

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

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2004**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 31-Mar-04 RM'000	Corresponding Quarter Ended 31-Mar-03 RM'000	Current Year-to-date Ended 31-Mar-04 RM'000	Corresponding Year-to-date Ended 31-Mar-03 RM'000
Revenue	39,812	62,797	39,812	62,797
Operating expenses	(38,335)	(59,696)	(38,335)	(59,696)
Other operating income	499	64	499	64
Profit from operation	1,976	3,165	1,976	3,165
Finance costs	(302)	(218)	(302)	(218)
Profit before taxation	1,674	2,947	1,674	2,947
Taxation	(564)	(846)	(564)	(846)
Profit after taxation	1,110	2,101	1,110	2,101
Pre-acquisition profit/(loss)	-	-	-	-
Profit attributable to shareholders	1,110	2,101	1,110	2,101
Earning per share (sen) - Note				
a) Basic (based on weighted average)	1.80	3.55	1.80	3.55
b) Fully diluted	NA	3.42	NA	3.42

**(The condensed Consolidated Income Statements should be read in conjunction with the annual
financial report for the year ended 31 December 2003)**

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CONDENSED CONSOLIDATED BALANCE SHEET

	Current Year 31-Mar-04 RM'000	Preceding FYE 31-Dec-03 RM'000
Property, plant and equipment	16,322	20,472
Intangible Assets	136	-
Other investment	6,000	-
Current assets		
Inventories	24,801	23,158
Trade receivables	45,627	33,149
Amount due from customers	909	372
Other receivables	14,033	6,374
Fixed deposits with licensed bank	9,230	26,217
Cash and bank balances	16,207	16,929
	110,807	106,199
Current liabilities		
Trade payables	23,361	15,305
Other payables	3,415	4,595
Borrowings	970	1,018
Provision for dividend	-	-
Provision for taxation	2,466	2,746
	30,212	23,664
Net current assets	80,595	82,535
	103,053	103,007
Financed by :-		
Capital and reserves		
Share capital	61,500	61,500
Reserves	38,736	38,130
	100,236	99,630
Long term borrowings	2,027	2,251
Deferred taxation	790	1,126
	103,053	103,007
Net tangible assets per share (RM)	1.63	1.62

**(The condensed Consolidated Balance Sheet should be read in conjunction with the annual
financial report for the year ended 31 December 2003)**

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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 period ended 31 March 2004						
As at 31 December 2003	61,500	3,735	4,018	55	30,322	99,630
Add / (Less): Audit Adjustments	-	-	-	(2)	(528)	(530)
	<u>61,500</u>	<u>3,735</u>	<u>4,018</u>	<u>53</u>	<u>29,794</u>	<u>99,100</u>
Add / (Less): Net profit for the period	-	-	-	-	1,110	1,110
Currency translation difference	-	-	-	26	-	26
Balance as at 31 March 2004	<u>61,500</u>	<u>3,735</u>	<u>4,018</u>	<u>79</u>	<u>30,904</u>	<u>100,236</u>
Financial year ended 31 December 2003						
As at 31 December 2002	41,000	11,275	4,018	11	24,516	80,820
Add / (Less): Audit Adjustments	-	-	-	2	(515)	(513)
	<u>41,000</u>	<u>11,275</u>	<u>4,018</u>	<u>13</u>	<u>24,001</u>	<u>80,307</u>
Add / (Less): Net profit for the period	-	-	-	-	11,016	11,016
Bonus Issue	13,667	(11,275)	-	-	(2,392)	-
Rights Issue	6,833	3,735	-	-	-	10,568
Currency translation difference	-	-	-	42	-	42
Less: Dividend for the year ended 31 December 2002	-	-	-	-	(2,303)	(2,303)
Balance as at 31 December 2003	<u>61,500</u>	<u>3,735</u>	<u>4,018</u>	<u>55</u>	<u>30,322</u>	<u>99,630</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 2003)

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	31-Mar-04	31-Dec-03
	RM'000	RM'000
Cash flow from operating activities		
Profit before taxation	1,674	14,888
Adjustment for non-cash flow items:		
Depreciation and amortisation of property, plant & equipment	1,118	4,898
Interest expense	302	815
Interest income	(67)	(252)
Foreign currency translation difference	23	38
Gain on disposal of property, plant and equipment	(436)	(42)
Written off of property, plant & equipment	-	29
Operating profit before working capital changes	<u>2,614</u>	<u>20,374</u>
Decrease in inventories	(3,205)	9,079
Decrease/(Increase) in trade and other receivables	(19,183)	20,766
Decrease in amount due from customers	385	7,202
(Decrease)/Increase in trade and other payables	6,992	(16,672)
Decrease in amount due to customers	(1,216)	74
Net cash generated from operation	<u>(13,613)</u>	<u>40,823</u>
Taxation	<u>(1,031)</u>	<u>(5,184)</u>
Net cash generated from operating activities	<u>(14,644)</u>	<u>35,639</u>
Cash flow from investing activities		
Purchase of property, plant & equipment	(76)	(751)
Proceeds from disposal of property, plant & equipment	3,559	76
Interest income received	67	252
Investment in unit trust	(6,000)	-
Withdrawal of fixed deposits (with security)	(62)	842
Net cash generated from/(used in) investing activities	<u>(2,512)</u>	<u>419</u>
Cash flow from financing activities		
Issue of shares	-	11,275
Share issue expenses	-	(251)
Proceeds from bank borrowings	-	-
Repayment of bank borrowings	(271)	(10,833)
Interest paid	(302)	(815)
Intangible assets incurred	(44)	(92)
Dividend paid	-	(2,293)
Net cash (used in)/generated from financing activities	<u>(617)</u>	<u>(3,009)</u>
Net change in cash & cash equivalents	(17,773)	33,049
Cash & cash equivalents at beginning of year	41,818	8,769
Cash & cash equivalents at end of year	<u>24,045</u>	<u>41,818</u>
Cash and cash equivalent		
Cash in hand and at bank	16,207	26,217
Fixed deposits with licensed bank	9,230	16,929
	<u>25,437</u>	<u>43,146</u>
Less: Fixed deposits pledged as security	<u>(1,392)</u>	<u>(1,328)</u>
	<u>24,045</u>	<u>41,818</u>

**(The condensed Consolidated Cash Flow Statement should be read in conjunction
with the annual financial report for the year ended 31 December 2003)**

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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 2003.

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 items 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 period 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 period 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 period to date.

7. Dividend paid

No dividend was paid during the current quarter and financial period to date.

8. Segmental reporting

Financial data by geographical area of the Group	Turnover RM'000	Profit Before Taxation RM'000
Malaysia	38,776	1,673
Singapore	1,036	1
	<u>39,812</u>	<u>1,674</u>

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9. Valuation of property, plant and equipment

There is no valuation of property, plant and equipment during the current quarter and financial period 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 other than as stated below which have not been reflected in the financial statements.

- a. As disclosed in note 17.
- b. On 18 March 2004, the subsidiary of the Company, Petra Resources Sdn Bhd has entered into Memorandum of Agreement with Bourbon Ships AS, to purchase a vessel by the name of Bourbon Champion (1984 built with a NIS Registry in Fosnavag with official IMO number: 8215912) for a total cash consideration of US\$3.675 million.
- c. On 31 March 2004, the subsidiary of the Company, Petra Resources Sdn Bhd has entered into Memorandum of Agreement with Trinity Offshore Inc, to purchase a vessel by the name of MV Sea Panther (1975 built with a DNV Registry in Belize, registration number: 130320618) for a total cash consideration of US\$2.5 million.

11. Changes in Composition of Group

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

12. Changes in the contingent liabilities

As at 31 March 2004, the Company has given corporate guarantees amounting to approximately RM129 million to licensed banks and finance companies for facilities granted to subsidiary companies. Hence, the Company is contingently liable for the amount utilized of approximately RM3 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 March 04 RM'000	Quarter ended 31 March 03 RM'000
Rental paid to KNS Property Sdn Bhd	92	92
Sub-contract fee to Damai Teknik Sdn Bhd	315	298

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

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14. Taxation

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

	Quarter ended 31 March 04 RM'000	Financial period to date 31 March 04 RM'000
Current Taxation	564	564

The effective tax rate for the current quarter and current period to-date is 33.6% respectively, which were higher than the statutory tax rate of 28%. The higher effective tax rate was mainly due to certain expenses which are not deductible for tax purposes and the non-availability of group relief for losses incurred by certain subsidiary companies.

15. Profit on sale of unquoted investment and properties

The subsidiary company of PPB, namely Petra Resources Sdn Bhd has entered into a sale and purchase agreement on 22 September 2002 to dispose off two pieces of vacant lands located at Shah Alam to Majestic Oxygen Industry Sdn Bhd for a total cash consideration of RM3,459,360. The proceeds from the disposal was received in March 2004, resulting in a gain on the disposal of assets of approximately RM451,107, exempted from Real Property Gain Tax according to Real Property Gain Tax (Exemption) (No.2) Order 2003.

Other than the above, there were no purchase or disposal of unquoted investment and properties for the current quarter and financial period to date.

16. Purchase or disposal of quoted securities

The subsidiary company of PPB, namely Petra Resources Sdn Bhd has entered into a unit trust fund investment with SBB Mutual Berhad on 14 January 2004 amounting to RM6 million at a price of RM1.1947 per unit. (As at 13 May 2004 : Buying price – RM1.0831 per unit, Selling price – RM1.1535 per unit).

Other than the above, there were no purchases or disposals of quoted securities for the current quarter and financial period to date and the Group did not hold any quoted securities as at the end of current quarter and financial period to date.

17. Corporate proposals

The corporate proposals announced but not completed as at 20 May 2004 are as follows:

- a. Proposed a Private Placement of 6,150,000 new ordinary shares of RM1.00 each in Petra Perdana Berhad (“PBB”) (“Shares”) at an issue price of RM7.65 per Share on 24 September 2003.

On 14 April 2004, the Company announced that the price-fixing methodology of the issue price will be based on a discount of up to 15% from the five (5) days weighted average

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market price of ordinary shares of RM1.00 each instead of RM7.65 per Share as proposed and approved by the Securities Commission (“SC”). On 6 May 2004, the issue price has been fixed at RM4.88 per Share. The Private Placement Shares was allotted on 18 May 2004.

- b. Proposed Share Split whereby every existing one (1) PPB Share will be sub-divided into two (2) ordinary shares of RM0.50 each in PPB (“Proposed Share Split”) which was announced on 24 September 2003.

On 20 April 2004, the Company sought the SC’s indulgence to grant the Company an extension of time until 30 June 2004 to fully implement the Proposed Share Split. The SC had on 7 May 2004 approved the Company’s application for the extension of time until 30 June 2004 for the completion of the Proposed Share Split.

- c. Proposed Acquisition of 7,500,000 ordinary shares of RM1.00 each in Intra Oil Services Berhad (“IOS”) representing 100% of the Issued and Paid-up share capital of IOS for a cash consideration of RM57,000,000 or RM7.60 per sale share. The proposal has been approved by Foreign Investment Committee on 28 April 2004 and pending shareholders’ approval.

18. Borrowings and debt securities

Total Group’s borrowings as at 31 March 2004 were as follows:

Secured borrowings	RM’000
Short term	970
Long term	2,027
Total	<u>2,997</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 21 May 2004.

20. Material litigation

The Group is not engaged in any material litigation as of 21 May 2004 except for one of the wholly owned subsidiaries of PPB which has received a Writ Saman and Statement of Claim for payment of a sum of RM610,396.00 on 24 September 2003 from Best Wide Matrix Sdn Bhd. The Writ Saman and Statement of Claim was served on the Company’s solicitors Messrs. Kamarudin & Partners on 10 October 2003 who notified the Company on 14 October 2003.

The Company has instructed Messrs. Kamarudin & Partners to take the necessary action to defend the suit and to counter-claim for approximately RM2 million for sums due and owing to the Company from Best Wide Matrix Sdn Bhd. As at todate, the counter claim by the Company against Best Wide Matrix Sdn Bhd is still on-going.

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21. Comparison with immediate preceding quarter

The turnover for the current quarter had registered an increase in turnover of approximately 0.3% as compared to the immediate preceding quarter. The profit before tax for the quarter was RM1.7 million (last quarter: RM5.3 million) which represents a reduction by 68%. The expected significant reduction in profit was primarily due to the scheduled completion of a major maintenance contract last year.

22. Review of performance

The Group achieved a sales turnover of RM39.8 million during the current quarter which represents a decrease of 37% whilst the profit before tax of RM1.7 million is a reduction of 43%.

The significant reduction in turnover and profitability for the current quarter is due to the completion of a major maintenance contract in the first quarter last year whilst the new work orders from the extension in the scope of this major contract has been delayed.

23. Prospects

The prospect of the oil and gas industry in Malaysia is anticipated to be very active in the foreseeable future with the recent new discovery of oil reserves whilst the hike of the oil prices will boost additional expenditure on maintenance and production enhancement of existing facilities.

In line with this anticipation, the Group has recently increased the fleet size of its marine services by the acquisition of additional vessels to cater for the anticipated increase in the demand for marine services. The new venture in these services through the recent acquisition of Intra Oil and additional vessels will bring about significant contribution to the profitability of the Group and enhances the width and the depth of current services provided by the Group in line with the vision of providing fully integrated services for the oil and gas industry.

24. Profit forecast or guarantee

Not applicable

25. Dividends

There is no dividend proposed in respect of the current quarter ended 31 March 2004.

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26. Earning per share

Weighted Average	Quarter ended RM'000	Financial Period to date RM'000
Net profit attributable to ordinary shareholders	1,110	1,110
Number of ordinary shares in issue at the beginning of the period	61,500	61,500
Effect of the issuance pursuant to Private Placement	-	-
Weighted average number of ordinary shares in issue	61,500	61,500
Basic earning per ordinary share (sen)	1.80	1.80
Fully diluted per ordinary share (sen)	NA	NA