

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|--|----------------------------|------------------------------|----------------------------|------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR TO DATE |
| | 30/9/2014 RM '000 | 30/9/2013 RM '000 | 30/9/2014 RM '000 | 30/9/2013 RM '000 |
| Revenue | 3,348 | - | 3,348 | - |
| Cost of sales | (1,204) | - | (1,204) | - |
| Gross profit | 2,144 | - | 2,144 | - |
| Other income | 403 | 858 | 403 | 858 |
| Administration expenses | (741) | (2,511) | (741) | (2,511) |
| Other operating expenses | - | (806) | - | (806) |
| Other operating income | - | 292 | - | 292 |
| Finance costs | (1,126) | (1,112) | (1,126) | (1,112) |
| Profit/(Loss) before tax | 680 | (3,279) | 680 | (3,279) |
| Income tax (expense)/benefit | (5) | 19 | (5) | 19 |
| Profit/(Loss) for the period attributable to owners of the Company | 675 | (3,260) | 675 | (3,260) |
| Other comprehensive loss: | | | | |
| Foreign currency translation differences | (1,483) | (1,910) | (1,483) | (1,910) |
| Reversal of revaluation surplus | - | - | - | - |
| Total comprehensive loss attributable to owners of the Company | (808) | (5,170) | (808) | (5,170) |
| Profit/(Loss) per ordinary shares (sen) attributed to equity holders of the Company : | | | | |
| Basic | 1.33 | (6.42) | 1.33 | (6.42) |
| Diluted | N/A | N/A | N/A | N/A |
| * Based on 50,804,845 ordinary shares | | | | |
| Dividends per share (sen) | - | - | - | - |

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

**PETROL ONE
RESOURCES BERHAD** (Company No : 333769-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | AS AT 30/9/2014 RM '000 | AS AT 30/06/2014 RM '000 |
|---|-------------------------------|--------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Plant and equipment | 3,067 | 3,106 |
| Current assets | | |
| Trade and other receivables | 5,532 | 4,259 |
| Cash and bank balances | 156 | 24 |
| | <u>5,688</u> | <u>4,283</u> |
| TOTAL ASSETS | <u><u>8,755</u></u> | <u><u>7,389</u></u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 50,805 | 50,805 |
| Share premium | 12,669 | 12,669 |
| Reserve | (154,044) | (153,236) |
| Equity attributable to equity holders of the Company | <u>(90,570)</u> | <u>(89,762)</u> |
| Non-current liabilities | | |
| Borrowings | 134 | 136 |
| Current liabilities | | |
| Borrowings | 49,306 | 48,569 |
| Trade and other payables | 44,391 | 42,957 |
| Amount due to directors | 5,469 | 5,469 |
| Provision for taxation | 25 | 20 |
| | <u>99,191</u> | <u>97,015</u> |
| Total liabilities | <u>99,325</u> | <u>97,151</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>8,755</u></u> | <u><u>7,389</u></u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | <u>(1.7827)</u> | <u>(1.7668)</u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

**PETROL ONE
RESOURCES BERHAD** (Company No : 333769-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | ←----- Attributable to Equity Holders of the Company -----> | | | |
|---|---|--------------------------|-----------------------------------|------------------|
| | ←----- Non-distributable -----> | | | |
| | Share Capital RM '000 | Share Premium RM '000 | Translation reserve RM '000 | Total RM '000 |
| At 1 July 2013 | 50,805 | 12,669 | (4,120) | (142,195) |
| Foreign currency translation difference | - | - | (1,910) | - |
| Loss for the period | - | - | - | (3,260) |
| Total comprehensive loss | - | - | (1,910) | (3,260) |
| At 30 September 2013 | 50,805 | 12,669 | (6,030) | (145,455) |
| At 1 July 2014 | 50,805 | 12,669 | (4,864) | (148,372) |
| Foreign currency translation difference | - | - | (1,483) | - |
| Profit for the period | - | - | - | 675 |
| Total comprehensive loss | - | - | (1,483) | 675 |
| At 30 September 2014 | 50,805 | 12,669 | (6,347) | (147,697) |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | 3 months ended | |
|--|----------------------|----------------------|
| | 30/9/2014 RM '000 | 30/9/2013 RM '000 |
| Cash flows from operating activities | | |
| Profit/(Loss) before tax | 680 | (3,279) |
| Adjustment for : | | |
| Depreciation | 82 | 75 |
| Interest expense | 1,126 | 1,112 |
| Unrealised foreign exchange gain - net | (402) | (834) |
| Operating profit/(loss) before changes in working capital | 1,486 | (2,926) |
| Trade and other receivables | (1,212) | 6,388 |
| Trade and other payables | (139) | (2,850) |
| Net cash generated from operating activities | 135 | 612 |
| Cash flows from investing activities | | |
| Acquisition of plant and equipment | - | (5) |
| Net cash used in investing activities | - | (5) |
| Cash flows from financing activities | | |
| Repayment of finance lease liabilities | (3) | (2) |
| Net cash used in financing activities | (3) | (2) |
| Net increase in cash and cash equivalents | 132 | 605 |
| Cash and cash equivalents at beginning of financial period | 24 | 2,331 |
| Cash and cash equivalents at end of financial period | 156 | 2,936 |

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). These condensed interim financial statements also comply with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial information for the three months ended 30 September 2014 have been reviewed by the Company’s external auditors in accordance with the International Standards on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, as directed by Bursa Malaysia as per its letter dated 20 March 2014. The independent auditors’ report on limited review of the interim financial statements to the Board of Directors of the Company is attached to these interim financial statements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014 and the limited review report on the interim financial statements for the quarter ended 30 September 2014 as carried out by the external auditors dated 27 November 2014. 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 financial year ended 30 June 2014.

As at 30 September 2014, the current liabilities of the Group exceeded its current assets by RM93.503 million and the Group had a negative shareholder’s equity of RM90.570 million.

As disclosed in the previous year’s financial statements, Petrol One Resources Berhad (“PORB”) and a subsidiary, Arus Dermaga Sdn Bhd (“ADSB”) were unable to meet their loans obligations since January 2011 and March 2010, respectively. On 24 December 2013, PORB and ADSB entered into a debt settlement agreement (“DSA”) with their respective lenders whereby the outstanding loan obligations will be settled in full by a cash payment of RM6.5 million. On 16 October 2014, PORB announced that it had agreed with its lenders to vary the terms of the DSA whereby the RM6.5 million will be settled (i) by the sale, by the lender, of the shares in the Company which have been pledged by a third party as security for the loan for a consideration amounting to RM3.040 million; and (ii) in cash for an amount of RM3.46 million. The variation was formalised in a supplementary settlement agreement (“SSA”) on 21 November 2014. As at 30 September 2014, the loans outstanding in the books of PORB and ADSB amounted to RM7.50 million and USD12.087 million, respectively.

On 30 August 2012, PORB announced that it had been classified as an affected listed issuer pursuant to Paragraph 2.1(a) of Practice Note 17 (“PN17”) under the Main Market Listing Requirements of Bursa Malaysia. The PN17 criteria was triggered as a result of the shareholders’ equity of PORB on a consolidated basis is less than 25% of its issued and paid-up capital (excluding treasury shares) and was less than RM40 million.

On 15 November 2013, PORB made its Requisite Announcement whereby it proposed to undertake a two (2) pronged approach, comprising the Group’s business turnaround strategy (“Business Regularisation Strategy”) and the Proposed Regularisation Plan to address its PN17 issues. The Proposed Regularisation Plan comprises the following: (i) Proposed Capital Reduction, (ii) Proposed Share Premium Reduction, (iii) Proposed Private Placement, (iv) Proposed Rights Issue with Warrants, (v) Proposed Scheme of Arrangement, and (vi) Proposed Amendment. The Proposed Regularisation Plan was submitted to Bursa Malaysia on 28 March 2014 and the relevant announcement was made on the same day. The Proposed Regularisation Plan is pending approval from Bursa Malaysia as at the date of this report.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

PORB and its wholly owned indirect subsidiaries, ADSB and One Petroleum (L) Ltd ("OPLL") were granted an order by the High Court of Malaya to hold a meeting with their scheme creditors pursuant to Section 176(1) of the Companies Act 1965. The Court Convened Meetings for approving the proposed scheme of arrangement ("the Scheme") were held on 7 July 2014. At the Court Convened Meetings, a majority in number and more than 75% in value of the scheme creditors who were present voted in approval of the Scheme. The Scheme was approved by the High Court of Malaya on 15 August 2014 and is binding until it is approved by a majority of the members of the respective companies at their members' meetings.

The interim financial information has been prepared on the historical cost basis and on the assumption that the Group is a going concern.

In view of the matters set out above, there are material uncertainties that may cast significant doubt on the ability of the Group to continue as a going concern. The going concern assumption is highly dependent upon the successful execution of the DSA and SSA, the successful approval and implementation of the Regularisation Plan, and the ability of the Group to generate sufficient cash flows to fulfil their obligations as and when they fall due. In the event that these are not successfully implemented, the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the interim financial information may require adjustments relating to the recoverability and classification of recorded assets and to additional amount and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

A2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the Company's audited financial statements for the financial year ended 30 June 2014 contained the following disclaimer of opinion on the financial statements.

1. Basis of Disclaimer of Opinion

- (i) For the year ended 30 June 2014, the Group and the Company incurred a loss of RM6,177,402 (2013: RM65,339,065) and RM4,266,779 (2013: RM2,671,034), respectively and, as of that date, the current liabilities of the Group exceeded its current assets by RM92,732,476 (2013: RM85,434,850) and the Group had a deficit in shareholder's equity of RM89,762,572 (2013: RM82,841,830).
- (ii) The Company and its wholly-owned indirect subsidiary, ADSB, were unable to meet their loan obligations since January 2011 and March 2010, respectively. On 24 December 2013, the Company and ADSB entered into a DSA with their respective lenders whereby the outstanding loan obligations will be settled in full by a cash payment of RM6,500,000. On 16 October 2014, the Company announced that it had agreed with its lenders to vary the terms of the DSA whereby the RM6,500,000 will be settled (i) by the sale, by the lender, of the shares in the Company which have been pledged by a third party as security for the loan for a consideration amounting to RM3,040,000; and (ii) in cash for an amount of RM3,460,000. The variation is to be formalised in a SSA on or before 12 November 2014. As at 30 June 2014, the loan outstanding in the books of the Company and ADSB amounted to RM7,496,000 (2013: RM7,496,000) and USD12,087,851 (2013: USD11,010,597), respectively.
- (iii) On 30 August 2012, the Company announced that it had been classified as an affected listed issuer pursuant to Paragraph 2.1 (a) of PNI7 under the Main Market Listing Requirements of Bursa Malaysia. The PNI7 criteria was triggered as a result of the shareholders' equity of the Group on a consolidated basis was less than 25% of its issued and paid-up capital (excluding treasury shares) and was less than RM40,000,000.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

- (iv) On 15 November 2013, the Company made its Requisite Announcement whereby the Company proposed to undertake a two (2) pronged approach, comprising the Group's Business Regularisation Strategy and the Proposed Regularisation Plan to address its PNI7 issues. The Proposed Regularisation Plan comprises the following: (i) Proposed Capital Reduction, (ii) Proposed Share Premium Reduction, (iii) Proposed Private Placement, (iv) Proposed Rights Issue with Warrants, (v) Proposed Scheme of Arrangement, and (vi) Proposed Amendment. The Proposed Regularisation Plan was submitted to Bursa Malaysia on 28 March 2014 and the relevant announcement was made on the same day. The Proposed Regularisation Plan is pending approval from Bursa Malaysia as at the date of this report.
- (v) The Company, and its wholly-owned indirect subsidiaries, ADSB and OPLL were granted an order by the High Court of Malaya to hold a meeting with their scheme creditors pursuant to Section 176(1) of the Companies Act 1965. The Court Convened Meetings for approving the Scheme were held on 7 July 2014. At the Court Convened Meetings, a majority in number and more than 75% in value of the scheme creditors who were present voted in approval of the Scheme. The Scheme was approved by the High Court of Malaya on 15 August 2014 and is binding until it is approved by a majority of the members of the respective companies at their members' meetings.

In view of the matters set out above, there are material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as going concerns.

The financial statements have been prepared by the Directors, on the historical cost basis and on the assumption that the Group and the Company are going concerns. However, the going concern assumption is highly dependent upon successful execution of the DSA and SSA, the successful approval and implementation of the Regularisation Plan, and the ability of the Group and the Company to attain profitable operations to generate sufficient cash flows to fulfil their obligations as and when they fall due. In the event that these are not successfully implemented, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets and to additional amount and classification of liabilities that may be necessary should the Group and Company be unable to continue as going concerns.

- As at 30 June 2014, the carrying value of marine equipment of the Group, amounted to RM2,339,145 (2013: RM2,000,000). Included in this balance is an amount of RM1,907,907 (2013: RM2,000,000) relating to an item of marine equipment which has not been in use since the disposal of a vessel owned by a subsidiary, OPLL. There were no projections of future cash flows prepared by management or valuations obtained to support the aforesaid carrying value of the item of marine equipment. Consequently, we are unable to verify the appropriateness of the carrying value of the item of marine equipment as at 30 June 2014.
- As at 30 June 2014, the carrying value of investments in subsidiaries and amount due from subsidiaries in the books of the Company, amounted to RM939,177 (2013: RM939,177) and RM70,753,545 (2013: RM76,204,964), respectively. There were no projections of future cash flows prepared by management to support the aforesaid carrying value of investments in subsidiaries and amount due from subsidiaries. Consequently, we are unable to verify the appropriateness of the carrying value of investments in subsidiaries and amount due from subsidiaries in the books of the Company as at 30 June 2014.

The matters stated above were unresolved since the preceding financial year and contributed to the basis of disclaimer of opinion on the financial statements for the financial year ended 30 June 2013.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

A3. SEGMENTAL INFORMATION

The revenue of the Group was contributed by its subsidiaries who are principally engaged in provision of overall advisory services that include technical and commercial management services in the Oil and Gas industry. Technical management services include assisting in the arrangement and supervision of mooring and unmooring procedure, as well as ship to ship transfer operations for the cargo stored on the vessel. Commercial management services include assisting and arranging for safe location for the vessels, advising on voyage estimates, as well as assisting and advising to ensure the manning of the vessel is in compliance with the appropriate requirements of the relevant laws. The Group ventured into the provision of safety standby vessel services on a back to back vessel charter basis through its wholly owned immediate subsidiary, namely Petrol One Holdings Sdn Bhd. Two contracts under its chartered vessels, namely Inspirasi 1 and Inspirasi 2 commenced operation on 3 May 2014.

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|------------------------|----------------------|-----------|----------------------|-----------|
| | CURRENT YEAR QUARTER | | CURRENT YEAR TO DATE | |
| | 30/9/2014 | 30/9/2013 | 30/9/2014 | 30/9/2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| Oil and gas | 3,348 | - | 3,348 | - |
| | <u>3,348</u> | <u>-</u> | <u>3,348</u> | <u>-</u> |

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|------------------------|----------------------|----------------|----------------------|----------------|
| | CURRENT YEAR QUARTER | | CURRENT YEAR TO DATE | |
| | 30/9/2014 | 30/9/2013 | 30/9/2014 | 30/9/2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Results | | | | |
| Oil and gas | 1,946 | (2,509) | 1,946 | (2,509) |
| Others | (1,271) | (751) | (1,271) | (751) |
| | <u>675</u> | <u>(3,260)</u> | <u>675</u> | <u>(3,260)</u> |

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on the current financial quarter under review.

A6. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The business of the Group was not affected by any significant seasonal or cyclical factors in the current financial quarter under review with the exception of the vagaries of the current global economic situation.

A7. DIVIDENDS PAID

There were no dividends paid during the current financial quarter under review.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

A8. DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the current financial quarter under review.

A9. CAPITAL COMMITMENTS

There were no changes in capital commitments since the previous annual financial statements as at 30 June 2014.

A10. CHANGES IN CONTINGENT LIABILITIES

The contingent liabilities of PORB are as follows:

| | As at 30/9/2014 RM'000 |
|--|------------------------------|
| Corporate guarantees given to secure banking facilities for subsidiaries | <u>39,545</u> |

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial quarter under review.

A12. SUBSEQUENT MATERIAL EVENTS

PORB and ADSB had on 21 November 2014, entered into a SSA to formalise the terms and conditions of the RHB Settlement.

The salient terms of the SSA are as follows:-

- (1) The full and final settlement of RM6.50 million for the total debt owing by PORB and ADSB to RHB Bank Berhad (“RHB Bank”) and RHB Bank (Labuan) Ltd (“RHB Labuan”) (“Settlement Sum”) is non-refundable and is comprising of:
 - (a) RM3.46 million cash settlement upon execution of the SSA (“Cash Settlement”); and
 - (b) RM3.04 million cash settlement upon execution of the SSA (“Retention Sum”).

The Cash Settlement and the Retention Sum has been paid to RHB Investment acting for RHB Bank and RHB Labuan. However, the Retention Sum is currently placed in a fixed deposit account and shall only be utilised by RHB Investment as part payment of the Settlement Sum upon the completion of the Disposal of Pledged Shares.

- (2) Both the personal guarantors of ADSB i.e. Lim Kian Boon and Ahmad Akmal bin Hamzah (“Personal Guarantors”) will continue to be liable for the remaining outstanding balances under the Consent Judgement after the RM6.50 million settlement and provide RHB Investment with consent letters supplementing and agreeing to the said SSA within seven (7) days of ADSB and PORB executing the SSA.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

- (3) Subject to payment in full of the Settlement Sum in accordance with the terms and conditions of the SSA, RHB Investment agrees to:
- (a) discharge and release PORB from its Bridging Loan facility;
 - (b) discharge and release PORB as a corporate guarantor under the Corporate Guarantee;
 - (c) discharge and release ADSB from its Term Loan facility;
 - (d) discharge the third party pledge of ADSB Shares that are currently pledged for purposes of the Term Loan facility; and
 - (e) discharge all the remaining Pledged Shares not part of the Disposal of Pledged Shares,
- on the sixth (6th) trading day from the date of upliftment of PORB's suspension of trading on Bursa Malaysia; or from the date of expiry of the period of twenty four (24) months from the date of the SSA, as the case may be.
- (4) Notwithstanding the above, the Consent Judgement will remain subsisting and enforceable (under a default position) until and unless ADSB and PORB have been discharged by RHB Investment in accordance with salient term (3) above.
- (5) In the event that there is a breach of any terms contained in the SSA by ADSB and/or PORB, ADSB and/or PORB hereby undertakes to notify RHB Investment in writing immediately upon it becoming aware of such a breach ("Trigger Event"). Unless ADSB and/or PORB and RHB Investment shall agree otherwise at any time after the occurrence of a Trigger Event, RHB Investment may declare a Trigger Event, whereby:
- (a) RHB Investment shall, without prejudice to salient term (3) above, immediately be discharged from all of its obligations to ADSB and/or PORB under the SSA;
 - (b) the amount owing by ADSB and PORB under the Term Loan Facility and Bridging Loan Facility ("Indebtedness") shall become due and payable immediately and RHB Investment shall be at liberty to commence legal proceedings; and
 - (c) RHB Investment shall become entitled forthwith to exercise all or any other rights which it may have against ADSB and/or PORB and/or the Personal Guarantors in respect of all or part of the Indebtedness and to exercise any right of set-off and/or to take any steps, actions and proceedings to recover all or any of the Indebtedness, owing or payable and/or to execute any judgment obtained.

The completion of the RHB Settlement is expected to reduce gearing, as well as increase the net assets per share of the Group as a result of the waiver of debt by RHB Bank and RHB Labuan. The RHB Settlement will not have any material impact on the operations of PORB and its subsidiaries.

A13. PROPERTY, PLANT AND EQUIPMENT VALUATION

The Group did not revalue any of its property, plant and equipment during the current financial quarter under review.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

B1. REVIEW OF PERFORMANCE

The Group registered revenue of approximately RM3.348 million in the current quarter ended 30 September 2014. The revenue is mainly due to the new business activities undertaken by its subsidiaries in providing overall advisory services for ship to ship transfer operations as well as safety standby vessels services in the oil and gas industry.

The Group posted a profit before tax of approximately RM680,000 for the current quarter ended 30 September 2014 as compared to a loss before tax of approximately RM3.279 million in the corresponding quarter of the preceding year. The profit in the current quarter was mainly contributed by the new business activities.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group registered revenue of approximately RM3.348 million for the current quarter ended 30 September 2014 which is a 1.8% increase as compared to approximately RM3.290 million achieved in the preceding quarter. The increase is due to the new business activity undertaken by its subsidiary in providing safety standby vessels services starting from May 2014.

The Group posted a profit before tax of approximately RM680,000 for the current quarter ended 30 September 2014 as compared to the immediate preceding quarter's profit before tax of RM37,000. The increase is due to the reduction of administrative expenses.

B3. COMMENTARY ON PROSPECTS

Given the positive prospects of the oil and gas industry, the Board is optimistic of the market condition as demand for floating storage for oil and related products as well as related services, such as the provision of safety standby vessel services, remains robust in the coming quarter.

B4. VARIANCE FROM PROFIT FORECAST

No profit forecast was issued for the current financial quarter under review for the computation of variance.

B5. TAXATION

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|-------------------|-------------|-------------------|-------------|
| | CURRENT YEAR | QUARTER | CURRENT YEAR | TO DATE |
| | 30/9/2014 | 30/9/2013 | 30/9/2014 | 30/9/2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense | | | | |
| - Current year | 5 | - | 5 | - |
| Deferred tax | | | | |
| - origination and reversal of temporary differences | - | (19) | - | (19) |
| Total | <u>5</u> | <u>(19)</u> | <u>5</u> | <u>(19)</u> |

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

B6. STATUS OF CORPORATE PROPOSAL

Save as disclosed below, there are no other corporate proposals announced but pending completion by the Company as at the date of this announcement:-

1. On 15 November 2013, the Company made its Requisite Announcement whereby PORB proposed to undertake a two (2) pronged approach, comprising the Group's Business Regularisation Strategy and the Proposed Regularisation Plan to address its PNI7 issues. The Proposed Regularisation Plan comprises the following: (i) Proposed Capital Reduction, (ii) Proposed Share Premium Reduction, (iii) Proposed Private Placement, (iv) Proposed Rights Issue with Warrants, (v) Proposed Scheme of Arrangement, and (vi) Proposed Amendment. The Proposed Regularisation Plan was submitted to Bursa Malaysia on 28 March 2014 and the relevant announcement was made on the same day. The Proposed Regularisation Plan is pending approval from Bursa Malaysia as at the date of this report.
2. PORB and its wholly owned indirect subsidiaries, ADSB and OPLL were granted an order by the High Court of Malaya to hold a meeting with their scheme creditors pursuant to Section 176(1) of the Companies Act 1965. The Court Convened Meetings for approving the Scheme were held on 7 July 2014. At the Court Convened Meetings, a majority in number and more than 75% in value of the scheme creditors who were present voted in approval of the Scheme. The Scheme was approved by the High Court of Malaya on 15 August 2014 and is binding until it is approved by a majority of the members of the respective companies at their members' meetings.

B7. GROUP BORROWINGS

| | As at 30/9/2014 RM'000 | In foreign Currency |
|--|------------------------------|------------------------|
| Short term borrowings: | | |
| <u>Secured</u> | | |
| Denominated in Ringgit Malaysia | | |
| Term loan | 7,496 | - |
| Finance lease liabilities | 15 | - |
| Denominated in US Dollar | | |
| Term loan | 39,545 | 12,087 |
| <u>Unsecured</u> | | |
| Denominated in Ringgit Malaysia | | |
| Term loan | 2,250 | - |
| Long term borrowings: | | |
| <u>Secured</u> | | |
| Denominated in Ringgit Malaysia | | |
| Finance lease liabilities | 134 | - |
| Total borrowings | 49,440 | |

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

PORB and ADSB were unable to meet their loans obligations since January 2011 and March 2010, respectively. On 24 December 2013, PORB and ADSB entered into a DSA with their respective lenders whereby the outstanding loan obligations will be settled in full by a cash payment of RM6.5 million. On 16 October 2014, PORB announced that it had agreed with its lenders to vary the terms of the DSA whereby the RM6.5 million will be settled (i) by the sale, by the lender, of the shares in the Company which have been pledged by a third party as security for the loan for a consideration amounting to RM3.040 million; and (ii) in cash for an amount of RM3.46 million. The variation was formalised in a SSA on 21 November 2014. As at 30 September 2014, the loans outstanding in the books of PORB and ADSB amounted to RM7.50 million and USD12.087 million, respectively.

B8. MATERIAL LITIGATION

1) Arbitration proceedings filed by Coastal Oil Singapore Pte Ltd against ADSB.

As the Arbitrator has terminated the Arbitration proceedings in March 2014 with arbitration costs to be paid from the deposits deposited, this matter has been brought to closure.

2) Silverline Maritime Sdn Bhd against ADSB and PORB

On 20 October 2014, the Company had received a notice of demand pursuant to Section 218 of the Act dated 20 October 2014 from Messrs. Faidz, Leong & Chong, the solicitors for Silverline Maritime Sdn. Bhd. (“Silverline”) (“Notice of Demand”), demanding for a payment of RM543,056 as at 5 August 2013 owed by ADSB in respect of services rendered by Silverline between 1 September 2007 and 7 November 2009 for the vessel “Taurus” (since sold vide a judicial sale in 2013).

Silverline claims were made up of the following:-

- (i) the sum of RM543,056 as at 5 August 2013;
- (ii) agreed interest at the rate of 8% per annum on the sum of RM538,058 from 6 August 2013 until full settlement; and
- (iii) cost of RM4,104.

In accordance with the Notice of Demand, if PORB fails to comply with the terms contained in the Notice of Demand within 21 days from the date of service of the Notice of Demand, legal proceedings may be commenced against PORB pursuant to Section 218 of the Act.

However, the Scheme of Arrangement duly voted upon and approved at the Court Convened Meetings of PORB, ADSB and OPLL respectively on 7 July 2014 with the Scheme Creditors pursuant to Section 176 of the Act, has been approved by the High Court of Malaya on 15 August 2014 pursuant to Sections 176(3) and 176(4) of the Act (“Court Order”) and Silverline is one of the Scheme Creditors of the Scheme under ADSB.

Therefore, the Scheme shall be valid and binding on the Company as well as its wholly-owned indirect subsidiaries, namely ADSB and OPLL (collectively defined herein as “Companies”) and their scheme creditors until the calling of such meeting with the members of the Companies in which the members may approve the Scheme by majority in number representing three-fourths (3/4) in value of the members or class of members who will be present and voting at the members’ meeting.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

In view of the Court Order, Silverline is therefore subject to and bound by the Scheme. Hence, Silverline cannot proceed to commence action against PORB and/or ADSB based on the aforesaid claim if the period of 21 days lapses. PORB's solicitors replied to this effect to Messrs Faidz, Leong & Chong on 30 October 2014. On 6 November 2014, Messrs Faidz, Leong & Chong wrote to inform that Silverline will not proceed with any Winding-up Petition until and unless they obtain the required exemption against the effect of the S176 order. Accordingly, Messrs Faidz, Leong & Chong also confirmed Silverline's withdrawal of the statutory demand served on 20 October 2014 with liberty to re-issue.

B9. DIVIDENDS

There were no dividends declared during the current financial quarter under review.

B10. PROFIT/(LOSS) PER ORDINARY SHARE

(a) Basic

The basic profit/(loss) per ordinary share has been calculated by dividing profit/(loss) attributable to ordinary equity holders of the parent by the number of ordinary shares in issue of 50,804,845 at the end of the current financial quarter.

(b) Diluted

There was no dilution in profit/(loss) per ordinary share as the Company did not have any convertible financial instrument as at the end of the current quarter under review.

B11. OPERATING PROFIT BEFORE TAXATION

**3 months
ended
30/9/2014**

Operating profit arrived at after charging/(crediting):

| | |
|-------------------------------|-------|
| Depreciation | 82 |
| Foreign exchange loss/(gain): | |
| Realised | 2 |
| Unrealised | (402) |
| Interest expense | 1,126 |

B12. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and properties during the current quarter under review.

B13. QUOTED SECURITIES

There were no purchases or disposals of quoted securities during the current quarter under review.

B14. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments at the date of this quarter.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**B15. SUPPLEMENTAL INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA
SECURITIES BERHAD LISTING REQUIREMENTS**

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia.

| | As at 30/9/2014 RM'000 | As at 30/6/2014 RM'000 |
|---|------------------------------|------------------------------|
| Total accumulated losses of the Company and its subsidiaries: | | |
| - realised | (95,741) | (96,559) |
| - unrealised | 402 | 545 |
| | <u>(95,339)</u> | <u>(96,014)</u> |
| Consolidated adjustments | <u>(52,358)</u> | <u>(52,358)</u> |
| Total accumulated losses | <u>(147,697)</u> | <u>(148,372)</u> |

B16. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 November 2014.

**B17. INDEPENDENT AUDITORS' REPORT ON LIMITED REVIEW OF INTERIM FINANCIAL
STATEMENTS TO THE BOARD OF DIRECTORS OF PETROL ONE RESOURCES
BERHAD AND ITS SUBSIDIARIES**

Enclosed



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Independent Auditors' Report on Limited Review of Interim Financial Statements to the Board of Directors of Petrol One Resources Berhad and its subsidiaries

(Company No. 333769-X)
(Incorporated in Malaysia)

Introduction

We were engaged to review the condensed consolidated statement of financial position of Petrol One Resources Berhad ("the Company") as at 30 September 2014, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three (3) months period then ended ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with MFRS 134, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for a conclusion.

Scope of Review

We were engaged to conduct our review in accordance with the approved standards on auditing in Malaysia applicable to review engagements, ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with approved standards on auditing in Malaysia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Disclaimer of Conclusion

1. We draw attention to Note A1 of the condensed consolidated interim financial statements which discusses the following:
 - (i) As at 30 September 2014, the current liabilities of the Group exceeded its current assets by RM93.503 million and the Group had a negative shareholder's equity of RM90.570 million.
 - (ii) As disclosed in the previous year's financial statements for the year ended 30 June 2014, the Company and its wholly-owned indirect subsidiary, Arus Dermaga Sdn. Bhd. ("ADSB"), were unable to meet their loan obligations since January 2011 and March 2010, respectively. On 24 December 2013, the Company and ADSB entered into a debt settlement agreement ("DSA") with their respective lenders whereby the outstanding loan



obligations will be settled in full by a cash payment of RM6.5 million. On 16 October 2014, the Company announced that it had agreed with its lenders to vary the terms of the DSA whereby the RM6.5 million will be settled (i) by the sale, by the lender, of the shares in the Company which have been pledged by a third party as security for the loan for a consideration amounting to RM3.04 million; and (ii) in cash for an amount of RM3.46 million. The variation has been formalised in a supplementary settlement agreement ("SSA") on 21 November 2014. As at 30 September 2014, the loans outstanding in the books of the Company and ADSB amounted to RM7.5 million and USD12.1 million, respectively.

- (iii) On 30 August 2012, the Company announced that it had been classified as an affected listed issuer pursuant to Paragraph 2.1 (a) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The PN17 criteria was triggered as a result of the shareholders' equity of the Group on a consolidated basis was less than 25% of its issued and paid-up capital (excluding treasury shares) and was less than RM40 million.
- (iv) On 15 November 2013, the Company made its Requisite Announcement whereby the Company proposed to undertake a two (2) pronged approach, comprising the Group's business turnaround strategy ("Business Regularisation Strategy") and the Proposed Regularisation Plan to address its PN17 issues. The Proposed Regularisation Plan comprises the following: (i) Proposed Capital Reduction, (ii) Proposed Share Premium Reduction, (iii) Proposed Private Placement, (iv) Proposed Rights Issue with Warrants, (v) Proposed Scheme of Arrangement, and (vi) Proposed Amendment. The Proposed Regularisation Plan was submitted to Bursa Malaysia on 28 March 2014 and the relevant announcement was made on the same day. The Proposed Regularisation Plan is pending approval from Bursa Malaysia as at the date of this report.
- (v) The Company, and its wholly-owned indirect subsidiaries, ADSB and One Petroleum (L) Ltd ("OPLL") were granted an order by the High Court of Malaya to hold a meeting with their scheme creditors pursuant to Section 176(1) of the Companies Act 1965. The Court Convened Meetings for approving the proposed scheme of arrangement ("the Scheme") were held on 7 July 2014. At the Court Convened Meetings, a majority in number and more than 75% in value of the scheme creditors who were present voted in approval of the Scheme. The Scheme was approved by the High Court of Malaya on 15 August 2014 and is binding until it is approved by a majority of the members of the respective companies at their members' meetings.

In view of the matters set out above, there are material uncertainties that may cast significant doubt on the ability of the Group to continue as a going concern.

The interim financial statements have been prepared on the historical cost basis and on the assumption that the Group is a going concern. However, the going concern assumption is highly dependent upon successful execution of the DSA and SSA, the successful approval and implementation of the Regularisation Plan, and the ability of the Group to attain profitable operations to generate sufficient cash flows to fulfil their obligations as and when they fall due. In the event that these are not successfully implemented, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the interim financial statements may require adjustments relating to the recoverability and classification of



recorded assets and to additional amount and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

2. As at 30 September 2014, the carrying value of an item of marine equipment of the Group amounted to RM1.9 million. The marine equipment has not been in use since the disposal of a vessel owned by a subsidiary, OPLL. There were no projections of future cash flows prepared by management or valuations obtained to support the aforesaid carrying value of the item of marine equipment. Based on the information available, we are unable to conclude on the appropriateness of the carrying value of the item of marine equipment as at 30 September 2014.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we do not express a conclusion on the condensed consolidated interim financial statements. The comparative information has not been reviewed, or audited, by us.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya

Date: 27 November 2014