

PETRA PERDANA BERHAD (Company No. 372113 - A)
(Incorporated in Malaysia)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FINANCIAL PERIOD ENDED 31 MARCH 2003**

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Current Quarter Ended 31-Mar-03 RM'000 | Corresponding Quarter Ended 31-Mar-02 RM'000 | Current Year-to-date Ended 31-Mar-03 RM'000 | Corresponding Year-to-date Ended 31-Mar-02 RM'000 |
|---------------------------------------|---|---|--|--|
| Revenue | 62,797 | 55,561 | 62,797 | 55,561 |
| Operating expenses | (59,696) | (51,703) | (59,696) | (51,703) |
| Other operating income | 64 | 61 | 64 | 61 |
| Profit from operation | 3,165 | 3,919 | 3,165 | 3,919 |
| Finance costs | (218) | (546) | (218) | (546) |
| Profit before taxation | 2,947 | 3,373 | 2,947 | 3,373 |
| Taxation | (846) | (993) | (846) | (993) |
| Profit after taxation | 2,101 | 2,380 | 2,101 | 2,380 |
| Pre-acquisition profit/(loss) | - | - | - | - |
| Profit attributable to shareholders | 2,101 | 2,380 | 2,101 | 2,380 |
| Earning per share (sen) - Note | | | | |
| a) Basic (based on weighted average) | 3.55 | 5.95 | 3.55 | 5.95 |
| b) Fully diluted | 3.42 | 5.95 | 3.42 | 5.95 |

**(The condensed Consolidated Income Statements should be read in conjunction with the annual
financial report for the year ended 31 December 2002)**

PETRA PERDANA BERHAD (Company No. 372113 - A)
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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FINANCIAL PERIOD ENDED 31 MARCH 2003**

CONDENSED CONSOLIDATED BALANCE SHEET

| | Current Year 31-Mar-03 RM'000 | Preceding FYE 31-Dec-02 RM'000 |
|--------------------------------------|--|---|
| Property, plant and equipment | 23,705 | 24,722 |
| Intangible Assets | - | 446 |
| Current assets | | |
| Inventories | 36,273 | 31,044 |
| Trade receivables | 56,691 | 61,446 |
| Other receivables | 7,976 | 6,631 |
| Fixed deposits with licensed bank | 3,314 | 4,201 |
| Cash and bank balances | 9,504 | 6,734 |
| | 113,758 | 110,056 |
| Current liabilities | | |
| Trade payables | 25,312 | 25,942 |
| Other payables | 10,939 | 10,133 |
| Borrowings | 1,542 | 10,833 |
| Provision for taxation | 3,161 | 3,125 |
| | 40,954 | 50,033 |
| Net current assets | 72,804 | 60,023 |
| | 96,509 | 85,191 |
| Financed by :- | | |
| Capital and reserves | | |
| Share capital | 61,500 | 41,000 |
| Reserves | 31,459 | 39,820 |
| | 92,959 | 80,820 |
| Long term borrowings | 2,424 | 3,270 |
| Deferred taxation | 1,126 | 1,101 |
| | 96,509 | 85,191 |
| Net tangible assets per share (RM) | 1.51 | 1.96 |

**(The condensed Consolidated Balance Sheet should be read in conjunction with the annual
financial report for the year ended 31 December 2002)**

PETRA PERDANA BERHAD (Company No. 372113 - A)
(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share Capital RM'000 | Share Premium RM'000 | Capital Reserve RM'000 | Translation Reserve RM'000 | Retained Profits RM'000 | Total RM'000 |
|---|-------------------------------------|-------------------------------------|---------------------------------------|---|--|-------------------------|
| Financial year ending 31 December 2003 | | | | | | |
| As at 31 December 2002 | 41,000 | 11,275 | 4,018 | 11 | 24,516 | 80,820 |
| Less: Audit Adjustments | - | - | - | 2 | (516) | (514) |
| | <u>41,000</u> | <u>11,275</u> | <u>4,018</u> | <u>13</u> | <u>24,000</u> | <u>80,306</u> |
| Add: Net profit for the period | - | - | - | - | 2,101 | 2,101 |
| Bonus Issue | 13,667 | (11,275) | - | - | (2,392) | - |
| Rights Issue | 6,833 | 3,735 | - | - | - | 10,568 |
| Currency translation difference | - | - | - | (16) | - | (16) |
| Balance as at 31 March 2003 | <u>61,500</u> | <u>3,735</u> | <u>4,018</u> | <u>(3)</u> | <u>23,709</u> | <u>92,959</u> |
| Financial year ended 31 December 2002 | | | | | | |
| As at 31 December 2001 | | | | | | |
| As previously reported | 40,000 | 9,125 | 4,018 | (140) | 13,082 | 66,085 |
| Less: Audit Adjustments | - | - | - | 2 | (347) | (345) |
| Add: Prior year adjustment - Proposed Dividend | - | - | - | - | 2,304 | 2,304 |
| | <u>40,000</u> | <u>9,125</u> | <u>4,018</u> | <u>(138)</u> | <u>15,039</u> | <u>68,044</u> |
| Add: Net profit for the period | - | - | - | - | 2,317 | 2,317 |
| Private placement exercise | - | - | - | - | - | - |
| Currency translation difference | - | - | - | 80 | - | 80 |
| Less: Dividend paid for the year ended 31 December 2001 | - | - | - | - | (2,304) | (2,304) |
| Balance as at 31 March 2002 | <u>40,000</u> | <u>9,125</u> | <u>4,018</u> | <u>(58)</u> | <u>15,052</u> | <u>68,137</u> |

(The condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual financial report for the year ended 31 December 2002)

PETRA PERDANA BERHAD (Company No. 372113 - A)
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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FINANCIAL PERIOD ENDED 31 MARCH 2003**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 31-Mar-03 RM'000 |
|--|-----------------------------|
| Cash flow from operating activities | |
| Profit before taxation | 2,947 |
| Adjustment for non-cash flow items: | |
| Depreciation and amortisation of property, plant & equipment | 1,276 |
| Interest expense | 218 |
| Interest income | (24) |
| Foreign currency translation difference | (15) |
| Written-off of property, plant and equipment | 5 |
| Operating profit before working capital changes | 4,407 |
| Increase in inventories | (5,599) |
| Increase in trade and other receivables | (1,153) |
| Decrease in amount due from customers | 5,084 |
| Decrease in trade and other payables | (195) |
| Net cash generated from operation | 2,544 |
| Taxation | (1,067) |
| Net cash flow generated from operating activities | 1,477 |
| Cash flow from investing activities | |
| Purchase of property, plant & equipment | (291) |
| Interest income received | 24 |
| Net cash used in investing activities | (267) |
| Cash flow from financing activities | |
| Issue of shares | 11,275 |
| Repayment of bank borrowings | (10,137) |
| Interest paid | (218) |
| Intangible assets incurred | (251) |
| Net cash generated from financing activities | 669 |
| Net change in cash & cash equivalents | 1,879 |
| Cash & cash equivalents at beginning of period | 8,768 |
| Cash & cash equivalents at end of period | 10,647 |
| Cash and cash equivalent | |
| Cash in hand and at bank | 9,504 |
| Fixed deposits with licensed bank | 3,314 |
| | 12,818 |
| Less: Fixed deposits pledged as security | (2,171) |
| | 10,647 |

Note: There are no comparative figures as this is the third interim financial report prepared in accordance with MASB 26 Interim Financial Reporting

(The condensed Consolidated Balance Sheets should be read in conjunction with the annual financial report for the year ended 31 December 2002)

PETRA PERDANA BERHAD (Company No: 372113-A)
(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

1. Accounting Policies

The interim financial statements have been prepared in accordance with MASB 26 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Kuala Lumpur Stock Exchange. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the annual financial statement for the year ended 31 December 2002.

2. Declaration of audit qualification

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

3. Seasonality or cyclical factors

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

4. Nature and amount of affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There are no unusual items for the current quarter and financial year to date.

5. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There are no changes in the estimates of amounts, which give a material effect in the current quarter and financial year to date.

6. Issuance, cancellation, repurchase, resale and repayment of debts and equity securities

There have been no issuance, cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter and financial year to date except for the following:

| Issued and paid-up ordinary shares of RM1.00 each | No. of Shares | RM |
|--|----------------------|-------------------|
| As at 1 January 2003 | 41,000,000 | 41,000,000 |
| New ordinary shares issued pursuant to Bonus Issue | 13,666,667 | 13,666,667 |
| New ordinary shares issued pursuant to Rights Issue | <u>6,833,333</u> | <u>6,833,333</u> |
| As at 31 March 2003 | <u>61,500,000</u> | <u>61,500,000</u> |

7. Dividend paid

No dividends were paid during the current financial quarter and year to date ended 31 March 2003.

PETRA PERDANA BERHAD (Company No: 372113-A)
(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

8. Segmental reporting

| Financial data by geographical area of the Group | Turnover RM'000 | Profit Before Taxation RM'000 | Assets Employed RM'000 |
|---|----------------------------|--|---------------------------------------|
| Malaysia | 58,932 | 2,950 | 132,850 |
| Singapore | 3,865 | (3) | 4,613 |
| | 62,797 | 2,947 | 137,463 |

9. Valuation of property, plant and equipment

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

10. Material event subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period reported that have not been reflected in the financial statements for the interim period.

11. Changes in Composition of Group

There were no changes in the composition of the Group for the current quarter and financial year to date.

12. Changes in the contingent liabilities

As at 31 March 2003, the Company has given corporate guarantees amounting to approximately RM96.6 million to licensed banks and finance companies for facilities granted to subsidiary companies. Hence, the Company is contingently liable for the amount utilized approximately of RM3.97 million as at the said date.

13. Significant related party transactions

Significant related party transactions entered into with substantial shareholders companies are:

| | Quarter ended 31 Mar 03 RM'000 | Quarter ended 31 Mar 02 RM'000 |
|--|---|---|
| Rental paid to KNS Property Sdn Bhd | 92 | 92 |
| Sub-contract fee to Damai Teknik Sdn Bhd | 298 | 173 |

The transactions are entered in the normal course of business and are based on terms mutually agreed upon between the parties concerned.

PETRA PERDANA BERHAD (Company No: 372113-A)
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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

14. Taxation

The provisions of taxation for the current quarter and financial year to date under review are as follows:

| | Quarter ended 31 Mar 03 RM'000 | Financial year to date 31 Mar 03 RM'000 |
|------------------|---|--|
| Current Taxation | 846 | 846 |

The effective tax rate for the current quarter/current year to-date is 28.7%, which were slightly higher than the statutory tax rate of 28%. The higher effective tax rate was mainly due to certain expenses are not deductible for tax purposes.

15 Profit on sale of unquoted Investment and properties

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

16 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial year to date and the Group did not hold any quoted securities as at the end of current quarter and financial year to date.

17 Corporate proposals

(a) There is no corporate proposal that had been announced but not completed as at 23 May 2003.

(b) The status of the extension of time for the balance of unutilized proceeds of RM 1.924 million arising from the initial public offering (IPO) announced on the 1st quarter results on 30th May 2002 (ref no: PP-020514-47439) are illustrated as follows:

| | Revised time frame for 12 months to 20.04.03 RM'000 | Amount Utilised as at 20.4.03 RM'000 | Balance Unutilised as at 20.4.03 RM'000 | Reallocation to Working Capital 28.4.03 RM'000 |
|---|--|---|--|---|
| 1. Setting up of a factory and an office for the Fabrication Division | 1,483 | 1,249 | 234 | 234 |
| 2. Upgrading of research and development capabilities and quality assurance system. | 441 | - | 441 | 441 |
| • Quality System & Training | | | | |
| Total | 1,924 | 1,249 | 675 | 675 |

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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

On 28 April 2003, the board of directors has decided to re-deploy the unutilized balance of RM0.675 million previously allocated for the acquisition for plant and machinery and the preparation for ISO 9002 Certification under the Fabrication Division to its working capital. This will improve the liquidity and cash flow position of the Fabrication Division to finance the day-to-day operational needs instead of relying on bank borrowings.

18. Borrowings and debt securities

Total Group's borrowings as at 31 March 2003 were as follows:

| Secured borrowings | RM'000 |
|---------------------------|---------------|
| Short term | 1,542 |
| Long term | 2,424 |
| Total | <u>3,966</u> |

The above borrowings are denominated in Ringgit Malaysia.

19. Financial instruments with off balance sheet risk

The Group does not have any financial instruments with off-balance sheet risk as of 23 May 2003.

20. Material litigation

The Group is not engaged in any material litigation as of 23 May 2003.

21. Comparison with immediate preceding quarter

The Group reported a lower turnover by RM6.6 million or 9.5% to RM62.8 million in the current quarter as compared to RM69.4 million in the preceding quarter ended 31 December 2002. Despite the decrease in turnover, the profits before taxation for the current quarter have improved by RM0.7 million from RM2.25 million registered in the preceding quarter ended 31 December 2002 to RM2.95 million in the first quarter ended 31 March 2003.

The increased in profit before taxation as compared to the immediate preceding quarter was mainly attributed to the factors taken place in the previous quarter ended 31 December 2002:

- a) Sales mix composition for the previous quarter ended 31 December 2002 was substantially contributed by the lower profit margin making division, i.e. trading division, which is traditionally generating high in value but low in profit.
- b) Increased in administrative expenses for the provision of annual bonus in the month of December 2002 for the previous financial year ended 31 December 2002.

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003**

22. Review of performance

The Group turnover in the current quarter of RM62.8 million is higher than the 1st quarter ended 31 March 2002 by RM7.2 million or 13%. Despite the increase in turnover, the profits before taxation of RM2.95 million for the current quarter have reduced by RM0.42 million from RM3.37 million recorded in the 1st quarter ended 31 March 2002. The decreased in profit before taxation was mainly attributed by the increased in operating expenditure for future development into new business expansion.

23. Prospects

The Malaysian oil and gas industry is expected to remain very vibrant due to the relatively large oil and gas reserves in Malaysia which is ranked as having the world's 25th largest crude oil and 14th largest gas reserves and the effect of Petronas in enhancing productivity and efficiency of existing facility.

The Group has been involved in the provision of integrated engineering and maintenance services which is in line with the objectives of the CORAL (COst Reduction ALliance) initiatives and with the opportunity to participate in new facilities, the prospect of the Group is bright.

24. Profit forecast or guarantee

Not applicable

25. Dividends

There is no dividend proposed in respect of the current quarter ended 31 March 2003.

26. Earning per share

| Weighted Average | Quarter ended RM'000 | Financial Year to date RM'000 |
|---|-------------------------------------|--|
| Net profit attributable to ordinary shareholders | 2,101 | 2,101 |
| Number of ordinary shares in issue at the beginning of the year | 41,000 | 41,000 |
| Effect of the issuance pursuant to Bonus Issue | 12,300 | 12,300 |
| Effect of the issuance pursuant to Rights Issue | 5,922 | 5,922 |
| Weighted average number of ordinary shares in issue | 59,222 | 59,222 |
| Basic earning per ordinary share (sen) | 3.55 | 3.55 |

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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2003

| Fully diluted | Quarter ended RM'000 | Financial Year to date RM'000 |
|---|-------------------------------------|--|
| Net profit attributable to ordinary shareholders | 2,101 | 2,101 |
| Number of ordinary shares in issue at the beginning of the year | 41,000 | 41,000 |
| Effect of the issuance pursuant to Bonus Issue | 13,667 | 13,667 |
| Effect of the issuance pursuant to Rights Issue | 6,833 | 6,833 |
| Enlarged shares capital | 61,500 | 61,500 |
| Fully diluted per ordinary share (sen) | 3.42 | 3.42 |