

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Current Quarter Ended 30-Jun-07 RM'000 | Corresponding Quarter Ended 30-Jun-06 RM'000 | Current Year-to-date Ended 30-Jun-07 RM'000 | Corresponding Year-to-date Ended 30-Jun-06 RM'000 |
|-------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
| Continuing Operations | | | | |
| Revenue | 174,083 | 142,515 | 308,519 | 240,832 |
| Cost of Sales | (129,556) | (108,306) | (224,404) | (181,273) |
| Gross Profit | 44,527 | 34,209 | 84,115 | 59,559 |
| Other income | 1,096 | 751 | 3,295 | 8,409 |
| Operating expenses | (10,998) | (11,691) | (20,463) | (22,807) |
| Finance costs | (7,446) | (6,572) | (14,999) | (13,969) |
| Profit before taxation | 27,179 | 16,697 | 51,948 | 31,192 |
| Income tax expense | (5,531) | (4,763) | 2,775 | (7,742) |
| Profit for the period from continuing operations | 21,648 | 11,934 | 54,723 | 23,450 |
| Pre-acquisition profit | (55) | | (55) | |
| Profit for the period | 21,593 | 11,934 | 54,668 | 23,450 |
| Attributable to: | | | | |
| Equity holders of the parent | 21,199 | 11,625 | 53,719 | 22,799 |
| Minority interest | 394 | 309 | 949 | 651 |
| | 21,593 | 11,934 | 54,668 | 23,450 |
| Earnings per share of RM0.50 each (sen) | | | | |
| a) Basic (based on weighted average) | 7.42 | 4.07 * | 19.31 | 8.19 * |
| b) Fully diluted | 7.12 | 3.91 * | 18.05 | 7.66 * |

* Comparative figures are restated based on enlarged number of ordinary shares.

**(The condensed Consolidated Income Statements should be read in conjunction with the annual
financial report for the year ended 31 December 2006)**

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CONDENSED CONSOLIDATED BALANCE SHEET

| | 30-Jun-07 | 31-Dec-06 |
|----------------------------------------------|------------------|------------------|
| | RM'000 | RM'000 |
| Non-current assets | | |
| Property, plant and equipment | 418,064 | 432,218 |
| Prepaid lease payments | 7,468 | 7,348 |
| Intangible assets | 23,060 | 25,459 |
| Deferred tax assets | 51 | 51 |
| | <u>448,643</u> | <u>465,076</u> |
| Current assets | | |
| Inventories | 51,844 | 35,808 |
| Trade receivables | 225,546 | 209,550 |
| Other receivables | 182,049 | 104,418 |
| Tax recoverable | 5,082 | 7,010 |
| Fixed deposits with licensed bank | 129,182 | 40,894 |
| Cash and bank balances | 13,778 | 26,616 |
| | <u>607,481</u> | <u>424,296</u> |
| Non current asset held for sale | - | 20,464 |
| | <u>607,481</u> | <u>444,760</u> |
| Total Assets | <u>1,056,124</u> | <u>909,836</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders | | |
| Share capital | 148,800 | 135,300 |
| Reserves | 199,815 | 94,284 |
| | <u>348,615</u> | <u>229,584</u> |
| Minority interest | 13,798 | 15,631 |
| Total equity | <u>362,413</u> | <u>245,215</u> |
| Non-current liabilities | | |
| Long term borrowings | 450,574 | 450,710 |
| Deferred taxation | 25,420 | 35,269 |
| | <u>475,994</u> | <u>485,979</u> |
| Current liabilities | | |
| Trade payables | 65,178 | 54,559 |
| Other payables | 37,088 | 45,984 |
| Borrowings | 110,772 | 77,011 |
| Provision for taxation | 4,679 | 1,088 |
| | <u>217,717</u> | <u>178,642</u> |
| Total liabilities | <u>693,711</u> | <u>664,621</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,056,124</u> | <u>909,836</u> |
| Net assets per share of RM0.50 each (RM) | 1.17 | 0.77 * |

* Comparative figures are restated based on enlarged number of ordinary shares of 297,600,000.

(The condensed Consolidated Balance Sheet should be read in conjunction with the annual financial report for the year ended 31 December 2006)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 30-Jun-07 | 30-Jun-06 |
|--------------------------------------------------------|------------------|------------------|
| | RM'000 | RM'000 |
| Cash flow from operating activities | | |
| Profit before taxation | 51,948 | 31,192 |
| Adjustments for: | | |
| Depreciation | 21,771 | 19,003 |
| Foreign currency translation difference | (3,681) | (340) |
| Gain on disposal of property, plant and equipment | (2,335) | (253) |
| Interest expense | 14,999 | 13,969 |
| Interest income | (1,365) | (365) |
| Gain on foreign exchange | - | (7,734) |
| Property, plant & equipment written off | | 10 |
| Operating profit before working capital changes | <u>81,337</u> | <u>55,482</u> |
| Increase in inventories | (16,036) | (7,948) |
| Increase in trade and other receivables | (100,992) | (19,069) |
| Increase/(decrease) in trade and other payables | 9,088 | (9,573) |
| Net cash (used in)/generated from operation | <u>(26,603)</u> | <u>18,892</u> |
| Tax paid | (1,512) | (1,048) |
| Net cash (used in)/generated from operating activities | <u>(28,115)</u> | <u>17,844</u> |
| Cash flow from investing activities | | |
| Addition of prepaid lease payments | (186) | - |
| Purchase of property, plant & equipment | (11,958) | (15,196) |
| Proceeds from disposal of property, plant & equipment | 22,347 | 265 |
| Interest income received | 1,365 | 365 |
| Withdrawal of fixed deposits (with security) | 61 | 1,197 |
| Net cash generated from/(used in) investing activities | <u>11,629</u> | <u>(13,369)</u> |
| Cash flow from financing activities | | |
| Bond issue expenses | - | (1,684) |
| Proceeds from issuance of share | 74,250 | - |
| Share issued expenses | (374) | - |
| Proceeds from borrowings | 37,772 | 401,163 |
| Proceeds from hire purchase loan | - | 756 |
| Repayment of borrowings | (1,119) | (388,885) |
| Repayment of finance lease loan | - | (17) |
| Repayment of hire purchase loan | (136) | (123) |
| Interest paid | (14,999) | (7,883) |
| Dividend paid to minority shareholders | (505) | |
| Net cash generated from financing activities | <u>94,889</u> | <u>3,327</u> |
| Net change in cash & cash equivalents | 78,403 | 7,802 |
| Cash & cash equivalents at beginning of period | 48,958 | 47,873 |
| Cash & cash equivalents at end of period | <u>127,361</u> | <u>55,675</u> |
| Cash and cash equivalents | | |
| Cash in hand and at bank | 13,778 | 28,554 |
| Fixed deposits with licensed bank | <u>129,182</u> | <u>29,042</u> |
| | 142,960 | 57,596 |
| Less: Fixed deposits pledged as security | <u>(15,599)</u> | <u>(1,921)</u> |
| | <u>127,361</u> | <u>55,675</u> |

(The condensed Consolidated Cash Flow Statement should be read in conjunction
with the annual financial report for the year ended 31 December 2006)

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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 | Minority Interest RM'000 | Total Equity RM'000 |
|-------------------------------------------------|----------------------------|----------------------------|------------------------------|----------------------------------|-------------------------------|-----------------|--------------------------------|---------------------------|
| Financial year ending 31 December 2007 | | | | | | | | |
| As at 31 December 2006 | 135,300 | - | - | (1,773) | 96,057 | 229,584 | 15,631 | 245,215 |
| Add / (Less): Net profit for the period | - | - | - | - | 53,719 | 53,719 | 1,004 | 54,723 |
| Private Placement | 13,500 | 60,750 | - | - | - | 74,250 | - | 74,250 |
| Share issue expenses | - | (374) | - | - | - | (374) | - | (374) |
| Acquisition of share from minority shareholders | - | - | - | - | - | - | (2,399) | (2,399) |
| Currency translation difference | - | - | - | (8,564) | - | (8,564) | 67 | (8,497) |
| Dividend for the year ended 31 December 2006 | - | - | - | - | - | - | (505) | (505) |
| Balance as at 30 June 2007 | 148,800 | 60,376 | - | (10,337) | 149,776 | 348,615 | 13,798 | 362,413 |
| Financial year ended 31 December 2006 | | | | | | | | |
| As at 31 December 2005 | 101,475 | - | 4,018 | (330) | 72,556 | 177,719 | 15,065 | 192,784 |
| Add / (Less): Net profit for the year | - | - | - | - | 55,938 | 55,938 | 566 | 56,504 |
| Bonus issue | 33,825 | - | - | - | (33,825) | - | - | - |
| Effects of adopting FRS 3 | - | - | (4,018) | - | 4,018 | - | - | - |
| Currency translation difference | - | - | - | (1,443) | - | (1,443) | - | (1,443) |
| Dividend for the year ended 31 December 2005 | - | - | - | - | (2,630) | (2,630) | - | (2,630) |
| Balance as at 31 December 2006 | 135,300 | - | - | (1,773) | 96,057 | 229,584 | 15,631 | 245,215 |

(The condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual financial report for the year ended 31 December 2006)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards (“FRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statement provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised FRS effective for financial period beginning 1 January 2007:

| | |
|---------|---------------------------|
| FRS 117 | Leases |
| FRS 124 | Related Party Disclosures |

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the abovementioned FRSs does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new FRSs are disclosed below:

a. FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2007, the reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed as follows, with the comparatives restated to conform with the current period’s presentation.

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a. FRS 117: Leases (cont'd)

| | Audited RM'000 | FRS 117 Note 2 (a) | Restated RM'000 |
|-------------------------------|---------------------------|-------------------------------|----------------------------|
| At 31 December 2006 | | | |
| Balance Sheet | | | |
| Property, plant and equipment | 439,566 | (7,348) | 432,218 |
| Prepaid lease payments | - | 7,348 | 7,348 |

b. FRS 124: Related Party Disclosures

This standard affects the identification of related parties, and results in additional related party disclosures presented in the financial statements.

3. Qualification of financial statements

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

4. Seasonal or cyclical factors

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

5. Unusual and extraordinary items

There are no unusual and extraordinary items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

6. Material changes in estimates

There are no material changes in the estimates of amounts reported in the current quarter.

7. Issuance and repayment of debts and equity securities

There have been no cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter and financial period to date.

8. Dividends paid

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

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9. Segmental information

Segment revenue

| | Current Quarter Ended 30-Jun-07 RM'000 | Corresponding Quarter Ended 30-Jun-06 RM'000 | Current Year-to-date Ended 30-Jun-07 RM'000 | Corresponding Year-to-date Ended 30-Jun-06 RM'000 |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
| Marine Services | 69,651 | 45,370 | 133,955 | 80,286 |
| Integrated Brownfield Engineering and Maintenance | 139,414 | 117,363 | 243,005 | 199,726 |
| Others (including investment holding, corporate operations and consol adjustment) | (34,982) | (20,218) | (68,441) | (39,180) |
| | 174,083 | 142,515 | 308,519 | 240,832 |

Segment results (Profit/(Loss) before tax)

| | | | | |
|-----------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Marine Services | 10,578 | 7,193 | 17,623 | 8,329 |
| Integrated Brownfield Engineering and Maintenance | 17,141 | 11,606 | 36,881 | 20,052 |
| Others (including investment holding, corporate operations and consol adjustment) | (540) | (2,102) | (2,556) | 2,811 |
| | 27,179 | 16,697 | 51,948 | 31,192 |

10. Valuation of property, plant and equipment

There is no valuation of property, plant and equipment during the current quarter.

11. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the interim period reported which have not been reflected in the financial statements except as follows:

- a. On 3 July 2007, Perdana Venus Limited ("PVL"), has entered into a memorandum of agreement ("MOA") with S K Line Company Limited to purchase of one new Anchor Handling / Offshore Support Vessel ("AHTS") at a purchase price of RM49,700,000.00. The acquisition is expected to complete upon the delivery of the vessel in June 2008.
- b. On 4 July 2007, Perdana Mercury Limited ("PML"), a wholly-owned subsidiary of the Company, has entered into agreements for the following purposes:
 - i. PML to bareboat charter from Mount Benom LLC ("Mount Benom"), a limited liability company, formed under the laws of the Marshall Islands, the following vessels which are

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currently under construction, for a period of 120 months commencing from the delivery of the respective vessels:-

- an AHTS with hull no. 7022, which is expected to be delivered in October 2007; and
 - an AHTS with hull no. 7023, which is expected to be delivered in December 2007;
- ii. PML to bareboat charter from Mount Tahan LLC (“Mount Tahan”), a limited liability company, formed under the laws of the Marshall Islands, the following vessels which are currently under construction, for a period of 120 months commencing from the delivery of the respective vessels:-
- an AHTS with hull no. T194, which is expected to be delivered in June 2009; and
 - an AHTS with hull no. T195, which is expected to be delivered in August 2009.

At the end of the lease period, PML has the option to purchase the vessels from Mount Benom and Mount Tahan respectively.

- c. On 31 July 2007, the Company has fully repaid its bridging term loan to United Overseas Bank (Malaysia) Bhd (“UOB”) by utilizing the repayment sum of RM100 million from Petra Energy Berhad (“Petra Energy”), a subsidiary company, from part of its proceeds received upon its listing on the Main Board of Bursa Malaysia.
- d. On 13 August 2007, the Company has accepted a bridging loan facility of RM140 million from UOB and EON Bank Berhad for working capital purpose.
- e. On 13 August 2007, Petra Offshore Limited, a wholly-owned subsidiary of the Company, has entered into a MOA with Mount Bubu LLC (“Mount Bubu”), a limited liability company formed under the laws of the Marshall Islands to sell one new AHTS for a total cash consideration of USD13 million. On the same day, PML has entered into a Bareboat Charter with Mount Bubu to leaseback the said vessel for a period of 120 months. At the end of the lease period, PML has the option to purchase the vessel from Mount Bubu.
- f. On 15 August 2007, PVL has entered into two separate MOAs with Mount Bubu to sell to Mount Bubu two new AHTS, which are expected for delivery in May and June 2008 respectively, at the consideration of USD14.7 million and USD32 million respectively. On the same day, PML has entered into two separate Bareboat Charters with Mount Bubu to leaseback the said vessels for a period of 120 months commencing from the date of the bareboat charters. At the end of the lease period, PML has the option to purchase the vessels from Mount Bubu.

12. Changes in composition of the group

- a. On 5 April 2007, Perdana Venus Limited has been incorporated in the Republic of the Marshall Islands under the Marshall Islands Business Corporations Act 1990 as a wholly owned subsidiary of the Company, with an issued and paid up share capital of 1,000 ordinary share of USD1.00 each.
- b. On 24 April 2007, the Company announced that there was a shortfall of USD945,035 in the profit guarantee by the Vendors of Ampangship Marine Sdn Bhd (“AMSB”) based on the audited profit after tax for the year 2005. As a result of the shortfall, the vendors and the

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Company had, on 23 April 2007, agreed to settle the shortfall by the transfer of additional 2,170,000 ordinary shares of RM1.00 each in AMSB to the Company at a nominal consideration of RM1.00. On 21 June 2007, the Company completed the transfer by increasing its holding from 70% to 77% equity interest in AMSB.

13. Changes in contingent liabilities and contingent assets

As at 30 June 2007, the Company has given corporate guarantees amounting to approximately RM121.2 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 RM11.3 million as at the said date.

14. Capital commitment

As at 30 June 2007, the Group has the following capital commitments:

| | RM'000 |
|---------------------------------|----------------|
| Approved and not contracted for | <u>-</u> |
| Approved and contracted for | <u>622,874</u> |

15. Significant related party transactions

- a. Significant related party transactions entered into with substantial shareholders companies are as follows:

| | Quarter ended 30 June 07 RM'000 | Quarter ended 30 June 06 RM'000 |
|-------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Rental paid to KNS Property Sdn Bhd | <u>92</u> | <u>92</u> |

The transactions are entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- b. Compensation of key management personnel

The remuneration of directors and other members of key management are as follows:

| | Quarter ended 30 June 07 RM'000 | Quarter ended 30 June 06 RM'000 |
|------------------------------|----------------------------------------------------|----------------------------------------------------|
| Short-term employee benefits | <u>1,027</u> | <u>777</u> |

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Review of performance

For the second quarter ended 30 June 2007, the Group has recorded a turnover of RM174.1 million, an increase of 22.2% from RM142.5 million registered in the second quarter of 2006. Correspondingly, the profit before taxation in the current quarter has improved from RM16.7 million in second quarter of 2006 to RM27.2 million, representing an increase of 62.8%.

The higher turnover is mainly attributed to higher integrated brownfield and marine activities in line with the increase in exploration and production activities. The higher profit growth in the current quarter is mainly due to higher vessel utilization and improved charter rate in this quarter.

17. Comparison with immediate preceding quarter

The Group's turnover in the current quarter has increased by 29.5% to RM174.1 million from the last quarter of RM134.4 million. Correspondingly, the profit before taxation has shown an increase from RM24.8 million in the first quarter to RM27.2 million in the second quarter of 2007. This represents an increase of 9.7% in profit before taxation.

The turnover in current quarter is higher as last quarter's turnover was affected by monsoons season. The increase in profit in the current quarter is mainly due to improvement in vessel utilization and charter rate. Ignoring the gain on disposal of a vessel recorded in last quarter amounting to RM2.4 million, the profit before taxation in the current quarter has increased by 21.4%, from RM22.4 million to RM27.2 million.

18. Prospects

Due to the hive of Exploration and Production activities in the region caused by favourable oil prices, the growth prospects of the offshore marine services and the group's integrated brownfield services remain strong. The Group is constantly exploring new business opportunities and is expected to secure more contracts in the near future.

Barring any unforeseen circumstances, the Board of Directors is confident that the prospects of the Group remain positive and bright.

19. Taxation

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

| | Current Quarter Ended 30-Jun-07 RM'000 | Corresponding Quarter Ended 30-Jun-06 RM'000 | Current Year-to-date Ended 30-Jun-07 RM'000 | Corresponding Year-to-date Ended 30-Jun-06 RM'000 |
|----------------------|---------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
| Current tax: | | | | |
| Malaysian income tax | 7,177 | 370 | 7,828 | 543 |
| Foreign tax | 371 | 429 | 680 | 550 |
| | 7,548 | 799 | 8,508 | 1,093 |

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Deferred tax:

| | | | | |
|----------------------|-------|-------|----------|-------|
| Malaysian income tax | 2,017 | 3,964 | (11,283) | 6,649 |
| Total | 5,531 | 4,763 | (2,775) | 7,742 |

The effective tax rate for the current quarter is lower than the statutory tax rate principally due to lower statutory rates for offshore subsidiary companies. The debit tax balance for the current year to-date is due to adjustment of deferred taxation that relates to previous years as temporary difference is not expected to reverse in a subsidiary company.

20. Unquoted investment and properties

There were no purchase or disposal of unquoted investment and properties for the financial period to date.

21. Quoted securities

There were no purchase or disposal 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 financial period to date.

22. a. Corporate proposals

There were no other corporate proposals announced but not completed as of 15 August 2007 except for the following:

i. Proposed divestment

On 26 February 2007, PPB announced a proposal to seek a general mandate from the shareholders for the Company to divest up to 19,500,000 ordinary shares of RM0.50 each in Petra Energy for cash, representing 10% of the enlarged issued and paid-up share capital of Petra Energy. The proposal was approved by the shareholders of the Company in the Extraordinary General Meeting on 26 April 2007.

b. Utilisation of proceeds of RM74.25 million from Private Placement as at 15 August 2007.

| Purpose | Initial proposed utilisation RM'000 | Reallocated expenses RM'000 | Balance unutilised RM'000 |
|----------------------------------------|----------------------------------------------|-----------------------------------|---------------------------------|
| Working capital of Petra Perdana Group | 73,850 | 50 | 15,120 |
| Expenses relating to the Placement | 400 | (50) | - |
| Total | 74,250 | - | 15,120 |

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23. Borrowings

Total Group's borrowings as at 30 June 2007 were as follows:

| | As at 30-Jun-07 RM'000 | As at 30-Jun-06 RM'000 |
|---------------------------|---------------------------------------|---------------------------------------|
| Secured borrowings | | |
| Short term | 110,772 | 4,330 |
| Long term | 450,574 | 400,993 |
| Total | <u>561,346</u> | <u>405,323</u> |

Included in the short term borrowings as at 30 June 2007 are RM100 million bridging term loan facility. The bridging loan bears interest of 1.25% p.a. above the 1-month cost of funds and repayable monthly in arrears. The bridging loan has been fully repaid by utilizing the repayment sum of RM100 million from Petra Energy, from part of its proceeds received upon its listing on the Main Board of Bursa Malaysia.

Included in the long-term borrowings as at 30 June 2007 are 7-year RM400 million Nominal Value Secured Serial Bonds and 5-year RM50 million Medium Term Notes. The borrowings bear an interest rate that ranges from 5.60% to 6.90% p.a.

24. Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 15 August 2007 except as disclosed in note 14.

25. Changes in material litigation

The Group is not engaged in any material litigation as at 15 August 2007 except for the following:

Petra Perdana Berhad Group

- a. The Company and its wholly-owned subsidiary, Intra Oil Services Berhad ("IOS"), were each served a Writ of Summons and Statement of Claim by Harisul Bin Hussain, a ex-employee of IOS, for compensation totaling RM2,710,478.70 which includes interest and costs related to personal injury during employment with IOS.

The Directors are of the opinion that the lawsuit has no merit and is confident that the Company would be successful in countering the aforementioned claim.

Petra Energy Berhad Group

- a. Petra Fabricators Sdn Bhd ("PFSB"), a wholly owned subsidiary of Petra Energy, which has received a Writ of Summons and a Statement of Claims for a total sum of RM1,071,899 from Kencana Best Wide Sdn Bhd ("KBW") (formerly known as Best Wide Matrix Sdn Bhd), for goods and services rendered.

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PFSB has filed a Defence and Counter-Claim for a sum of approximately RM2 million being the rectification cost incurred against KBW. PFSB's counter-claim and KBW's claim have been set down for further case management on 18 September 2007 for the parties to provide updates on the status of the preparation of relevant documents for the full hearing of the case set down for 7 to 9 January 2008. The Directors are of the opinion that the prospect of success in the defence and counter-claim is high.

- b. Petra Resources Sdn Bhd ("PRSB"), a wholly owned subsidiary of Petra Energy has on 4 July 2006 served a Notice of Arbitration on ExxonMobil Exploration and Production Malaysia Inc. for payment of a balance sum of RM8,973,366 on disputed unit of measurement of work completed. The parties have since filed in the statement of claim and defence after the preliminary meeting on 16 May 2007, as directed by the arbitrators. The parties and the arbitrators have agreed to tentatively fix the arbitration hearing from 3 to 7 December 2007.

The Directors are of the opinion that PRSB has good grounds in demanding the payment and hence, has taken action in instituting the arbitration proceedings in the best interest of the Group.

26. Dividends

There is no dividend proposed in respect of the current quarter ended 30 June 2007.

27. Earnings per share

Weighted Average

| | Current Quarter Ended 30-Jun-07 RM'000 | Corresponding Quarter Ended 30-Jun-06 RM'000 | Current Year-to-date Ended 30-Jun-07 RM'000 | Corresponding Year-to-date Ended 30-Jun-06 RM'000 |
|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
| Net profit attributable to shareholders | 21,199 | 11,625 | 53,719 | 22,799 |
| Number of ordinary shares in issue at the beginning of the period | 270,600,000 | 202,950,000 | 270,600,000 | 202,950,000 |
| Effect of the issuance pursuant to Private Placement | 15,131,868 | - | 7,607,735 | - |
| Weighted average number of ordinary shares in issue | <u>285,731,868</u> | <u>202,950,000</u> | <u>278,207,735</u> | <u>202,950,000</u> |
| Basic earning per ordinary share of RM0.50 each (sen) | 7.42 | *4.07 | 19.31 | *8.19 |

**Comparative figures are restated based on enlarged number of ordinary shares.*

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Fully diluted

| | Current Quarter Ended 30-Jun-07 RM'000 | Corresponding Quarter Ended 30-Jun-06 RM'000 | Current Year-to-date Ended 30-Jun-07 RM'000 | Corresponding Year-to-date Ended 30-Jun-06 RM'000 |
|-------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|
| Net profit attributable to shareholders | 21,199 | 11,625 | 53,719 | 22,799 |
| Number of ordinary shares in issue at the beginning of the period | 270,600,000 | 202,950,000 | 270,600,000 | 202,950,000 |
| Effect of the issuance pursuant to Private Placement | 27,000,000 | - | 27,000,000 | - |
| Weighted average number of ordinary shares in issue | <u>297,600,000</u> | <u>202,950,000</u> | <u>297,600,000</u> | <u>202,950,000</u> |
| Fully diluted per ordinary share of RM0.50 each (sen) | 7.12 | *3.91 | 18.05 | *7.66 |

**Comparative figures are restated based on enlarged number of ordinary shares.*

28. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 22 August 2007.