

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

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

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30-Sep-04 RM'000	Corresponding Quarter Ended 30-Sep-03 RM'000	Current Year-to-date Ended 30-Sep-04 RM'000	Corresponding Year-to-date Ended 30-Sep-03 RM'000
Revenue	71,823	45,207	150,551	163,618
Operating expenses	(64,936)	(42,462)	(138,295)	(153,196)
Other operating income	600	290	1,214	469
Profit from operation	7,487	3,035	13,470	10,891
Finance costs	(1,161)	(172)	(1,634)	(604)
Profit before taxation	6,326	2,863	11,836	10,287
Taxation	(2,073)	(869)	(3,992)	(2,987)
Profit after taxation	4,253	1,994	7,844	7,300
Pre-acquisition profit (net of taxation)	(99)	-	(99)	-
Minority interest	-	-	9	-
Profit attributable to shareholders	4,154	1,994	7,754	7,300
Earning per share of RM0.50 each (sen)				
a) Basic (based on weighted average)	3.07	*1.62	5.99	*6.01
b) Fully diluted	3.07	NA	5.73	*5.93

* Comparatives figures are restated based on par value of RM0.50 each.

**(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-Sep-04 RM'000	Preceding FYE 31-Dec-03 RM'000
Property, plant and equipment	83,312	20,487
Intangible Assets	20,334	92
Other investment	4,459	-
Current assets		
Inventories	30,698	21,595
Trade receivables	72,286	33,217
Amount due from customers	805	1,294
Other receivables	35,229	7,260
Fixed deposits with licensed bank	5,819	26,217
Cash and bank balances	17,703	16,996
	162,540	106,579
Current liabilities		
Trade payables	31,292	15,563
Amount due to customers	1,184	1,216
Other payables	9,362	4,222
Borrowings	88,331	1,067
Provision for taxation	759	2,934
	130,928	25,002
Net current assets	31,612	81,577
	139,717	102,156
Financed by :-		
Capital and reserves		
Share capital	67,650	61,500
Reserves	66,672	37,600
	134,322	99,100
Long term borrowings	1,581	2,266
Deferred taxation	3,814	790
	139,717	102,156
Net tangible assets per share of RM0.50 each (RM)	0.84	*0.80

* Comparatives figures are restated based on par value of RM0.50 each.

**(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-Sep-04	30-Sep-03
	RM'000	RM'000
Cash flow from operating activities		
Profit before taxation	11,836	10,287
Less: Pre-acquisition profit (before taxation)	(1,299)	-
	<u>10,537</u>	<u>10,287</u>
Adjustment for non-cash flow items:		
Depreciation and amortisation of property, plant & equipment	5,157	3,723
Loss on disposal of investment	672	-
Gain on disposal of property, plant and equipment	(436)	(20)
Foreign currency translation difference	10	(16)
Interest expense	1,634	604
Interest income	(236)	(178)
	<u>17,338</u>	<u>14,400</u>
Operating profit before working capital changes		
(Increase)/Decrease in inventories	(8,531)	5,430
(Increase)/Decrease in trade and other receivables	(56,150)	19,100
Decrease in amount due from customers	489	6,302
Increase/(Decrease) in trade and other payables	14,371	(16,378)
(Decrease)/Increase in amount due to customers	(32)	-
	<u>(32,515)</u>	<u>28,854</u>
Net cash (used in)/generated from operation		
Taxation	(4,922)	(4,146)
Net cash (used in)/generated from operating activities	<u>(37,437)</u>	<u>24,708</u>
Cash flow from investing activities		
Acquisition of subsidiaries, net of cash acquired	(47,073)	-
Purchase of property, plant & equipment	(45,904)	(676)
Purchase of investment	(10,459)	-
Proceeds from disposal of property, plant & equipment	3,560	68
Proceeds from disposal of investment	5,328	-
Interest income received	236	178
(Placement)/Withdrawal of fixed deposits (with security)	(83)	674
Net cash (used in)/generated from investing activities	<u>(94,395)</u>	<u>244</u>
Cash flow from financing activities		
Proceeds from issuance of shares	30,012	11,731
Proceeds from issuance of shares to Minority Shareholders	9	-
Proceeds from bank borrowings	87,417	-
Repayment of bank borrowings	(772)	(10,737)
Interest paid	(1,634)	(604)
Intangible assets incurred	(694)	(707)
Dividend paid	(2,214)	(2,290)
Net cash generated from/(used in) financing activities	<u>112,124</u>	<u>(2,607)</u>
Net change in cash & cash equivalents	(19,708)	22,345
Cash & cash equivalents at beginning of period	41,818	8,768
Cash & cash equivalents at end of period	<u>22,110</u>	<u>31,113</u>
Cash and cash equivalent		
Cash in hand and at bank	17,703	20,407
Fixed deposits with licensed bank	5,819	12,203
	<u>23,522</u>	<u>32,610</u>
Less: Fixed deposits pledged as security	(1,412)	(1,497)
	<u>22,110</u>	<u>31,113</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 September 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	-	-	-	-	7,754	7,754
Private placement	6,150	23,862	-	-	-	30,012
Share issue cost	-	(343)	-	-	-	(343)
Currency translation difference	-	-	-	13	-	13
Dividend for the year ended 31 December 2003	-	-	-	-	(2,214)	(2,214)
Balance as at 30 September 2004	<u>67,650</u>	<u>27,254</u>	<u>4,018</u>	<u>66</u>	<u>35,334</u>	<u>134,322</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	-	-	-	-	7,300	7,300
Bonus Issue	13,667	(11,275)	-	-	(2,392)	-
Rights Issue	6,833	3,735	-	-	-	10,568
Currency translation difference	-	-	-	(13)	-	(13)
Dividend for the year ended 31 December 2002	-	-	-	-	(2,303)	(2,303)
Balance as at 30 September 2003	<u>61,500</u>	<u>3,735</u>	<u>4,018</u>	<u>-</u>	<u>26,606</u>	<u>95,859</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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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:

Issued and paid-up ordinary shares of RM1.00 / 0.50 each	No. of Shares	RM
As at 1 January 2004	61,500,000	61,500,000
Private Placement	6,150,000	6,150,000
	67,650,000	67,650,000
Subdivision of shares	67,650,000	-
As at 30 September 2004	135,300,000	67,650,000

The Private Placement shares have been issued on 18 May 2004 and granted for listing on 27 May 2004. Subsequently, the entire issued and paid-up share capital of RM67,650,000 of RM1.00 each has been subdivided into 135,000,000 of RM0.50 each, allotted on 14 July 2004 and granted for listing on 20 July 2004.

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7. Dividend paid

A first and final dividend of 5.0% per ordinary share of RM1.00 each less 28% of tax amounting to RM2,214,000 in respect of the financial year ended 31 December 2003 was paid on 15 July 2004.

8. Segmental reporting

	Financial period to-date	
	30 September 2004	
	Profit	
	Before	
Financial data by geographical area of the Group	Turnover	Taxation
	RM'000	RM'000
Malaysia	140,717	13,234
Singapore	2,265	81
British Virgin Islands	7,569	(1,479)
	<u>150,551</u>	<u>11,836</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. On 22 October 2004, PPB has entered into a Sale and Purchase Agreement with Cergas Meriang Sdn Bhd to acquire a piece of 99 years leasehold land in Bandar Shah Alam, Daerah Petaling, Negeri Selangor for a total cash consideration of RM6.2 million. Petra Fabricators Sdn Bhd, a wholly owned subsidiary of PPB is currently renting the Property as its fabrication plant since year 2000.
- b. On 5 November 2004, Petra Resources Sdn Bhd ("PRSB"), a wholly owned subsidiary company of Petra Perdana Berhad ("PPB"), has received a letter of intent from Sarawak Shell Berhad and Sabah Shell Petroleum Company Limited to award a contract for the provision of Major Maintenance, Hook-up, Commissioning and Construction Services ("Contract").

The Contract is a unit rates reimbursable type and has a primary term of Four (4) years with an option of 2 successive Contract extensions for period of one (1) year each. PRSB estimates the Contract to be valued at approximately RM600 million for the primary term, based on the scope at the time of submission of the bid.

- c. On 10 November 2004, Petra Resources Sdn Bhd, a wholly-owned subsidiary company of PPB had entered into a Memorandum of Agreement to acquire an accommodation / crane barge from Jaya Marine Lines Pte Ltd by the name of Jaya Installer 3 for total cash consideration of USD13.5 million.

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- d. On 11 November 2004, Intra-Oil Services Berhad, a wholly-owned subsidiary company of PPB had entered into a Memorandum of Agreement to acquire a vessel from P/R International Offshore Services ANS by the name of MV Lady Elaine for total cash consideration of USD6.25 million.
- e. On 18 November 2004, Petra Resources Sdn Bhd, a wholly-owned subsidiary company of PPB had entered into a Memorandum of Agreement to acquire an accommodation / crane barge from Jaya Marine Lines Pte Ltd by the name of Jaya Installer 2 for total cash consideration of USD16.5 million.
- f. 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.
- 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.
- c. On 1 July 2004, Intra Oil Services Berhad has been acquired as a wholly owned subsidiary of PPB for a cash consideration of RM57,000,000. IOS has an issued and paid-up share capital of 7,500,000 ordinary shares of RM1.00 each.

12. Changes in the contingent liabilities

As at 30 September 2004, the Company has given corporate guarantees amounting to approximately RM170.6 million to licensed banks and finance companies for facilities granted to subsidiary companies. Hence, the Company is contingently liable for the amount utilized by its subsidiary companies of approximately RM11.5 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 September 04 RM'000	Quarter ended 30 September 03 RM'000
Rental paid to KNS Property Sdn Bhd	92	92
Sub-contract fee to Damai Teknik Sdn Bhd	179	476

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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 September 04 RM'000	Financial period to date 30 September 04 RM'000
Current Taxation	2,073	3,992

The effective tax rate for the current quarter and current period to-date is 32.8% and 33.7% 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

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 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	5,327,529.92
Loss on disposal			(672,470.08)

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b) SBB Dana Al-Mizan

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><u>4,459,323.78</u></u>
Market Value	18 November 2004	0.4312	<u><u>4,679,631.09</u></u>

As at 18 November 2004, the SBB Dana Al-Mizan has recorded a selling price of RM0.4592 per unit and a buying price of RM0.4312 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 24 November 2004 are as follows:

- a. 5 August 2004, the Company has entered into the two conditional share sale agreements to acquire 70% equity interest of the following companies:
 - Ampangship Marine Sdn Bhd - 350,000 ordinary shares of RM1.00 each for a cash consideration of USD9.45 million;
 - Pelangi Mitra Offshore Pte Ltd - 175,000 ordinary shares of SGD1.00 each for a cash consideration of USD3.22 million
- b. On 29 October 2004, PBB has entered into a Share Sale Agreement with Yong Choo Kui and Loh Teck Huat to acquire 1,750,000 ordinary shares of RM1.00 each in Yong Choo Kui Shipyard Sdn Bhd ("YCKS"), representing 70% equity interest in YCKS for a cash consideration of RM22.68 million.

18. Capital Commitment

As at 30 September 2004, the Group has the following capital commitments:

	RM'000
Approved and not contracted for	<u>-</u>
Approved and contracted for	<u><u>224,023</u></u>

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19. Borrowings and debt securities

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

Secured borrowings	RM'000
Short term	88,331
Long term	1,581
Total	<u>89,912</u>

Included in the short term borrowings is an amount of RM78,418 million which is denominated in US Dollar.

20. Financial instruments with off balance sheet risk

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

21. Material litigation

The Group is not engaged in any material litigation as at 24 November 2004 except for Petra Fabricators Sdn Bhd, a wholly owned subsidiary of PPB which has received a Writ Summons and a Statement of Claims for a total sum of RM1,819,520 from Best Wide Matrix Sdn Bhd, for goods and services rendered.

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

22. Comparison with immediate preceding quarter

The turnover for the current quarter has increased significantly by 85% as compared to the immediate preceding quarter. The profit before tax for the quarter has also doubled to RM6.3 million (last quarter: RM3.8 million). This increase was attributed to the completion of a major Maintenance and Services project and the consolidation of the newly owned subsidiary company, namely Intra Oil Services Bhd.

23. Review of performance

The turnover for the quarter has registered a significant improvement when compared to the 3rd quarter ended 30 September 2003 by 59%. Similarly, the profit before tax for the quarter also increased in comparison to the same quarter last year by RM3.5 million. The main contributing factors are those mentioned in Note 22.

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24. Prospects

The Group's expansion into the marine services with the acquisition of Intra Oil Services Berhad, the purchases of additional vessels of various sizes and the recent joint-venture with Geoseas Holding Ltd and Continuity Solutions Pte Ltd, would not only enable the Group to provide a comprehensive range of integrated services to the upstream activities of Malaysian as well as the regional oil and gas industry but also enhances the Group's competitive position in its core engineering and maintenance services.

The recent announcement of Petra Resources Sdn Bhd, a wholly owned subsidiary of PPB, in receiving a letter of intent to provide major maintenance and retrofits services to the topside facilities of the production platforms by Sarawak Shell Berhad and Sabah Shell Petroleum Company Limited with an estimated work orders of RM600 million over four years is testimonial of the Group's direction towards achieving its business objectives.

When the various proposed acquisition are completed, the Group is well positioned to tap from the robust activities of the Malaysian and the regional oil and gas industry due to the expected continual demand for oil and gas in the foreseeable future.

The performance of the Group is expected to improve further in the coming quarters.

25. Profit forecast or guarantee

Not applicable

26. Dividends

There is no dividend proposed in respect of the current quarter ended 30 September 2004.

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27. Earning per share

Weighted Average	Quarter ended RM'000	Financial Period to date RM'000
Net profit attributable to ordinary shareholders	4,154	7,754
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	3,187
Effect of the Subdivision of Shares	67,650	64,687
Weighted average number of ordinary shares in issue	135,300	129,374
Basic earning per ordinary share of RM0.50 each (sen)	3.07	5.99
	Quarter ended RM'000	Financial Period to date RM'000
Fully Diluted		
Net profit attributable to ordinary shareholders	4,154	7,754
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
Effect of the Subdivision of Shares	67,650	67,650
Weighted average number of ordinary shares in issue	135,300	135,300
Fully diluted per ordinary share of RM0.50 each (sen)	3.07	5.73