

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

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2004**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30-Jun-04 RM'000	Corresponding Quarter Ended 30-Jun-03 RM'000	Current Year-to-date Ended 30-Jun-04 RM'000	Corresponding Year-to-date Ended 30-Jun-03 RM'000
Revenue	38,916	55,614	78,728	118,411
Operating expenses	(35,024)	(51,038)	(73,359)	(110,734)
Other operating income	115	115	614	179
Profit from operation	4,007	4,691	5,983	7,856
Finance costs	(171)	(214)	(473)	(432)
Profit before taxation	3,836	4,477	5,510	7,424
Taxation	(1,355)	(1,272)	(1,919)	(2,118)
Profit after taxation	2,481	3,205	3,591	5,306
Pre-acquisition profit/(loss)	-	-	-	-
Minority interest	9	-	9	-
Profit attributable to shareholders	2,490	3,205	3,600	5,306
Earning per share of RM1.00 each (sen)				
a) Basic (based on weighted average)	3.84	5.21	5.70	8.79
b) Fully diluted	3.68	NA	5.32	8.63

**(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 30-Jun-04 RM'000	Preceding FYE 31-Dec-03 RM'000
Property, plant and equipment	39,796	20,487
Intangible Assets	186	92
Other investment	4,459	-
Current assets		
Inventories	26,645	21,595
Trade receivables	56,437	33,217
Amount due from customers	-	1,294
Other receivables	13,887	7,260
Fixed deposits with licensed bank	9,743	26,217
Cash and bank balances	69,379	16,996
	176,091	106,579
Current liabilities		
Trade payables	25,342	15,563
Amount due to customers	954	1,216
Other payables	4,378	4,222
Borrowings	51,804	1,067
Provision for dividend	2,214	-
Provision for taxation	2,757	2,934
	87,449	25,002
Net current assets	88,642	81,577
	133,083	102,156
Financed by :-		
Capital and reserves		
Share capital	67,650	61,500
Reserves	62,839	37,600
	130,489	99,100
Long term borrowings	1,804	2,266
Deferred taxation	790	790
	133,083	102,156
Net tangible assets per share of RM1.00 each (RM)	1.93	1.61

**(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 CASH FLOW STATEMENT

	30-Jun-04	31-Dec-03
	RM'000	RM'000
Cash flow from operating activities		
Profit before taxation	5,510	14,888
Adjustment for non-cash flow items:		
Depreciation and amortisation of property, plant & equipment	2,211	4,898
Loss on disposal of investment	672	-
Gain on disposal of property, plant and equipment	(435)	(42)
Foreign currency translation difference	(9)	38
Interest expense	473	815
Interest income	(142)	(252)
Written off of property, plant & equipment	-	29
Operating profit before working capital changes	<u>8,280</u>	<u>20,374</u>
(Increase)/Decrease in inventories	(5,050)	9,079
(Increase)/Decrease in trade and other receivables	(29,847)	20,766
Decrease in amount due from customers	1,294	7,202
Increase/(Decrease) in trade and other payables	9,935	(16,672)
(Decrease)/Increase in amount due to customers	(262)	74
Net cash generated from operation	<u>(15,650)</u>	<u>40,823</u>
Taxation	<u>(2,095)</u>	<u>(5,184)</u>
Net cash (used in)/generated from operating activities	<u>(17,745)</u>	<u>35,639</u>
Cash flow from investing activities		
Purchase of property, plant & equipment	(24,645)	(751)
Purchase of investment	(10,459)	-
Proceeds from bank borrowings	50,868	-
Proceeds from disposal of property, plant & equipment	3,560	76
Proceeds from disposal of investment	5,328	-
Interest income received	142	252
(Placement)/Withdrawal of fixed deposits (with security)	(95)	842
Net cash (used in)/generated from investing activities	<u>24,699</u>	<u>419</u>
Cash flow from financing activities		
Proceeds from issuance of shares	30,012	11,275
Proceeds from issuance of shares to Minority Shareholders	9	-
Share issue expenses	-	(251)
Repayment of bank borrowings	(528)	(10,833)
Interest paid	(473)	(815)
Intangible assets incurred	(94)	(92)
Dividend paid	-	(2,293)
Net cash generated from/(used in) financing activities	<u>28,926</u>	<u>(3,009)</u>
Net change in cash & cash equivalents	35,880	33,049
Cash & cash equivalents at beginning of year	<u>41,818</u>	<u>8,769</u>
Cash & cash equivalents at end of year	<u><u>77,698</u></u>	<u><u>41,818</u></u>
Cash and cash equivalent		
Cash in hand and at bank	69,379	16,929
Fixed deposits with licensed bank	<u>9,743</u>	<u>26,217</u>
	79,122	43,146
Less: Fixed deposits pledged as security	<u>(1,424)</u>	<u>(1,328)</u>
	<u><u>77,698</u></u>	<u><u>41,818</u></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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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 30 June 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	-	-	-	-	3,600	3,600
Private placement	6,150	23,862	-	-	-	30,012
Currency translation difference	-	-	-	(9)	-	(9)
Dividend for the year ended 31 December 2003	-	-	-	-	(2,214)	(2,214)
	<u>67,650</u>	<u>27,597</u>	<u>4,018</u>	<u>44</u>	<u>31,180</u>	<u>130,489</u>
Balance as at 30 June 2004						
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
Dividend for the year ended 31 December 2002	-	-	-	-	(2,303)	(2,303)
	<u>61,500</u>	<u>3,735</u>	<u>4,018</u>	<u>55</u>	<u>30,322</u>	<u>99,630</u>
Balance as at 31 December 2003						

(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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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 Bursa Malaysia. 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 year to date except for the following which was completed on 12 May 2004 and granted for listing on 27 May 2004.

Issued and paid-up ordinary shares of RM1.00 each	No. of Shares	RM
As at 1 January 2004	61,500,000	61,500,000
New ordinary shares issued pursuant to Private Placement	6,150,000	6,150,000
As at 30 June 2004	<u>67,650,000</u>	<u>67,650,000</u>

7. Dividend paid

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

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8. Segmental reporting	Financial period to-date 30 June 2004	
Financial data by geographical area of the Group	Turnover RM'000	Profit Before Taxation RM'000
Malaysia	74,685	5,789
Singapore	1,890	141
British Virgin Islands	2,153	(420)
	<u>78,728</u>	<u>5,510</u>

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. The 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 has been completed on 1 July 2004.
- b. The subdivision of the Company's ordinary shares from 67,650,000 of RM1.00 each into 135,000,000 of RM0.50 each was allotted on 14 July 2004. The entire issued and paid-up share capital of RM67,650,000 comprising 135,300,000 ordinary shares of RM0.50 each has been granted listing and quotation on 20 July 2004.
- c. On 15 June 2004, the Company has entered into a Memorandum of Agreement to acquire a vessel from Dimas Navigation Company Limited by the name of Odin Explorer for a total cash consideration of USD4,250,000. The acquisition was completed on 28 July 2004.
- d. As disclosed in note 17.

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 except for the following:

- a. On 26 May 2004, Geoseas Technologies Limited ("GTL") has been incorporated in the British Virgin Islands for the purposes of the tri-partite Joint-Venture Agreement with Geosea Holding Ltd ("Seabird") and Continuity Solutions Pte Ltd ("CSPL"). GTL has an issued and paid-up share capital of 5,000 ordinary share of USD1.00 each. The shareholdings of PPB, Seabird and CSPL in GTL are 51%, 30% and 19% respectively.

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- b. On 9 June 2004, Odin Explorer Navigation Limited (“OENL”) has been incorporated in British Virgin Islands as a wholly owned subsidiary of PPB. OENL has an issued and paid-up share capital of 1,000 ordinary shares of USD1.00 each. The rationale for the incorporation of OENL is to own and carry out the business of chartering of seismic vessels on a bareboat or time charter basis.

12. Changes in the contingent liabilities

As at 30 June 2004, the Company has given corporate guarantees amounting to approximately RM129.1 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 RM53.6 million as at the said date.

13. Significant related party transactions

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

	Quarter ended 30 June 04 RM'000	Quarter ended 30 June 03 RM'000
Rental paid to KNS Property Sdn Bhd	92	92
Sub-contract fee to Damai Teknik Sdn Bhd	273	476

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

14. Taxation

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

	Quarter ended 30 June 04 RM'000	Financial period to date 30 June 04 RM'000
Current Taxation	1,355	1,919

The effective tax rate for the current quarter and current period to-date is 35.3% and 34.8% 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.

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15. Profit on sale of unquoted investment and properties

There were no purchase or disposal of unquoted investment and properties for the current quarter and financial period to date except for the following:

The subsidiary company of PPB, namely Petra Resources Sdn Bhd has disposed off two pieces of vacant lands 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.

16. Purchase or disposal of quoted securities

The subsidiary company of PPB, namely Petra Resources Sdn Bhd has entered into the following transactions:

Type of Investment	Date	Unit price (RM)	Amount (RM)
<i>a) SBB Dana Al-Ihsan 2</i>			
Purchase cost	14 January 2004	1.1947	6,000,000.00
Disposal price	27 May 2004	1.0608	<u>5,327,529.92</u>
Loss on disposal			<u>(672,470.08)</u>
 <i>b) SBB Dana Al-Mizan</i>			
Purchase cost	27 May 2004	0.4909	5,327,529.92
Gross Distribution	27 May 2004	8%	<u>(868,206.14)</u>
Book Value			<u>4,459,323.78</u>
Market Value	23 August 2004	0.4047	<u><u>4,392,037.81</u></u>

As at 23 August 2004, the SBB Dana Al-Mizan has recorded a selling price of RM0.4310 per unit and a buying price of RM0.4047 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.

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17. Corporate proposals

The corporate proposals announced but not completed as at 24 August 2004 are as follows:

On 5 August 2004, the Company has entered into the two conditional share sale agreements to acquire 70% equity interest of the following companies:

- a. Ampangship Marine Sdn Bhd - 350,000 ordinary shares of RM1.00 each for a cash consideration of USD9.45 million; and
- b. Pelangi Mitra Offshore Pte Ltd - 175,000 ordinary shares of SGD1.00 each for a cash consideration of USD3.22 million.

18. Borrowings and debt securities

Total Group's borrowings as at 30 June 2004 were as follows:

Secured borrowings	RM'000
Short term	51,804
Long term	1,804
Total	<u>53,608</u>

Included in the short term borrowings is an amount of RM50.7 million which is denominated in US Dollar.

19. Financial instruments with off balance sheet risk

The Group does not have any financial instruments with off-balance sheet risk as of 24 August 2004.

20. Material litigation

The Group does not engaged in any material litigation as of 24 August 2004 except for one of the wholly owned subsidiaries of PPB which has received Writ Summons and Statement of Claims for a total sum of RM1,819,520 from Best Wide Matrix Sdn Bhd, for goods and services rendered.

The company has filed a Defence and Counter-claim of a sum approximately RM2 million being the rectification cost incurred against Best Wide Matrix Sdn Bhd. As at to-date, the claims and counter-claims are still on-going.

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21. Comparison with immediate preceding quarter

The turnover for the current quarter had registered a slight decrease in turnover of approximately 2.3% as compared to the immediate preceding quarter. However, the profit before tax for the quarter has doubled to RM3.8 million (last quarter: RM1.7 million). This was primarily due to the contribution of sales mix from the various divisions which generated higher margin as compared to the previous quarter sales mix.

22. Review of performance

The turnover for the quarter shrunk considerably when compared to the 2nd quarter ended 30 June 2003 by 30.0%. Similarly, the profit before tax for the quarter also performed softer in comparison to the same quarter last year by RM0.6 million. The main contributing factor is due to the completion of major contracts secured in 2002. However, the Group foresees that the situation would improve when the new job orders from the extension of the major contracts are implemented in the coming quarters.

23. Prospects

With the completion of the acquisition of Intra Oil Services Berhad, the acquisition of additional vessels of various uses and the joint-venture with Geosea Holding Ltd and Continuity Solutions Pte Ltd, the Group has ventured further upstream to provide a comprehensive range of integrated services to the Malaysian as well as the regional oil and gas industry.

This strategic expansion augurs well for the prospect of the Group due to the continual hike in the oil prices in the near future which will spur a hives of activities in the oil and gas industry not only in Malaysia but throughout the world.

The results for the coming quarters are expected to improve significantly when the results of the recent completed acquisitions are taken into account.

24. Profit forecast or guarantee

Not applicable

25. Dividends

There is no dividend proposed in respect of the current quarter ended 30 June 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	2,490	3,600
Number of ordinary shares in issue at the beginning of the period	61,500	61,500
Effect of the issuance pursuant to Private Placement	3,342	1,690
Weighted average number of ordinary shares in issue	64,842	63,190
Basic earning per ordinary share of RM1.00 each (sen)	3.84	5.70
	Quarter ended RM'000	Financial Period to date RM'000
Net profit attributable to ordinary shareholders	2,490	3,600
Number of ordinary shares in issue at the beginning of the period	61,500	61,500
Effect of the issuance pursuant to Private Placement	6,150	6,150
Weighted average number of ordinary shares in issue	67,650	67,650
Fully diluted per ordinary share of RM1.00 each (sen)	3.68	5.32