to monitor effective implementation of the Board's decision;
(iv) ensuring effective communication with shareholders and relevant stakeholders;
(v) arranging regular evaluation of the performance of the Board, its Committee and individual directors; and
(vi) facilitating the effective contribution of non-executive Director and ensuring constructive relations be maintained between the Executive Directors and Non-Executive Directors.

The GCEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management function. The GCEO is primarily accountable for the day-to-day operations to ensure the smooth and effective running of the Group. The GCEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the GCEO and this shall be considered as the GCEO's authority and accountability as far as the Board is concerned. The Board monitors the management and performance of the GCEO on behalf of the shareholders.

Directors' Code of Ethics, Employees' Code of Conduct and Whistleblowing Policy

The Company adopts and practises the Code of Ethics for the Board issued by the Suruhanjaya Syarikat Malaysia. The Code of Ethics provides guidance for proper standards of conduct with sound and prudent practices as well as standards of ethical and behaviour for director, in line with the Company's core values which emphasise on behavioural ethics when dealing with third parties and employees.

The Code of Conduct for the employees serves as a guideline for employees conduct in workplace, business conduct when dealing with external parties and includes key issues such as bribery, conflict of interests, insider trading, data integrity and retention. The Code of Conduct is disseminated throughout to employees through the Company's intranet and as part of its enforcement, employees are required, to submit their declaration to adhere to and observe its provisions.

The employees are also free to voice their grievances and raise their concerns of any unlawful or unethical situation or any suspected violation of the Code of Conduct in accordance with the Whistleblowing Policy. The Whistleblowing Policy may be sighted at the Company's website **www.petraenergy.com.my**

Diversity

The Board acknowledges the need to enhance Board diversity as it is vital to the efficient functioning of the Board which indicates good governance practice. Notwithstanding this, the Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a director based on effective blend of competencies, skills extensive experience and knowledge in critical areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capabilities.

STATEMENT ON CORPORATE GOVERNANCE

Specifically, in accordance with Recommendation 2.2 of the Code, the Board demonstrated its commitment in having woman representation on its Board. On 14 May 2015, the Board appointed Ng Ing Peng as Petra Energy's new Executive Director, an additional count to the Board members. This appointment reflects the Company's commitment towards better gender balance at all levels in the establishment.

In fact, 40% of the Petra Energy's Senior Management Team comprises of women leaders. This is part of the effort to ensure the Company adopts Best Practices of the Code.

The Board Charter

The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good governance sets out in the policy documents and guidelines issued by the regulatory authorities. The Board Charter is available on Petra Energy's website at **www.petraenergy.com.my**

The Board Charter covers inter alia, the objectives of the Board, duties and responsibilities, powers, roles of the chairman, Group CEO and Executive Directors. It serves as a reference providing Board members and management insight into the function of the Board specific reserve matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.

The Board updates the Board Charter from time to time to keep pace with the new needs especially due to changes in the Company's policies, procedures and processes as well as to new changes in relevant legislations and regulations, and is subject to review periodically.

(ii) Board Composition & Balance

During the financial year ended 31 December 2015, the Board comprises three (3) Executive Directors, and four (4) Non-Executive Directors, three (3) of whom are independent. The size and composition of Board remains adequate to provide for a diversity of views, facilitate effective decision making and appropriate balance of executive, independent and non-executive directors.

This composition met the Listing Requirements which requires a minimum of two (2) or one third (1/3) of the directors, whichever is the higher, to be independent directors. The three (3) 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 member of the Board is as presented on pages 14 to 20 of this Annual Report.

(iii) Board Independence

The three (3) Independent Non-Executive Directors and a Non Independent Non-Executive Director come from diverse backgrounds with expertise and skills in oil and gas, finance, accounting and legal. The Independent Directors do not participate in the day to day management of the Group and do not engage in any daily business dealing or other relationship with the Company to ensure that they are capable of exercising judgement objectively and act in the best interest of the Company. They bring in external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of management in meeting approved goals and objectives, and monitor risk profile of the Group's business and the reporting of business performance periodically. They gave their independent views and judgement and objectivity without being subordinated to operational considerations.

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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 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 are mainly tasked upon the Executive Directors.

(iv) Tenure

The Articles of Association provides that all Directors must retire at least once in three years and may be re-elected at the Annual General Meeting. Recommendation 3.2 of the Code states the tenure of an independent director should not exceed a cumulative term of nine years. The Company has not established term limits for the Independent Non-Executive Directors as the Board believes that term limit does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. Moreover, the term limit has the disadvantage of causing the Company to lose the contribution of Independent Non-Executive Directors who have been able to develop over a period of time, providing invaluable insight into the Company's business, thereby increasing their contribution to the Company.

As of to-date, none of the Company's Independent Non-Executive Directors has reached the nine years cumulative term as independent directors.

(v) Board Meetings and Procedures

The Board Meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that directors are able to plan ahead and pencil the next year's Board meetings into their respective meeting schedules.

The Board meets regularly and anticipates at least four (4) Board meetings during a financial year. Additional meeting(s) or Special Meetings may be convened as and when deemed necessary to consider urgent proposals or matters that require Board's expeditious review or consideration.

The Directors are normally given seven (7) days' notice for each meeting unless waived by them, together with the list of structured agendas. At the regular meetings, the Board reviews management reports on the business activities and their performance of the Group and reviews inter alia, the results compared to the preceding month and year to date. As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Board Committees through their respective Minutes or briefing by the respective Chairman of the Board Committees at the Board Meeting. 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 or Senior Management on the business aspects, the briefing on the Health Safety and Environment, 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.

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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.

The Board Meetings are chaired by the Independent Non-Executive Director (Chairman of the Board) who is responsible of ensuring that there is adequate and sufficient time for discussion of items of the agenda. 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 and immediate access to any information relating to the Group's business and affairs within the Company, whether as a full Board or in their individual capacity, in furtherance of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board.

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board Meetings held during the financial year ended 31 December 2015 as reflected below:

Name of Directors	Number of Board Meetings		
	Held during Tenure in Office	Attended	%
Non-Independent Executive Directors			
Dato' Anthony @ Firdauz bin Bujang	6	6	100
Ahmadi bin Yusoff	6	6	100
Ng Ing Peng (appointed w.e.f 14/05/2015)	3	3	100
Non-Independent Non-Executive Director			
Gian Carlo Maccagno	6	6	100
Independent Non-Executive Directors			
Datuk Seri Panglima Sulong bin Matjeraie	6	6	100
Abdul Rahim bin Abdul Hamid	6	6	100
Ahmad Azra bin Salleh	6	6	100

All Directors have thus more than adequately complied with the minimum requirements on attendance at Board Meetings as stipulated in the Listing Requirements of Bursa Securities (minimum 50% attendance).

Company Secretaries

The Company Secretaries report directly to the Board and are the source of guidance and advice to the Directors on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations and policies affecting the Board and the Group, as well as Best Practices of governance. The Company Secretaries are also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition in dealing in securities and restrictions on disclosure of price-sensitive information.

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The Company Secretaries attend Board and Board Committee meetings and are responsible for the accuracy and adequacy records of the proceedings of Board and Board Committees meetings and resolutions passed are maintained in the statutory register at the Registered Office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

All directors whether as full Board or in their individual capacity have access to the advice and service of the Company Secretaries. 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.

Independent Professional Advice

The Board or the individual Director may also seek advice from independent professional experts at the Company's expense, where necessary in the furtherance of their duties in accordance with the Company's policy.

(vi) Appointment to the Board

The Nomination Committee is responsible for identifying and determining clear criteria for selection and 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.

The Nomination Committee is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and the Board Committee.

The Nomination Committee upon analysing the result of the annual Board Performance Evaluation, is satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The Nomination Committee is also satisfied that all Board members are suitably qualified to maintain their positions as directors of the Board and members of the Committees in view of their respective academic and qualities.

(vii) Senior Independent Director

Encik Abdul Rahim bin Abdul Hamid has played his role as Senior Independent Non-Executive Director of the Board, to whom concerns relating to the Group may be conveyed by shareholders or other stakeholders. He is the Chairman of Audit Committee and also Risk Management Committee.

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(viii) 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 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. The re-election of Directors at a regular intervals not only promotes the creation of an effective Board, but also present the shareholders with the opportunity to gauge the performance of the Directors.

Directors over the age of seventy years old are also required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965 ("the Act"). Currently, the Company has no Directors who have reached the above stipulated age.

(ix) Directors' Training

All the Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities for directors of public listed companies ("PLC"). Directors' training is an ongoing process as the Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the industry to perform their functions and meet the challenges of the Board.

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.

The Company Secretaries facilitates the organisation of internal training programmes and Directors' attendance of external seminars and programmes, and keep a complete record of the training received by the Directors. During the financial year ended 31 December 2015, the Directors attended the trainings as indicated below:

Names of Directors	Courses Attended	Date
Datuk Seri Panglima Sulong bin Matjeraie	• Lead The Change: Getting Women on Boards	8 May, 2015
	• Board Chairman Series Part 2 – Leadership Excellence From The Chair	28 July, 2015
	• Ethics Red Flag for Board of Directors	3 Nov, 2015
Abdul Rahim bin Abdul Hamid	• Financial Institution Directors' Education (FIDE) Programme by Bank Negara Malaysia	Sept, 2015
	• Strategic Planning by Malaysia Debt Venture Berhad	Oct, 2015
	• MIA International Accountants' Conference	Oct, 2015

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Names of Directors	Courses Attended	Date
Ahmad Azra bin Salleh	• Optimising the Board's Perspective on Organisational Strategy for Effective Mergers and Acquisitions Activities	5 Oct, 2015
	• The AGM – A Practical Insight and Managing Shareholders' Expectations	16 Dec, 2015
	• Ethics Red Flag for Board of Directors	3 Nov, 2015
	• Forum Pasca Bajet 2016 – Apa Untuk Usahawan Bumiputera by Persatuan Pengilang & Industri Perkhidmatan Bumiputera Malaysia (PPIPBM)	19 Nov, 2015
	• The Board's Response in Light of Rising Shareholder Engagements by The Iclif Leadership and Governance Centre & CLSA	4 Aug, 2015
Gian Carlo Maccagno	• Market Outlook Seminar by Credit Suisse	26 Jan, 2015
	• Offshore Technology Conference	4 May, 2015
Dato' Anthony @ Firdauz bin Bujang	• Health Awareness Drive 2015	3 Mar, 2015
	• 2015 KPI Alignment Session	20 Jan, 2015
	• LHDN & Zakat Customer Day 2015	7 Apr, 2015
	• Health Talk 1 – Ergonomics	27 May, 2015
	• PEB's Strategic Meeting 2016	19 Oct, 2015
	• Sustainable Brands Kuala Lumpur Conference	12 & 13 Oct, 2015
	• PEB Townhall 2015 – Quarter 4	27 Nov, 2015
	• Malaysian Financial Reporting Standards (MFRS) Made Simple for Directors and Management	4 Sep, 15
Ahmadi bin Yusoff	• Health Awareness Drive 2015	3 Mar, 2015
	• 2015 KPI Alignment Session	20 Jan, 2015
	• Board Risk Intelligence	10 & 11 Jun, 2015
	• PEB's Strategic Meeting 2016	19 Oct, 2015
	• Malaysian Financial Reporting Standards (MFRS) Made Simple for Directors & Senior Management	4 Sep, 2015
	• PEB Townhall 2015 – Quarter 4	27 Nov, 2015

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Names of Directors	Courses Attended	Date
Ng Ing Peng	• Health Awareness Drive 2015	3 Mar, 2015
	• Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	10 & 11 Jun, 2015
	• Finance Team Building and Away Day 2015	4 Sep, 2015
	• Advocacy Session on Management Discussion & Analysis ('MD&A') for Chief Executive Officers (CEO) and Chief Financial Officers (CFO) of Listed Issuers	30 Jun, 2015
	• Roundtable Consultation Session to Solicit Feedback on Bursa Malaysia's Sustainability Reporting Guidelines and Proposed Amendments to Appendix 9C, Part A (29)	23 Jun, 2015
	• PEB's Strategic Meeting 2016	19 Oct, 2015
	• Technical Briefing on Computation of Percentage Ratios Under Chapter 10 of Listing Requirements	9 Sep, 2015
	• PEB Townhall 2015 – Quarter 4	27 Nov, 2015

* Ng Ing Peng, who was appointed as an Executive Director of the Company on 14 May 2015, has attended and successfully completed the Mandatory Accreditation programme for Directors of PLCs on 10 – 11 June 2015.

An induction programme for newly appointed directors is coordinated by the Group Legal & Secretarial Department to provide new Non-Executive directors with the necessary information and overview to assist them in understanding the Group's operations and appreciating the challenges and issues the Group faces in achieving its objectives.

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.

(x) 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 decisions 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.

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The composition of the Board Committees and the attendance of the Members at the meetings during the financial year ended 31 December 2015 are as follows:

Names of Directors	Attendance*			
	AC	NC	RC	BRMC
Abdul Rahim bin Abdul Hamid	5/5	1/1	1/1	4/4
Ahmad Azra bin Salleh	5/5	1/1	1/1	4/4
Gian Carlo Maccagno	5/5	1/1	1/1	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 42 to 49 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; and
(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 Board has the appropriate mix of skills, experiences and other qualities, and the appropriate Board size.

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

- To recommend to the Board, candidates for all directorship to be filled by the shareholders or the Board, in the Company and subsidiaries companies.
- To recommend to the Board, suitable Directors to fill the seats on Board committees.
- To recommend to the Board, suitable candidates for appointment to key Company-wide senior management positions in the Company.
- 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.

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- 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.
- To assess and recommend to the Board, the re-election of Directors retiring by rotation at annual general meetings.
- 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.
- To oversee the appointment, management succession planning and performance evaluation of the key Company-wide senior management officers.
- 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:

- Encik Ahmad Azra bin Salleh (Chairman) – Independent Non-Executive Director;
- Encik Abdul Rahim bin Abdul Hamid – Senior Independent Non-Executive Director; and
- 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:

- 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.
- 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.
- 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.
- To ensure that the review and update the job description for Executive Directors are in line with the Company's corporate strategies and directions.

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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:

- Encik Abdul Rahim bin Abdul Hamid (Chairman) – Senior Independent Non-Executive Director;
- Encik Ahmad Azra bin Salleh – Independent Non-Executive Director; and
- 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:

- 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.
- To ensure the effective implementation of risk treatment policy and procedures.
- To assist and promote risk awareness so that risk identification, evaluation and management process and culture are adopted throughout the Group.
- 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.

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

- To review the Enterprise Risk Profile/Register to ensure comprehensive and effective management of key risks.
- To ensure that strategic risks are considered and addressed at Board level and Executive Directors level.
- To follow-up on management risk treatment action plans reported by the RWC.
- To provide regular reporting and timely update on the operations of the Enterprise-Wide Risk Management framework to the Board.
- 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.
- To review investment and/or new venture proposals prepared by project sponsor which meet the aforesaid threshold and requisite qualitative criteria.

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B. DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Directors, Executive Directors and to deliberate the remuneration package for the Top Management of the Group.

The component parts of the remuneration are structured as such, so as to link rewards to corporate and individual performance, in line with their Key Performance Index. The remuneration package and the salary band is developed with the assistance and in consultation of the external consultant.

The details of Directors' Remuneration received and/or receivable from the Company during the financial year ended 31 December 2015 are as follows:

Type of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	443
Salaries, allowances and compensation	2,180	-
Benefits-in-kind	50	78

Number of Directors whose remuneration falls into the following bands:

	Number of Directors	
	2014	2015
Executive Directors:		
RM600,001 – RM650,000		1
RM750,001 – RM800,000	1	
RM900,001 – RM950,000		1
RM1,450,001 – RM1,500,000	1	
RM1,800,001 – RM1,850,000		1
	2	3
Non-Executive Directors:		
Below RM50,000	1	-
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	1	2
RM150,001 – RM200,000	2	2
	4	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.

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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 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.

The Board has a fiduciary responsibility to present to the shareholders a clear balanced and meaningful evaluation of the Group's financial position, financial performance and prospects. The Board is assisted by the Audit Committee in overseeing the financial reporting process and quality of the Group's and the Bank's Financial Statements.

(ii) Disclosure on Financial Statements and Financial Indicators

The Company and its Group's financial statements and indicators for the financial year ended 31 December 2015 are set out on pages 77 to pages 157 of this Annual Report.

(iii) Internal Controls & Risk Management

The Board has the overall responsibility in maintaining a sound internal control system that covers financial controls, operational and compliance controls, governance and risk management 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 internal control system 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.

Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are continuously reviewed on regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee. The Audit Committee regularly evaluates the effectiveness and the adequacy of the Group Internal Control System by reviewing the actions taken on internal control issues identified in reports prepared by the Group Internal Audit during its scheduled meetings. The Audit Committee also review Internal and External Audit recommendations and management responses to these recommendations.

The Statement on Risk Management and Internal Control is furnished on page 50 to page 56 of this Annual Report.

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(iv) 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.

It is the Company's practice to respond to shareholders' letters, telephone and email enquiries. Each letter or email received, which requires the attention of the Board, is reviewed by the Group Legal & Secretarial Department before it is forwarded to the GCEO and Board for consideration.

While the Company endeavours to provide as much information as possible to its shareholders, the Board is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

(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.

The Company sends out the Notice of AGM and related Circular to shareholders at least 21 days before the meeting as required under the Listing Requirement of Bursa Securities, in order to facilitate full understanding and evaluation on the issues involved.

At the AGM 2014, all Directors were present in person to engage directly with the shareholders. Shareholders are encouraged to actively participate in discussing the resolutions proposed or on future development of the Group in general. The Board and the Senior Management Team and the External Auditors are present to answer questions raised and provide information required by the shareholders. Before the commencement of the meeting, the Chairman assisted by the Company Secretary highlighted administrative matters covering the voting procedures including the procedures for a demand to be made for a resolution to be voted by way of poll and timing for making such demand.

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All resolutions set out in the Notice of AGM are put to vote by show of hands. The Company shall endeavour, whenever possible, to put to vote of resolutions at the said meeting by poll, if required. A press conference is held immediately after the AGM where the Chairman, the GCEO and selected Senior Management Team provides updates to the media representatives of the resolutions passed and answer questions on matters relating to the Group. The outcome of the AGM is announced to Bursa Securities on the same day.

The Company's primary contact with shareholders is through the Chairman, the GCEO, the Executive Directors and the Group Company Secretary. All shareholders queries are received by the Company Secretaries. The Group Company Secretary provides feedback and responses to the shareholders' queries save for sensitive information, which may not be privy to the general public. Written responses will also be given, if necessary.

The Ninth AGM was held on 28 May 2015 at Mutiara Ballroom, Ground Floor, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor.

(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, Minutes of its Annual General Meetings 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.

E. ADDITIONAL COMPLIANCE INFORMATION AS AT 31 DECEMBER 2015

(a) Related Party Transactions ("RPT")

An internal compliance framework exists to ensure the Company meets its obligation under the Listing Requirements of Bursa Securities, including obligations relating to RPT and Recurrent Related Party Transactions ("RRPT"). The Board through the Audit Committee, reviews all related party transactions and conflict of interest situations, if any, on a quarterly basis. A Director who has an interest in a transaction must abstain from deliberating and voting in the relevant resolution, in respect of such a transaction at a meeting of the Board, the AGM or Extraordinary General Meeting.

The Group has established procedures regarding its RPT which are summarised as follows:

(i) All RPTs are required to be undertaken on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public and other suppliers, and are not detrimental to the minority shareholders;

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(ii) All RPTs are reported to the Audit committee. Any member of the Audit Committee, where deemed fit, may request for additional information pertaining to the transactions, including advice from independent advisers; and
(iii) All RRPTs which are entered into pursuant to the shareholders' mandate for recurrent related party transactions are recorded by the Company.

The RRPT pursuant to the shareholders' mandate entered into by the Group with its related parties from 28 May 2015 (the last date of the AGM) to 11 April 2016 is as follows:

Rental of the following office space from OBYU Holdings Sdn. Bhd., a substantial shareholder:

- Level 4 and Level 6 (South Wing), Menara OBYU, 4, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor at an estimated value of RM1,236,139 per annum.
- Level 13, Suite 13.02, (North Wing), Menara OBYU, 4, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor at an estimated value of RM445,354 per annum.
- Signage space at rooftop, Menara OBYU, 4, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor at an estimated value of RM72,000 per annum.

(b) Material contracts

For the financial year ended 31 December 2015, there were no material contracts entered into by the Group (not being entered into by in the ordinary course of business) involving directors and substantial shareholders, except for material contracts in respect of RRPT of a revenue or trading nature which have been declared.

(c) Profit Guarantee

The Company did not make any Profit Guarantee during the financial year 2015.

(d) Material Litigation

The Company did not have any material litigation during the financial year 2015.

F. COMPLIANCE STATEMENT BY THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement ("Statement") sets out the manner in which the Group has applied its Corporate Governance framework, in particular, the principles and recommendations articulated in the Code, during the financial year 2015.

The Board has deliberated, reviewed and approved this Statement and satisfies that to the best of its knowledge the Company has fulfilled its obligation under its Policies and Procedures, Company's Code of Business Conduct and that it has in all material aspects complied with the principles and recommendations outlined in the Code, the relevant Chapters in the Bursa Securities Listing Requirements on corporate governance and all applicable laws and regulations throughout the financial year ended 31 December 2015.

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 2015.

SHARE BUY-BACK

The funding of the Shares Buy-Back transactions is from internally generated funds. The Purchased Shares are being held as Treasury Shares in accordance with section 67A of the Companies Act,1965.

There were no cancellation of Treasury Shares during financial period ended 31 December 2015.

Date of Buy-Back	No. of Shares Bought-Back	Purchase Price Per Share (RM)			Total Consideration (inclusive of transaction costs) (RM)
		Lowest	Highest	Average	
18/08/2015	67,500	0.89	0.91	0.90	60,660.85
19/08/2015	32,500	0.90	0.91	0.91	29,737.72
20/08/2015	282,900	0.91	0.95	0.93	263,447.97
21/08/2015	9,800	0.95	0.95	0.95	9,382.18
24/08/2015	107,300	0.89	0.92	0.91	97,769.81
26/08/2015	2,800	0.93	0.93	0.93	2,650.24
27/08/2015	50,000	0.98	0.98	0.98	49,171.37
28/08/2015	50,000	1.00	1.01	1.01	50,586.23
09/09/2015	50,000	1.04	1.05	1.05	52,702.26
27/11/2015	100,000	1.45	1.47	1.46	147,451.47
20/11/2015	50,000	1.43	1.44	1.44	72,351.48
TOTAL	**802,800**				**835,911.58**

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 2015.

ADDITIONAL DISCLOSURES

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 FEE

The amount of non-audit fee incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2015 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm was RM74,000.00.

VARIANCE IN RESULTS

There was no profit estimate, forecast or projection made by the Company for the financial year ended 31 December 2015.

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 2015.

PROFIT GUARANTEES

During the financial year ended 31 December 2015, 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 2015.

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

The Directors are required to take reasonable steps in ensuring that the financial statements of the Group are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2015:

- 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 STATEMENTS

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015.

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	47,214	12,248

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2014 was as follows:

	RM'000
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 321,750,000 ordinary shares for the financial year ended 31 December 2014, declared on 25 February 2015 and paid on 15 May 2015.	6,435
A special tax exempt (single-tier) dividend of 6.0 sen per ordinary share of 50 sen each, on 320,947,200 ordinary shares for the financial year ended 31 December 2015, declared on 26 November 2015 and paid on 30 December 2015.	19,257
	25,692

On 23 February 2016, the Directors declared a single tier interim dividend of 2.0 sen and special dividend of 2.0 sen per ordinary share of 50 sen each on 320,947,200 ordinary shares for the financial year ended 31 December 2015 amounting to RM12,838,000 and payable on 18 May 2016.

The Directors do not recommend the payment of any final divided in respect of the financial year ended 31 December 2015.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

TREASURY SHARES

During the financial year, the Company repurchased 802,800 of its issued share capital from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") for RM 835,600. The average price paid for the share repurchased was approximately RM 1.04 per share.

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
Dato' Anthony @ Firdauz bin Bujang
Ahmadi bin Yusoff
Abdul Rahim bin Abdul Hamid
Ahmad Azra bin Salleh
Gian Carlo Maccagno
Ng Ing Peng (Appointed on 14 May 2015)

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2015, no arrangement subsisted to which the Company is a party, being arrangements with the object or objects enabling Directors of the Company to acquire benefits by means of 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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 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 be realised at their book values in the ordinary course of business 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 amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the 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 of the Group and of the Company misleading.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

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 2016.

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 Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 85 to 156 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 2015 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 on page 157 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 2016.

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 Director responsible for the financial management of Petra Energy Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 156 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 2016, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO.718388-H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Petra Energy Berhad on pages 85 to 156, which comprise the statements of financial position as at 31 December 2015 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 judgement, 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 2015 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 BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO.718388-H)

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 on page 157 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

NURUL A'IN BINTI ABDUL LATIF
(No. 2910/02/17 (J))
Chartered Accountant

Kuala Lumpur
21 April 2016

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	**654,789**	624,423	**9,688**	10,494
Cost of sales		**(591,158)**	(530,380)	**(8,440)**	(9,222)
Gross profit		**63,631**	94,043	**1,248**	1,272
Other income	5	**21,427**	8,052	**20,927**	19,197
Administrative expenses		**(63,293)**	(66,091)	**(12,576)**	(10,031)
Profit from operations		**21,765**	36,004	**9,599**	10,438
Finance income	6	**7,498**	5,807	**2,532**	10,574
Finance costs	6	**(18,581)**	(16,221)	**(14)**	(8)
Share of results of associate		**51,333**	(3,810)	**–**	–
Profit before tax	7	**62,015**	21,780	**12,117**	21,004
Income tax (expense)/credit	10	**(14,801)**	12,956	**131**	(797)
Profit for the financial year		**47,214**	34,736	**12,248**	20,207
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
- Currency translation differences		**6,154**	1,880	**–**	–
- Share of other comprehensive income of an associate		**4,647**	–	**–**	–
Other comprehensive income for the financial year, net of tax		**10,801**	1,880	**–**	–
Total comprehensive income for the financial year		**58,015**	36,616	**12,248**	20,207
Profit for the financial year attributable to:					
Owners of the Company		**47,214**	34,750	**12,248**	20,207
Non-controlling interests		**–**	(14)	**–**	–
		47,214	34,736	**12,248**	20,207
Total comprehensive income attributable to:					
Owners of the Company		**58,015**	36,630	**12,248**	20,207
Non-controlling interests		**–**	(14)	**–**	–
		58,015	36,616	**12,248**	20,207
Earnings per share attributable to the owners of the Company (sen per share)					
Basic/diluted	11	**14.68**	10.80		

The notes set out on pages 93 to 156 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**436,878**	447,430	**2,592**	3,541
Trade and other receivables	13	**–**	–	**154,741**	104,864
Investments in subsidiaries	14	**–**	–	**187,921**	180,921
Investment in an associate	15	**58,150**	2,170	**–**	–
Deferred tax assets	16	**–**	4,848	**–**	–
		495,028	454,448	**345,254**	289,326
CURRENT ASSETS					
Inventories	17	**30,686**	48,188	**–**	–
Trade and other receivables	13	**334,910**	459,111	**56,552**	113,406
Amount due from customers on contracts	18	**25,517**	18,565	**–**	–
Tax recoverable		**6,345**	9,149	**2,237**	504
Cash and bank balances	19	**213,539**	127,844	**13,712**	5,439
		610,997	662,857	**72,501**	119,349
Total assets		**1,106,025**	1,117,305	**417,755**	408,675
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
Treasury shares	22	**(836)**	–	**(836)**	–
Merger reserve	23	**(31,000)**	(31,000)	**–**	–
Currency translation reserve		**14,259**	3,458	**–**	–
Retained earnings		**264,679**	243,157	**92,080**	105,524
Total equity		**546,911**	515,424	**391,053**	405,333

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
NON-CURRENT LIABILITIES					
Borrowings	24	**120,917**	178,335	**–**	–
Hire purchase liabilities	25	**333**	422	**–**	–
Deferred tax liabilities	16	**11,043**	12,620	**177**	76
		132,293	191,377	**177**	76
CURRENT LIABILITIES					
Borrowings	24	**220,996**	171,155	**–**	–
Hire purchase liabilities	25	**62**	59	**–**	–
Trade and other payables	26	**205,256**	239,211	**26,525**	3,266
Provisions	27	**–**	–	**–**	–
Amount due to customers on contracts	18	**507**	38	**–**	–
Income tax payable		**–**	41	**–**	–
		426,821	410,504	**26,525**	3,266
Total liabilities		**559,114**	601,881	**26,702**	3,342
Total equity and liabilities		**1,106,025**	1,117,305	**417,755**	408,675

The notes set out on pages 93 to 156 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Attributable to Owners of the Company								
		Non-distributable					Distributable			
	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2015										
At 1 January 2015		**160,875**	**138,934**	**(31,000)**	**–**	**3,458**	**243,157**	**515,424**	**–**	**515,424**
Profit for the financial year		**–**	**–**	**–**	**–**	**–**	**47,214**	**47,214**	**–**	**47,214**
Other comprehensive income for the financial year		**–**	**–**	**–**	**–**	**10,801**	**–**	**10,801**	**–**	**10,801**
Total comprehensive income/ (expense) for the financial year		**–**	**–**	**–**	**–**	**10,801**	**47,214**	**58,015**	**–**	**58,015**
Transactions with owners:										
Purchase of Treasury shares		**–**	**–**	**–**	**(836)**	**–**	**–**	**(836)**	**–**	**(836)**
Interim dividend in respect of the financial year ended 31 December 2014	34	**–**	**–**	**–**	**–**	**–**	**(6,435)**	**(6,435)**	**–**	**(6,435)**
Special dividend in respect of the financial year ended 31 December 2015	34	**–**	**–**	**–**	**–**	**–**	**(19,257)**	**(19,257)**	**–**	**(19,257)**
		–	**–**	**–**	**(836)**	**–**	**(25,692)**	**(26,528)**	**–**	**(26,528)**
At 31 December 2015		**160,875**	**138,934**	**(31,000)**	**(836)**	**14,259**	**264,679**	**546,911**	**–**	**546,911**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Attributable to Owners of the Company							
		Non-distributable				Distributable			
	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity 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		–	–	–	–	–	–	(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

The notes set out on pages 93 to 156 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Non-distributable		Distributable		
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
2015						
At 1 January 2015		**160,875**	**138,934**	**–**	**105,524**	**405,333**
Total comprehensive income for the financial year		**–**	**–**	**–**	**12,248**	**12,248**
Transactions with owners:						
Purchase of Treasury shares		**–**	**–**	**(836)**	**–**	**(836)**
Interim dividend in respect of the financial year ended 31 December 2014	34	**–**	**–**	**–**	**(6,435)**	**(6,435)**
Special dividend in respect of Financial year ended 31 December 2015	34	**–**	**–**	**–**	**(19,257)**	**(19,257)**
At 31 December 2015		**160,875**	**138,934**	**(836)**	**92,080**	**391,053**
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

The notes set out on pages 93 to 156 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**62,015**	21,780	**12,117**	21,004
Adjustments for:					
Finance income		**(7,498)**	(5,807)	**(2,532)**	(10,574)
Finance costs		**18,581**	16,221	**14**	8
Unrealised foreign exchange gain		**(18,065)**	(5,877)	**(20,913)**	(7,770)
Property, plant and equipment:					
- Depreciation charge		**41,982**	33,243	**1,343**	1,671
- Impairment loss		**2,200**	–	**–**	–
- Loss/(gain) on disposal		**16**	(12)	**–**	–
Net impairment loss on:					
- Trade receivables		**2,748**	3,923	**–**	–
Trade receivables written off		**5,576**	424	**–**	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		**(51,333)**	3,810	**–**	–
Inventories written down		**–**	5,181	**–**	–
Provision for liquidated ascertained damages		**–**	7	**–**	–
Dividend income		**–**	–	**–**	(350)
		56,222	72,650	**(9,971)**	(7,420)
Changes in working capital:					
Inventories		**17,502**	(32,215)	**–**	–
Trade and other receivables		**27,179**	(60,252)	**106**	650
Amount due from/(to) customers on contracts		**(6,483)**	863	**–**	–
Trade and other payables		**(38,398)**	73,258	**1,905**	(670)
Cash flows generated from/(used in) operations		**56,022**	54,304	**(7,960)**	(7,440)
Taxation paid		**(8,767)**	(7,464)	**(1,501)**	(1,384)
Net cash flows generated from/ (used in) operating activities		**47,255**	46,840	**(9,461)**	(8,824)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(23,303)**	(39,095)	**(391)**	(654)
Proceeds from disposal of:					
- Property, plant and equipment		**–**	17	**–**	–
- Subsidiaries, net of cash and cash equivalents		**–**	193	**–**	–
- Investment in a subsidiary		**–**	–	**–**	142
Government grant received	12	**–**	6,489	**–**	–
Advances (net) to:					
- Associate		**121,166**	(119,465)	**–**	(181)
- Subsidiary		**–**	–	**44,422**	(41,981)
Dividend income from a subsidiary		**–**	–	**–**	350
Interest received		**7,498**	1,771	**245**	375
Net cash flows generated from/(used in) investing activities		**105,361**	(150,090)	**44,276**	(41,949)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid on ordinary shares	34	**(25,692)**	(3,218)	**(25,692)**	(3,218)
Share buy back	22	**(836)**	–	**(836)**	–
Repayments of borrowings		**(42,781)**	(71,123)	**–**	–
Proceeds from borrowings		**–**	222,832	**–**	–
Repayments of obligations under hire purchase		**(86)**	(45)	**–**	–
Repayments of obligations under finance leases		**–**	–	**–**	–
Repayment of advances to corporate shareholder		**–**	–	**–**	–
Interest paid		**(18,581)**	(14,991)	**(14)**	(8)
Net cash flows (used in)/generated from financing activities		**(87,976)**	133,455	**(26,542)**	(3,226)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**64,640**	30,205	**8,273**	(53,999)
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS		**(31,535)**	(110,751)	**–**	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**31,589**	110,818	**5,439**	59,438
EFFECTS OF EXCHANGE RATE CHANGES		**21,111**	1,317	**–**	–
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	19.1	**85,805**	31,589	**13,712**	5,439

The notes set out on pages 93 to 156 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 Berhad 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 2015 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 2016.

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 judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015 are as follows:

No.	Malaysian Financial Reporting Standards/IC Interpretation	Effective dates
1.	Annual Improvements to MFRSs 2010 – 2012 Cycle	1 January 2015
2.	Annual Improvements to MFRSs 2011 – 2013 Cycle	1 January 2015
3.	Amendments to MFRS 119 "Defined Benefit Plans: Employees Contributions"	1 January 2015

The adoption of the above annual improvements and amendments to published standards and interpretations did not have any significant financial impact to the Group and the Company.

(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

- 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 127 "Separate Financial Statements" allows an entity to account for its investment in subsidiaries and associates using equity accounting in its separate financial statements (effective from 1 January 2016). An entity can now account for investments in subsidiaries and associates in its separate financial statements at cost, in accordance with MFRS 139 or using the equity method as described in MFRS 128. Entities that do not have investment in subsidiary but have associates can elect to account for the investments in associates using the equity method in the separate financial statements. Hence, the entity only need to prepare one set of financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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)

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

- MFRS 15 "Revenue from contracts with customers" (effective from 1 January 2018) replaces MFRS 118 "Revenue" and MFRS 111 "Construction contracts" and related interpretations. The standard 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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

  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 cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an 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.

  MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 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 141 "Agriculture" regarding bearer plants	1 January 2016
2	Amendment to MFRS 11 "Joint arrangements" regarding accounting for acquisition of interests in joint operations	1 January 2016
3	Amendments to MFRS 10, 12 & 128 regarding Investment entities – applying the consolidation exception	1 January 2016

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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%

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 2.6 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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")).

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 exceeds 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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 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.

2.10 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.

2.11 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'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost 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.

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.

2.13 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.

2.14 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 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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.

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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 2.19(g).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 2.11.

(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.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Income taxes (continued)

(b) Deferred tax (continued)

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.

2.22 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.

2.23 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 are shares are deducted against share premium account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from equity attributable to owners of the Company. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to owners of the Company.

An amount equivalent to the original purchase cost of the treasury shares will be deducted from retained earnings upon the distribution of any treasury shares as share dividends.

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 2015

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 2.8. 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.

(e) 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 2.8. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.1 Key sources of estimation uncertainty (continued)

(f) 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.

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Rendering of services	**400,873**	319,076	**–**	–
Sale of goods	**2,649**	6,623	**–**	–
Charter hire of vessels	**211,472**	258,746	**–**	–
Contract revenue	**39,795**	39,978	**–**	–
Dividend income from a subsidiary	**–**	–	**–**	350
Management fees from subsidiaries	**–**	–	**9,688**	10,144
	654,789	624,423	**9,688**	10,494

5 OTHER INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gain/(loss) on foreign exchange:				
- unrealised	**18,065**	5,877	**20,913**	7,770
- realised	**1,628**	(158)	**–**	(1)
Net gain/(loss) on disposal of:				
- property, plant and equipment	**(16)**	12	**–**	–
- subsidiaries	**–**	243	**–**	(1,703)
Gain on novation of intercompany balances	**–**	–	**–**	13,127
Others	**1,750**	2,078	**14**	4
	21,427	8,052	**20,927**	19,197

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance income from:				
- Short term bank deposits	**3,802**	1,771	**245**	375
- Advances to subsidiaries	**–**	–	**2,287**	10,199
- Advances to an associate	**3,696**	4,036	**–**	–
Total finance income	**7,498**	5,807	**2,532**	10,574
Interest expense on:				
- Term loans	**(8,696)**	(8,659)	**–**	–
- Obligations under finance lease	**(21)**	–	**–**	–
- Revolving credits	**(9,011)**	(4,930)	**–**	–
- Other borrowings	**(88)**	(876)	**–**	–
Other finance charges	**(765)**	(1,756)	**(14)**	(8)
Total finance costs	**(18,581)**	(16,221)	**(14)**	(8)
Net finance (costs)/income	**(11,083)**	(10,414)	**2,518**	10,566

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7 PROFIT BEFORE TAX

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration:				
- statutory audit	**507**	457	**78**	63
- non-audit fees	**74**	119	**12**	51
Employee costs (Note 8)	**164,634**	134,405	**14,468**	13,106
Non-executive Directors' remuneration (Note 9)	**568**	507	**568**	507
Property, plant and equipment:				
- Depreciation charge	**41,982**	33,243	**1,343**	1,671
- Impairment loss	**2,200**	–	**–**	–
- Write off	**–**	–	**–**	–
- (Loss)/Gain on disposal	**16**	(12)	**–**	–
Net, impairment loss on:				
- Trade receivables	**2,748**	3,923	**–**	–
Trade receivables written off	**5,576**	424	**–**	15
Inventories written down (Note 17)	**–**	5,181	**–**	–
Provision for liquidated ascertained damages (Note 27)	**–**	7	**–**	–
Operating lease:				
- charter hire of vessels	**126,320**	98,351	**–**	–
- rental of equipments	**22,662**	21,434	**41**	55
- rental of land and buildings	**4,420**	4,725	**1,505**	482

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8 EMPLOYEE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	**130,191**	110,318	**9,041**	9,548
Social security contributions	**848**	1,044	**29**	32
Contributions to defined contribution plan	**11,649**	10,548	**1,363**	1,336
Other benefits	**21,946**	12,495	**4,035**	2,190
	164,634	134,405	**14,468**	13,106

Included in employee costs of the Group and the Company are Executive Directors' remuneration amounting to RM3,231,000 (2014: RM2,634,000).

9 DIRECTORS' REMUNERATION

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

	Group and Company	
	2015 RM'000	2014 RM'000
Executive:		
Salaries, allowances and compensation	**3,430**	2,262
Defined contribution plan	**524**	372
Total executive Directors' remuneration (excluding benefits-in-kind)	**3,954**	2,634
Estimated money value of benefits-in-kind	**–**	63
Total executive Directors' remuneration (including benefits-in-kind)	**3,954**	2,697
Non-Executive:		
Fees and emoluments	**568**	507
Total Directors' remuneration	**4,522**	3,204

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax				
- Malaysian income tax	**11,530**	4,920	**(232)**	995
- Deferred tax (Note 16)	**3,271**	(17,876)	**101**	(198)
	14,801	(12,956)	**(131)**	797
Current tax				
- Current financial year	**9,684**	5,538	**–**	1,232
- Under/(over) accrual in prior financial year	**1,846**	(618)	**(232)**	(237)
Total current tax	**11,530**	4,920	**(232)**	995
Deferred tax (Note 16)				
- Origination and reversal of temporary differences	**3,271**	(17,876)	**101**	(198)
Total income tax expense/(credit)	**14,801**	(12,956)	**(131)**	797

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	**62,015**	21,780	**12,117**	21,004
Tax calculated at the applicable Malaysian tax rate of 25% (2014: 25%)	**15,504**	5,445	**3,029**	5,251
Tax effects of:				
- Effect of tax rate in other jurisdiction	**2,795**	(1,317)	**–**	–
- Expenses not deductible for tax purposes	**7,441**	6,237	**959**	1,095
- Income not subject to tax	**(5,230)**	(1,469)	**(5,231)**	(5,312)
- Deferred tax assets not recognised	**5,278**	255	**1,344**	–
- Reversal of temporary differences previously recognised*	**–**	(21,489)	**–**	–
- Under/(over)accrual in prior financial year	**1,846**	(618)	**(232)**	(237)
- Share of results of an associate	**(12,833)**	–	**–**	–
	14,801	(12,956)	**(131)**	797

* 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 2015 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015	2014
Profit attributable to owners of the Company (RM'000)	**47,214**	34,750
Weighted average number of shares in issue ('000)	**321,521** #	321,750
Basic/diluted EPS (sen)	**14.68**	10.80

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.

\# Net of treasury shares

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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										
31.12.2015										
Cost	**16,411**	**15,448**	**526,729**	**37,591**	**11,445**	**49,543**	**4,237**	**4,546**	**17,707**	**683,657**
Accumulated depreciation and accumulated impairment losses	**(1,568)**	**(4,379)**	**(157,457)**	**(11,168)**	**(9,637)**	**(41,278)**	**(3,395)**	**(3,694)**	**(14,203)**	**(246,779)**
Net book value	**14,843**	**11,069**	**369,272**	**26,423**	**1,808**	**8,265**	**842**	**852**	**3,504**	**436,878**
31.12.2014										
Cost	16,410	15,447	507,715	27,434	11,121	44,101	5,170	6,072	19,807	653,277
Accumulated depreciation and accumulated impairment losses	(1,429)	(4,071)	(122,783)	(4,408)	(10,423)	(38,277)	(3,995)	(5,044)	(15,417)	(205,847)
Net book value	14,981	11,376	384,932	23,026	698	5,824	1,175	1,028	4,390	447,430

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015	**14,981**	**11,376**	**384,932**	**23,026**	**698**	**5,824**	**1,175**	**1,028**	**4,390**	**447,430**
Additions	**–**	**–**	**5,439**	**9,278**	**1,531**	**5,465**	**16**	**278**	**1,296**	**23,303**
Disposal	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16)**	**(16)**
Depreciation charge	**(138)**	**(307)**	**(28,436)**	**(6,687)**	**(421)**	**(3,024)**	**(349)**	**(454)**	**(2,166)**	**(41,982)**
Impairment loss	**–**	**–**	**(2,200)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,200)**
Exchange differences	**–**	**–**	**9,537**	**806**	**–**	**–**	**–**	**–**	**–**	**10,343**
At 31 December 2015	**14,843**	**11,069**	**369,272**	**26,423**	**1,808**	**8,265**	**842**	**852**	**3,504**	**436,878**
At 1 January 2014	15,115	11,680	398,627	7,670	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)
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	384,932	23,026	698	5,824	1,175	1,028	4,390	447,430

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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				
2015				
Cost	**5**	**941**	**7,141**	**8,087**
Accumulated depreciation	**(3)**	**(770)**	**(4,722)**	**(5,495)**
Net book value	**2**	**171**	**2,419**	**2,592**
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
Net book value				
At 1 January 2015	**3**	**290**	**3,248**	**3,541**
Additions	**–**	**3**	**391**	**394**
Depreciation charge	**(1)**	**(122)**	**(1,220)**	**(1,343)**
At 31 December 2015	**2**	**171**	**2,419**	**2,592**
Net book value				
At 1 January 2014	4	447	4,107	4,558
Additions	–	36	618	654
Depreciation charge	(1)	(193)	(1,477)	(1,671)
At 31 December 2014	3	290	3,248	3,541

The Group's vessels and leasehold land and buildings with a carrying amount of RM208,330,000 (2014: RM257,889,000) and RM15,937,000 (2014: RM16,102,000) respectively are pledged to secure the Group's borrowings (Note 24).

During the year, the Group had recognised an impairment loss of RM2,200,000 (2014: Nil) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Trade receivables:				
Third parties	**67,508**	91,663	**–**	–
Accrued revenue	**165,134**	166,594	**–**	–
Associate	**8,191**	5,606	**–**	–
Gross trade receivables	**240,833**	263,863	**–**	–
Less: Allowance for impairment				
- Third parties	**(15,368)**	(15,196)	**–**	–
- Associate	**(158)**	(158)	**–**	–
	225,307	248,509	**–**	–
Other receivables:				
Amounts due from:				
- Subsidiaries	**–**	–	**54,919**	111,667
- Associate	**100,458**	190,572	**60**	182
Deposits	**1,986**	2,642	**1,390**	1,410
Prepayments	**4,656**	15,629	**103**	65
Sundry receivables	**3,444**	2,869	**80**	82
Gross other receivables	**110,544**	211,712	**56,552**	113,406
Less: Allowance - sundry receivables	**(941)**	(1,110)	**–**	–
	109,603	210,602	**56,552**	113,406
Total current receivables, net	**334,910**	459,111	**56,552**	113,406
Non-current				
Other receivables:				
Amounts due from subsidiaries	**–**	–	**154,741**	104,864
Total non-current receivables, gross	**–**	–	**154,741**	104,864

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Ageing analysis of trade receivables

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

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	**162,971**	183,098
1 to 30 days past due not impaired	**14,546**	39,955
31 to 60 days past due not impaired	**14,266**	9,184
61 to 90 days past due not impaired	**6,718**	200
More than 91 days past due not impaired	**26,806**	16,072
Total - Past due not impaired	**62,336**	65,411
More than 91 days - impaired	**15,526**	15,354
Gross trade receivables	**240,833**	263,863

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 (2014: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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.

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 RM62,336,000 (2014: RM65,411,000) that are past due at the reporting date but not impaired. These balances are unsecured in nature.

Trade receivables that were past due but not impaired relate to customers that have a trade record with the Group and Company. Based on past experience and no adverse information to date, the Directors of the Group and Company of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

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	
	2015 RM'000	2014 RM'000
Trade receivables – nominal amount	**15,526**	15,354
Less: Impairment of receivables	**(15,526)**	(15,354)
At 31 December	**–**	–

Movement in allowance for impairment:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	**15,354**	12,961
Impairment loss recognised	**2,820**	4,586
Impairment loss reversed	**(72)**	(663)
Impairment loss written off	**(2,576)**	(1,530)
At 31 December	**15,526**	15,354

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Amounts due from subsidiaries

The non-current amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at 2.30% (2014: 2.30%) 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.

(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 (2014: 2.30%) 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	
	2015 RM'000	2014 RM'000
Trade receivables – nominal amount	**941**	1,110
Less: Impairment of receivables	**(941)**	(1,110)
At 31 December	**–**	–

Movement in allowance for impairment:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	**1,110**	1,619	**–**	–
Impairment loss written off	**(169)**	(509)	**–**	–
At 31 December	**941**	1,110	**–**	–

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 INVESTMENT IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares, at cost		
Ordinary shares	**1,100**	1,100
Redeemable convertible preference shares ("RCPS")	**171,180**	164,180
Advances to subsidiaries treated as quasi-investment	**15,641**	15,641
	187,921	180,921

Name	Effective interest 2015 %	Effective interest 2014 %	Principal activities
Incorporated in Malaysia:			
Petra Energy Services Sdn. Bhd.	**100**	100	Investment holding
Petra Energy Capital Sdn. Bhd.	**100**	100	Investment holding
Petra Energy Development Sdn. Bhd.	**100**	100	Investment holding
Held through Petra Energy Services Sdn. Bhd.:			
Petra Resources Sdn. Bhd.	**100**	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**	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**	100	Equipment rental and related services in the oil and gas industry
Petra Marine Sdn. Bhd.	**100**	100	Ownership and supply of vessels

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Effective interest 2015 %	2014 %	Principal activities
Held through Petra Resources Sdn. Bhd.:			
PE Resources Ltd.	**100**	100	Investment holding
Held through Petra Fabricators Sdn. Bhd.:			
PE Industrial Resources Sdn. Bhd.	**100**	100	Design, fabrication, supply and installation of industrial boilers and ancillary equipment
Held through Petra Marine Sdn. Bhd.:			
PE Ship Management Sdn. Bhd.	**100**	100	Provision of anchor handling tug supply vessels
Held through Petra Energy Capital Sdn. Bhd.:			
PE Challenger Ltd.	**100**	100	To facilitate the leasing of transaction of an accommodation work barge vessel
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
Held through Petra Energy Development Sdn. Bhd.:			
PE Development Ltd.	**100**	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15 INVESTMENT IN AN ASSOCIATE

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares at cost	**6,000**	6,000
Share of results of associate	**52,150**	(3,810)
Share of net assets	**58,150**	2,170

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

	Group	
	2015 RM'000	2014 RM'000
Summarised statement of comprehensive income		
Revenue	**240,018**	–
Cost of sales	**(168,891)**	–
Profit before tax	**68,084**	(3,933)
Profit/(Loss) after tax	**51,333**	(3,810)
Other comprehensive income	**4,647**	–
Summarised statement of financial position		
Non-current assets	**1,627**	1,296
Current assets	**169,387**	233,770
Current liabilities	**(113,886)**	(233,918)
Net assets	**57,128**	1,148
Add: Goodwill	**1,022**	1,022
	58,150	2,170

The details of the associate are as follows:

Name	Country of incorporation	Group's effective interest	
		2015 %	2014 %
Coastal Energy KBM Sdn. Bhd. #	Malaysia	**30**	30

Not audited by PwC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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. 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, PEDSB had provided parental guarantee to PETRONAS to ensure performance of SFRSC by CEKSB. PEDSB 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 PEDSB'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	
	2015 RM'000	2014 RM'000
Revenue	**800,059**	–
Cost of sales	**(562,969)**	–
Profit/(Loss) before tax	**226,946**	(13,111)
Profit/(Loss) for the financial year	**171,110**	(12,700)
Other comprehensive income	**15,490**	–
Group's share of profit/(loss)	**55,980**	(3,810)

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

	CEKSB	
	2015 RM'000	2014 RM'000
Non-current assets	**5,425**	4,320
Current assets	**564,623**	780,991
Current liabilities	**(379,620)**	(779,725)
Net assets	**190,428**	5,586

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15 INVESTMENT IN ASSOCIATE (CONTINUED)

(iii) Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Group	
	2015 RM'000	2014 RM'000
Summarised financial information		
Opening net assets	**1,148**	5,980
Profit/(loss) for the financial year representing total Comprehensive income/(expense) for the financial year	**51,333**	(4,305)
Effects of movements in foreign currency	**4,647**	(527)
	57,128	1,148
Goodwill	**1,022**	1,022
Closing net assets	**58,150**	2,170

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 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	**(246)**	(8,994)	**–**	–
- to be recovered within 12 months	**(10,797)**	(3,626)	**(177)**	(76)
	(11,043)	(12,620)	**(177)**	(76)
Deferred tax liabilities (net)	**(11,043)**	(7,772)	**(177)**	(76)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At start of financial year	**(7,772)**	(25,648)	**(76)**	(274)
(Charged)/Credited to profit or loss (Note 10):				
- Property, plant and equipment	**(3,015)**	26,764	**(70)**	198
- Unabsorbed capital allowances	**(5,174)**	(8,292)	**–**	–
- Unutilised business losses	**2,514**	–	**–**	–
- Others	**2,404**	(596)	**(31)**	–
	(3,271)	17,876	**(101)**	198
At end of financial year	**(11,043)**	(7,772)	**(177)**	(76)
Subject to income tax:				
Deferred tax assets				
Unabsorbed capital allowances	**19,034**	24,208	**–**	–
Unutilised business losses	**2,514**	–	**–**	–
Others	**5,714**	3,310	**–**	31
Before offsetting	**27,262**	27,518	**–**	31
Offsetting	**(27,262)**	(22,670)	**–**	(31)
After offsetting	**–**	4,848	**–**	–
Deferred tax liabilities				
Property, plant and equipment	**(38,305)**	(35,290)	**(177)**	(107)
Offsetting	**27,262**	22,670	**–**	31
After offsetting	**(11,043)**	(12,620)	**(177)**	(76)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 DEFERRED TAXATION (CONTINUED)

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	
	2015 RM'000	2014 RM'000
Unutilised business losses	**10,750**	6,158
Unabsorbed capital allowances	**40,941**	24,777
Other deductible temporary differences	**1,641**	1,285
	53,332	32,220

17 INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Cost:		
Consumables	**980**	4,719
Work in progress	**29,075**	42,838
	30,055	47,557
Net realisable value:		
Consumables	**631**	631
	30,686	48,188

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM351,642,000 (2014 : RM174,574,000)

During the financial year, no inventories were written down (2014 : RM5,181,000), as disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2015 RM'000	**2014 RM'000**
Construction contract costs incurred to date	**66,363**	46,190
Attributable profits less accumulated losses	**23,507**	18,920
	89,870	65,110
Less: Progress billings	**(64,860)**	(46,583)
	25,010	18,527
Presented as:		
Amount due from customers on contracts	**25,517**	18,565
Amount due to customers on contracts	**(507)**	(38)
	25,010	18,527

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19 CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term deposits with licensed banks	**89,276**	84,915	**8,952**	5,076
Cash on hand and banks balances	**124,263**	42,929	**4,760**	363
	213,539	127,844	**13,712**	5,439

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 (2014: 1 (one) day to 1 (one) month). The weighted average effective interest rates as at 31 December 2015 for the Group was 2.75% (2014: 2.75%) per annum and for the Company was 3.0% (2014: 3.0%).

Included in short term deposit is an amount held in Debts Service Reserve Account ("DSRA") of RM71,758,000 (2014: RM26,132,000) and deposits pledged of RM53,420,000 (2014: RM67,511,000) 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 24.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	**213,539**	127,844	**13,712**	5,439
Less: Bank overdrafts (Note 24)	**(2,556)**	(2,612)	**–**	–
Cash and cash equivalents	**210,983**	125,232	**13,712**	5,439
Less: Restricted cash				
- DSRA	**(71,758)**	(26,132)	**–**	–
- Deposits pledged	**(53,420)**	(67,511)	**–**	–
Net cash and cash equivalents	**85,805**	31,589	**13,712**	5,439

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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				
2015				
Cash and bank balances		**234,999**	**(21,460)**	**213,539**
Borrowings	24	**(363,373)**	**21,460**	**(341,913)**
2014				
Cash and bank balances		145,319	(17,475)	127,844
Borrowings	24	(366,965)	17,475	(349,490)

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Counterparties with external credit rating:				
- AAA	**210,846**	127,480	**13,712**	5,434

The credit quality of the above deposits and bank balances (excluding cash balances) are assessed by reference to RAM Services Berhad.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20 SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised:				
At 1 January/31 December	**1,000,000**	1,000,000	**500,000**	500,000
Issued and fully paid:				
At 1 January/31 December	**321,750**	321,750	**160,875**	160,875

21 SHARE PREMIUM

	Group and Company	
	2015 RM'000	2014 RM'000
At 1 January/31 December	**138,934**	138,934

22 TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. During the year, the Company acquired 802,800 shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the quarter. The total paid to acquire the shares was RM835,600 and this was presented as a component within shareholder's equity.

The share repurchased are being held as treasury shares as allowed under Section 67 A of the Company's Act, 1965. The Company has the right to issue these shares at a later date. As treasury shares, the voting rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares purchased had been sold as at 31 December 2015.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22 TREASURY SHARES (CONTINUED)

Details of the treasury shares were as follows:

	Average price RM	Highest price RM	Lowest price RM	Number of treasury shares	Total consideration paid
2015					
August	**0.94**	**1.01**	**0.89**	**602,800**	**563,000**
September	**1.05**	**1.05**	**1.04**	**50,000**	**52,700**
November	**1.45**	**1.47**	**1.43**	**150,000**	**219,900**
	1.04			**802,800**	**835,600**

23 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.

24 BORROWINGS

	Note	Group 2015 RM'000	2014 RM'000
Current			
Secured:			
Invoice financing		**111,023**	69,356
Term loans		**51,098**	34,828
		162,121	104,184
Unsecured:			
Revolving credits		**47,900**	47,900
Bankers' acceptances and trust receipts		**8,419**	16,459
Bank overdrafts (Note 19)		**2,556**	2,612
		58,875	66,971
Total current borrowings		**220,996**	171,155
Non-current			
Secured:			
Term loans		**120,917**	178,335
Total non-current borrowings		**120,917**	178,335
Total borrowings	19	**341,913**	349,490

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24 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.

25 HIRE PURCHASE LIABILITIES

	Group	
	2015 RM'000	2014 RM'000
Secured:		
Current	**62**	59
Non-current	**333**	422
	395	481

Hire purchase liabilities are payable as follows:

	Group	
	2015 RM'000	2014 RM'000
Gross finance lease (liabilities) – minimum lease payment		
Not later than 1 year	**79**	79
More than 1 year and less than 5 years	**325**	325
More than 5 years	**56**	163
Present value of hire purchase liabilities	**460**	567
Less: Interest in suspense	**(65)**	(86)
Present value of hire purchase liabilities	**395**	481

The present value of the hire purchase liabilities is as follows:		
Not later than 1 year	**62**	59
More than 1 year and less than 5 years	**283**	271
More than 5 years	**50**	151
	395	481

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables				
Third parties	**82,446**	99,941	**–**	–
Advance billings	**13,208**	6,694	**–**	–
Accrued expenses	**82,477**	108,270	**–**	–
	178,131	214,905	**–**	–
Other payables				
Other payables and accrued expenses	**27,125**	24,306	**4,190**	2,135
Amounts due to subsidiaries	**–**	–	**22,335**	1,131
	27,125	24,306	**26,525**	3,266
Total trade and other payables	**205,256**	239,211	**26,525**	3,266

Trade payables and other payables are non-interest bearing and credit terms ranging from 30 days to 60 days (2014: 30 days to 60 days).

Included in the Group's other payables and accrued expenses are amounts totalling RM135,433 (2014: RM21,774) which are due to parties related to a corporate shareholder. The amounts are unsecured, interest free and repayable within the next twelve months.

27 PROVISIONS

	Group	
	2015 RM'000	2014 RM'000
Provision for liquidated ascertained damages		
At 1 January	**–**	284
Provision during the financial year (Note 7)	**–**	7
Utilised/paid	**–**	(291)
At 31 December	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28 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:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Transactions with related parties of corporate shareholders with significant influence over the Company:				
- Rental paid	**1,750**	1,701	**513**	504
Transactions with an associate:				
- Interest income	**3,696**	4,036	**–**	**–**
- Secondment fee	**463**	1,091	**–**	**–**
- Charter hire	**19,060**	29,318	**–**	**–**

(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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	**7,560**	6,170	**4,970**	5,523
Defined contribution plan	**1,383**	867	**940**	816
Other employee benefits	**2,442**	140	**1,649**	92
	11,385	7,177	**7,559**	6,431

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not later than 1 year	**37,186**	37,571	**1,681**	1,681
More than 1 year and less than 5 years	**109,977**	129,692	**4,092**	523
More than 5 years	**–**	10,551	**–**	–
	147,163	177,814	**5,773**	2,204

(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	
	2015 RM'000	2014 RM'000
Not later than 1 year	**46,210**	63,502
More than 1 year and less than 5 years	**49,005**	66,690
	95,215	130,192

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 COMMITMENTS (CONTINUED)

(c) Capital commitments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment				
Approved and contracted for	–	6,000	–	–
Approved but not contracted for	**5,200**	10,960	–	1,559
	5,200	16,960	–	1,559

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 FINANCIAL INSTRUMENTS BY CATEGORY

Loans and receivables as per statements of financial position

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade and other receivables excluding prepayments	**330,254**	443,482	**211,190**	218,015
Amounts due from customers on contract	**25,517**	18,565	**–**	–
Cash and bank balances	**213,539**	127,844	**13,712**	5,439
	569,310	589,891	**224,902**	223,454

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Borrowings	**341,913**	349,490	**–**	–
Hire purchase liabilities	**395**	481	**–**	–
Trade and other payables excluding statutory liabilities and advance billings	**184,892**	230,206	**26,170**	1,769
Amounts due to customer on contract	**507**	38	**–**	–
	527,707	580,215	**26,170**	1,769

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	**14,336**	10,044	**–**	–
Amount due from contract customers	**21,814**	5,153	**–**	–
Amount due from a subsidiary	**–**	–	**109,779**	105,256
Amount due from an associate	**100,249**	190,572	**60**	182
Cash and bank balances	**50,081**	26,481	**–**	–
Borrowings	**(136,719)**	(125,554)	**–**	–
Trade payables	**(8,557)**	(5,970)	**–**	–
	41,204	100,726	**109,839**	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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
USD/RM - strengthen 3%	**1,236**	3,022	**3,295**	3,163
- weaken 3%	**(1,236)**	(3,022)	**(3,295)**	(3,163)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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, 67% (2014: 75%) 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 RM195,230 (2014: RM263,675) 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 2015						
Financial assets						
Short term deposits with licensed banks	19	**2.75%**	**89,276**	**–**	**–**	**89,276**
Advances to associate	13	**2.30%**	**100,458**	**–**	**–**	**100,458**
Financial liabilities						
Term loans	24	**3.72%**	**51,098**	**120,917**	**–**	**172,015**
Bank overdraft	24	**8.35%**	**2,556**	**–**	**–**	**2,556**
Revolving credits	24	**5.16%**	**47,900**	**–**	**–**	**47,900**
Invoice Financing	24	**5.42%**	**111,023**	**–**	**–**	**111,023**
Bankers' acceptances and trust receipts	24	**4.96%**	**8,419**	**–**	**–**	**8,419**
Hire purchase liabilities	25	**5.02%**	**62**	**283**	**50**	**395**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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	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
Advances to associate	13	2.30%	190,250	–	–	190,250
Financial liabilities						
Term loans	24	3.54%	34,828	178,335	–	213,163
Bank overdraft	24	8.35%	2,612	–	–	2,612
Revolving credits	24	5.15%	47,900	–	–	47,900
Invoice Financing	24	5.02%	69,356	–	–	69,356
Bankers' acceptances and trust receipts	24	5.72%	16,459	–	–	16,459
Hire purchase liabilities	25	2.70%	59	271	151	481
Company						
At 31 December 2015						
Financial assets						
Short term deposits with licensed banks	19	**3.25%**	**8,952**	**–**	**–**	**8,952**
Advances to subsidiary	13	**2.30%**	**109,779**	**–**	**–**	**109,779**
At 31 December 2014						
Financial assets						
Short term deposits with licensed banks	19	3.0%	5,076	–	–	5,076
Advances to subsidiary	13	2.30%	104,825	–	–	104,825

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 2015, 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 69% (2014: 78%) of the Group's total net trade receivables.

(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 RM341,913,000 (2014: RM349,490,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 2015					
Group					
Financial liabilities					
Trade and other payables excluding statutory liabilities and advance billings	31	**184,892**	**–**	**–**	**184,892**
Borrowings		**221,918**	**176,499**	**–**	**398,417**
Hire purchase liabilities		**79**	**325**	**56**	**460**
		406,889	**176,824**	**56**	**583,769**

NOTES TO THE FINANCIAL STATEMENTS
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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					
Group					
Financial liabilities					
Trade and other payables excluding statutory liabilities and advance billings	31	230,206	–	–	230,206
Borrowings		173,397	185,132	–	358,529
Hire purchase liabilities		80	325	162	567
		403,683	185,457	162	589,302
At 31 December 2015					
Company					
Financial liabilities					
Trade and other payables excluding statutory liabilities and advance billings	31	**26,170**	**–**	**–**	**26,170**
Financial guarantee contracts		**398,417**	**–**	**–**	**398,417**
		424,587	**–**	**–**	**424,587**
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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	
	2015 RM'000	**2014 RM'000**
Total debt	**342,308**	349,971
Total equity	**546,911**	515,424
Leverage ratio (times)	**0.63**	0.68

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 2015 and 31 December 2014.

33 SEGMENT INFORMATION

Segment information is presented in respect of the Group's segmentation of core activities. The segment information results are prepared based on the Group's management reporting structure.

The Group has made an announcement pursuant to Paragraph 9.19(5) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, in relation to internal re-organisation of the Group structure which was completed on 17 February 2015. As such, the comparatives were restated accordingly, to conform the current year's presentation.

Definition of the Group's segments are as follows:

(a) Services Segment

Encapsulates the Group's core activities in the area of providing services such as Hook-up Commissioning, Topside Major Maintenance, vessels management and time chartering, fabrication, subsea and underwater, as well as trading and engineering services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 SEGMENT INFORMATION (CONTINUED)

Definition of the Group's segments are as follows: (continued)

(b) Marine Assets Segment

Comprise of subsidiaries which own the Group's marine assets and held license to carry on leasing business in Labuan. Major business activity is bareboat chartering of vessel internally within the Group and to third party vessel management companies.

(c) Development and Production Segment

This segment categories the Group's business activities in risk-service contracts, rejuvenation of brownfields wells, enhanced oil recovery and production service contract. The Group's current participation in the Kapal, Banang and Meranti Small Field Risk Service Contract ("KBMSFRSC") is defined in this segment.

	Services RM'000	Marine Assets RM'000	Production and Development RM'000	Total RM'000
2015				
Revenue:				
External customers	516,645	138,144	–	654,789
Inter-segment	18,703	139,777	–	158,480
Total revenue	535,348	277,921	–	813,269
Results:				
Finance income	6,877	917	4,688	12,482
Depreciation	(6,838)	(34,849)	–	(41,687)
Finance costs	(11,732)	(4,357)	(7,463)	(23,552)
Impairment loss on PPE	–	(2,200)	–	(2,200)
Impairment of inter-companies balances	–	(14,867)	–	(14,867)
Share of results of associate	–	–	51,333	51,333
Segment profit/(loss)	9,392	(19,246)	39,438	29,584
Assets and liabilities				
Segment assets	1,324,733	679,814	245,920	2,250,467
Segment liabilities	(772,203)	(462,185)	(251,418)	(1,485,806)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 SEGMENT INFORMATION (CONTINUED)

	Services RM'000	Marine Assets RM'000	Production and Development RM'000	Total RM'000
2014				
Revenue:				
External customers	439,938	184,485	–	624,423
Inter-segment	11,877	129,737	–	141,614
Total revenue	451,815	314,221	–	766,037
Results:				
Finance income	13,354	351	5,767	19,472
Depreciation	(7,974)	(27,949)	–	(35,923)
Finance costs	(13,581)	(9,277)	(6,296)	(29,154)
Inventories written down	(5,181)	–	–	(5,181)
Share of results of associate	–	–	(3,810)	(3,810)
Segment profit/(loss)	4,101	13,372	1,587	19,060
Assets and liabilities				
Segment assets	1,156,014	613,392	324,663	2,094,069
Segment liabilities	(534,122)	(442,831)	(317,372)	(1,294,325)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 SEGMENT INFORMATION (CONTINUED)

	External customers RM'000	Inter segment RM'000	Finance income 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
2015										
Total reportable segments	**654,789**	**158,480**	**12,482**	**(41,687)**	**(2,200)**	**(23,552)**	**–**	**29,584**	**2,250,467**	**(1,485,806)**
Elimination of inter-segment transactions or balances	**–**	**(158,480)**	**(4,984)**	**(295)**	**–**	**4,971**	**–**	**32,431**	**(1,144,442)**	**926,692**
Consolidated total	**654,789**	**–**	**7,498**	**(41,982)**	**(2,200)**	**(18,581)**	**–**	**62,015**	**1,106,025**	**(559,114)**
2014										
Total reportable segments	624,423	141,614	19,472	(35,923)	–	(29,154)	(5,181)	19,061	2,094,069	(1,294,325)
Elimination of inter-segment transactions or balances	–	(141,614)	(13,665)	2,680	–	12,933	–	2,719	(976,764)	692,444
Consolidated total	624,423	–	5,807	(33,243)	–	(16,221)	(5,181)	21,780	1,117,305	(601,881)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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	
	2015 RM'000	2014 RM'000
Services segment		
Customer A	**344,981**	223,162
Customer B	**82,114**	88,678
	427,095	311,840
Marine Assets segment		
Customer A	**130,267**	163,244
Customer B	–	–
	130,267	163,244

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 DIVIDENDS

	Group and Company	
	2015 RM'000	2014 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim tax exempt (single-tier) dividend for financial year ended 2014: 2.0 sen (2013: 1.0 sen)	**6,435**	3,218
- A special tax exempt (single-tier) dividend for financial year ended 2015: 6.0 sen (2014: Nil)	**19,257**	–
	25,692	3,218
Proposed but not recognised as liability as at 31 December 2015:		
Dividends on ordinary shares:		
- Interim tax exempt (single-tier) dividend for financial year ended 2015: 2.0 sen (2014: 2.0 sen)	**6,419**	6,435
- A special tax exempt (single-tier) dividend for financial year ended 2015: 2.0 sen (2014: Nil)	**6,419**	–
	12,838	6,435

On 23 February 2016, the Directors declared a single-tier interim dividend of 2.0 sen and special dividend of 2.0 sen per ordinary share of 50 sen each on 320,947,200 ordinary shares for the financial year ended 31 December 2015 amounting to RM12,838,000 and payable on 18 May 2016.

SUPPLEMENTARY INFORMATION
– BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

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 2015 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	**155,555**	248,125	**71,344**	105,600
- Unrealised	**75,148**	67,241	**20,736**	(76)
	230,703	315,366	**92,080**	105,524
Total share of retained earnings from associated company:				
- Realised	**47,503**	(3,830)	**–**	–
Less: Consolidation adjustments	**(13,527)**	(68,379)	**–**	–
Retained earnings as per financial statements	**264,679**	243,157	**92,080**	105,524

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	27	18/07/2000	28	1,173
Petra Resources Sdn. Bhd. Lot 1991, Block 4 Miri Concession Land District Piasau Industrial Estate 98000 Miri, Sarawak	Warehouse	Leasehold	27	18/07/2000	28	805
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	57	24/07/2006	42	7,996
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	971	13/02/2012	28	15,930

Petra Energy Bhd. Group has not carried out any revaluation on its landed properties.

ANALYSIS OF SHAREHOLDINGS
AS AT 11 APRIL 2016

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
Treasury Shares	:	802,800
Voting Rights	:	On a poll, one vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS (as per Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1 – 99	143	4.87	5,351	0.00
100 – 1,000	844	28.76	481,248	0.15
1,001 – 10,000	1,398	47.63	6,523,560	2.03
10,001 – 100,000	452	15.40	14,973,839	4.67
100,001 – 16,047,359 (*)	93	3.17	64,324,416	20.04
16,047,360 AND ABOVE (**)	5	0.17	234,638,786	73.11
TOTAL	**2,935**	**100.00**	**320,947,200**	**100.00**

Remark : * – less than 5% of issued holdings
: ** – 5% and above of issued holdings

LIST OF THIRTY (30) LARGEST SECURITIES HOLDERS (as per Record of Depositors)

	Names of Shareholders	No. of Shares Held	%
1.	Wasco Energy Ltd.	86,550,000	26.97
2.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Shorefield Resources Sdn. Bhd. (121086)*	63,131,774	19.67
3.	Lembaga Tabung Haji	31,707,012	9.88
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Mohamed Nizam bin Abdul Razak*	29,250,000	9.11
5.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Shorefield Resources Sdn. Bhd. (01103812348A)*	24,000,000	7.48
6.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Abang Sarbini bin Abang Ahmad Latif*	9,000,000	2.80
7.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Suisse (SG BR-TST-ASING)*	8,318,450	2.59
8.	CITIGROUP Nominees (Asing) Sdn. Bhd. *Exempt An for CITIBANK New York (Norges Bank 1)*	4,793,840	1.49

ANALYSIS OF SHAREHOLDINGS
AS AT 11 APRIL 2016

	Names of Shareholders	No. of Shares Held	%
9.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mohamad Zaidee bin Abang Hipni*	4,725,000	1.47
10.	Maybank Nominees (Tempatan) Sdn. Bhd. *Etiqa Insurance Berhad (Dana EKT PRIMA)*	2,192,300	0.68
11.	MIDVEST Properties Sdn. Bhd.	1,952,900	0.61
12.	RHB Capital Nominees (Tempatan) Sdn. Bhd.	1,854,300	0.58
13.	Goh Siew Chin	1,647,500	0.51
14.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Patrick Sim Yiaw Kheng*	1,451,000	0.45
15.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investments Dana Dinamik*	1,256,800	0.39
16.	Shorefield Resources Sdn. Bhd.	1,248,226	0.39
17.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ibrahim bin Baki*	1,187,100	0.37
18.	MIDVEST Asia Sdn. Bhd.	1,107,000	0.34
19.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ting Chek Ting*	1,000,000	0.31
20.	Maybank Nominees (Tempatan) Sdn. Bhd. *Etiqa Insurance Berhad (Prem Equity FD)*	995,000	0.31
21.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Dek Kong*	900,000	0.28
22.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investments Dana Al-Ilham*	888,900	0.28
23.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Siew Booy (D18)*	847,000	0.26
24.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)*	825,000	0.26
25.	RHB Nominees (Tempatan) Sdn. Bhd. *RHB Asset Management Sdn. Bhd. for Yoong Kah Yin (EPF)*	733,000	0.23
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Loh Teck Fatt (MY2132)*	670,000	0.21
27.	Maybank Nominees (Tempatan) Sdn. Bhd. *Etiqa Insurance Berhad (Par Fund 2)*	642,000	0.20
28.	Maybank Nominees (Tempatan) Sdn. Bhd. *Etiqa Insurance Berhad (Balance Fund)*	600,000	0.19
29.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Sia Derg*	593,600	0.18
30.	Maybank Nominees (Tempatan) Sdn. Bhd. *Etiqa Insurance Berhad (General Fund)*	591,500	0.18
	TOTAL	**284,659,202**	**88.69**

ANALYSIS OF SHAREHOLDINGS
AS AT 11 APRIL 2016

LIST OF SUBSTANTIAL SHAREHOLDERS (as per the register of substantial shareholders)

		Direct Interest		Deemed Interest	
	Names	No. of Shares Held	%	No. of Shares Held	%
1.	Shorefield Resources Sdn. Bhd.	88,380,000	27.54	-	-
2.	Wasco Energy Ltd.	86,550,000	26.97	-	-
3.	Lembaga Tabung Haji	31,707,012	9.88	-	-
4.	Dato' Mohamed Nizam bin Abdul Razak	29,250,000	9.11	-	-
5.	Shorefield Sdn. Bhd.	-	-	88,380,000 [(a)]	27.54
6.	OBYU Holdings Sdn. Bhd.	-	-	88,380,000 [(a)]	27.54
7.	Tan Sri Bustari bin Yusuf	-	-	88,380,000 [(a)]	27.54
8.	Wah Seong Corporation Berhad	-	-	86,550,000 [(b)]	26.97
9.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	-	-	86,550,000 [(c)]	26.97
10.	Tan Kim Yeow Sendirian Berhad	-	-	86,550,000 [(d)]	26.97
11.	Tony Tan @ Choon Keat	-	-	86,550,000 [(d)]	26.97
12.	Tan Chin Nam Sdn. Bhd.	-	-	86,550,000 [(d)]	26.97
13.	Robert Tan Chung Meng	-	-	86,550,000 [(d)]	26.97
14.	Pauline Tan Suat Ming	-	-	86,550,000 [(d)]	26.97

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)

		Direct Interest		Deemed Interest	
	Names	No. of Shares Held	%	No. of Shares Held	%
1.	Datuk Seri Panglima Sulong bin Matjeraie	-	-	-	-
2.	Abdul Rahim bin Abdul Hamid	-	-	-	-
3.	Ahmad Azra bin Salleh	-	-	-	-
4.	Gian Carlo Maccagno	-	-	-	-
5.	Ahmadi bin Yusoff	-	-	-	-
6.	Dato' Anthony @ Firdauz bin Bujang	-	-	-	-
7.	Ng Ing Peng	-	-	-	-

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FORM OF PROXY

Number of Shares Held

PETRA

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

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 BERHAD ("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 Tenth Annual General Meeting of the Company to be held at Mutiara Ballroom, Ground Floor, The Royale Bintang Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 May 2016 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 2015 and the Reports of the Directors and Auditors thereon.	N/A	N/A
2.	Approval of payment of Directors' fees.		
3.	Re-election of Ng Ing Peng as Director pursuant to Article 103 of the Company's Articles of Association.		
4.	Re-election of Dato' Anthony @ Firdauz bin Bujang as Director who retires pursuant to Article 104 of the Company's Articles of Association.		
5.	Re-election of Abdul Rahim bin Abdul Hamid as Director who retires 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 trading nature with OBYU Holdings Sdn. Bhd..		
9.	Proposed renewal of shareholders' mandate for 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 29 April 2016 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 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 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.

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AFFIX
STAMP
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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PETRA

Petra Energy Bhd (718388-H)

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