

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2010**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30-Jun-10 RM'000	Corresponding Quarter Ended 30-Jun-09 RM'000	Current Year-to-date Ended 30-Jun-10 RM'000	Corresponding Year-to-date Ended 30-Jun-09 RM'000
Revenue	57,351	166,300	108,279	329,528
Cost of Sales	(73,263)	(126,472)	(124,719)	(243,517)
Gross (Loss)/Profit	(15,912)	39,828	(16,440)	86,011
Other income	4,845	6,385	19,626	10,807
Operating expenses *	(17,180)	(15,985)	(24,058)	(30,579)
Finance costs	(5,911)	(9,001)	(11,142)	(19,304)
Share of results in an associate	(689)	-	1,344	-
(Loss)/Profit before taxation	(34,847)	21,227	(30,670)	46,935
Income tax expense	1,778	(3,215)	1,229	(6,855)
(Loss)/Profit for the period	(33,069)	18,012	(29,441)	40,080
Attributable to:				
Equity holders of the Company	(32,979)	15,557	(29,380)	34,205
Minority interests	(90)	2,455	(61)	5,875
	(33,069)	18,012	(29,441)	40,080
(Loss)/Earnings per share of RM0.50 each (Sen)				
a) Basic (based on weighted average)	(11.08)	5.23	(9.87)	11.49
b) Fully diluted	N/A	N/A	N/A	N/A

* Includes a fair value adjustment of RM8.7 million and RM8.1 million arising from adoption of FRS 139 in current quarter and financial period to date respectively.

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual
Financial Report for the financial year ended 31 December 2009)

PETRA PERDANA BERHAD (Company No. 372113 - A)
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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2010**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 30-Jun-10 RM'000	Corresponding Quarter Ended 30-Jun-09 RM'000	Current Year-to-date Ended 30-Jun-10 RM'000	Corresponding Year-to-date Ended 30-Jun-09 RM'000
(Loss)/Profit for the period	(33,069)	18,012	(29,441)	40,080
<i>Other comprehensive (expense)/income</i>				
Currency translation differences arising from consolidation	(319)	(18,426)	(27,155)	8,671
Movement in Cash Flow Hedge Reserve	(1,185)	-	(1,185)	-
Total Comprehensive (Expense)/Income for the period	(34,573)	(414)	(57,781)	48,751
Attributable to:				
Equity holders of the Company	(34,440)	(3,037)	(57,665)	42,664
Minority interests	(133)	2,623	(116)	6,087
	(34,573)	(414)	(57,781)	48,751

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction
with the Annual Financial Report for the financial year ended 31 December 2009)**

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2010**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	30-Jun-10	31-Dec-09
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	462,982	460,698
Investment in an associate	91,571	90,319
Intangible assets	27,507	27,507
Deposits	93,927	75,106
Deferred tax assets	46	46
	<u>676,033</u>	<u>653,676</u>
CURRENT ASSETS		
Inventories	7,458	5,533
Trade receivables	42,738	46,269
Other receivables	87,369	74,673
Amount owing by an associate	46,649	51,649
Amount owing by related parties	38,535	38,194
Tax recoverable	5,757	5,057
Fixed deposits with licensed banks	26,657	158,437
Cash and bank balances	6,270	21,288
	<u>261,433</u>	<u>401,100</u>
Non-current asset classified as held for sale	-	86,361
	<u>261,433</u>	<u>487,461</u>
TOTAL ASSETS	<u>937,466</u>	<u>1,141,137</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	163,680	148,800
Reserves	342,098	414,869
SHAREHOLDERS' EQUITY	<u>505,778</u>	<u>563,669</u>
MINORITY INTERESTS	464	580
TOTAL EQUITY	<u>506,242</u>	<u>564,249</u>
NON-CURRENT LIABILITIES		
Deferred taxation	2,057	2,060
Long-term borrowings	195,047	227,063
Cross currency interest rate swap	699	-
Retirement contribution obligations	264	241
	<u>198,067</u>	<u>229,364</u>
CURRENT LIABILITIES		
Retirement contribution obligations	39	39
Trade payables	33,518	30,025
Other payables	48,547	94,992
Derivative financial liabilities	91	-
Amount owing by an associate	224	1,975
Amount owing to related parties	33	236
Cross currency interest rate swap	30	-
Short-term borrowings	149,021	218,019
Provision for taxation	1,654	2,238
	<u>233,157</u>	<u>347,524</u>
TOTAL LIABILITIES	<u>431,224</u>	<u>576,888</u>
TOTAL EQUITY AND LIABILITIES	<u>937,466</u>	<u>1,141,137</u>
NET ASSETS PER ORDINARY SHARE (RM)	1.55	1.89

(The Condensed Consolidated Statement of Financial Position should be read in conjunction
with the Annual Financial Report for the financial year ended 31 December 2009)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30-Jun-10	30-Jun-09
	RM'000	RM'000
Cash flow for operating activities		
(Loss)/Profit before taxation	(30,670)	46,935
Adjustments for:		
Allowance for doubtful debts	-	331
Amortisation of prepaid lease payments	-	65
Depreciation	17,896	23,762
Gain on disposal of property, plant and equipment	(2,021)	(2,701)
Gain on disposal of non-current asset classified as held for sale	(8,316)	(1,952)
Unrealised gain on foreign exchange	(3,645)	(881)
Share of results in an associate	(1,344)	-
Interest expense	9,926	19,304
Fair value adjustment on borrowings	115	-
Fair value adjustment on long term deposits	7,921	-
Fair value loss on derivative financial instruments	91	-
Inventories written off	-	3
Interest income	(2,468)	(2,665)
Provision for retirement benefits	23	(7)
Operating (loss)/profit before working capital changes	<u>(12,492)</u>	<u>82,194</u>
Increase in inventories	(1,987)	(8,163)
Decrease/(Increase) in trade and other receivables	4,362	(33,866)
Increase in amount due from contract customers (net)	-	(15,161)
Net decrease in amount owing by related parties	(8,648)	-
Decrease in trade and other payables	(45,126)	(18,939)
Net cash (for)/from operations	<u>(63,891)</u>	<u>6,065</u>
Tax paid	(1,309)	(6,145)
Tax refund	1,336	-
Net cash for operating activities	<u>(63,864)</u>	<u>(80)</u>
Cash flow from investing activities		
Deposit paid for charter of vessels	(42,535)	-
Deposit paid for property, plant & equipment	-	(921)
Purchase of property, plant & equipment	(176,665)	(104,804)
Proceeds from disposal of property, plant and equipment	140,378	98,035
Proceeds from disposal of non-current asset classified as held for sale	94,501	6,656
Net cash outflow for acquisition of a subsidiary	-	(2,635)
Repayment from associate	3,249	-
Repayment from related parties	7,913	-
Interest income received	2,468	2,665
Withdrawal of fixed deposits (with security)	119,391	116,934
Net cash from investing activities	<u>148,700</u>	<u>115,930</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30-Jun-10	30-Jun-09
	RM'000	RM'000
Cash flow for financing activities		
Proceeds from borrowings	71,408	183,360
Repayment of borrowings	(173,000)	(329,900)
Repayment of hire purchase loan	(9)	(137)
Interest paid	(9,926)	(19,304)
Repayment to related parties	(203)	-
Dividend paid	-	(6)
Net cash for financing activities	<u>(111,730)</u>	<u>(165,987)</u>
Net change in cash and cash equivalents	(26,894)	(50,137)
Effect of foreign exchange translation	(513)	967
Cash and cash equivalents at beginning of the financial period	35,419	223,358
Cash and cash equivalents at end of the financial period	<u>8,012</u>	<u>174,188</u>
Cash and cash equivalents		
Fixed deposits with licensed banks	26,657	164,869
Cash and bank balances	6,270	38,907
	<u>32,927</u>	<u>203,776</u>
Less: Fixed deposits pledged as security	<u>(24,915)</u>	<u>(29,588)</u>
	<u>8,012</u>	<u>174,188</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction
with the Annual Financial Report for the financial year ended 31 December 2009)**

PETRA PERDANA BERHAD (Company No. 372113 - A)
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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Cash Flow Hedge Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Financial year ending 31 December 2010									
As at 1 January 2010, as previously stated	148,800	60,377	2,127	-	56	352,309	563,669	580	564,249
Effect of adopting FRS 139	-	-	-	-	-	(35,045)	(35,045)	-	(35,045)
As at 1 January 2010, as restated	148,800	60,377	2,127	-	56	317,264	528,624	580	529,204
Private placement	14,880	24,403	-	-	-	-	39,283	-	39,283
Total comprehensive (expense)/income for the period	-	-	-	(1,185)	(27,100)	(29,380)	(57,665)	(116)	(57,781)
Dividend	-	-	-	-	-	(4,464)	(4,464)	-	(4,464)
Balance as at 30 June 2010	163,680	84,780	2,127	(1,185)	(27,044)	283,420	505,778	464	506,242
Financial year ended 31 December 2009									
As at 1 January 2009	148,800	60,377	2,127	-	6,860	327,456	545,620	118,162	663,782
Total comprehensive (expense)/income for the year	-	-	-	-	(9,201)	29,317	20,116	7,307	27,423
Translation loss on disposal of a vessel	-	-	-	-	2,397	-	2,397	-	2,397
Acquisition of interest in a subsidiary	-	-	-	-	-	-	-	562	562
Disposal of interest in a subsidiary	-	-	-	-	-	-	-	(123,880)	(123,880)
Issuance of share by a subsidiary to minority shareholders	-	-	-	-	-	-	-	322	322
Dividend	-	-	-	-	-	(4,464)	(4,464)	-	(4,464)
Dividend paid to minority interests by subsidiaries	-	-	-	-	-	-	-	(1,893)	(1,893)
Balance as at 31 December 2009	148,800	60,377	2,127	-	56	352,309	563,669	580	564,249

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2010**

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 statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009. These explanatory notes attached to the interim financial statements 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 2009.

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 2009 except for the adoption of the following new/revised FRS effective 1 January 2010 as disclosed below:

FRSs/IC Interpretations	Effective date
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

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2. Changes in Accounting Policies (Cont'd)

FRSs/IC Interpretations	Effective date
Annual Improvements to FRSs (2009)	1 January 2010
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 March 2010

The above FRSs, IC Interpretations and amendments do not have significant impact to the Group, except as follows:

FRS 101: Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the financial statements presented will consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The foreign currency gain or losses arising of foreign operations that were recognised directly in equity in the preceding year/corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The statement of comprehensive income for preceding year/corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and minority interests.

The total comprehensive income is presented as a one-line item in the statement of changes in equity and the comparative information has been re-presented in order to conform with the revised standard. This standard only affects the presentation aspects and will not have any impact on the earnings per share.

FRS 139 : Financial Instruments: Recognition and Measurement

In accordance with the transitional provisions of FRS 139 for first-time adoption, adjustments arising from the change in accounting policies and remeasuring the financial instruments at the beginning of the financial period are recognised as adjustment to the opening balance of retained profits as follows, whilst adjustment to comparatives are not required:

	Note	Retained Profits RM'000
At 1 January 2010, as previously stated		352,309
Adjustment arising from adoption of FRS 139:		
Fair value of financial assets - deposits	(a)	(35,728)
Fair value of financial liabilities - borrowings	(b)	198
Share of fair value adjustment in an associate		485
Decrease in reserves		(35,045)
At 1 January 2010, as restated		317,264

For the current quarter and financial period to-date, these changes in accounting policies have effected a reduction in the current profit by RM8,697,808 and RM8,126,238 respectively.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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2. Changes in Accounting Policies (Cont'd)

- (a) Deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income statements when the loans and receivables are derecognised or impaired, as well as through the amortisation process.
- (b) The borrowings are recorded at the amount of proceeds received net of transaction costs and subsequently measured at amortised cost using the effective interest method.
- (c) Prior to the adoption of FRS 139, unrecognised foreign exchange gain/(loss) arising from currency forward contracts are only recognised on their settlement dates. With the adoption of FRS 139, such foreign currency forward contracts will be recognised at contract dates as financial assets or financial liabilities and the measurement of such contracts would be at fair value through profit and loss.
- (d) Cash Flow Hedge Reserve

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while an ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

The Group has entered into a currency interest rate swap (“CIRS”) to hedge in foreign exchange rate and interest rate risks. The CIRS is designated as cash flow hedge and was assessed to be highly effective.

Currency interest rate swap is cash flow hedge for the Group’s exposure to foreign exchange rate and interest rate risk on its borrowings. This currency interest rate swap entitles the Group to receive USD LIBOR and USD equivalent of the principal whereby repayments based on an agreed exchange rate of 3.205 and pays interest at a fixed interest rate of 5.58%. As at 30 June 2010, the CIRS resulted in a loss on changes in fair value and foreign exchange loss amounting to RM1,185,394 included in equity.

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2. Changes in Accounting Policies (Cont'd)

The Group has not adopted the following FRSs and IC Interpretations that have been issued but yet to be effective for the Group:

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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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 Items

There are no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period to-date.

6. Material Changes in Estimates

There are no material changes in the estimates of amounts reported in the current quarter and financial period to-date.

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

Business Segment - Quarter

<i>Current Quarter Ended 30 June 2010</i>	Marine Offshore Support Services RM'000	Integrated Brownfield, Engineering and Maintenance Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue					
External revenue	57,351	-	-	-	57,351
Inter-segment revenue	319	-	10,365	(10,684)	-
	<u>57,670</u>	<u>-</u>	<u>10,365</u>	<u>(10,684)</u>	<u>57,351</u>
Results					
Segment results	(16,720)	-	8,103	(19,630)	(28,247)
Finance costs	(445)	-	(5,111)	(355)	(5,911)
Share of results in an associate	-	(689)	-	-	(689)
(Loss)/Profit before taxation	<u>(17,165)</u>	<u>(689)</u>	<u>2,992</u>	<u>(19,985)</u>	<u>(34,847)</u>

<i>Corresponding Quarter Ended 30 June 2009</i>	Marine Offshore Support Services RM'000	Integrated Brownfield, Engineering and Maintenance Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue					
External revenue	60,959	105,341	-	-	166,300
Inter-segment revenue	2,997	26	3,279	(6,302)	-
	<u>63,956</u>	<u>105,367</u>	<u>3,279</u>	<u>(6,302)</u>	<u>166,300</u>
Results					
Segment results	19,639	13,267	1,976	(4,654)	30,228
Finance costs	(455)	(3,440)	(7,418)	2,312	(9,001)
Profit/(Loss) before taxation	<u>19,184</u>	<u>9,827</u>	<u>(5,442)</u>	<u>(2,342)</u>	<u>21,227</u>

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Business Segment – Year-to-date

<i>Current Year-to-date Ended 30 June 2010</i>	Marine Offshore Support Services RM'000	Integrated Brownfield, Engineering and Maintenance Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue					
External revenue	108,279	-	-	-	108,279
Inter-segment revenue	319	-	10,405	(10,724)	-
	<u>108,598</u>	<u>-</u>	<u>10,405</u>	<u>(10,724)</u>	<u>108,279</u>
Results					
Segment results	(13,483)	-	7,630	(15,019)	(20,872)
Finance costs	(642)	-	(10,767)	267	(11,142)
Share of results in an associate	-	1,344	-	-	1,344
(Loss)/Profit before taxation	<u>(14,125)</u>	<u>1,344</u>	<u>(3,137)</u>	<u>(14,752)</u>	<u>(30,670)</u>

<i>Corresponding Year-to-date ended 30 June 2009</i>	Marine Offshore Support Services RM'000	Integrated Brownfield, Engineering and Maintenance Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue					
External revenue	130,767	198,761	-	-	329,528
Inter-segment revenue	7,266	139	4,714	(12,119)	-
	<u>138,033</u>	<u>198,900</u>	<u>4,714</u>	<u>(12,119)</u>	<u>329,528</u>
Results					
Segment results	45,121	24,411	4,785	(8,078)	66,239
Finance costs	(526)	(4,701)	(18,819)	4,742	(19,304)
Profit/(Loss) before taxation	<u>44,595</u>	<u>19,710</u>	<u>(14,034)</u>	<u>(3,336)</u>	<u>46,935</u>

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10. Valuation of Property, Plant and Equipment

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

11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period reported which have not been reflected in the financial statements except that on 12 August 2010, the Company announced that Perdana Venus Limited (“PVL”), a wholly-owned subsidiary, has on 11 August 2010 given notice of cancellation of the Memorandum of Agreements (“MOA”) in respect of the SK202 Vessel to Nam Cheong Dockyard Sdn Bhd (“NCD”) and NCD has agreed to a full refund of the deposit paid earlier.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 June 2010 including business combination, acquisition or disposal of subsidiary and long-term investments, restructuring and discontinuing operation.

13. Changes in Contingent Liabilities

	The Group RM'000	The Company RM'000
Unsecured:-		
Bank guarantee granted to third parties for the benefit of a subsidiary	2,445	2,445
Corporate guarantee given to licensed banks and financial institutions for credit facilities granted to related parties	14,582	14,582
Performance guarantee extended by subsidiaries to third parties	5	-
	<u>17,032</u>	<u>17,027</u>

14. Capital Commitment

As at 30 June 2010, the Group had the following capital commitments:

	RM'000
Approved and not contracted for	-
Approved and contracted for	<u>289,440</u>

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15. Operating Lease Arrangements

As at 30 June 2010, the Group has entered into operating lease agreements for the use of certain vessels, office and warehouse. The future aggregate minimum lease payments are as follows:

	RM'000
Not later than 1 year	114,074
Later than 1 year and not later than 5 years	410,444
Later than 5 years	285,621
	810,139

16. Significant Related Party Transactions

a. The Group/Company had the following transactions with related parties during the financial quarter:

	Quarter ended 30-June-10 RM'000	Quarter ended 30-June-09 RM'000
i. Subsidiaries:		
Rental income from subsidiaries	40	85
Interest and finance charges from a subsidiary	177	2,312
Management fee from a subsidiary	-	405
Dividend income from a subsidiary	10,325	3,735
Handling fee charged by a subsidiary	64	131
Secondment fee charged by a subsidiary	110	-
		-
ii. Related parties:		
Charter income from related parties	21,944	-
Interest and finance charges from an associate	857	-
Dividend income from an associate	577	-
iii. Legal fee paid to a Director of a subsidiary		
	-	20

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established on terms that are not more favourable to the related parties than those generally available to the public.

b. Compensation of key management personnel

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

	Quarter ended 30-June-10 RM'000	Quarter ended 30-June-09 RM'000
Short-term employee benefits	1,295	1,032

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

17. Review of Performance

For the current quarter ended 30 June 2010, the Group recorded a turnover of RM57.4 million, a decrease of 65% from RM166.3 million in the second quarter of 2009. The Company registered a loss before taxation of RM34.8 million in the current quarter, as compared to RM21.2 million profit in the second quarter of 2009.

The significant decrease in turnover is mainly due to deconsolidation of Integrated Brownfield Services arising from the divestment of PEB group in Dec 2009. Excluding contributions from Integrated Brownfield Services in year 2009, the Group recorded a turnover of RM57.4 million, a decrease of 6% from RM61.0 million in the second quarter of 2009. The Company registered a loss before taxation of RM34.2 million in the current quarter, as compared to RM11.4 million profit in the second quarter of 2009.

The decrease in turnover and profit before taxation is mainly attributed to:

- a.
 - i. Slow down in drilling activities causing reduced charter opportunities, lower vessels utilization and decrease in charter rates.
 - ii. Increase in lease rental due to increase in new deliveries of vessels financed via sale and leaseback arrangement.
 - iii. Mobilisation cost for newly delivered vessels of RM5.8 million.
 - iv. Higher repair and maintenance cost for old vessels.
- b. Fair value adjustment of RM8.7 million in current quarter arising from adoption of FRS 139.

18. Comparison with Immediate Preceding Quarter

The Group achieved a turnover of RM57.4 million in the current quarter, an increase of 13% as compared to last quarter of RM50.9 million. However, the Company recorded a loss before taxation of RM34.8 million in the current quarter, as compared to RM4.2 million profit in last quarter.

The increase in turnover is due to increase in number of working vessels in the current quarter and the decrease in profit before taxation were mainly due to:

- a.
 - i. Increase in lease rental due to increase in new deliveries of vessels financed via sale and leaseback arrangement.
 - ii. Mobilisation cost for newly delivered vessels of RM5.8 million.
 - iii. Higher repair and maintenance cost for old vessels.
- b. Fair value adjustment of RM8.7 million in current quarter arising from adoption of FRS 139.
- c. Gain on a vessel's disposal of RM8.3 million in last quarter of 2010.

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19. Prospects

The performance of the Group is somewhat impacted by the slowdown in regional drilling activities and the increase of new offshore support vessels by other offshore marine competitors since mid of last year 2009.

Following the recent period of volatile oil prices, we expect to see oil prices stabilising or even increasing moving forward. With that, we expect to see a pick-up in activities in the oil and gas industry with effects showing from 2011 onwards in increased offshore marine activities. This is in view of the anticipated corresponding rise in spending by oil and gas majors on new development investments and exploration activities in Malaysia and the rest of South-East Asia. Correspondingly, we anticipate an improvement in charter rates and vessel utilisation of our Group's fleet.

Outlook of our Group's vessels has generally improved in 2010. We have since the beginning of 2010 up to to-date, secured a number of new charters with durations of up to five years with total considerations of approximately RM360 million. We also expect to see continuous improvements in the number of charter enquiries and higher charter rates, from both domestic and regional markets in the coming year.

Meanwhile, the Group has almost completed its fleet renewal program. As at to-date, 13 new vessels have been delivered and the final 3 vessels are expected to be delivered by end of year 2010, increasing our Group's fleet of vessels to 26 in total.

Following the decrease in shipbuilding activities during the recent economic slowdown, our management believes that the number of new-built vessels to be delivered in the coming years is expected to reduce significantly. With our new-built vessels servicing both the green field and brown field segments, coupled with an average fleet age of seven years upon disposal of the old vessels, our management believes that our Group is in a competitive position and is poised to take advantage of the recovering upstream activities in the oil and gas industry. This is expected to result in higher vessel utilisation arising from the increase in exploration and production activities and the corresponding increase in demand for offshore marine vessels.

The Group plan to continue tapping into regional markets such as Thailand, Indonesia, Vietnam, Myanmar and Australia as a key contributor towards our Group's results. We are also looking to establish our presence in new emerging markets such as India, China and West Africa within the next three to five years as a base to penetrate such markets and to extend the reach of our Group's marine support services with the aim of further diversifying our Group's income stream geographically.

Barring any unforeseen decline in crude oil prices, the Group is of the view that the Group's offshore marine business will see an improvement in performance in the coming year.

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20. Taxation

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

	Current Quarter Ended 30-June-10 RM'000	Corresponding Quarter Ended 30-June-09 RM'000	Current Year-to-date Ended 30-June-10 RM'000	Corresponding Year-to-date Ended 30-June-09 RM'000
Current tax:				
Malaysian income tax	(2,235)	4,371	(1,908)	6,972
Foreign tax	455	(141)	677	967
	<u>(1,780)</u>	<u>4,230</u>	<u>(1,231)</u>	<u>7,939</u>
(Over)/under provision in previous year	2	(402)	2	(402)
	<u>(1,778)</u>	<u>3,828</u>	<u>(1,229)</u>	<u>7,537</u>
Deferred tax:				
Malaysian income tax	-	(613)	-	(682)
Total	<u>(1,778)</u>	<u>3,215</u>	<u>(1,229)</u>	<u>6,855</u>

The effective tax rate for current quarter and the financial period to-date is lower than the statutory tax rate principally due to lower statutory rates, losses in subsidiary companies and income not subject to tax for offshore subsidiary companies.

21. Unquoted Investment and Properties

There were no disposal of unquoted investment and properties for the current quarter and financial period to-date.

22. Quoted Securities

There were no purchase or disposal 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 financial period to-date.

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23. Corporate Proposals

There were no corporate proposals announced but not completed as of 25 August 2010, except for the following:

- a) On 2 July 2010, the Company announced the completion of the placement of 29,760,000 new ordinary shares of RM0.50 each in PPB (“PPB Shares”) following the listing of and quotation for the said new PPB Shares on Main Market of Bursa Malaysia Securities Berhad (“Bursa”) which was issued and allotted on 30 June 2010 at an issue price of RM1.32 per PPB Share.

The utilisation of proceeds of RM39.28 million from Private Placement as at 25 August 2010 is as follows:-

Purpose	Proposed Utilisation RM’000	Actual Utilisation RM’000	Intended Timeframe for Utilisation
Payment of charter deposits	19,203	-	3 months
Working capital of Petra Perdana Group	19,780	11,300	12 months
Expenses relating to the Placement	300	-	6 months
Total	39,283	11,300	

- b) On 11 May 2010, the Company announced that the Company proposes to implement, amongst others, a renounceable rights issue of new PPB Shares (“Right Shares”) with free detachable warrants (“Warrants”) (“Proposed Rights Issue”) to raise gross proceeds of approximately RM69.56 million on a basis and on an entitlement date to be determined later.

On 26 July 2010, the Company announced that Bursa Securities has vide its letter dated 23 July 2010, granted its approval-in-principle for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Right Shares, Warrants and the new PPB shares arising from the exercise of the Warrants to be issued pursuant to the Proposed Right Issue on the Main Market of Bursa Securities.

On 30 July 2010, the Company announced that the Controller of Foreign Exchange (via Bank Negara Malaysia) has, vide its letter dated 29 July 2010, approved the issuance of the Warrants to non-resident shareholders of PPB pursuant to the Proposed Rights Issue.

On 16 August 2010, the Company announced that the Extraordinary General Meeting for the Proposed Rights Issue will be held on 1 September 2010.

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24. Borrowings

Total Group's borrowings as at 30 June 2010 were as follows:

	As at 30-June-10 RM'000	As at 31-Dec-09 RM'000
Secured borrowings		
Short term	149,021	218,019
Long term	195,047	227,063
Total	<u>344,068</u>	<u>445,082</u>

The Group has settled RM123 million of Syndicated Transferable Term Loan, RM35 million Nominal Value Secured Serial Bonds and RM15 million of Medium Term Note during the financial period ended 30 June 2010.

Included in the short-term borrowings are:

- i. 2 series of RM35 million each Nominal Value Secured Serial Bonds which bear an interest rate of 6.10% and 6.30% p.a. repayable on 30 September 2010 and 30 March 2011 respectively.
- ii. RM12 million and RM15 million Syndicated Transferable Term Loan which bears an interest rate of 1.75% and 2.25% p.a. above the prevailing 1-month effective cost of funds and repayable within next twelve months.
- iii. RM10 million and RM15 million Medium Term Notes which bears an interest rate of 5.90% and 6.10% p. a. and repayable on 3 November 2010 and 3 May 2011 respectively.
- iv. RM25 million of revolving credit bears an interest rate of 2% p.a. above cost of funds.
- v. RM1.9 million of Commodity Muharabah Term Loan bears an interest rate of 5.58% which repayable within 12 months.

Included in the long-term borrowings are:

- i. RM140 million Nominal Value Secured Serial Bonds and RM10 million Medium Term Notes. The borrowings bear an interest rate that ranges from 6.30% to 6.85% p.a.
- ii. RM44.5 million of Commodity Muharabah Term Loan bears an interest rate of 5.58% p.a.

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25. Financial Instruments

Foreign Currency Contracts

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movements in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument and where the foreign exchange contracts are used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

As at 30 June 2010, the Group's outstanding foreign currency contracts were as follows:

Currency	Contract Amount '000	Notional Value RM'000	Fair Value RM'000	Gain/(Loss) arising from fair value changes RM'000
<u>Forex Option Contract</u>				
SGD - buy	1,775	4,219	4,312	(93)
USD - sell	500	1,682	1,680	2
	<u>2,275</u>	<u>5,901</u>	<u>5,992</u>	<u>(91)</u>

These contracts are short term in nature and the majority is due to mature within the next six months.

There is minimal credit risk as these contracts are entered into with licensed financial institutions. There is no cash requirement for these instruments other than a minimal fee.

26. Changes in Material Litigation

The Group is not engaged in any material litigation as at 25 August 2010 except for the followings:

- i) On 23 December 2009, the Company had received an Interim Ex-Parte Order in the Kuala Lumpur High Court ("High Court") (Commercial Division) vide Suit No.: 22NCC 735-2009 ("Derivative Suit"), fixing an inter partes hearing on 11 January 2010 by the High Court to restrain Y.M. Tengku Dato' Ibrahim Petra bin Tengku Indra Petra ("TIP") and three (3) other directors (collectively, referred to as the "Former directors"), the Company and TA Securities Holdings Berhad ("TA Securities"), from divesting the remaining 29.59% shares held by the Company in Petra Energy Berhad until En. Shamsul Bin Saad ("Plaintiff") requisitions for an extraordinary general meeting of shareholders and/or until the final disposal of the Derivatives Suit whenever is earlier.

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26. Changes in Material Litigation (Cont'd)

The Derivative Suit is brought by the Plaintiff as a derivative action, in his capacity as minority shareholder and in the interest of the Company (nominal defendant).

Consistent with a derivative action, reliefs claimed in this action are essentially sought for benefit of the Company. In this regard, various declaratory reliefs, being breach of fiduciary duties, duty of care in common law and equity as well as statutory duties by the Former Directors are sought by the Plaintiff aimed at impugning the conduct of the Former Directors. General damages, interests and costs have also been claimed against, inter alia, the Former Directors and TA Securities, on behalf and for benefit of the Company. Given that the damages sought have not been quantified, solicitors acting for the Company are unable to give the amount so claimed. Any damages recovered would go solely to the Company.

The Former Directors applied to strike out the Derivative Suit. This was dismissed and the Former Directors appealed to the Court of Appeal. The 6th Defendant, TA Securities, also applied to strike out the claim.

At the case management on 4 August 2010, the Plaintiff had indicated that he intends to proceed with the Derivative Suit. The High Court Judge then directed that an Order 14A application, which is an application by a party or through the court of its own motion to determine a point of law without a full trial of the action, be filed by the Former Directors on point of law without a full trial of the action, be filed by the Former Directors on point of law by 10 August 2010 and directed that this Order 14A application be fixed for hearing on 11 August 2010. The High Court Judge had on 16 August 2010 allowed the Order 14A application by the Former Directors against the Plaintiff with costs on the ground, inter alia, that the Derivative Suit is no longer sustainable given the change in circumstances, namely on the issue of control of the Company. By reason of the decision of the High Court Judge on the Order 14A application in favour of the Former Directors, the High Court Judge had also struck out the 6th Defendant's striking out application with no order as to costs.

The Company, as nominal defendant in the Derivative Suit shall nevertheless be seeking legal advice on the implication of the outcome of the Order 14A application.

- ii) On 21 May 2010, Intra Oil Services Berhad ("IOS"), a wholly-owned subsidiary of the Company has filed an action in the High Court vide a Writ Summons (Suit No.: D-22NCC-1005-2010) ("IOS Suit") against the former directors of IOS, namely Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Tiong Young Kong and Wong Fook Heng for breach of fiduciary duties and/or common law duties owed to IOS by authorizing and/or causing the institution of the Broker's Commission Agreement Suit.

In the IOS Suit, IOS prayed for a declaration that TIP, Wong and Tiong have acted in breach of their fiduciary obligations in causing the institution of the Broker's Commission Agreement Suit and also sought for loss and damages (to be assessed by the High Court).

On 27 May 2010, the Company has announced that the High Court fixed 24 August 2010 for case management of the IOS Suit. On 24 August 2010, the Company announced that the High Court has fixed 28 September 2010 for the next case management of the IOS Suit. The solicitors acting for IOS are of the view that IOS has a fair chance of success in the IOS Suit.

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26. Changes in Material Litigation (Cont'd)

iii) On 24 June 2010, the Board of Directors announced that they had been served by the solicitors of Datin Che Nariza Hajjar Hashim and the solicitor of Nik Ismail bin Tengku Besar Indra Raja and Ramilah Joannah Sulaiman in relation to the adjournment of the forthcoming Annual General Meeting of the Company to be held on 28 June 2010 to such date after the disposal of the Originating Summons. The Company sought legal advice on the matter.

On 28 June 2010, the Company announced that the High Court has granted an order for the 14th AGM to proceed with the resolutions no. 1, 2, 7, 8, 9 and 10 whereas the tabling and voting for the resolutions no. 3, 4, 5, and 6 as detailed in the notice of additional resolution dated 21 June 2010 would be done at the adjourned AGM. The adjourned AGM was held on 20 July 2010 at One World Hotel.

On 1 July 2010, the Company announced that on 30 June 2010, its solicitors have filed in the Notices of Appeal to the Court of Appeal in respect of the decision of the High Court given on 28 June 2010 (the "Appeals"). On the same day, the Company informed that they have received a letter dated 30 June 2010 from Mr John Pang Yun Nian, withdrawing his consent to the nomination by the shareholder, Mr Chow Lean Keat nominating him for election to the office of Director of PPB. As such, the resolution in relation to the election of Mr John Pang Yun Nian had withdrawn.

On 15 July 2010, the Company announced that they had received three letters, all dated 14 July 2010 respectively from Ramilah Joannah Sulaiman, Datin Che Nariza Hajjar Hashim and Nik Ismail Bin Tengku Besar Indra Raja withdrawing their nomination of Suhaimi bin Badrul Jamil, Dato' Syed Norulzaman Bin Syed Kamarulzaman and Dato' Shaik Sulaiman Bin S. Mohamed Ismail as director of the Company. Accordingly, the Nominees have also withdrawn their respective notice of candidate as Director dated 8 June 2010 on even date via the letter all dated 14 July 2010.

As such the resolutions in relation to the election of the Nominees as mentioned in the Company's announcement dated 1 July 2010 and notice of Adjourned 14th AGM and additional resolutions of Adjourned 14th AGM dated 15 July 2010 was withdrawn accordingly.

Hence on 16 July 2010, the Company through their solicitors, had applied:

- a) to withdraw the Motion with no order as to costs as there was no longer any urgency to have the Appeals heard on an expedited basis, given the withdrawal of the various Nominations in question. Hence the Motion was struck out with no order as to costs; and
- b) the application to partially stay the High Court Orders dated 28 June 2010 was also withdrawn with no order as to costs. The said stay application was likewise struck out with no order as to costs.

At the case management on 3 August 2010, the Deputy Registrar of the Court of Appeal had fixed the Appeals to be heard on 6 September 2010. On 25 August 2010, the Company announced that the hearing date of 6 September 2010 has been vacated by the Assistant Registrar of the Court of Appeal and that the Appeals are to be heard on 7 September 2010. Solicitors of the Company are of the opinion that the Company have a fair chance of success in both the Appeals.

The Board of Directors are of the view that the Appeals have no material financial impact on the Company.

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27. Dividends

There were no dividend proposed in respect of the current quarter ended 30 June 2010.

28. (Loss)/Earnings Per Share

Weighted Average

	Current Quarter Ended 30-June-10 RM'000	Corresponding Quarter Ended 30-June-09 RM'000	Current Year-to-date Ended 30-June-10 RM'000	Corresponding Year-to-date Ended 30-June-09 RM'000
Net (loss)/profit attributable to shareholders	(32,979)	15,557	(29,380)	34,205
Number of ordinary shares of RM0.50 each	297,600,000	297,600,000	297,600,000	297,600,000
Basic (loss)/earnings per ordinary share of RM0.50 each (Sen)	(11.08)	5.23	(9.87)	11.49

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2010.