

**PERDANA PETROLEUM BERHAD**

(formerly known as Petra Perdana Berhad)

(Company No. 372113 - A)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Current Quarter Ended 30-Sept-11 RM'000</b>	<b>Corresponding Quarter Ended 30-Sept-10 RM'000</b>	<b>Current Year-to-date Ended 30-Sept-11 RM'000</b>	<b>Corresponding Year-to-date Ended 30-Sept-10 RM'000</b>
Revenue	59,269	70,919	199,624	179,198
Cost of Sales	(65,117)	(78,083)	(196,701)	(202,802)
Gross Loss	(5,848)	(7,164)	2,923	(23,604)
Other income *	4,331	(613)	14,829	19,013
Operating expenses	(6,495)	(9,144)	(19,538)	(33,202)
Finance costs	(6,276)	(7,380)	(14,399)	(18,522)
Share of results in an associate	(4,049)	1,409	(1,349)	2,753
Loss before taxation	(18,337)	(22,892)	(17,534)	(53,562)
Income tax expense	821	(957)	(113)	272
<b>Loss for the period</b>	<b>(17,516)</b>	<b>(23,849)</b>	<b>(17,647)</b>	<b>(53,290)</b>
<i>Other comprehensive income</i>				
Foreign currency translation	18,871	(24,551)	8,912	(51,706)
Cash Flow Hedge	(1,414)	53	(886)	(1,132)
<b>Total Comprehensive Income/(Expenses) for the period</b>	<b>(59)</b>	<b>(48,347)</b>	<b>(9,621)</b>	<b>(106,128)</b>
<b>Loss for the period</b>				
Attributable to:				
Equity holders of the Company	(17,420)	(23,734)	(17,410)	(53,114)
Non-controlling interest	(96)	(115)	(237)	(176)
	<b>(17,516)</b>	<b>(23,849)</b>	<b>(17,647)</b>	<b>(53,290)</b>
<b>Total Comprehensive Income/(Expenses) for the period</b>				
Attributable to:				
Equity holders of the Company	435	(48,265)	(9,147)	(105,930)
Non-controlling interest	(494)	(82)	(474)	(198)
	<b>(59)</b>	<b>(48,347)</b>	<b>(9,621)</b>	<b>(106,128)</b>
<b>Loss per share of RM0.50 each (Sen)</b>				
a) Basic (based on weighted average)	(3.87)	(7.25)	(3.87)	(17.27)
b) Fully diluted	N/A	N/A	N/A	N/A

\* Included in other income for the current quarter and financial period-to-date ended 30 September 2011 are accretion of refundable deposits of RM4.7 million and RM11.4 million respectively.

**(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 THIRD QUARTER  
ENDED 30 SEPTEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>(Unaudited)</b> <b>30-Sept-11</b> <b>RM'000</b>	<b>(Audited)</b> <b>31-Dec-10</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	490,450	400,934
Investment in an associate	86,783	88,420
Intangible assets	27,507	27,507
Refundable deposits	80,775	90,930
Deferred tax assets	46	46
	<u>685,561</u>	<u>607,837</u>
<b>CURRENT ASSETS</b>		
Inventories	4,604	6,908
Trade receivables	37,769	46,019
Other receivables, deposits and prepayments	37,832	53,274
Amount owing by related parties	33,582	36,614
Tax recoverable	3,764	3,758
Fixed deposits with licensed banks	38,828	51,188
Cash and bank balances	15,028	18,293
	<u>171,407</u>	<u>216,054</u>
<b>TOTAL ASSETS</b>	<u>856,968</u>	<u>823,891</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	225,060	225,060
Reserves	269,676	278,975
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u>494,736</u>	<u>504,035</u>
<b>NON-CONTROLLING INTEREST</b>	<u>(257)</u>	<u>217</u>
<b>TOTAL EQUITY</b>	<u>494,479</u>	<u>504,252</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred taxation	2,507	4,048
Long-term borrowings	180,488	146,088
Derivative liability	2,466	3,070
Other payables	260	260
	<u>185,721</u>	<u>153,466</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	36,197	36,186
Other payables and accruals	29,818	30,286
Amount owing to related parties	33	33
Short-term borrowings	109,496	98,808
Provision for taxation	1,224	860
	<u>176,768</u>	<u>166,173</u>
<b>TOTAL LIABILITIES</b>	<u>362,489</u>	<u>319,639</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>856,968</u>	<u>823,891</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>		
	1.10	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 THIRD QUARTER  
ENDED 30 SEPTEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>30-Sept-11 RM'000</b>	<b>30-Sept-10 RM'000</b>
<b>Cash flow from/(for) operating activities</b>		
Loss before taxation	(17,534)	(53,562)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	26,210	27,227
Gain on disposal of property, plant and equipment	(1,036)	(480)
Gain on disposal of non-current asset classified as held for sale	-	(8,316)
Unrealised gain on foreign exchange	(918)	(3,246)
Share of results in an associate	1,349	(2,753)
Interest expense	12,472	17,247
Fair value adjustment on borrowings	-	98
Property, plant and equipment written off	93	9
Accretion of refundable deposits	(11,353)	6,830
Interest income	(900)	(3,333)
Provision for retirement contributions	-	23
Operating profit/(loss) before working capital changes	<u>8,383</u>	<u>(20,256)</u>
Decrease/(Increase) in inventories	2,277	(2,498)
Decrease/(Increase) in trade and other receivables	24,341	(16,894)
Net decrease/(increase) in amount owing by related parties	3,880	(7,647)
Increase/(Decrease) in trade and other payables	252	(51,752)
Net cash from/(for) operations	<u>39,133</u>	<u>(99,047)</u>
Tax paid	(1,292)	(1,870)
Tax refund	-	4,682
Net cash from/(for) operating activities	<u>37,841</u>	<u>(96,235)</u>
<b>Cash flow (for)/from investing activities</b>		
Charterer deposits refunded/(paid)	23,890	(42,535)
Purchase of property, plant and equipment	(126,498)	(186,239)
Proceeds from disposal of property, plant and equipment	26,509	177,636
Proceeds from disposal of non-current asset classified as held for sale	-	94,501
Repayment from associate	-	49,269
Repayment to related parties	(685)	(4,795)
Interest received	900	3,333
Dividend received from an associate	288	577
Withdrawal of fixed deposits	21,648	138,849
Net cash (for)/from investing activities	<u>(53,948)</u>	<u>230,596</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>30-Sept-11 RM'000</b>	<b>30-Sept-10 RM'000</b>
<b>Cash flow from/(for) financing activities</b>		
Drawdown of bank borrowings	147,396	71,408
Repayment of bank borrowings	(112,885)	(208,000)
Proceeds from issuance of shares	-	39,283
Share issue expenses	(151)	(184)
Repayment of hire purchase obligations	(56)	(28)
Interest paid	(12,472)	(17,247)
Repayment from/(to) related parties	20	(203)
Dividend paid	-	(4,464)
Net cash from/(for) financing activities	<u>21,852</u>	<u>(119,435)</u>
Net change in cash and cash equivalents	5,745	14,926
Effect of foreign exchange translation	278	(567)
Cash and cash equivalents at beginning of the financial period	<u>37,943</u>	<u>35,419</u>
Cash and cash equivalents at end of the financial period	<u>43,966</u>	<u>49,778</u>
<b>Cash and cash equivalents</b>		
Fixed deposits with licensed banks	38,828	45,082
Cash and bank balances	<u>15,028</u>	<u>10,153</u>
	53,856	55,235
Less: Fixed deposits pledged as security	<u>(9,890)</u>	<u>(5,457)</u>
	<u>43,966</u>	<u>49,778</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 THIRD QUARTER ENDED 30 SEPTEMBER 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
<b>Financial period ending 31 December 2011</b>											
As at 1 January 2011	225,060	82,892	11,048	-	(1,311)	2,127	(56,579)	240,798	504,035	217	504,252
Share issue expenses	-	(152)	-	-	-	-	-	-	(152)	-	(152)
Total comprehensive income for the period	-	-	-	-	(886)	-	9,149	(17,410)	(9,147)	(474)	(9,621)
<b>Balance as at 30 September 2011</b>	<b>225,060</b>	<b>82,740</b>	<b>11,048</b>	<b>-</b>	<b>(2,197)</b>	<b>2,127</b>	<b>(47,430)</b>	<b>223,388</b>	<b>494,736</b>	<b>(257)</b>	<b>494,479</b>
<b>Financial year ended 31 December 2010</b>											
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)
<b>Balance as at 31 December 2010</b>	<b>225,060</b>	<b>82,892</b>	<b>11,048</b>	<b>-</b>	<b>(1,311)</b>	<b>2,127</b>	<b>(56,579)</b>	<b>240,798</b>	<b>504,035</b>	<b>217</b>	<b>504,252</b>

(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 THIRD QUARTER  
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**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

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 period 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 period but may impact the accounting of its future transactions or arrangements.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

**FRSs/IC Interpretations (including the Consequential Amendments)**

FRS 124 (Revised) Related Party Disclosures

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

IC Interpretation 15 Agreements for the Construction of Real Estate

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

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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 issuance, 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 September 2011</i>	<b>Marine Offshore Support Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>				
External revenue	59,269	-	-	59,269
Inter-segment revenue	-	328	(328)	-
	<u>59,269</u>	<u>328</u>	<u>(328)</u>	<u>59,269</u>
<b>Results</b>				
Segment results	(6,244)	(1,644)	(124)	(8,012)
Finance costs	(3,545)	(2,731)	-	(6,276)
	<u>(9,789)</u>	<u>(4,375)</u>	<u>(124)</u>	<u>(14,288)</u>
Share of results in an associate				<u>(4,049)</u>
<b>Loss before taxation</b>				<u>(18,337)</u>
<i>Corresponding Quarter Ended 30 September 2010</i>	<b>Marine Offshore Support Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>				
External revenue	70,919	-	-	70,919
Inter-segment revenue	131	616	(747)	-
	<u>71,050</u>	<u>616</u>	<u>(747)</u>	<u>70,919</u>
<b>Results</b>				
Segment results	(14,648)	(2,672)	399	(16,921)
Finance costs	(3,210)	(4,958)	788	(7,380)
	<u>(17,858)</u>	<u>(7,630)</u>	<u>1,187</u>	<u>(24,301)</u>
Share of results in an associate				<u>1,409</u>
<b>Loss before taxation</b>				<u>(22,892)</u>

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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<i>Current Year-to-date Ended 30 September 2011</i>	<b>Marine Offshore Support Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>				
External revenue	199,624	-	-	199,624
Inter-segment revenue	-	407	(407)	-
	<u>199,624</u>	<u>407</u>	<u>(407)</u>	<u>199,624</u>
<b>Results</b>				
Segment results	3,031	(6,444)	1,627	(1,786)
Finance costs	(5,179)	(9,220)	-	(14,399)
	<u>(2,148)</u>	<u>(15,664)</u>	<u>1,627</u>	<u>(16,185)</u>
Share of results in an associate				<u>(1,349)</u>
<b>Loss before taxation</b>				<u>(17,534)</u>

<i>Corresponding Year-to-date Ended 30 September 2010</i>	<b>Marine Offshore Support Services RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>				
External revenue	179,198	-	-	179,198
Inter-segment revenue	450	11,021	(11,471)	-
	<u>179,648</u>	<u>11,021</u>	<u>(11,471)</u>	<u>179,198</u>
<b>Results</b>				
Segment results	(28,131)	4,958	(14,620)	(37,793)
Finance costs	(3,852)	(15,725)	1,055	(18,522)
	<u>(31,983)</u>	<u>(10,767)</u>	<u>(13,565)</u>	<u>(56,315)</u>
Share of results in an associate				<u>2,753</u>
<b>Loss before taxation</b>				<u>(53,562)</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 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.

**12. Changes in Composition of the Group**

There were no changes in the composition of the Group for the current quarter ended 30 September 2011 including business combination, acquisition or disposal of subsidiary and long-term investments, restructuring and discontinuing operation except on 6 July 2011, the Company has disposed its investment of 1 ordinary share of USD1.00 in its wholly-owned Labuan incorporated subsidiary, Perdana Pluto Limited (“PPL”), to its other wholly-owned Singapore incorporated subsidiary, Perdana Marine Offshore Pte Ltd (“PMO”) as part of the Group’s realignment of the operations of the subsidiary companies. The consideration for the disposal is USD1.00. The effective interest of the Company in PPL remains the same.

**13. Changes in Contingent Liabilities**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Unsecured:-		
Bank guarantee granted to third parties for the benefit of a subsidiary	2,563	2,563
Corporate guarantee given to licensed banks and financial institutions for credit facilities granted to related parties	9,512	9,512
Bank guarantee extended by subsidiaries to third parties	5	-
	<u>12,080</u>	<u>12,075</u>

**14. Capital Commitment**

As at 30 September 2011, the Group had the following capital commitments:

	<b>RM'000</b>
Approved and not contracted for	-
Approved and contracted for	<u>70,782</u>

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**15. Operating Lease Arrangements**

As at 30 September 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:

	<b>RM'000</b>
Not later than 1 year	77,030
Later than 1 year and not later than 5 years	264,767
Later than 5 years	113,226
	455,023

**16. Significant Related Party Transactions**

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

	<b>Quarter ended 30-Sept-11 RM'000</b>	<b>Quarter ended 30-Sept-10 RM'000</b>
i. Subsidiaries:		
Rental income from subsidiaries	40	40
Interest and finance charges from subsidiaries	-	131
Handling fee charged by a subsidiary	65	74
Secondment fee charged by a subsidiary	-	57
ii. Related parties:		
Charter income from related parties	21,455	25,788
Interest and finance charges from an associate	-	520

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:

	<b>Quarter ended 30-Sept-11 RM'000</b>	<b>Quarter ended 30-Sept-10 RM'000</b>
Short-term employee benefits	1,536	1,299

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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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 September 2011, the Group recorded a turnover of RM59.3 million, a decrease of 16% from RM70.9 million in the third quarter of 2010 due to lower vessels utilisation in current quarter resulted from cancellation of lease vessels and disposal of a vessel in the second quarter and current quarter 2011. The Group registered a loss before taxation of RM18.3 million, an improvement of 20% from RM22.9 million in the same quarter last year.

The improvement in loss before taxation is mainly due to:

- a. Lower operating cost as a result of the cancellation of lease vessels.
- b. Accretion of refundable deposit of RM3.7 million as a result of charterer deposit refunded.
- c. High mobilization cost for new deliveries in the same quarter last year.
- d. Realised foreign exchange loss of RM3.9 million mainly resulted from the weakening in US Dollar in the same quarter last year.

Included in the current quarter loss before taxation is the share of RM4.0 million losses in associate's results.

**18. Comparison with Immediate Preceding Quarter**

The Group recorded a turnover of RM59.3 million in the current quarter, a decrease of 19% as compared to last quarter of RM73.3 million. The company registered a loss before taxation of RM18.3 million in the current quarter, as compared to profit of RM8.9 million in last quarter.

The decrease in turnover is mainly due to lower vessels utilization resulted from the expiry of contracts in the current quarter 2011 and lower fleet size due to cancellation of three lease vessels.

The loss before taxation is mainly attributed to:

- a. Lower vessels utilisation.
- b. Higher finance cost due to the financing of newly delivered vessels.
- c. Gain on vessel's disposal of RM1.2 million in previous quarter.
- d. Share of RM4.0 million loss in associate's results.

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**19. Prospects**

The increase in demand within the region and the pull of lucrative external markets on competition especially for medium-to-deepwater capable AHTS, are fair reasons for us to be cautiously optimistic that the rise in AHTS charter rates seen in 2011 is set to continue. The much smaller number of deliveries into the global market for our range of mid-class AHTS expected within 2011 and 2012 -- as a result of later constructions after the financial meltdown of late 2008 had dried up new orders -- makes for a comforting scenario moving forward. Our lower construction cost compared to any newer deliveries and even new orders would put the Group's new-built AHTS fleet in a more competitive position. The commercial advantage of our AHTS would be much bigger relative to new constructions, as the new regulations coming into effect in 2011 will push up construction costs.

Viewed in that light, we believe that we are poised to see charter rates move in earnest in the second half of 2011 as more mid-size vessels are absorbed into work regionally while a significant number would move out to fulfill greater demands in high-activity areas such as West Africa and Brazil.

As at to-date, all of our new-built assets are already in place except for one new work barge expected for delivery in the fourth quarter of 2011. The 11 new-built vessels in our fleet are on charter. Our focus will be to strive for longer-term charters for this fleet.

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 cautiously optimistic that 2011 will be a turnaround year for us, with the improvement in utilization and charter rates, and without the burden of FY2010's massive one-off mobilisation costs and the write-down impact of implementing FRS 139 accounting standards, the large chunk of last year's losses will be absent this year.

The Board is of the view that the Group's offshore marine business will see an improvement in performance in the coming years.

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**20. Taxation**

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

	<b>Current Quarter Ended 30-Sept-11 RM'000</b>	<b>Corresponding Quarter Ended 30-Sept-10 RM'000</b>	<b>Current Year-to-date Ended 30-Sept-11 RM'000</b>	<b>Corresponding Year-to-date Ended 30-Sept-10 RM'000</b>
Current tax:				
Malaysian income tax	945	(470)	966	(2,378)
Foreign tax	(224)	51	689	728
	721	(419)	1,655	(1,650)
(Over)/under provision in previous year	-	(116)	-	(114)
	721	(535)	1,655	(1,764)
Deferred tax:				
Malaysian income tax	(1,542)	1,492	(1,542)	1,492
<b>Total</b>	<b>(821)</b>	<b>957</b>	<b>113</b>	<b>(272)</b>

The effective tax rate for current quarter is lower than the statutory tax rate principally due to lower statutory tax rates, utilisation of unabsorbed capital allowances in subsidiary companies and income not subject to tax for offshore subsidiary companies. However, the effective tax rate for the financial period 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. 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 18 November 2011 except on 15 November 2011, the Company proposed to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company to Investors to be identified (“Proposed Placement”).

The placement shares will be priced at a discount of not more than 10% based on the volume weighted average market price of the Company’s shares for the five market days immediately preceding the price-fixing date; or the par value of the Company’s shares of RM0.50 each, whichever is higher.

The Proposed Placement is implemented pursuant to a prior approval obtained pursuant to Section 132D of the Companies Act, 1965 from shareholders in a general meeting held on 29 June 2011.

### 24. Borrowings

Total Group’s borrowings as at 30 Sept 2011 were as follows:

	<b>As at 30-Sept-11 RM’000</b>	<b>As at 31-Dec-10 RM’000</b>
<b>Secured borrowings</b>		
Short term	109,496	98,808
Long term	180,488	146,088
Total	<u>289,984</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. RM10.0 million Medium Term Notes which bears an interest rate of 6.30% p. a. and repayable on 3 November 2011.
- iii. RM4.8 million of Commodity Muharabah Term Loan bears an interest rate of 5.58% which repayable within 12 months.
- iv. RM10.0 million of revolving credit bears an interest rate of 2.50% p.a. above cost of funds.
- v. RM7.6 million of Term Loan bears an interest rate of base rate plus 4.35% which repayable within 12 months.
- vi. RM7.0 million of Term Loan bears an interest rate of base rate plus 4.00% which repayable within 12 months.



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**24. Borrowings (Cont'd)**

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. RM38.5 million of Commodity Muharabah Term Loan bears an interest rate of 5.58% p.a.
- iii. RM43.8 million of Term Loan bears an interest rate of base rate plus 4.35%.
- iv. RM63.1 million of Term Loan bears an interest rate of base rate plus 4.00%.

**25. Financial Instruments**

There are no outstanding financial instruments as at 30 September 2011.

**26. Changes in Material Litigation**

The Group is not engaged in any material litigation as at 18 November 2011 except 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.

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**27. Dividends**

There was no dividend proposed in respect of the current quarter ended 30 September 2011.

**28. Loss Per Share**

**a.) Basic**

	<b>Current Quarter Ended 30-Sept-11</b>	<b>Corresponding Quarter Ended 30-Sept-10</b>	<b>Current Year-to-date Ended 30-Sept-11</b>	<b>Corresponding Year-to-date Ended 30-Sept-10</b>
Net loss attributable to shareholders (RM'000)	(17,420)	(23,734)	(17,410)	(53,114)
Number of ordinary shares of RM0.50 each at the beginning of the quarter/period	450,120,000	327,360,000	450,120,000	307,629,011
Basic loss per ordinary share of RM0.50 each (Sen)	(3.87)	(7.25)	(3.87)	(17.27)

**b.) Diluted**

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

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**29. 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:

	<b>As at 30 Sept 2011 RM'000</b>	<b>As at 31 Dec 2010 RM'000</b>
Total retained profits of the Group:		
- Realised	137,080	189,677
- Unrealised	(752)	(29,406)
	<u>136,328</u>	<u>160,271</u>
 Total share of retained profits from associate		
- Realised	57,932	60,508
- Unrealised	(6,997)	(7,935)
	<u>187,263</u>	<u>212,844</u>
 Less: Consolidation adjustments	<u>36,125</u>	<u>27,954</u>
Total retained profits as per statement of financial position	<u><u>223,388</u></u>	<u><u>240,798</u></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.