

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

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2011**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 31-Mar-11 RM'000	Corresponding Quarter Ended 31-Mar-10 RM'000	Current Year-to-date Ended 31-Mar-11 RM'000	Corresponding Year-to-date Ended 31-Mar-10 RM'000
Revenue	66,998	50,928	66,998	50,928
Cost of Sales	(69,532)	(51,456)	(69,532)	(51,456)
Gross Loss	(2,534)	(528)	(2,534)	(528)
Other income	3,599	14,781	3,599	14,781
Operating expenses	(6,303)	(6,878)	(6,303)	(6,878)
Finance costs	(4,281)	(5,231)	(4,281)	(5,231)
Share of results in an associate	1,408	2,033	1,408	2,033
(Loss)/Profit before taxation	(8,111)	4,177	(8,111)	4,177
Income tax expense	(336)	(549)	(336)	(549)
(Loss)/Profit for the period	(8,447)	3,628	(8,447)	3,628
<i>Other comprehensive income</i>				
Foreign currency translation	(10,409)	(26,836)	(10,409)	(26,836)
Cash Flow Hedge	109	-	109	-
Total Comprehensive Expenses for the period	(18,747)	(23,208)	(18,747)	(23,208)
(Loss)/Profit for the period				
Attributable to:				
Equity holders of the Company	(8,364)	3,599	(8,364)	3,599
Non-controlling interest	(83)	29	(83)	29
	(8,447)	3,628	(8,447)	3,628
Total Comprehensive Expenses for the period				
Attributable to:				
Equity holders of the Company	(18,662)	(23,225)	(18,662)	(23,225)
Non-controlling interest	(85)	17	(85)	17
	(18,747)	(23,208)	(18,747)	(23,208)
(Loss)/Earnings per share of RM0.50 each (Sen)				
a) Basic (based on weighted average)	(1.86)	1.21	(1.86)	1.21
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 FIRST QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	31-Mar-11	31-Dec-10
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	411,410	400,934
Investment in an associate	89,828	88,420
Intangible assets	27,507	27,507
Refundable deposits	90,189	90,930
Deferred tax assets	46	46
	<u>618,980</u>	<u>607,837</u>
CURRENT ASSETS		
Inventories	7,012	6,908
Trade receivables	44,270	46,019
Other receivables, deposits and prepayments	50,987	53,274
Amount owing by related parties	33,871	36,614
Tax recoverable	3,778	3,758
Derivative financial asset	177	-
Fixed deposits with licensed banks	21,042	51,188
Cash and bank balances	12,303	18,293
	<u>173,440</u>	<u>216,054</u>
TOTAL ASSETS	<u>792,420</u>	<u>823,891</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	225,060	225,060
Reserves	260,313	278,975
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>485,373</u>	<u>504,035</u>
NON-CONTROLLING INTEREST	<u>132</u>	<u>217</u>
TOTAL EQUITY	<u>485,505</u>	<u>504,252</u>
NON-CURRENT LIABILITIES		
Deferred taxation	4,048	4,048
Long-term borrowings	109,060	146,088
Derivative liability	3,791	3,070
Other payables	260	260
	<u>117,159</u>	<u>153,466</u>
CURRENT LIABILITIES		
Trade payables	30,825	36,186
Other payables and accruals	34,224	30,286
Amount owing to related parties	33	33
Short-term borrowings	124,027	98,808
Provision for taxation	647	860
	<u>189,756</u>	<u>166,173</u>
TOTAL LIABILITIES	<u>306,915</u>	<u>319,639</u>
TOTAL EQUITY AND LIABILITIES	<u>792,420</u>	<u>823,891</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		
	1.08	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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31-Mar-11	31-Mar-10
	RM'000	RM'000
Cash flow from/(for) operating activities		
(Loss)/Profit before taxation	(8,111)	4,177
Adjustments for:		
Depreciation of property, plant and equipment	8,302	8,443
Loss on disposal of property, plant and equipment	55	-
Gain on disposal of non-current asset classified as held for sale	-	(8,316)
Unrealised gain on foreign exchange	(1,569)	(4,157)
Share of results in an associate	(1,408)	(2,033)
Interest expense	4,115	5,174
Fair value (gain)/loss on derivative financial instruments	(177)	155
Property, plant and equipment written off	1	-
Accretion of refundable deposits	(1,105)	-
Interest income	(322)	(2,220)
Provision for retirement contributions	-	18
Operating (loss)/profit before working capital changes	<u>(219)</u>	<u>1,241</u>
Increase in inventories	(126)	(2,347)
Decrease/(Increase) in trade and other receivables	2,871	(2,222)
Net decrease in amount owing by related parties	4,240	2,515
Decrease in trade and other payables	(1,826)	(17,815)
Net cash from/(for) operations	<u>4,940</u>	<u>(18,628)</u>
Tax paid	(572)	(844)
Net cash from/(for) operating activities	<u>4,368</u>	<u>(19,472)</u>
Cash flow (for)/from investing activities		
Purchase of property, plant and equipment	(24,166)	(60,283)
Proceeds from disposal of property, plant and equipment	5	-
Proceeds from disposal of non-current asset classified as held for sale	-	94,501
Repayment from associate	-	4,106
Repayment (to)/from related parties	(1,589)	8,041
Interest received	322	1,495
Withdrawal of fixed deposits	17,056	128,881
Net cash (for)/from investing activities	<u>(8,372)</u>	<u>176,741</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31-Mar-11	31-Mar-10
	RM'000	RM'000
Cash flow for financing activities		
Drawdown of bank borrowings	25,000	-
Repayment of bank borrowings	(35,962)	(158,000)
Repayment of hire purchase obligations	(19)	(5)
Interest paid	(4,115)	(5,122)
Repayment from/(to) related parties	38	(207)
Net cash for financing activities	<u>(15,058)</u>	<u>(163,334)</u>
Net change in cash and cash equivalents	(19,062)	(6,065)
Effect of foreign exchange translation	(18)	(594)
Cash and cash equivalents at beginning of the financial period	37,943	35,419
Cash and cash equivalents at end of the financial period	<u>18,863</u>	<u>28,760</u>
Cash and cash equivalents		
Fixed deposits with licensed banks	21,042	26,239
Cash and bank balances	<u>12,303</u>	<u>17,946</u>
	33,345	44,185
Less: Fixed deposits pledged as security	<u>(14,482)</u>	<u>(15,425)</u>
	<u>18,863</u>	<u>28,760</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 FIRST QUARTER ENDED 31 MARCH 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 period 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
Total comprehensive income for the period	-	-	-	-	109	-	(10,407)	(8,364)	(18,662)	(85)	(18,747)
Balance as at 31 March 2011	225,060	82,892	11,048	-	(1,202)	2,127	(66,986)	232,434	485,373	132	485,505
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)

**INTERIM FINANCIAL REPORT FOR THE FIRST 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

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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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

<i>Current Quarter/ Period-to-date Ended 31 March 2011</i>	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	66,998	-	-	66,998
Inter-segment revenue	-	40	(40)	-
	66,998	40	(40)	66,998
Results				
Segment results	(4,749)	(2,243)	1,754	(5,238)
Finance costs	(740)	(3,541)	-	(4,281)
	(5,489)	(5,784)	1,754	(9,519)
Share of results in an associate				1,408
Loss before taxation				(8,111)

<i>Corresponding Quarter/ Period-to-date Ended 31 March 2010</i>	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	50,928	-	-	50,928
Inter-segment revenue	-	40	(40)	-
	50,928	40	(40)	50,928
Results				
Segment results	3,237	(473)	4,611	7,375
Finance costs	(197)	(5,656)	622	(5,231)
	3,040	(6,129)	5,233	2,144
Share of results in an associate				2,033
Profit before taxation				4,177

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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 except as follows:

- i) Ampangship Marine Sdn. Bhd. (“AMS”) entered into a MOA dated 23 March 2011 to dispose of its accommodation workbarge namely, Emerald to PT PANN (Persero), a company incorporated in Indonesia for a total cash consideration of USD8.2 million. The disposal was completed on 8 April 2011.
- ii) On 11 May 2011, the Company announced that the Group has secured a total of RM73 million worth of new charter contracts for three mid-size anchor handling tug supply (AHTS) vessels.

12. Changes in Composition of the Group

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

13. Changes in Contingent Liabilities

	Group RM'000	Company RM'000
Unsecured:-		
Bank guarantee granted to third parties for the benefit of a subsidiary	2,292	2,292
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	-
	<hr/> 11,809	<hr/> 11,804

14. Capital Commitment

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

	RM'000
Approved and not contracted for	<hr/> -
Approved and contracted for	<hr/> 171,937

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15. Operating Lease Arrangements

As at 31 March 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	97,550
Later than 1 year and not later than 5 years	340,815
Later than 5 years	203,124
	641,489

16. Significant Related Party Transactions

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

	Quarter ended 31-Mar-11 RM'000	Quarter ended 31-Mar-10 RM'000
i. Subsidiaries:		
Rental income from subsidiaries	40	40
Interest and finance charges from subsidiaries	-	571
Handling fee charged by a subsidiary	65	133
		-
ii. Related parties:		
Charter income from related parties	25,310	21,301
Interest and finance charges from an associate	-	924
		-

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-Mar-11 RM'000	Quarter ended 31-Mar-10 RM'000
Short-term employee benefits	1,324	1,026
		-

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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 31 March 2011, the Group recorded a turnover of RM67.0 million, an increase of 32% from RM50.9 million in the first quarter of 2010. The Group registered a loss before taxation of RM8.1 million in the current quarter, as compared to profits of RM4.2 million in the same quarter last year.

The significant increase in turnover is mainly due to improvement in vessels utilisation and increase in number of new vessels.

The loss before taxation is mainly attributed to:

- a. Higher lease rental and operation cost due to the increase in new deliveries of vessels without charter contract.
- b. One off items such as gain on vessel's disposal of RM8.3m in first quarter 2010.

18. Comparison with Immediate Preceding Quarter

The Group achieved a turnover of RM67.0 million in the current quarter, a decrease of 11% as compared to last quarter of RM75.7 million. However, the loss before taxation has reduced by 57% from RM18.7 million in last quarter to RM8.1 million in the current quarter.

The significant decrease in turnover is mainly due to lower vessel utilisation affected by monsoon season.

The improvement in loss before taxation is mainly due to:

- a. One off items such as impairment loss on property, plant and equipment of RM3.0 million and impairment loss on receivables of RM5.0 million included in last quarter of 2010.
- b. Improvement in share of 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 early in the second half of 2011. The 16 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 heavy on long-term chartering and on the markets we have firmly established within the region, its utilisation rate is definitely trending upwards. A utilisation rate in excess of 80% seems achievable by the second half of the year in a rising rate regime 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:

	Current Quarter Ended 31-Mar-11 RM'000	Corresponding Quarter Ended 31-Mar-10 RM'000	Current Year-to-date Ended 31-Mar-11 RM'000	Corresponding Year-to-date Ended 31-Mar-10 RM'000
Current tax:				
Malaysian income tax	89	327	89	327
Foreign tax	247	222	247	222
Total	<u>336</u>	<u>549</u>	<u>336</u>	<u>549</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, utilisation of unabsorbed capital allowances 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.

23. Corporate Proposals

There were no corporate proposals announced but not completed as of 18 May 2011, except for 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.

As at 18 May 2011, the proposed utilization from the total proceeds of RM39.28 million from Private Placement were fully utilised except for proposed utilisation of RM19.20 million for payment of charter deposits which is expected to defer as the Company is finalising the financing of the vessel.

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24. Borrowings

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

	As at 31-Mar-11 RM'000	As at 31-Dec-10 RM'000
Secured borrowings		
Short term	124,027	98,808
Long term	109,060	146,088
Total	<u>233,087</u>	<u>244,896</u>

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 6.55% and 6.65% p.a. repayable on 30 September 2011 and 30 March 2012 respectively.
- ii. RM15 million and RM10 million Medium Term Notes which bears an interest rate of 6.10% and 6.30% p. a. and repayable on 3 May 2011 and 3 November 2011 respectively.
- iii. RM3.9 million of Commodity Muharabah Term Loan bears an interest rate of 5.58% which repayable within 12 months.
- iv. RM25 million of revolving credit bears an interest rate of 2% p.a. above cost of funds.

Included in the long-term borrowings are:

- i. 2 series of RM35 million each Nominal Value Secured Serial Bonds which bear an interest rate of 6.75% and 6.85% p.a. repayable on 28 September 2012 and 29 March 2013 respectively.
- ii. RM38.9 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 31 March 2011, 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>				
USD - sell	5,000	15,308	15,485	177

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 18 May 2011.

27. Dividends

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

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28. (Loss)/Earnings Per Share

a.) Basic

	Current Quarter Ended 31-Mar-11 RM'000	Corresponding Quarter Ended 31-Mar-10 RM'000	Current Year-to-date Ended 31-Mar-11 RM'000	Corresponding Year-to-date Ended 31-Mar-10 RM'000
Net (loss)/profit attributable to shareholders	(8,364)	3,599	(8,364)	3,599
Number of ordinary shares of RM0.50 each at the beginning of the quarter/period	450,120,000	297,600,000	450,120,000	297,600,000
Basic (loss)/earnings per ordinary share of RM0.50 each (Sen)	(1.86)	1.21	(1.86)	1.21

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:

	As at 31 Dec 2010 RM'000	As at 31 Mar 2011 RM'000
Total retained profits of the Group:		
- Realised	189,677	153,615
- Unrealised	(29,406)	(11,466)
	<u>160,271</u>	<u>142,149</u>
Total share of retained profits from associate		
- Realised	60,508	54,701
- Unrealised	(7,935)	(720)
	<u>212,844</u>	<u>196,130</u>
Less: Consolidation adjustments	27,954	36,305
Total retained profits as per statement of financial position	<u>240,789</u>	<u>232,435</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.