



## PETRA ENERGY

Ref No. : PEB / MSWD / L / 230514 / 2014 - 001

23 May 2014

**Ms. Lya Rahman**  
**General Manager, Corporate Services**  
**Minority Shareholders Watchdog Group**  
Tingkat 11, Bangunan KWSP,  
No. 3, Changkat Raja Chulan,  
Off Jalan Raja Chulan  
50200 Kuala Lumpur

Dear Ms. Lya Rahman,

**Eight (8<sup>th</sup>) Annual General Meeting (AGM) of Petra Energy Berhad ("PEB" or "the Company") – 29 May 2014**

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We refer to your letter dated 16 May 2014.

In the interest of minority shareholders and all other stakeholders of the Company, please see our responses below to the questions raised.

### Strategic & Financial Matters

1. It was stated in the Management Discussion & Analysis that revenue was lower at RM 490.6 million as compared to RM 654.1 million in the previous year. It was also stated that this was due to lower contribution from the integrated brown field maintenance and engineering services segment as a result of a slow-down in activities following a delay in the award of the new Pan Malaysia HuCC.

**(i) Is the Board expecting this contract to be the major revenue contributor for 2014?**

Yes, the Board expects the current Pan Malaysia HuCC contract to contribute positively to the Group's revenue throughout the duration of the contract (May 2013 – May 2018 + 1 year extension option). The decline in revenue was attributed to:

- the delay in the award of the contract which only saw a pick-up of activity towards the end of the year.
- Reduced baseline work from the tail-end Sarawak/Sabah SHELL TMMHuCC contract which impacted the Group's results for the FY2013.

Currently the Group has undertaken RM200 million worth of work for the Pan Malaysia HuCC contract for PCSB.

**(ii) What is PEB's current order book and tender book?**

Order book – RM2.6 billion as at Q1 2014

Tender Book – RM1.072 billion as at 20 May 2014



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- 2. The first oil production from the Kapal Field had commenced on 16 December 2013. How significant would this project contribute to PEB's revenue for 2014?**  
There would be no impact / contribution to the Group's revenue for 2014. This is so as the revenue recognition will commence once Remuneration Fee is claimable upon full recovery of CAPEX cost which is expected to occur earliest by 2<sup>nd</sup> half of 2015.
- 3. We noted that PEB has acquired PE Ship Management Sdn Bhd and its subsidiary on 16 May 2013, where the principle asset of the company, KAS Marine 1, is currently servicing a time charter contract for Murphy Sarawak Oil.**

### **What are the long term plans for the Offshore Marine Support segment?**

KAS Marine 1 is currently on a one year contract extension by Murphy Sarawak Oil (24/4/2014 to 23/4/2015). The Group's plans are to mainly to utilise its marine assets to support the execution of its HuCC contract with PCSB.

### **Corporate Governance**

- 1. We also noticed that the Company did not disclose the cost for its in-house internal audit function. Chapter 9, Appendix 9C, Part A (30) of the Main Market listing Requirements requires the cost incurred for the internal audit function to be disclosed in the Annual Report.**  
We take note of this and apologize for the oversight. To clarify, the total cost for in-house internal audit function for the year 2013 was RM849, 650.00.
- 2. We also noticed that the Company had not disclosed the directors' remuneration according to the requirement under Chapter 9, Appendix 9C, Part A, 11 (b) of the Main Market Listing Requirements in where directors' remuneration must be disclosed by band of RM50,000. Please explain.**  
We take note of the comments made by MSWG.

With reference to page 60 of the 2013 Annual Report, the three non-executive directors' remuneration is within the range of RM50,001 to RM200,000 (gap of RM 150,000) whereas the two executive directors' remunerations are within the range of RM 700,000 to RM1.5million of which the range of remunerations is more than RM 800,000.00 gap.

- 3. We would also like to encourage the Minutes of the AGM be published on the Company's website to be in line with the spirit of transparency and good Corporate Governance practices based on the ASEAN CG Scorecard which is being used to assess the level of CG standards of PLCs in Malaysia by MSWG.**  
We take note of this. Thank you for the recommendations.

We thank you for your feedback and recommendations, the Company is committed to improving governance and controls and will continue to work towards the best interest of all stakeholders.

Please feel free to contact us anytime should you require any further clarification.

Thank you.

Yours sincerely



**DATO' ANTHONY BUJANG**  
Chief Executive Officer