

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/12/2017 RM '000	PRECEDING YEAR QUARTER 31/12/2016 RM '000	CURRENT YEAR TO DATE 31/12/2017 RM '000	PRECEDING YEAR TO DATE 31/12/2016 RM '000
Revenue	3,196	2,961	6,549	5,864
Cost of sales	(1,430)	(1,655)	(3,222)	(2,752)
Gross profit	1,766	1,306	3,327	3,112
Other income				
- Others	2	34	2	36
- Unrealised foreign exchange gain	-	945	-	1,354
Administration expenses				
- Others	(1,267)	(1,223)	(2,691)	(2,607)
- Unrealised foreign exchange loss	(77)	-	(551)	-
Other operating expenses	-	-	-	-
Other operating income	-	-	-	-
Finance costs	-	(146)	-	(277)
Profit before tax	424	916	87	1,618
Income tax (expense)/benefit	(5)	-	(10)	-
Profit for the period attributable to owners of the Company	419	916	77	1,618
Other comprehensive loss:				
Foreign currency translation differences	3,393	4,673	4,772	7,432
Reversal of revaluation surplus	-	-	-	-
Total comprehensive loss attributable to owners of the Company	3,812	5,589	4,849	9,050

Profit/(Loss) per ordinary shares (sen) attributed to equity holders of the Company :

Basic	0.82	1.80	0.15	3.18
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 2017 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 31 DECEMBER 2017**

	AS AT 31/12/2017 RM '000	AS AT 30/6/2017 RM '000
ASSETS		
Non-current assets		
Plant and equipment	3,693	4,087
Current assets		
Trade and other receivables	13,514	15,328
Cash and bank balances	439	92
	<u>13,953</u>	<u>15,420</u>
TOTAL ASSETS	<u>17,646</u>	<u>19,507</u>
EQUITY AND LIABILITIES		
Share capital	63,474	63,474
Share premium	-	-
Reserve	(166,261)	(171,110)
Equity attributable to equity holders of the Company	<u>(102,787)</u>	<u>(107,636)</u>
Current liabilities		
Borrowings	55,559	58,379
Trade and other payables	61,592	65,475
Amount due to directors	3,252	3,269
Provision for taxation	30	20
	<u>120,433</u>	<u>127,143</u>
Total liabilities	<u>120,433</u>	<u>127,143</u>
TOTAL EQUITY AND LIABILITIES	<u>17,646</u>	<u>19,507</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>(1.6194)</u>	<u>(1.6957)</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2017**

	←----- Attributable to Equity Holders of the Company ----->					
	←----- Non-distributable ----->					
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Translation reserve RM '000	(Accumulated losses) RM '000	Total RM '000
At 1 July 2016	50,805	12,669	-	(23,752)	(143,217)	(103,495)
Foreign currency translation difference	-	-	-	(5,978)	-	(5,978)
Impairment of vessels	-	-	-	-	-	-
Profit for the period	12,669	(12,669)	-	-	1,837	1,837
Total comprehensive loss	12,669	(12,669)	-	(5,978)	1,837	(4,141)
At 30 June 2017	63,474	-	-	(29,730)	(141,380)	(107,636)
At 1 July 2017	63,474	-	-	(29,730)	(141,380)	(107,636)
Foreign currency translation difference	-	-	-	4,772	-	4,772
Profit for the period	-	-	-	-	77	77
Total comprehensive loss	-	-	-	4,772	77	4,849
At 31 December 2017	63,474	-	-	(24,958)	(141,303)	(102,787)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

	6 months ended 31/12/2017 RM '000	12 months ended 30/6/2017 RM '000
Cash flows from operating activities		
Profit before tax	87	1,856
Adjustment for :		
Depreciation	316	591
Interest expense	-	-
Unrealised foreign exchange gain - net	551	(743)
Operating profit/(loss) before changes in working capital	954	1,704
Trade and other receivables	1,807	(1,329)
Trade and other payables	(2,414)	(972)
Cash generated from operating activities	347	(597)
Income taxes paid	-	(42)
Net cash generated from operating activities	347	(639)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	-
Acquisition of plant and equipment	-	(641)
Net cash used in investing activities	-	(641)
Cash flows from financing activities		
Repayment of term loans	-	-
Repayment of finance lease liabilities	-	-
Drawdown of term loan	-	-
Repayment to director	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	347	(1,280)
Cash and cash equivalents at beginning of financial period	92	1,372
Cash and cash equivalents at end of financial period	439	92

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

PETROL ONE RESOURCES BERHAD (333769-X)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER ENDED 31 DECEMBER 2017

A1. BASIS PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017. 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 2017.

A2. FUNDAMENTAL ACCOUNTING PRINCIPLE

As at 31 December 2017, the current liabilities of the Group exceeded its current assets by RM106.480 million and the Group had a negative shareholder's equity of RM102.787 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 RM6.500 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 RM3.460 million. The variation was formalized 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 RM40.000 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 Regularization Strategy") and the Proposed Regularization Plan to address its PNI7 issues. The Proposed Regularization 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 Regularization 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 Regularization Plan. An announcement was made on 21 January 2015 incorporating the details of the variations. The Proposed Regularization Plan of the Company was approved by Bursa Malaysia vide a letter dated 14 August 2015, subject to certain terms and conditions. An announcement was made on 14 August 2015 incorporating details of the approval.

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 RM6,500,000/-.

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. As at the end of the financial year, the Group has not recorded the effect of the waiver of debt pending the completion of the Scheme.

PETROL ONE RESOURCES BERHAD (333769-X)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER ENDED 31 DECEMBER 2017

FUNDAMENTAL ACCOUNTING PRINCIPLE (Continued)

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 was formalised in a supplementary settlement agreement (“SSA”) on 21 November 2014. On the same date, the total sum of RM6,500,000/- was paid to the lenders under the terms of the SSA comprised of payment by the Company of RM3,460,000/- and payment by a third party of RM3,040,000/-. The Company has not recognised the fair value of corporate guarantee given to lender for loan given to subsidiary. The Group and the Company, however, have not recorded the effect of the waiver of the debt pending the completion of the disposal of the pledged shares.

On 27 July 2017, the Company announced to Bursa that the Proposed Regularisation Plan will be revised as per followings: (i) from proposed capital reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965, involving the cancellation of RM0.90 of the par value of every existing ordinary share of RM1.00 each in the Company as per the approval letter revised to proposed capital reduction of the share capital of the Company pursuant to Section 115(a) and 116 of the Act 2016, (ii) no longer applicable on the Proposed Share Premium Reduction, (iii) from Proposed private placement of 200,000,000 placement shares to potential investors at an issue price of RM0.10 per placement share after the completion of the Proposed Capital Reduction and the Proposed Share Premium Reduction as per the approval letter to proposed private placement of 200,000,000 placement shares to identified investors at an issue price of RM0.10 per placement share after the completion of the Proposed Capital Reduction, (iv) No changes on the Proposed Rights Issue with Warrants, (v) no changes on the Scheme of Arrangement except the settlement amount, (vi) no longer applicable on the Proposed increase in the authorised share capital, and (vii) no longer applicable on the proposed amendment.

The interim financial information has been prepared on the historical cost basis and on the assumption of 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 implementation of the Regularization Plan, and the ability of the Group to continue to attain profitable operations. In the event that these are not successfully implemented, the Group may be unable to realize 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.

A3. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report of the Company for the financial year ended 30 June 2017 contained a disclaimer of opinion by the Company’s auditors, Messrs. Baker Tilly Monteiro Heng. The basis of the disclaimers is stated as below: -

1. As disclosed in Note 2.2, the financial statements have been prepared on the historical cost basis and on the assumption that the Group and the Company are going concerns. As at 30 June 2017, the Group recorded net current liabilities of RM111,723,215/- and capital deficiency of RM107,636,397/-. The Group and the Company have also recorded accumulated losses of RM141,379,679/- and RM6,651,692/- respectively.

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 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”).

PETROL ONE
RESOURCES BERHAD (333769-X)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER ENDED 31 DECEMBER 2017

AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS (Continued)

On 15 November 2013, 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 to Memorandum and/or Articles of Association. A further announcement was made on 21 January 2015 incorporating details of variations to the Proposed Regularisation Plan. On 14 August 2015, Bursa Malaysia approved the Proposed Regularisation Plan subject to certain terms and conditions.

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 RM6,500,000/-.

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 of 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. As at the end of the financial year, the Group has not recorded the effect of the waiver of debt pending the completion of the Scheme.

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 was formalised in a supplementary settlement agreement ("SSA") on 21 November 2014. On the same date, the total sum of RM6,500,000/- was paid to the lenders under the terms of the SSA. The Group and the Company, however, have not recorded the effect of the waiver of the debt pending the completion of the disposal of the pledged shares.

On 27 July 2017, the Company announced to Bursa that the Proposed Regularisation Plan will be revised as per followings: (i) from proposed capital reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act 1965, involving the cancellation of RM0.90 of the par value of every existing ordinary share of RM1.00 each in the Company as per the approval letter revised to proposed capital reduction of the share capital of the Company pursuant to Section 115(a) and 116 of the Act 2016, (ii) no longer applicable on the Proposed Share Premium Reduction, (iii) from Proposed private placement of 200,000,000 placement shares to potential investors at an issue price of RM0.10 per placement share after the completion of the Proposed Capital Reduction and the Proposed Share Premium Reduction as per the approval letter to proposed private placement of 200,000,000 placement shares to identified investors at an issue price of RM0.10 per placement share after the completion of the Proposed Capital Reduction, (iv) No changes on the Proposed Rights Issue with Warrants, (v) no changes on the Scheme of Arrangement except the settlement amount, (vi) no longer applicable on the Proposed increase in the authorised share capital, and (vii) no longer applicable on the proposed amendment.

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 going concern assumption is highly dependent upon the shareholders' approving the Regularisation Plan and its successful implementation, the settlement of the defaulted debts, 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 accomplished, 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.

PETROL ONE
RESOURCES BERHAD (333769-X)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER ENDED 31 DECEMBER 2017

AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS (Continued)

2. As disclosed in Note 5.1 included in plant and equipment of the Group is an item of marine equipment of USD623,638/- (equivalent to RM2,508,582/-) which has not been in use since the disposal of the vessel owned by a subsidiary, One Petroleum (L) Limited. We were unable to obtain sufficient appropriate audit evidence to support the aforesaid carrying value of the item of marine equipment.

3. As disclosed in Note 6 and Note 7, the carrying value of investments in subsidiaries and amount due from subsidiaries in the books of the Company, amounted to RM939,177/- and RM66,364,128/-, respectively. The projections of future cash flows prepared by the management to support the aforesaid carrying value of investments in subsidiaries and amount due from subsidiaries are based on the assumptions that the Proposed Regularisation Plan have been implemented. Consequently, we are unable to ascertain the appropriateness of the carrying value of investments in subsidiaries and amount due from subsidiaries in the books of the Company.

4. The matters stated above were unresolved since the preceding financial year and formed the basis for disclaimer of opinion on the financial statements of the Group and Company for the financial year ended 30 June 2015. We were unable to determine whether adjustments to results of operations and opening accumulated losses might be necessary. Our opinion on the current year's financial statements is also modified because of the possible effects of these matters on the comparability of the current financial year's figures and corresponding figure.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the financial statements.

A4. SEGMENTAL INFORMATION

The Group prepared the following segment information in accordance with MFRS 8: Operating Segments based on the internal reports of the Group's strategic business units.

The four reportable operating segments are as follow:

Segments	Product and Services
Chartering Activity	Chartering of safety standby vessels
Advisory Services	Advisory services that include technical and commercial management services in relation to ship-to-ship transfer operations
Storage Management	Management of liquid storage terminal
Investment holding	Investment holding and others

Segment performance

Segment performance is used to measure performance, which the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets of a segment.

Segment liabilities

Segment liabilities are not included in the internal report hence no disclosures are made on segment liabilities.

**PETROL ONE
RESOURCES BERHAD** (333769-X)

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER
ENDED 31 DECEMBER 2017**

SEGMENTAL INFORMATION (Continued)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	QUARTER	CURRENT YEAR TO DATE	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Oil & Gas: -				
Chartering Activity	1,120	928	2,162	1,894
Advisory Services	1,436	1,492	2,907	2,890
Storage Management	640	540	1,480	1,080
Others	-	-	-	-
	<u>3,196</u>	<u>2,960</u>	<u>6,549</u>	<u>5,864</u>

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	QUARTER	CURRENT YEAR TO DATE	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Oil & Gas: -				
Chartering Activity	(238)	(445)	(953)	(445)
Advisory Services	2,058	319	3,272	1,039
Storage Management	(175)	32	(186)	112
Others	(1,226)	1,010	(2,056)	912
	<u>419</u>	<u>916</u>	<u>77</u>	<u>1,618</u>

A5. 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.

A6. CHANGES IN ESTIMATES

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

A7. 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.

A8. DIVIDENDS PAID

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

A9. DEBT AND EQUITY SECURITIES

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

PETROL ONE
RESOURCES BERHAD (333769-X)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 FOR THE QUARTER ENDED 31 DECEMBER 2017

A10. CAPITAL COMMITMENTS

There were no changes in capital commitments since the previous annual financial statements as at 30 June 2017.

A11. CHANGES IN CONTINGENT LIABILITIES

The contingent liabilities of PORB are as follows:

	As at
	31/12/2017
	RM'000
Corporate guarantee given to secure banking facilities for a subsidiary	<u>51,523</u>

A12. CHANGES IN COMPOSITION OF THE GROUP

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

A13. SUBSEQUENT MATERIAL EVENTS

Subsequent to the end of the period under review the Group announced the following material event(s): -

On 8 February 2018, the Company had submitted an application to Bursa Securities in seeking its approval for an extension period of six (6) months up to 11 August 2018 for the Company to complete the implementation of its Proposed Regularisation Plan. In the announcement, the Company mentioned that on 25 January 2018, M&A Securities Sdn Bhd had been appointed by the Company as the co-placement agent for the Proposed Private Placement.

Apart from the above, there are no other material subsequent events.

A14. PROPERTY, PLANT AND EQUIPMENT VALUATION

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

**PETROL ONE
RESOURCES BERHAD** (333769-X)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2017

B1. REVIEW OF PERFORMANCE

The Group registered revenue of approximately RM3.196 million for the current quarter ended 31 December 2017 as compared to approximately RM2.961 million in the preceding year's similar quarter. The increase in revenue in current year's quarter over that of the preceding year similar quarter mainly due to the slight improvement of SSV rate for one of the vessel in the current year.

The Group posted a profit before tax of approximately RM0.424 million for the current quarter ended 31 December 2017 as compared to a profit before tax of approximately RM0.916 million in the corresponding quarter of the preceding year due to the large unrealised exchange profit in the preceding year's quarter.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group registered revenue of approximately RM3.196 million for the current quarter ended 31 December 2017 as compared to approximately RM3.353 million achieved in the preceding quarter. The slightly decrease revenue was due to the strengthening of RM against USD, some of the Group revenue is made in USD.

Nevertheless, the Group posted a profit before tax of approximately RM0.424 million for the current quarter ended 31 December 2017 as compared to the immediate preceding quarter's loss before tax of RM RM0.337 million. The increase of the current quarter profit before tax was due to unplanned ship maintenance costs for the SSV in the previous quarter that did not recur in the current quarter. The losses for previous quarter was also due to large amount of unrealised forex loss in the previous quarter as compare to current quarter.

B3. COMMENTARY ON PROSPECTS

Base on the prevailing sentiment in the oil and gas industry within the region and in the country, the Board remains cautious in both short and medium term for the Group.

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 31/12/2017 RM'000	QUARTER 31/12/2016 RM'000	CURRENT YEAR TO DATE 31/12/2017 RM'000	31/12/2016 RM'000
Current Tax Expense				
- Current Year	5	-	10	-
- Prior Year	-	-	-	-
	5	-	10	-
Deferred Tax				
- Origination and Reversal of temporary differences	-	-	-	-
Total	5	-	10	-

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2017

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 Regularization Strategy and the Proposed Regularization Plan to address its PNI7 issues. The Proposed Regularization 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 Regularization 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 Regularization Plan. An announcement was made on 21 January 2015 incorporating the details of the variations. The Proposed Regularization Plan of the Company was approved by Bursa Malaysia vide a letter dated 14 August 2015, subject to certain terms and conditions. An announcement was made on 14 August 2015 incorporating details of the approval.

On 27 July 2017, the Company announced to Bursa that the Proposed Regularisation Plan will be revised as per followings: (i) from proposed capital reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act 1965, involving the cancellation of RM0.90 of the par value of every existing ordinary share of RM1.00 each in the Company as per the approval letter revised to proposed capital reduction of the share capital of the Company pursuant to Section 115(a) and 116 of the Act 2016, (ii) no longer applicable on the Proposed Share Premium Reduction, (iii) from Proposed private placement of 200,000,000 placement shares to potential investors at an issue price of RM0.10 per placement share after the completion of the Proposed Capital Reduction and the Proposed Share Premium Reduction as per the approval letter to proposed private placement of 200,000,000 placement shares to identified investors at an issue price of RM0.10 per placement share after the completion of the Proposed Capital Reduction, (iv) No changes on the Proposed Rights Issue with Warrants, (v) no changes on the Scheme of Arrangement except the settlement amount, (vi) no longer applicable on the Proposed increase in the authorised share capital, and (vii) no longer applicable on the proposed amendment.

On 28 July 2017, the Company submitted an application to Bursa Malaysia seeking the approval for an extension period of 6 months up to 12 February 2018 for the Company to complete the implementation of its Proposed Regularization Plan. On 7 September 2017, Bursa Malaysia gave its approval on the application of extension period of 6 months. On 8 February 2018, the Company submitted an application to Bursa Malaysia seeking for an extension period of another 6 months up to August 2018 for the implementation of its Proposed Regularization Plan.

2. On 21 November 2016, the Company received a letter dated 18 November 2016 from RHB Investment which confirms the following: -
 - i) Pursuant to the terms set out in the SSA, RHB Investment Bank Berhad will proceed to utilise the Retention Sum together with interest earned towards payment of the balance Settlement Sum following the expiry of a period of twenty-four (24) months from the date of the SSA of 21 November 2014.
 - ii) Notwithstanding the above, RHB Investment Bank Berhad has no objection to facilitate the Disposal of the Pledged Shares in accordance with the terms of the SSA.
3. 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 of 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

**PETROL ONE
RESOURCES BERHAD** (333769-X)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2017

binding until it is approved by a majority of the members of the respective companies at their members' meetings.

B7. GROUP BORROWINGS

	As at 31/12/2017 RM'000	In Foreign Currency
Short term borrowings:		
<u>Secured</u>		
Denominated in Ringgit Malaysia		
Term Loan	4,036	-
Finance Lease Liabilities	-	-
Denominated in US Dollar		
Term Loan	51,523	12,684
<u>Unsecured</u>		
Denominated in Ringgit Malaysia		
Term Loan	-	-
Long – term Borrowings		
<u>Secured</u>		
Denominated in Ringgit Malaysia		
Finance Lease Liabilities	-	-
Total Borrowings	55,559	

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 formalized in a SSA on 21 November 2014.

As at the date of 21 November 2014, the total sum of RM6.5 million 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 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.

B8. MATERIAL LITIGATION

There is no outstanding material litigation for the Group for the current quarter.

B9. DIVIDENDS

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

B10. PROFIT/(LOSS) PER ORDINARY SHARE

**PETROL ONE
RESOURCES BERHAD** (333769-X)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2017

- (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

	6 months ended 31/12/2017 RM'000
Operating profit arrived at after charging / (crediting):	
Bad Debts	-
Depreciation	316
Foreign Exchange Loss / (Gain):	
Realized Gain	-
Unrealized Gain	-
Realized Loss	23
Unrealized Loss	551
Interest Expense	-

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 realized and unrealized retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realized and Unrealized 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 Bursa Malaysia.

	As at 31/12/2017 RM'000	As at 30/06/2017 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realized	(88,748)	(89,568)
- Unrealized	(551)	743
	<u>(89,299)</u>	<u>(88,825)</u>
Consolidated Adjustments	(52,004)	(52,555)
Total Accumulated Losses	<u>(141,303)</u>	<u>(141,380)</u>

B16. AUTHORISATION FOR ISSUE

PETROL ONE

RESOURCES BERHAD (333769-X)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE QUARTER ENDED 31 DECEMBER 2017

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 23rd February 2018.