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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31/12/2014	30/12/2013	31/12/2014	30/12/2013
	RM '000	RM '000	RM '000	RM '000
Revenue	3,461	-	6,809	-
Cost of sales	(1,470)	-	(2,674)	-
Gross profit	1,991	-	4,135	-
Other income	1,376	197	1,779	1,055
Administration expenses	(955)	(1,516)	(1,696)	(4,027)
Other operating expenses	-	-	-	(806)
Other operating income	-	155	-	447
Finance costs	(735)	(1,095)	(1,861)	(2,207)
Profit/(Loss) before tax	1,677	(2,259)	2,357	(5,538)
Income tax (expense)/benefit	(5)	-	(10)	19
Profit/(Loss) for the period attributable to owners of the Company	1,672	(2,259)	2,347	(5,519)
Other comprehensive loss:				
Foreign currency translation differences	(5,358)	(626)	(6,841)	(2,536)
Reversal of revaluation surplus	-	-	-	-
Total comprehensive loss attributable to owners of the Company	(3,686)	(2,885)	(4,494)	(8,055)
Profit/(Loss) per ordinary shares (sen) attributed to equity holders of the Company :				
Basic	3.29	(4.45)	4.62	(10.86)
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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 31 DECEMBER 2014

	AS AT 31/12/2014 RM '000	AS AT 30/06/2014 RM '000
ASSETS		
Non-current assets		
Plant and equipment	3,142	3,106
Current assets		
Trade and other receivables	7,070	4,259
Cash and bank balances	179	24
	7,249	4,283
TOTAL ASSETS	10,391	7,389
EQUITY AND LIABILITIES		
Share capital	50,805	50,805
Share premium	12,669	12,669
Reserve	(157,730)	(153,236)
Equity attibutable to equity holders of the Company	(94,256)	(89,762)
Non-current liabilities		
Borrowings	130	136
Current liabilities		
Borrowings	48,548	48,569
Trade and other payables	50,440	42,957
Amount due to directors	5,499	5,469
Provision for taxation	30	20
	104,517	97,015
Total liabilities	104,647	97,151
TOTAL EQUITY AND LIABILITIES	10,391	7,389
Net assets per share attributable to ordinary equity holders of the parent (RM)	(1.8553)	(1.7668)

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 31 DECEMBER 2014

	<-------- *Attributable to Equity Holders of the Company*				------->
	<-------- *Non-distributable*		------->		
	Share Capital RM '000	Share Premium RM '000	Translation reserve RM '000	(Accumulated losses) RM '000	Total RM '000
At 1 July 2013	50,805	12,669	(4,120)	(142,195)	(82,841)
Foreign currency translation difference	-	-	(2,536)	-	(2,536)
Loss for the period	-	-	-	(5,519)	(5,519)
Total comprehensive loss	-	-	(2,536)	(5,519)	(8,055)
At 31 December 2013	50,805	12,669	(6,656)	(147,714)	(90,896)
At 1 July 2014	50,805	12,669	(4,864)	(148,372)	(89,762)
Foreign currency translation difference	-	-	(6,841)	-	(6,841)
Profit for the period	-	-	-	2,347	2,347
Total comprehensive loss	-	-	(6,841)	2,347	(4,494)
At 31 December 2014	50,805	12,669	(11,705)	(146,025)	(94,256)

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.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2014

	6 months ended	
	31/12/2014	30/12/2013
	RM '000	RM '000
Cash flows from operating activities		
Profit/(Loss) before tax	2,357	(5,538)
Adjustment for :		
Bad debts	112	-
Depreciation	167	146
Interest expense	1,861	2,207
Unrealised foreign exchange gain - net	(1,752)	(1,025)
Operating profit/(loss) before changes in working capital	2,745	(4,210)
Trade and other receivables	(2,726)	6,404
Trade and other payables	141	(2,945)
Net cash generated from/(used in) operating activities	160	(751)
Cash flows from investing activities		
Acquisition of plant and equipment	-	(10)
Net cash used in investing activities	-	(10)
Cash flows from financing activities		
Repayment of finance lease liabilities	(5)	(2)
Net cash used in financing activities	(5)	(2)
Net increase/(decrease) in cash and cash equivalents	155	(763)
Cash and cash equivalents at beginning of financial period	24	2,331
Cash and cash equivalents at end of financial period	179	1,568

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 31 DECEMBER 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 six months ended 31 December 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 31 December 2014 as carried out by the external auditors dated 26 February 2015. 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 31 December 2014, the current liabilities of the Group exceeded its current assets by RM97.268 million and the Group had a negative shareholder's equity of RM94.256 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. Please refer to part B7 for more details of the terms of the settlement.

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 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. On 21 January 2015, PORB submitted an application to Bursa Malaysia to vary certain terms of the Proposed Regularisation Plan. An announcement was made on 21 January 2015 incorporating the details of the variations. The Proposed Regularisation Plan is pending approval from Bursa Malaysia as at the date of this report.

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 dependent upon the 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 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 USDI2,087,851 (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.

(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.

2. 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.

3. 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.

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 CURRENT YEAR QUARTER		CUMULATIVE PERIOD CURRENT YEAR TO DATE	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Segment Revenue				
Oil and gas	3,461	-	6,809	-
	3,461	-	6,809	-

	INDIVIDUAL PERIOD CURRENT YEAR QUARTER		CUMULATIVE PERIOD CURRENT YEAR TO DATE	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Segment Results				
Oil and gas	1411	(1,125)	3,357	(3,634)
Others	261	(1,134)	(1,010)	(1,885)
	1672	(2,259)	2,347	(5,519)

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.

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 31/12/2014 RM'000
Corporate guarantees given to secure banking facilities for subsidiaries	42,247

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

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.

On 21 January 2015, PORB submitted an application to Bursa Malaysia to vary certain terms of the Proposed Regularisation Plan. An announcement was made on 21 January 2015 incorporating the details of the variations. The Proposed Regularisation Plan is pending approval from Bursa Malaysia as at the date of this report.

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 31 DECEMBER 2014

B1. REVIEW OF PERFORMANCE

The Group registered revenue of approximately RM3.461 million in the current quarter ended 31 December 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 RM1.677 million for the current quarter ended 31 December 2014 as compared to a loss before tax of approximately RM2.259 million in the corresponding quarter of the preceding year. The profit in the current quarter was mainly contributed by 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.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group registered revenue of approximately RM3.461 million for the current quarter ended 31 December 2014 which is a 3.37% increase as compared to approximately RM3.348 million achieved in the preceding quarter. The increase in revenue is mainly due to strengthening of the exchange rate for US dollar against Ringgit Malaysia.

The Group posted a profit before tax of approximately RM1.677 for the current quarter ended 31 December 2014 as compared to the immediate preceding quarter's profit before tax of RM680,000. The increase is due to the reduction of administrative expenses.

B3. COMMENTARY ON PROSPECTS

Given the 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 CURRENT YEAR QUARTER 31/12/2014 RM'000	INDIVIDUAL PERIOD 31/12/2013 RM'000	CUMULATIVE PERIOD CURRENT YEAR TO DATE 31/12/2014 RM'000	CUMULATIVE PERIOD 31/12/2013 RM'000
Current tax expense				
- Current year	5	-	10	-
Deferred tax				
- origination and reversal of temporary differences	-	-	-	(19)
Total	5	-	10	(19)

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. On 21 January 2015, PORB submitted an application to Bursa Malaysia to vary certain terms of the Proposed Regularisation Plan. An announcement was made on 21 January 2015 incorporating the details of the variations. 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 31/12/2014 RM'000	In foreign Currency
Short term borrowings:		
Secured		
Denominated in Ringgit Malaysia		
Term loan	4,036	-
Finance lease liabilities	15	-
Denominated in US Dollar		
Term loan	42,247	12,087
Unsecured		
Denominated in Ringgit Malaysia		
Term loan	2,250	-
Long term borrowings:		
Secured		
Denominated in Ringgit Malaysia		
Finance lease liabilities	130	-
Total borrowings	48,678	

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.

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 (being the purchase consideration for the pledged shares) upon execution of the SSA ("Retention Sum").

The Cash Settlement and the Retention Sum has been paid by the purchaser of the pledged shares to RHB Investment ("RIBB", who is acting for and on behalf of RHB Bank and RHB Labuan). However, the Retention Sum is currently placed in a fixed deposit account and shall only be utilised by RIBB 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 RIBB with consent letters supplementing and agreeing to the said SSA within seven (7) days of ADSB and PORB executing the SSA.

(3) Subject to payment in full of the Settlement Sum in accordance with the terms and conditions of the SSA, RIBB 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 RIBB in accordance with salient term (3) above.

As at the date of 21 November 2014, the total sum of RM6.5 million under the requirements of (1) as mentioned above, was paid to RIBB. The Group and the Company however, has not recorded the effect of the waiver of the debt in the current quarter under-review as the Group and the Company have yet to receive the documents as mentioned in (3) above pending the completion of the disposal of the pledged shares.

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.

B8. MATERIAL LITIGATION

1) 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 21days 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.

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.

On 21 November 2014, Silverline submitted an application to the High Court, Kuala Lumpur for leave and exemption from the approved Scheme of Arrangement. The hearing on this matter is fixed on 9.4.2015.

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 31/12/2014	**6 months ended 31/12/2014**
Operating profit arrived at after charging/(crediting):		
Bad debts	-	112
Depreciation	85	167
Foreign exchange loss/(gain):		
Realised	(28)	(26)
Unrealised	(1,350)	(1,752)
Interest expense	735	1,861

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.

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 31/12/2014 RM'000	**As at 30/6/2014 RM'000**
Total accumulated losses of the Company and its subsidiaries:		
- realised	(95,419)	(96,559)
- unrealised	1,752	545
	(93,667)	(96,014)
Consolidated adjustments	(52,358)	(52,358)
Total accumulated losses	(146,025)	(148,372)

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 26 February 2015.

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 and its subsidiaries ("the Company", and "the Group", respectively) as at 31 December 2014, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six (6) 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 31 December 2014, the current liabilities of the Group exceeded its current assets by RM97.268 million and the Group had a negative shareholder's equity of RM94.257 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. As at 31 December 2014, the defaulted loans of the Company and ADSB amounted to RM4.036 million and USD12.087 million, respectively. On 24 December

2013, the Company and ADSB entered into a debt settlement agreement ("DSA") in respect of these defaulted loans 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 ("the Retention Sum"); and (ii) in cash for an amount of RM3.46 million ("the Cash Settlement"). The variation was formalised in a supplementary settlement agreement ("SSA") on 21 November 2014. The Cash Settlement and the Retention Sum have been paid by the purchaser of the pledged shares to the lenders. However, the Retention Sum will only be utilised by the lenders as a part of the settlement sum upon the completion of the disposal of the pledged shares. The debt settlement has not been completed as at 31 December 2014 pending the completion of the disposal of the pledged shares.

(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. On 21 January 2015, PORB submitted an application to Bursa Malaysia to vary certain terms of the Proposed Regularisation Plan. An announcement was made on the same day, incorporating details of the variations. 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 basis of accounting principles applicable to a going concern. However, the going concern assumption is dependent upon the 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 31 December 2014, the carrying value of an item of marine equipment of the Group amounted to RM2.0 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 31 December 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
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya

Date: 26 February 2015