

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/3/2014 RM '000	PRECEDING YEAR QUARTER 31/3/2013 RM '000	CURRENT YEAR TO DATE 31/3/2014 RM '000	PRECEDING YEAR TO DATE 31/3/2013 RM '000
Revenue	2,114	1,813	2,114	16,059
Cost of sales	(221)	(2,290)	(221)	(11,772)
Gross profit/(loss)	1,893	(477)	1,893	4,287
Other (expense)/income	(88)	(15)	967	2
Administration expenses	(1,380)	(1,220)	(5,407)	(6,652)
Other operating expenses	(3)	(22,960)	(809)	(30,344)
Other operating income	3	-	450	-
Finance costs	(1,105)	(1,171)	(3,312)	(3,840)
Loss before tax	(680)	(25,843)	(6,218)	(36,547)
Income tax benefit	5	6,169	24	5,366
Loss for the period attributable to owners of the Company	(675)	(19,674)	(6,194)	(31,181)
Other comprehensive (loss)/income:				
Foreign currency translation differences	358	(334)	(2,178)	1,280
Reversal of revaluation surplus	-	(4,014)	-	(4,014)
Total comprehensive loss attributable to owners of the Company	(317)	(24,022)	(8,372)	(33,915)
Loss per ordinary shares (sen) attributed to equity holders of the Company :				
Basic	(1.33)	(38.72)	(12.19)	(61.37)
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 and loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

	AS AT 31/3/2014 RM '000	AS AT 30/06/2013 RM '000
ASSETS		
Non-current assets		
Plant and equipment	3,232	2,756
Current assets		
Trade and other receivables	1,544	6,699
Cash and bank balances	533	2,331
	<u>2,077</u>	<u>9,030</u>
TOTAL ASSETS	<u>5,309</u>	<u>11,786</u>
EQUITY AND LIABILITIES		
Share capital	50,805	50,805
Share premium	12,669	12,669
Reserve	(154,687)	(146,315)
Equity attributable to equity holders of the Company	<u>(91,213)</u>	<u>(82,841)</u>
Non-current liabilities		
Borrowings	138	145
Deferred tax liabilities	-	18
	<u>138</u>	<u>163</u>
Current liabilities		
Borrowings	49,270	44,754
Trade and other payables	41,789	34,057
Amount due to directors	5,325	15,645
Provision for taxation	-	8
	<u>96,384</u>	<u>94,464</u>
Total liabilities	<u>96,522</u>	<u>94,627</u>
TOTAL EQUITY AND LIABILITIES	<u>5,309</u>	<u>11,786</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>(1.7954)</u>	<u>(1.6306)</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2014**

	<----- 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 2012	50,805	12,669	4,014	(3,189)	(76,856)	(12,557)
Foreign currency translation difference	-	-	-	1,280	-	1,280
Impairment of vessels	-	-	(4,014)	-	-	(4,014)
Loss for the period	-	-	-	-	(31,181)	(31,181)
Total comprehensive loss	-	-	(4,014)	1,280	(31,181)	(33,915)
At 31 March 2013	50,805	12,669	-	(1,909)	(108,037)	(46,472)
At 1 July 2013	50,805	12,669	-	(4,120)	(142,195)	(82,841)
Foreign currency translation difference	-	-	-	(2,178)	-	(2,178)
Loss for the period	-	-	-	-	(6,194)	(6,194)
Total comprehensive loss	-	-	-	(2,178)	(6,194)	(8,372)
At 31 March 2014	50,805	12,669	-	(6,298)	(148,389)	(91,213)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

	9 months ended	
	31/3/2014 RM '000	31/3/2013 RM '000
Cash flows from operating activities		
Loss before tax	(6,218)	(36,547)
Adjustment for :		
Allowance for doubtful debts	-	357
Depreciation	220	1,472
Impairment of vessel	-	30,344
Interest expense	3,312	3,840
Unrealised foreign exchange (gain)/loss - net	(935)	1,157
Operating (loss)/profit before changes in working capital	(3,621)	623
Trade and other receivables	3,750	3,109
Trade and other payables	(1,285)	9,182
Cash (used in)/generated from operating activities	(1,156)	12,914
Interest paid	-	(723)
Net cash (used in)/generated from operating activities	(1,156)	12,191
Cash flows from investing activities		
Acquisition of plant and equipment	(639)	(3)
Net cash used in investing activities	(639)	(3)
Cash flows from financing activities		
Repayment of term loans	-	(14,971)
Repayment of finance lease liabilities	(3)	(1)
Net cash used in financing activities	(3)	(14,972)
Net decrease in cash and cash equivalents	(1,798)	(2,784)
Cash and cash equivalents at beginning of financial period	2,331	2,860
Cash and cash equivalents at end of financial period	533	76

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 31 MARCH 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. 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 nine months ended 31 March 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 2013 and the limited review report on the interim financial statements for the quarter ended 31 March 2014 as carried out by the external auditors dated 29 March 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 2013.

The Group incurred a loss after tax of approximately RM6.194 million for the nine months ended 31 March 2014 and, as of that date, the current liabilities of the Group exceeded its current assets by RM94.307 million and the Group had a negative shareholder’s equity of RM91.213 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. As at 31 March 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 the Company 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 PORB on a consolidated basis is less than 25% of the issued and paid-up capital (excluding treasury shares) of PORB and was less than RM40 million, based on the unaudited quarterly results for the FYE 30 June 2012.

PORB is required to submit its regularisation plan to Bursa Malaysia within 12 months from the date of its First Announcement.

On 29 August 2013, PORB’s adviser namely Public Investment Bank Berhad (PIVB), had on behalf of the Company, submitted an application to seek Bursa Malaysia’s approval for an extension of time to submit a regularisation plan to address its PN17 status. Bursa Malaysia had via its letter dated 24 September 2013, approved an extension of time of up to 29 December 2013 for PORB to submit its regularisation plan, subject to the Requisite Announcement being made by 15 November 2013.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 31 MARCH 2014**

On 15 November 2013, PORB made its Requisite Announcement whereby PORB 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 Business Regularisation Strategy, which will be implemented prior to the Proposed Regularisation Plan, represents the Board’s initiative to restore PORB and the Group to a stronger financial position. The Proposed Regularisation Plan which comprises: (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, focuses on the Company’s corporate finance with the objectives of allowing the Company to eliminate its substantial amount of accumulated losses, to raise funds for its working capital and other funding requirements, and to resuscitate the financial and operational viability of the Group by comprehensively addressing the debts of the Group.

On 24 December, 2013, PIVB, on behalf of PORB, submitted an application to seek Bursa Malaysia’s approval for a further extension of time of three months from 29 December 2013 to 28 March 2014 to enable the Company to have additional time to complete a comprehensive Business Regularisation Strategy and Proposed Regularisation Plan. Bursa Malaysia vide its letter dated 28 January 2014 approved an extension of time up to 28 March 2014 for submission of the Regularisation plan. An announcement on the approval was made on 29 January 2014. On 2 January 2014, the Board announced that, the Company has further triggered the prescribed criteria pursuant to Paragraph 2.1(d) of PN17 under the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”).

The Proposed Regulation Plan to address the Company’s PN17 status was submitted to Bursa Malaysia on 28 March 2014 and the relevant announcement was made on the same day.

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 information had been prepared on the historical cost basis and on the assumption that the Group is a going concern. The going concern assumption is highly dependent upon the successful restructuring of the defaulted debts, 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 its obligations as and when they fall due. In the event that these are not forthcoming, 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 liabilities that may be necessary should the Group be unable to continue as a going concern.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 31 MARCH 2014**

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 2013 contained the following disclaimer of opinion on the financial statements.

Basis of Disclaimer of Opinion

- (i) For the year ended 30 June 2013, the Group and the Company incurred a loss of RM65,339,065 (30.6.2012: RM37,105,085) and RM2,671,034 (30.6.2012: RM1,619,104), respectively and, as of that date, the current liabilities of the Group exceeded its current assets by RM85,434,850 (30.6.2012: RM113,595,815) and the Group had a deficit in shareholder's equity of RM82,841,830 (30.6.2012: RM12,557,867).
- (ii) The Company and a subsidiary, Arus Dermaga Sdn Bhd (ADSB), were unable to meet their loan obligations since January 2011 and March 2010, respectively. As at 30 June 2013, the loan outstanding in the books of the Company and ADSB amounted to RM7,496,000 (30.6.2012: RM7,496,000) and USD11,010,597 (30.6.2012: USD23,950,000), respectively. On 27 August 2013, the Company has achieved a settlement agreement with its secured lenders whereby these lenders will accept a total cash settlement of RM6,500,000 for the aforementioned outstanding loan obligations. The settlement agreement is subject to certain terms and conditions which has yet to be completed.
- (iii) On 30 August 2012, the Company announced that it has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1 (a) of Practice Note 17 (PN 17) under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The triggering factor under Paragraph 2.1(a) of PN17 refers to a situation whereby the consolidated shareholders' equity of the Group was less than 25% of the Company's issued and paid-up capital and was less than RM40,000,000.
- (iv) The Company is currently formulating a restructuring plan to address its PN 17 status ("Regularisation Plan"). The Company was required to submit a Regularisation Plan to the relevant authorities by 30 August 2013, or the Company may face de-listing. The Company has since applied for and received an extension of time up to 29 December 2013 to submit its Regularisation Plan. The Company has not submitted its Regularisation Plan to address its PN 17 status.

The financial statements have been prepared on the historical cost basis and on the assumption that the Group and the Company are going concerns. The going concern assumption is highly dependent upon the successful restructuring of the defaulted debts, 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 forthcoming, 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 liabilities that may be necessary should the Group and Company be unable to continue as going concerns.

2. As at 30 June 2013, the carrying value of an item of marine equipment amounted to RM2,000,000. The marine equipment has not been in use since the disposal of the vessel owned by a subsidiary, One Petroleum (L) Limited. There were no projections of future cash flows prepared by management or valuations obtained to support the aforesaid carrying value of the marine equipment. Based on the information available, we are unable to verify the appropriateness of the carrying value of the marine equipment as at 30 June 2013.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 31 MARCH 2014**

3. As at 30 June 2013, the carrying value of investments in subsidiaries and amount due from subsidiaries in the books of the Company amounted to RM939,177 and 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 as the Company is currently in the midst of formulating its restructuring plan and the future cash flows are contingent upon the terms of the restructuring plan. 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 2013.

As disclosed in Note A1 above, the Company had submitted the Proposed Regularisation Plan to address its PN17 status and further development of the matter will be announced on Bursa Malaysia Securities Berhad in due course.

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.

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR 31/3/2014 (Unaudited) RM'000	QUARTER 31/3/2013 (Unaudited) RM'000	CURRENT YEAR 31/3/2014 (Unaudited) RM'000	TO DATE 31/3/2013 (Unaudited) RM'000
Segment Revenue				
Oil and gas	2,114	1,813	2,114	16,059
	<u>2,114</u>	<u>1,813</u>	<u>2,114</u>	<u>16,059</u>
Segment Results				
Oil and gas	3,309	(19,212)	(325)	(29,335)
Others	(3,984)	(462)	(5,869)	(1,846)
	<u>(675)</u>	<u>(19,674)</u>	<u>(6,194)</u>	<u>(31,181)</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 fact in the current financial quarter under review with the exception of the vagaries of the current global economic situation.

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
FOR THE QUARTER ENDED 31 MARCH 2014**

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 last annual balance sheet as at 30 June 2013.

A10. CHANGES IN CONTINGENT LIABILITIES

The contingent liabilities of PORB are as follows:

	As at 31/3/2014 (Unaudited) RM'000
Corporate guarantees given to secure banking facilities for subsidiaries	<u>39,509</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

As at the date of this report, there was no material event subsequent to the reporting date that affects the results of the Group for the financial year to-date.

In January 2014, the Company submitted an application to the High Court for the Restraining Order dated 22 October 2013 to be extended. On 4 February 2014, the High Court granted that the Restraining Order dated 22 October 2012 be extended for another period of 90 days from 4 February 2014. The High Court had on 5 May 2014, granted the Companies a further extension of the Restraining Order for a period of two weeks that was expired on 19 May 2014. At the hearing on 19 May 2014, the Restraining Order was again extended for a period of 2 weeks to 2 June 2014 by the High Court.

The debts owing to the scheme creditors by the Companies will be dealt with under the Proposed Regularisation Plan. Pursuant thereto, the Restraining Order is to ensure that the creditors of the Companies are treated equally and efficiently, as well as to restrain all potential litigations or proceedings which may affect the finalisation and implementation of the Proposed Regularisation Plan.

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 MARCH 2014

B1. REVIEW OF PERFORMANCE

The Group registered revenue of approximately RM2.114 million for the current quarter ended 31 March 2014 which is a 17% increase as compared to approximately RM1.813 million achieved in the corresponding quarter of the preceding year. The increase in revenue is mainly due to new business activity undertaken by one of its subsidiary in providing overall advisory services that include technical and commercial management services in the Oil and Gas industry.

The Group incurred a loss before tax of approximately RM0.675 million for the current quarter ended 31 March 2014 as compared to a loss before tax of approximately RM19.674 million in the corresponding quarter of the preceding year. The loss in the current quarter was mainly due to interest accrual amounting to RM0.973million for the existing bank loans with RHB and advisory fee of RM0.53million paid to advisors for the Group.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group did not register any revenue in the preceding quarter compared to RM2.114 million registered in the current quarter. The revenue is mainly due to new business activity undertaken by one of its subsidiary in providing overall advisory services that include technical and commercial management services in the Oil and Gas industry.

The Group incurred a loss before tax of approximately RM0.675 million for the current quarter as compared to the immediate preceding quarter's loss before tax of RM2.259 million. The loss in the current quarter was mainly interest accrual amounting to RM0.973million for the existing bank loans with RHB and advisory fee of RM0.53million paid to advisors for the Group.

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 oil products as well as related 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	
	31/3/2014	31/3/2013	31/3/2014	31/3/2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Deferred tax				
- origination and reversal				
of temporary differences	(5)	(6,169)	(24)	(5,366)
Total	<u>(5)</u>	<u>(6,169)</u>	<u>(24)</u>	<u>(5,366)</u>

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

On 15 November 2013, PORB made its Requisite Announcement whereby PORB 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. As mentioned under section A1, On 24 December, 2013, PIVB, on behalf of PORB submitted an application to seek Bursa Malaysia's approval for a further extension of time of three months from 29 December 2013 to 28 March 2014 to enable the Company to have additional time to complete a comprehensive Business Regularisation Strategy and Proposed Regularisation Plan. The Company has obtained Bursa Malaysia's approval vide its letter dated 28 January 2014 for an extension of time up to 28 March 2014 to submit the Proposed Regularisation Plan to Bursa Malaysia. The Proposed Regulation Plan to address the Company's PN17 status was has been submitted to Bursa Malaysia on 28 March 2014 and the relevant announcement was made on the same day.

B7. GROUP BORROWINGS

	As at 31/3/2014 (Unaudited) 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	39,509	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	138	-
Total borrowings	49,408	

PORB and ADSB were unable to meet their loan obligations since January 2011 and March 2010, respectively. As at 31 December 2013, the loan obligations outstanding in the books of PORB and ADSB amounted to RM7.50 million and USD12.087 million respectively.

On 27 August 2013, PORB and ADSB achieved a settlement arrangement with their lenders whereby the lenders will accept a total cash settlement of RM6.5 million for the aforementioned outstanding loan obligations. The settlement arrangement was duly announced on 27 August 2013.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE QUARTER ENDED 31 MARCH 2014

Further thereto, and pursuant to the Consent Order dated 20 September 2013 from the High Court, the Board announced on 26 December 2013 that PORB and ADSB, had on 24 December 2013, entered into a Debt Settlement Agreement (“DSA”) with their lenders (“RHB Bank” as defined in the Company’s announcement dated 26 December 2013) to formalise the terms and conditions of the Settlement Arrangement for the settlement of the debts owing by PORB and ADSB to their lenders by 20 March 2014 (being the Due Date prescribed in the DSA).

On 17 March 2014 PORB submitted a letter to RHB Bank proposing and seeking a variation to the terms and conditions of the DSA (“variation”) followed by another letter dated 30 April 2014 to confirm the refinement of the terms of variation. PORB has up to date yet to receive a formal reply from RHB Bank pertaining to the variation.

B8. MATERIAL LITIGATION

There is an existing action involving arbitration proceedings in Singapore filed by Coastal Oil Singapore Pte Ltd (“COSPL”) against Arus Dermaga Sdn Bhd (“ADSB”) (indirect subsidiary company of PETONE) for which contingent liabilities of RM2,834,539 has been noted. ADSB had on 14 March 2014, received a tribunal’s order made by the Singapore International Arbitration Centre (“SIAC”) (“Order”) advising the termination of the Arbitration with effect from the date of the Order ie. 14 March 2014 with the cost of the arbitration be fixed at a later date and be paid in equal shares by COSPL and ADSB from the deposits held by the SIAC. Nevertheless, the termination would not affect the rights of both COSPL and ADSB to commence subsequent arbitral proceedings in respect of the claims made in the arbitration.

B9. DIVIDENDS

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

B10. LOSS PER ORDINARY SHARE

(a) Basic

The basic loss per ordinary share has been calculated by dividing 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 loss per ordinary share as the Company did not have any convertible financial instrument as at the end of the current 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 MARCH 2014

B11. OPERATING PROFIT AND LOSS BEFORE TAXATION

	3 months Ended 31/3/2014 (Unaudited) RM'000	9 months Ended 31/3/2014 (Unaudited) RM'000
Operating profit/(loss)	<u>425</u>	<u>(2,906)</u>
arrived at after charging/(crediting):		
Depreciation	74	220
Foreign exchange loss/(gain):		
Realised	2	236
Unrealised	(90)	(935)
Loss before taxation :	<u>(675)</u>	<u>(6,194)</u>
after charging :		
Interest expense	1,105	3,312

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 quarterly report.

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 Securities Berhad.

	As at 31/3/2014 (Unaudited) RM'000	As at 30/6/2013 (Audited) RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(96,965)	(89,516)
- unrealised	934	(321)
	<u>(96,031)</u>	<u>(89,837)</u>
Consolidated adjustments	(52,358)	(52,358)
Total accumulated losses	<u>(148,389)</u>	<u>(142,195)</u>

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE QUARTER ENDED 31 MARCH 2014

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 29 May 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 31 March 2014, the condensed consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the nine (9) months period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with MFRS 134, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial information 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 information which discusses the following:
 - (i) The Group incurred a loss after tax of approximately RM6.194 million for the nine months ended 31 March 2014 and, as of that date, the current liabilities of the Group exceeded its current assets by RM94.307 million and the Group had a negative shareholder's equity of RM91.213 million.
 - (ii) As disclosed in the previous years' financial statements for the years ended 30 June 2012 and 30 June 2013, the Company and a subsidiary, Arus Dermaga Sdn Bhd ("ADSB") were unable to meet their loans obligations since January 2011 and March 2010, respectively. As at 31 March 2014, the loans outstanding in the books of the Company and ADSB amounted

to RM7.50 million and USD12.087 million, respectively. On 24 December 2013, the Company and ADSB had entered into a debt settlement agreement (“DSA”) with their lenders. The completion of the DSA is subject to the Company and ADSB meeting all of the terms and conditions of the DSA by 20 March 2014. As at the date of this report, the terms and conditions of the DSA have not been met; and the Company and ADSB are in the process of negotiating with their lenders to vary the terms and conditions of the DSA.

- (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 Company on a consolidated basis is 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.

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 information have been prepared on the historical cost basis and on the assumption that the Group is a going concern. The going concern assumption is highly dependent upon the successful restructuring of the defaulted debts, 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 its obligations as and when they fall due. In the event that these are not forthcoming, 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 liabilities that may be necessary should the Group be unable to continue as a going concern.

- 2. As at 31 March 2014, the carrying value of an item of marine equipment, amounted to RM1,916,667. The marine equipment has not been in use since the disposal of the vessel owned by a subsidiary, One Petroleum (L) Limited. There were no projections of future cash flows prepared by management or valuations obtained to support the aforesaid carrying value of the marine equipment. Based on the information available, we are unable to conclude on the appropriateness of the carrying value of the marine equipment as at 31 March 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 information. The comparative information has not been reviewed, or audited, by us.

A handwritten signature in black ink, appearing to read 'Keng'.

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya

Date: 29 May 2014