

PERDANA PETROLEUM BERHAD

(formerly known as Petra Perdana Berhad)

(Company No. 372113 - A)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Quarter Ended 31-Dec-11 RM'000	Corresponding Quarter Ended 31-Dec-10 RM'000	Current Year-to-date Ended 31-Dec-11 RM'000	Corresponding Year-to-date Ended 31-Dec-10 RM'000
Revenue	56,240	75,689	255,864	254,887
Cost of Sales	(59,567)	(77,998)	(256,268)	(280,800)
Gross Loss	(3,327)	(2,309)	(404)	(25,913)
Other income	7,993	9,249	22,822	28,262
Operating expenses	(50,815)	(19,476)	(70,353)	(52,678)
Finance costs	(4,209)	(4,433)	(18,608)	(22,955)
Share of results in an associate	2,174	(2,366)	825	387
Loss before taxation	(48,184)	(19,335)	(65,718)	(72,897)
Income tax expense	(411)	219	(524)	491
Loss for the period/year	(48,595)	(19,116)	(66,242)	(72,406)
<i>Other comprehensive income</i>				
Foreign currency translation	(8,971)	(4,887)	(59)	(56,594)
Cash Flow Hedge	284	(179)	(602)	(1,311)
Total Comprehensive Expenses for the period/year	(57,282)	(24,182)	(66,903)	(130,311)
Loss for the period/year				
Attributable to:				
Equity holders of the Company	(48,597)	(18,888)	(66,007)	(72,002)
Non-controlling interest	2	(228)	(235)	(404)
	(48,595)	(19,116)	(66,242)	(72,406)
Total Comprehensive Income/(Expenses) for the period/year				
Attributable to:				
Equity holders of the Company	(57,321)	(24,017)	(66,468)	(129,948)
Non-controlling interest	39	(165)	(435)	(363)
	(57,282)	(24,182)	(66,903)	(130,311)
Loss per share of RM0.50 each (Sen)				
a) Basic (based on weighted average)	(10.53)	(4.56)	(14.57)	(21.53)
b) Fully diluted	N/A	N/A	N/A	N/A

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction
with the Annual Financial Report for the financial year ended 31 December 2010)**

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited)	(Audited)
	31-Dec-11	31-Dec-10
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	428,075	400,934
Investment in an associate	85,841	88,420
Intangible assets	27,507	27,507
Refundable deposits	81,429	90,930
Deferred tax assets	46	46
	<u>622,898</u>	<u>607,837</u>
CURRENT ASSETS		
Inventories	3,937	6,908
Trade receivables	35,952	46,019
Other receivables, deposits and prepayments	34,962	53,274
Amount owing by related parties	26,515	36,614
Tax recoverable	3,360	3,758
Fixed deposits with licensed banks	44,221	51,188
Cash and bank balances	22,791	18,293
	<u>171,738</u>	<u>216,054</u>
Non-current asset classified as held for sale	12,255	-
	<u>183,993</u>	<u>216,054</u>
TOTAL ASSETS	<u>806,891</u>	<u>823,891</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	247,566	225,060
Reserves	221,745	278,975
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	469,311	504,035
NON-CONTROLLING INTEREST	(218)	217
TOTAL EQUITY	<u>469,093</u>	<u>504,252</u>
NON-CURRENT LIABILITIES		
Deferred taxation	2,507	4,048
Long-term borrowings	174,853	146,088
Derivative liability	2,449	3,070
Other payables	260	260
	<u>180,069</u>	<u>153,466</u>
CURRENT LIABILITIES		
Trade payables	33,312	36,186
Other payables and accruals	24,092	30,286
Amount owing to related parties	33	33
Short-term borrowings	99,539	98,808
Provision for taxation	753	860
	<u>157,729</u>	<u>166,173</u>
TOTAL LIABILITIES	<u>337,798</u>	<u>319,639</u>
TOTAL EQUITY AND LIABILITIES	<u>806,891</u>	<u>823,891</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		
	0.95	1.12

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010)

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	31-Dec-11	31-Dec-10
	RM'000	RM'000
Cash flow from/(for) operating activities		
Loss before taxation	(65,718)	(72,897)
Adjustments for:		
Depreciation of property, plant and equipment	35,716	36,227
Loss/(Gain) on disposal of property, plant and equipment	1,331	(424)
Gain on disposal of non-current asset classified as held for sale	-	(5,855)
Unrealised gain on foreign exchange	(4,283)	(9,464)
Share of results in an associate	(825)	(387)
Loss on dilution of interest in associate	3,116	-
Interest expense	16,461	21,651
Impairment loss on property, plant and equipment	39,269	2,982
Impairment loss on receivables/related parties/subsidiaries	-	5,020
Waiver of debts	-	(107)
Impairment loss on refundable deposits	-	9,380
Property, plant and equipment written off	95	9
Accretion of refundable deposits	(12,325)	(3,657)
Interest income	(1,131)	(3,669)
Operating profit/(loss) before working capital changes	<u>11,706</u>	<u>(21,191)</u>
Decrease/(Increase) in inventories	2,938	(1,524)
Decrease/(Increase) in trade and other receivables	28,362	(6,056)
Net decrease in amount owing by related parties	9,873	988
Decrease in trade and other payables	(13,153)	(57,291)
Net cash from/(for) operations	<u>39,726</u>	<u>(85,074)</u>
Tax paid	(2,027)	(2,210)
Tax refund	227	4,682
Net cash from/(for) operating activities	<u>37,926</u>	<u>(82,602)</u>
Cash flow (for)/from investing activities		
Charterer deposits refunded/(paid)	23,890	(42,535)
Purchase of property, plant and equipment	(134,369)	(190,955)
Proceeds from disposal of property, plant and equipment	31,826	177,580
Proceeds from disposal of non-current asset classified as held for sale	-	94,501
Repayment from associate	-	49,674
Repayment from/(to) related parties	380	(4,661)
Interest received	1,131	3,669
Dividend received from an associate	288	577
Withdrawal of fixed deposits	4,797	112,768
Net cash (for)/from investing activities	<u>(72,057)</u>	<u>200,618</u>

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	31-Dec-11 RM'000	31-Dec-10 RM'000
Cash flow from/(for) financing activities		
Drawdown of bank borrowings	150,353	71,408
Repayment of bank borrowings	(129,377)	(270,000)
Proceeds from issuance of share by a subsidiary to minority shareholders	-	45
Proceeds from issuance of shares	31,958	111,711
Share issue expenses	(214)	(1,888)
Repayment of hire purchase obligations	(76)	(46)
Interest paid	(16,461)	(21,651)
Repayment from/(to) related parties	28	(219)
Dividend paid	-	(4,464)
Net cash from/(for) financing activities	<u>36,211</u>	<u>(115,104)</u>
Net change in cash and cash equivalents	2,080	2,912
Effect of foreign exchange translation	248	(388)
Cash and cash equivalents at beginning of the financial year	<u>37,943</u>	<u>35,419</u>
Cash and cash equivalents at end of the financial year	<u>40,271</u>	<u>37,943</u>
Cash and cash equivalents		
Fixed deposits with licensed banks	44,221	51,188
Cash and bank balances	<u>22,791</u>	<u>18,293</u>
	67,012	69,481
Less: Fixed deposits pledged as security	<u>(26,741)</u>	<u>(31,538)</u>
	<u>40,271</u>	<u>37,943</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 2010)**

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Capital Redemption Reserve RM'000	Cash Flow Hedge Reserve RM'000	Other Capital Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Financial year ended 31 December 2011											
As at 1 January 2011	225,060	82,892	11,048	-	(1,311)	2,127	(56,579)	240,798	504,035	217	504,252
Issuance of ordinary shares under private placement	22,506	9,452	-	-	-	-	-	-	31,958	-	31,958
Share issue expenses	-	(214)	-	-	-	-	-	-	(214)	-	(214)
Total comprehensive income for the year	-	-	-	-	(602)	-	141	(66,007)	(66,468)	(435)	(66,903)
Balance as at 31 December 2011	247,566	92,130	11,048	-	(1,913)	2,127	(56,438)	174,791	469,311	(218)	469,093
Financial year ended 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
Amendment of Labuan Companies Act 1990 on share capital	-	-	-	(2,127)	-	2,127	-	-	-	-	-
Issuance of ordinary shares under private placement	14,880	24,403	-	-	-	-	-	-	39,283	-	39,283
Issuance of ordinary shares under rights issue	61,380	-	11,048	-	-	-	-	-	72,428	-	72,428
Share issue expenses	-	(1,888)	-	-	-	-	-	-	(1,888)	-	(1,888)
Total comprehensive income for the year	-	-	-	-	(1,311)	-	(56,635)	(72,002)	(129,948)	(363)	(130,311)
Dividend	-	-	-	-	-	-	-	(4,464)	(4,464)	-	(4,464)
Balance as at 31 December 2010	225,060	82,892	11,048	-	(1,311)	2,127	(56,579)	240,798	504,035	217	504,252

(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 2010)

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2011**

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 2010. 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 2010.

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 2010 except for the adoption of the following new accounting standards and interpretations (including the consequential amendments) effective for annual periods beginning on or after 1 July 2010 as disclosed below:

FRSs and IC Interpretations (Including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1: Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendment to FRS 132: Financial Instruments: Presentation

Amendments to FRS 138: Consequential Amendments Arising from FRS 3(Revised)

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

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2. Changes in Accounting Policies (Cont'd)

FRSs and IC Interpretations (Including the Consequential Amendments)

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Annual Improvements to FRSs (2010)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interest to be absorbed by the non-controlling interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. As a result, the Group will not be adopting the FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 January 2012.

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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 year to-date.

6. Material Changes in Estimates

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

7. Issuance 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 as follows:-

The Company had increased its issued and paid-up share capital from RM225,060,000 to RM247,566,000 by the issuance of 45,012,000 new ordinary shares of RM0.50 each under a private placement exercise on 5 December 2011. The new PPB shares were listed and quoted on the Main Market of Bursa Securities on 8 December 2011.

8. Dividends Paid

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

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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9. Segmental Information

Business Segment - Quarter

<i>Current Quarter Ended 31 December 2011</i>	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	56,240	-	-	56,240
Inter-segment revenue	-	36,140	(36,140)	-
	<u>56,240</u>	<u>36,140</u>	<u>(36,140)</u>	<u>56,240</u>
Results				
Segment results	(37,950)	(17,428)	9,229	(46,149)
Finance costs	(2,253)	(1,956)	-	(4,209)
	<u>(40,203)</u>	<u>(19,384)</u>	<u>9,229</u>	<u>(50,358)</u>
Share of results in an associate				<u>2,174</u>
Loss before taxation				<u>(48,184)</u>
<i>Corresponding Quarter Ended 31 December 2010</i>	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	75,689	-	-	75,689
Inter-segment revenue	84	660	(744)	-
	<u>75,773</u>	<u>660</u>	<u>(744)</u>	<u>75,689</u>
Results				
Segment results	(44,988)	(2,736)	35,188	(12,536)
Finance costs	(789)	(3,701)	57	(4,433)
	<u>(45,777)</u>	<u>(6,437)</u>	<u>35,245</u>	<u>(16,969)</u>
Share of results in an associate				<u>(2,366)</u>
Loss before taxation				<u>(19,335)</u>

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Business Segment – Year-to-date

<i>Current Year-to-date Ended 31 December 2011</i>	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	255,864	-	-	255,864
Inter-segment revenue	-	36,547	(36,547)	-
	<u>255,864</u>	<u>36,547</u>	<u>(36,547)</u>	<u>255,864</u>
Results				
Segment results	(34,919)	(23,872)	10,856	(47,935)
Finance costs	(7,432)	(11,176)	-	(18,608)
	<u>(42,351)</u>	<u>(35,048)</u>	<u>10,856</u>	<u>(66,543)</u>
Share of results in an associate				<u>825</u>
Loss before taxation				<u>(65,718)</u>

<i>Corresponding Year-to-date Ended 31 December 2010</i>	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	254,887	-	-	254,887
Inter-segment revenue	534	11,681	(12,215)	-
	<u>255,421</u>	<u>11,681</u>	<u>(12,215)</u>	<u>254,887</u>
Results				
Segment results	(73,119)	2,222	20,568	(50,329)
Finance costs	(4,641)	(19,426)	1,112	(22,955)
	<u>(77,760)</u>	<u>(17,204)</u>	<u>21,680</u>	<u>(73,284)</u>
Share of results in an associate				<u>387</u>
Loss before taxation				<u>(72,897)</u>

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10. Material Events Subsequent to the reporting period

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

11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 December 2011 including business combination, acquisition or disposal of subsidiary and long-term investments, restructuring and discontinuing operation.

12. Changes in Contingent Liabilities

	Group RM'000	Company RM'000
<u>Unsecured:-</u>		
Bank guarantee granted to third parties for the benefit of a subsidiary	2,552	2,552
Corporate guarantee given to licensed banks and financial institutions for credit facilities granted to related parties	9,878	9,878
Bank guarantee extended by subsidiaries to third parties	5	-
	<u>12,435</u>	<u>12,430</u>

13. Capital Commitment

As at 31 December 2011, the Group had the following capital commitments:

	RM'000
Approved and not contracted for	<u>-</u>
Approved and contracted for	<u>63,750</u>

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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As at 31 December 2011, 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	76,121
Later than 1 year and not later than 5 years	257,900
Later than 5 years	99,724
	<u>433,745</u>

15. Significant Related Party Transactions

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

	Quarter ended 31-Dec-11 RM'000	Quarter ended 31-Dec-10 RM'000
i. Subsidiaries:		
Rental income from subsidiaries	289	40
Interest and finance charges from subsidiaries	-	45
Dividend income from subsidiaries	35,850	620
Handling fee charged by a subsidiary	62	84
ii. Related parties:		
Charter income from related parties	<u>20,798</u>	<u>25,491</u>

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 31-Dec-11 RM'000	Quarter ended 31-Dec-10 RM'000
Short-term employee benefits	<u>1,443</u>	<u>1,916</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

- A. For the current quarter ended 31 December 2011, the Group recorded a turnover of RM56.2 million, a decrease of 26% from RM75.7 million in the fourth quarter of 2010 due to lower vessels utilization resulted from the monsoon season and the cancellation of lease vessels in year 2011.

The Group registered a loss before taxation of RM48.2 million in the current quarter, as compared to loss of RM19.3 million in the same quarter last year. Included in the current quarter is an impairment loss on old vessels of RM39.3 million in the current quarter as compared with RM3.0 million in the same quarter last year. The significant impairment loss is arrived at based on the directors' prudent and best estimates judging from the marketability of the old vessels. Excluding the impairment of vessels, the loss for current quarter is RM8.9 million, which is 45% improvement from RM16.3 million loss in same quarter last year.

The improvement in loss before taxation in current quarter is mainly due to:

- a. Share of profit from an associate of RM2.2 million in the current quarter as compared to share of loss of RM2.4 million in the same quarter last year.
 - b. Impairment loss on receivables of RM4.7 million accounted in same quarter last year.
- B. For the financial year ended 31 December 2011, the Group registered a turnover of RM255.9 million and loss before taxation of RM65.7 million as compared to previous year ended 31 December 2010's turnover of RM254.9 million and loss before taxation of RM72.9 million.

The improvement in profit before taxation is mainly attributed to:

- i. Lower operating cost in current year as a result of the cancellation of lease vessels.
- ii. High mobilisation cost for 7 new deliveries of vessels in previous year.
- iii. Lower finance cost in current year due to repayment of borrowings.
- iv. Impairment loss on receivables of RM4.7 million accounted in previous year.
- v. Accretion of refundable deposits of RM12.3 million in current year as compared to impairment of charter deposits of RM5.7 million in previous year.

Included in the current quarter loss is an impairment loss on old vessels of RM39.3 million in current year as compared to RM3.0 million in previous year as stated in note 16(A) and also a loss on dilution of interest in associate of RM3.1 million.

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17. Comparison with Immediate Preceding Quarter

The Group recorded a turnover of RM56.2 million in the current quarter, a decrease of 5% as compared to last quarter of RM59.3 million. The company registered a loss before taxation of RM48.2 million in the current quarter, as compared to loss of RM18.3 million in last quarter.

Included in the current quarter is an impairment loss on old vessels of RM39.3 million in the current quarter. Excluding the impairment of vessels, the loss for current quarter is RM8.9 million, which is 49% improvement from last quarter .

The decrease in turnover is mainly due to lower utilisation for workboat and work barge resulted from monsoon season in the current quarter.

The improvement in loss before taxation is mainly attributed to:

- a. Lower operating cost of vessels in current quarter.
- b. Lower finance cost due to repayment of borrowings.
- c. Share of profit from PEB of RM2.2 million in the current quarter as compared to share of loss of RM4.0 million in last quarter.

18. Prospects

The Board is cautiously optimistic on the prospect for oil and gas support services in the domestic and regional markets in the foreseeable future, on the back of the stable oil prices range from USD90 – USD100 per barrel and various development programmes spearheaded by our national oil company, PETRONAS.

As at to-date, all of our new-built assets are already in place and our focus is to strive for longer-term charters for these fleets.

With our new-built fleet targeting on long-term chartering and on the markets we have firmly established within the region, its utilisation rate is definitely trending upwards for mid-size AHTS, which is more limited in supply relative to smaller AHTS and more in demand relative to much larger AHTS. This provides us the indication that AHTS charter rates for our segment of 10,000 BHP to 12,000 BHP will be more than on the mend to boost the business segment's top and bottom lines in 2012.

Our new-built work barges and work boats, we believe, will continue to provide the longer-term charter buffer and stability that we need, albeit with slightly lower charter rates relative to previous highs with more competition. We have and will continue to leverage on our strong track record with mainly repeat major customers in the region.

The Board is expecting a further improvement in year 2012, with the improvement in utilization and charter rates, the Group's offshore marine business will derive a better result in the coming years.

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	Current Quarter Ended 31-Dec-11 RM'000	Corresponding Quarter Ended 31-Dec-10 RM'000	Current Year-to-date Ended 31-Dec-11 RM'000	Corresponding Year-to-date Ended 31-Dec-10 RM'000
Loss for the quarter/year is arrived at after charging/(crediting):				
Interest expense	3,989	4,404	16,461	21,651
Depreciation of property, plant and equipment	9,506	9,000	35,716	36,227
Impairment loss on property, plant and equipment	39,269	2,982	39,269	2,982
Loss/(Gain) on disposal of property, plant and equipment	2,368	56	1,331	(424)
Loss on dilution of interest in associate	3,116	-	3,116	-
(Gain)/Loss on foreign exchange:				
- realized	(3,165)	333	(3,622)	5,507
- unrealized	(3,366)	(6,219)	(4,283)	(9,464)
Accretion of refundable deposits	(972)	-	(12,325)	-
Interest income	(231)	(336)	(1,131)	(3,669)

Other than the above, there were no allowance for impairment and write off of receivables, allowance for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, other income including investment income and exceptional items for the current quarter and financial year ended 31 December 2011.

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

	Current Quarter Ended 31-Dec-11 RM'000	Corresponding Quarter Ended 31-Dec-10 RM'000	Current Year-to-date Ended 31-Dec-11 RM'000	Corresponding Year-to-date Ended 31-Dec-10 RM'000
Current tax:				
Malaysian income tax	594	(12)	1,560	(2,390)
Foreign tax	(28)	(76)	661	652
	<u>566</u>	<u>(88)</u>	<u>2,221</u>	<u>(1,738)</u>
Over provision in previous year	(155)	(629)	(155)	(743)
	<u>411</u>	<u>(717)</u>	<u>2,066</u>	<u>(2,481)</u>
Deferred tax:				
Malaysian income tax	-	498	(1,542)	1,990
Total	<u>411</u>	<u>(219)</u>	<u>524</u>	<u>(491)</u>

The effective tax rate for the current quarter and financial year to-date is higher than the statutory tax rate mainly due to the losses which cannot be set-off against taxable profits made by subsidiaries.

21. Corporate Proposals

On 8 December 2011, the Company announced that the Private Placement has been completed following the listing of and quotation for 45,012,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad at an issue price of RM0.71 per Placement Share.

There were no other corporate proposals announced but not completed as of 24 February 2012 save for the above.

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22. Borrowings

Total Group's borrowings as at 31 December 2011 were as follows:

	As at 31-Dec-11 RM'000	As at 31-Dec-10 RM'000
Secured borrowings		
Short term	99,539	98,808
Long term	174,853	146,088
Total	<u>274,392</u>	<u>244,896</u>

Included in the short-term borrowings are:

- i. 2 series of RM35.0 million each Nominal Value Secured Serial Bonds which bear an interest rate of 6.65% and 6.75% p.a. repayable 30 March 2012 and 28 September 2012 respectively.
- ii. RM4.9 million of Commodity Muharabah Term Loan bears an interest rate of 5.58% which repayable within 12 months.
- iii. RM10.0 million of revolving credit bears an interest rate of 2.50% p.a. above cost of funds.
- iv. USD2.4 million (equivalent to RM7.6 million) of Term Loan bears an interest rate of LIBOR plus 4.35% which repayable within 12 months.
- v. USD2.2 million (equivalent to RM6.9 million) of Term Loan bears an interest rate of LIBOR plus 4.00% which repayable within 12 months.

Included in the long-term borrowings are:

- i. RM35.0 million Nominal Value Secured Serial Bonds which bear an interest rate of 6.85% p.a. repayable on 29 March 2013.
- ii. RM36.6 million of Commodity Muharabah Term Loan bears an interest rate of 5.58% p.a.
- iii. USD13.2 million (equivalent to RM41.8 million) of Term Loan bears an interest rate of LIBOR plus 4.35%.
- iv. USD19.3 million (equivalent to RM61.1 million) of Term Loan bears an interest rate of LIBOR plus 4.00%.

23. Financial Instruments

There are no outstanding financial instruments as at 31 December 2011.

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24. Changes in Material Litigation

The Group is not engaged in any material litigation as at 24 February 2012 except for the following:

- (a) On 22 June 2011, the Company has filed a suit in the High Court against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng, Tiong Young Kong, Lee Mee Jiong, TA Securities Holdings Berhad, Yap Hock Heng and TA First Credit Sdn Bhd ("Parties") to claim for losses and damages suffered by the Company in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Berhad ("PEB") by PPB to the Parties on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by PPB as conducted by the TA Securities Holdings Berhad and Yap Hock Heng on 11 December 2009.

The Suit is based upon, inter alia, breach of fiduciary duties and/or statutory duties and/or duty of care and/or trust obligations. The Company also alleges that the divestments of the shares were not bona fide and/or in the interest of the Company.

On 25 October 2011, the Company announced that the trial for the Suit has been scheduled for 26 March 2012 to 30 March 2012.

- (b) On 21 November 2011, a wholly owned subsidiary of the Company, Intra Oil Services Berhad ("IOS") has filed a statement of defence and counterclaim in the High Court in relation to Team Marine Shipyard (M) Sdn Bhd's ("TMS") writ of summons and statement of claim dated 23 September 2011. TMS's letter of demand dated 22 July 2011 and statement of claim alleges that IOS had failed to make certain payments to TMS and IOS had also failed to move its ships as directed by TMS.

IOS alleges vide its statement of defence that TMS is not the rightful party to demand for such payments described above and to demand that IOS move its ships. IOS's counterclaim is as follows:

1. Damages caused by TMS's unauthorized movement of two ships belonging to IOS amounting to RM80,000.00;
2. Cost of returning the said ships mentioned above to their original locations, amounting to RM4,800.00;
3. A claim of RM29,101,957.50 for loss of charter and maintenance of IOS's ships due to the barrier/fence erected by TMS; and
4. Recovery of all previous payments made by IOS to TMS amounting to RM721,809.00.

The counterclaim by IOS will not have a material impact on the operations and financials of the PPB Group for the financial year ended 31 December 2011.

On 25 November 2011, the Company informed that on a worst case scenario on the claim by TMS in their letter of demand dated 22 July 2011, IOS will have to pay RM7,617,724.00 and legal fees. However, if the Company is successful in its counterclaim of about RM30 million, this Counterclaim will have a material financial impact on the Group for the financial year ending 31 December 2012.

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There was no dividend proposed in respect of the current quarter ended 31 December 2011.

26. Loss Per Share**a.) Basic**

	Current Quarter Ended 31-Dec-11	Corresponding Quarter Ended 31-Dec-10	Current Year-to-date Ended 31-Dec-11	Corresponding Year-to-date Ended 31-Dec-10
Net loss attributable to shareholders (RM'000)	(48,597)	(18,888)	(66,007)	(72,002)
Number of ordinary shares of RM0.50 each at the beginning of the quarter/year	450,120,000	297,600,000	450,120,000	297,600,000
Effect of the issuance pursuant to Private Placement	11,253,000	29,760,000	2,836,373	15,002,301
Effect of the issuance pursuant to Right Issue	-	86,732,609	-	21,861,370
Weighted average number of ordinary shares in issue	<u>461,373,000</u>	<u>414,092,609</u>	<u>452,956,373</u>	<u>334,463,671</u>
Basic loss per ordinary share of RM0.50 each (Sen)	<u>(10.53)</u>	<u>(4.56)</u>	<u>(14.57)</u>	<u>(21.53)</u>

b.) Diluted

Diluted loss per share was not presented for the current quarter and financial year to-date as there is an anti-dilutive effect arising from the assumed conversion of the Warrants.

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27. Disclosure of Realised and Unrealised Profits

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
Total retained profits of the Group:		
- Realised	44,596	189,677
- Unrealised	(4,610)	(29,406)
	<u>39,986</u>	<u>160,271</u>
Total share of retained profits from associate		
- Realised	61,585	60,508
- Unrealised	(8,259)	(7,935)
	<u>93,312</u>	<u>212,844</u>
Less: Consolidation adjustments	<u>81,479</u>	<u>27,954</u>
Total retained profits as per statement of financial position	<u>174,791</u>	<u>240,798</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.