

## **Z-Score Model in Predicting Corporate Financial Distress of PETONE**

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### **Opening Paragraph**

At the night on 15 January 2013, when the ticking clock on the office wall had sounded eight times, Arifin, the financial advisor of Petrol One Resources Berhad (PETONE) realised that it was 8 p.m. then. Arifin was still in his office cracking his head thinking of a method that he could use to examine the financial health of PETONE. This was the task assigned to him after meeting with PETONE's chairman, Azmin, at 5.30 pm. During the meeting which lasted for half an hour, Arifin was assigned a task which he had to present the findings the following Tuesday on 22 January 2013 regarding the financial health of PETONE to identify (i) the first warning sign indicating that the company was getting into financial trouble, and (ii) the major causes that had led the company into distressed financial situation. This assignment was in response to the announcement made on 30 August 2012 to classify PETONE as a Practice Note 17 (PN17) company when PETONE had triggered one of the prescribed criteria under the main market listing requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

After thinking hard for two hours, finally he had decided to apply z-score model to analyse the financial health of PETONE. As such he could leave office now and the next day when he came in to work, he could start going through the financial reports of PETONE to collect the required data for the z-score model he intended to use to assess the financial health of PETONE.

### **Company Background of Petrol One Resources Berhad (PETONE)**

PETONE was incorporated as a bunkering and storage company to take advantage of the fast growing bunkering industry especially in the southern Malaysian region of Johor. Its subsidiaries included Petrol One Holdings Sdn. Bhd., Arus Dermaga Sdn. Bhd. and One Petroleum (L) Ltd. At the earlier stage, PETONE focused on storage station activities. Now the company had moved forward to provide logistic support services such as (i) shipping and forwarding services, (ii) floating storage and offloading services, (iii) offshore support services, (iv) bunker's services, and (v) ship management services.

PETONE was formerly known as Changhuat Corporation Berhad (CHANGHUAT). It assumed the name of Petrol One Resources Berhad in January 2011 to better reflect the company's transmission into oil and gas (O&G) sector. With the change in core business activities, PETONE was re-classified in trading and services sector and its listing had been moved to the main market of Bursa Malaysia. However, in the following year, PETONE had been announced a PN17 company on 30 August 2012.

### **Company Background of Changhuat Corporation Berhad (CHANGHUAT)**

CHANGHUAT was established in 1980. The company started as a home audio plastic injection manufacturer before moving on to car audio, office equipment, telecommunication and computer game accessories. Later, the company moved further to concentrate on high-end plastic injection products like double colour, high precision engineering parts and laser-cut components. The company had manufacturing facilities in Malaysia and also in Singapore, Indonesia and Thailand. Its customers were leading local companies and renowned multinational corporations (MNCs) such as Hewlett-Packard (HP), Panasonic, Philips, Mitsubishi Electric and LG Electronics that manufactured various types of electrical and electronic appliances, e.g. audio, video, television, computer, telecommunication and office equipment. CHANGHUAT was committed to

production quality, on time delivery and continuous improvement initiatives, and this had led the company to win many awards as the best supplier.

Before name change, CHANGHUAT was classified in industrial products sector on the second board of Bursa Malaysia. In view of intense competitions in plastic industry, plastic injection moulding segment had become less attractive. As such the company had started to venture into O&G sector. Eventually, the company decided to make O&G its core business and hence its name had changed to PETONE in January 2011.

### **Performance Review of CHANGHUAT and PETONE**

On 16 January 2013, when Arifin came to his office, he started to go through the financial reports of CHANGHUAT (financial years 2000-2010) and PETONE (financial years 2011-2012) in trying to understand the company's financial and operating performance, and to collect the required data for the z-score model he intended to use to assess the financial health of CHANGHUAT and PETONE.

Over the next four days, Arifin spent his time to review the company's financial and operating performance. When reading through the financial reports, Arifin jotted down the following notes which he thought would be useful in facilitating his analysis later.

In financial year 2000 (FY2000), CHANGHUAT recorded sales revenue of RM106 million and a net profit of RM8 million credited to higher demand from new customers on higher margin precision engineering components and lower cost of borrowings. The FY2000 was a rather challenging year to the company as it had just recovered from the adverse effect of economic slowdown.

CHANGHUAT's sales revenues and net profits dropped significantly in the next two financial years. The drop was because of (i) the spilled-over effects to plastic injection

industry (which was the main thrust of the company) attributed to the continuing sluggish global economic conditions that had caused a severe blow to the electronic sector worldwide, especially in US and Japan, (ii) regional terrorism, and (iii) the under-performance of the company's foreign subsidiaries, which had caused the closure of two non-performing operation units in Singapore.

Despite the satisfactory levels of sales revenue, CHANGHUAT experienced net losses in financial years 2003 to 2006. When the company managed to secure new customers, its sales revenue had improved. However, the deteriorating world economic conditions, particularly in electrical and electronic consumer market, had badly affected the demand for durable consumer goods. Moreover, the highly price competitive nature of plastic industry (especially stiff competitions from low cost production countries like China, Cambodia and Vietnam) and increasing production costs had eroded the company's profit margin. Besides that the below expectation performance of its foreign subsidiaries also had affected the company's bottom line even though the company had managed to contain the losses incurred in Indonesia and had expected Thailand operation to contribute positively to company operation.

Having said the above, two events had marked another milestone for CHANGHUAT during these financial years. First, three of the company's subsidiaries had upgraded their quality management accreditation to ISO 9001: 2000 certification. Another two subsidiaries had obtained environmental management accreditation of ISO 14001: 1996 certification that would enable the company to tap into the European and US markets where green procurement was an important criterion. Second, the company had successfully expanded its capital base through bonus issue exercise for its shareholders to meet the listing requirements of Bursa Securities, and the implementation of employee share option scheme (ESOS) for its eligible employees to participate in the future growth of the company and to retain these employees.

In FY2007, despite a lower level of sales revenue relative to the previous financial year, CHANGHUAT recorded a net profit. This encouraging result was the outcome of equipping the company's production facilities with the latest technology and skills to achieve operational efficiencies performed in previous years. Furthermore, it was also attributed to the attainment of ISO 13485: 2003 certification for the manufacturing of medical products by one of its subsidiaries that had enhanced the company's competitiveness in plastic industry.

In FY2008, there was an increase in sales revenue but the sales levels dropped significantly in FY2009 and FY2010. Over these three financial years, CHANGHUAT's financial results took a sharp turn and slipped into net losses again. In particular, FY2008 had been a volatile year due to the financial crisis in US and the global economic meltdown. In general, the persistently high oil price during these financial years had caused substantial increase in the prices of raw materials such as plastic resin and compounds. It was also caused by rising inflation of other production costs in energy price and labour cost.

In view of global recession threat on plastic industry and the business opportunity brought by lucrative oil price to O&G industry, CHANGHUAT had diversified into O&G business in September 2008 through the acquisition of 63% equity interest in Arus Dermaga Sdn. Bhd. whose principal activities were the provision of storage facilities for O&G products and other related services. This acquisition was intended to diversify the future income stream of the company and to reduce its dependency on plastic injection business whose profit margin had been eroding since 2002 due to increasing market competition. This move had laid a solid foundation to enable the company to venture into O&G business. By August 2010, the company had completed the disposal of all its subsidiaries in plastic products segment. In 2011, the company had completed the acquisition of the remaining 37% interest in Arus Dermaga Sdn. Bhd. The core business

activities of the company had moved away from plastic injection moulding to O&G and hence its name had changed from CHANGHUAT to PETONE.

In FY2011, PETONE's sales revenue decreased to RM25 million and its net loss widened significantly to RM27 million. The decline in both the top and bottom lines were mainly because of corporate transformation and restructuring that took place in last financial year.

In the most recent financial year, it was yet another tough year for PETONE. In FY2012, although the company recorded an increase in sales revenue, its net loss had widened further. The main factor causing the loss was the revaluation loss of RM24.3 million made on a vessel owned by its subsidiary, Arus Dermaga Sdn. Bhd., to reflect the true and fair view of the financial position of PETONE. Other contributing factors were the increasing in operating and maintenance expenses of the vessels owned by the company.

In view of recurring losses over the last few financial years, PETONE was operating with very limited resources during FY2012. On 13 June 2012, the company had announced that both the company and its subsidiary, Arus Dermaga Sdn. Bhd., had been unable to meet their loan obligations since January 2011 and March 2010 respectively, and both had entered into negotiations with their lenders to restructure their loan facilities. Subsequent to these defaults in payments, this had also caused a technical default for the term loan granted to another subsidiary of the company, One Petroleum (L) Ltd. As these were impending payments, the outstanding loan amounts were being classified as current liabilities in the statement of financial position.

On 30 August 2012, the company further announced that the company had triggered the prescribed criteria pursuant to paragraph 2.1(a) of PN17 under the main market listing requirements of Bursa Securities, and was classified as a PN17 company. (Refer to Exhibit-1 for information on the criteria and obligations of PN17 issuers.) The PN17

criteria was triggered as a result of the shareholders' equity on a consolidated basis was less than 25% of the issued and paid-up capital (excluding treasury shares) and was less than RM40 million. As such the company was now in the midst of evaluating various options in its endeavour to formulate an effective regularisation plan to address its PN17 status.

After reviewing the company's financial and operating performance, Arifin spent the next two days to go through the financial statements of CHANGHUAT (financial years 2000-2010) and PETONE (financial years 2011-2012) to collect the required financial data for the z-score model he intended to use to assess the financial health of CHANGHUAT and PETONE. Refer to statements of financial position in Exhibit-2 and statements of profit or loss and other comprehensive income in Exhibit-3.

### **Concluding Paragraph**

On the last day of the one week duration given to him, Arifin had used the financial data collected to compute the z-scores to assess the financial health of PETONE and he was in the process of writing up a report to highlight (i) the first warning sign indicating that the company was getting into financial trouble, and (ii) the major causes that had led the company into distressed financial situation. With the passage of time, on the Tuesday morning of 22 January 2013, Arifin was ready to meet PETONE's chairman, Azmin, to present his findings.

## **Exhibits**

### **Exhibit-1**

#### **Main Market Listing Requirements of Bursa Malaysia Berhad on Practice Note 17 - Criteria and Obligations of PN17 Issuers**

Criteria for a listed company to be classified as a PN17 company are as follows:

- (1) Shareholders' fund is equal or less than 25% of the total issued and paid up capital of the listed company; or
- (2) Receivers and/or managers have been appointed to take control of at least 50% of the total assets employed of the listed company on a consolidated basis; or
- (3) Winding up of a subsidiary or associate company which makes up at least 50% of the total assets employed of the listed company on a consolidated basis; or
- (4) The auditors have expressed adverse or disclaimer opinion on the listed company's latest audited accounts; or
- (5) For any default in payment, the listed company must announce its inability to provide a solvency declaration through Practice Note 1/2001 or PN1; or
- (6) The listed company has suspended or ceased all or a major part of its operations.

When a company is announced as a PN17 company, it has to undergo a few exercises to comply with the requirements of Bursa Malaysia. Failing to do so will result in the PN17 company being suspended in trading list securities (on the next day after five market days from the day of notice), or de-listed from the market, or both.

In compliance with the requirements of Bursa Malaysia, a PN17 company has to undergo the following exercises:



- (1) Regularize its condition within 12 months (one year) from the date it was announced a PN17 company.
- (2) Submit a regularization plan to the Securities Commission of Malaysia to see if the regularization plan will result in a significant change in the business direction or policy, or;
- (3) Submit a regularization plan to Bursa Malaysia to obtain approval (and implement) the regularization plan (that will not result in a significant change in the business direction or policy.)
- (4) Implement the plan according to the time stipulated by Bursa Malaysia or Securities Commission (whichever is applicable).

For a PN17 company to no longer be considered PN17, it has to:

- (1) complete the implementation of approved regularization plan; and
- (2) submit an application and necessary documents to Bursa Malaysia to prove that it is no longer a PN17 company.

## Exhibit-2

## Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)

	2000 RM	2001 RM	2002 RM	2003 RM
<b>Assets</b>				
Property, plant and equipment	87,960,798	85,150,027	81,364,532	79,817,297
Goodwill	–	–	–	–
Deferred tax assets	–	–	–	51,554
<b>Total Non-Current Assets</b>	87,960,798	85,150,027	81,364,532	79,868,851
Assets held for sale	–	–	–	–
Inventories	14,994,132	15,352,749	15,104,559	20,525,038
Trade and other receivables	25,472,708	24,529,839	26,482,202	25,215,563
Cash and bank balances	3,325,763	4,980,841	2,117,652	2,112,665
<b>Total Current Assets</b>	43,792,603	44,863,429	43,704,413	47,853,266
<b>Total Assets</b>	131,753,401	130,013,456	125,068,945	127,722,117
<b>Equity &amp; Liabilities</b>				
Share capital	39,999,000	39,999,000	39,999,000	39,999,000
Share premium	11,652,010	11,652,010	11,652,010	11,652,010
Revaluation reserve	–	–	–	–
Foreign currency translation reserve	1,463,365	611,996	1,076,180	2,020,395
Retained profits / losses	34,593,192	39,564,019	38,738,914	29,565,620
<b>Shareholders' Equity</b>	87,707,567	91,827,025	91,466,104	83,237,025
Minority interest	–	–	–	–
<b>Total Equity</b>	87,707,567	91,827,025	91,466,104	83,237,025
Long-term borrowings	5,034,779	4,546,880	3,498,632	886,739
Trade and other payables	–	–	–	–
Deferred taxation	4,595,260	3,443,294	3,087,300	7,582,156
<b>Total Non-Current Liabilities</b>	9,630,039	7,990,174	6,585,932	8,468,895
Short-term borrowings	6,999,567	12,539,460	13,316,340	19,321,468
Trade and other payables	25,374,992	16,191,962	13,683,055	16,694,729
Tax payables	2,041,236	1,464,835	17,514	–
Liabilities held for sale	–	–	–	–
<b>Total Current Liabilities</b>	34,415,795	30,196,257	27,016,909	36,016,197
<b>Total Liabilities</b>	44,045,834	38,186,431	33,602,841	44,485,092
<b>Total Equity &amp; Liabilities</b>	131,753,401	130,013,456	125,068,945	127,722,117
Common Stock Outstanding	39,999,000	39,999,000	39,999,000	39,999,000
Share Price	3.143	1.705	1.800	1.552

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**Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)**

	2004 RM	2005 RM	2006 RM	2007 RM
<b>Assets</b>				
Property, plant and equipment	73,627,765	77,127,363	72,482,757	81,576,069
Goodwill	–	–	–	–
Deferred tax assets	324,033	541,000	–	–
<b>Total Non-Current Assets</b>	73,951,798	77,668,363	72,482,757	81,576,069
Assets held for sale	–	–	–	1,715,911
Inventories	26,224,711	20,053,421	19,332,091	17,519,031
Trade and other receivables	33,278,005	28,258,217	23,023,351	26,377,778
Cash and bank balances	1,674,848	3,151,588	5,251,183	3,478,893
<b>Total Current Assets</b>	61,177,564	51,463,226	47,606,625	49,091,613
<b>Total Assets</b>	135,129,362	129,131,589	120,089,382	130,667,682
<b>Equity &amp; Liabilities</b>				
Share capital	41,998,950	41,998,950	41,998,950	41,998,950
Share premium	9,532,232	9,532,232	9,532,232	9,532,232
Revaluation reserve	–	–	–	–
Foreign currency translation reserve	919,897	1,675,764	1,799,098	1,531,028
Retained profits / losses	28,974,487	22,658,997	22,513,779	23,718,646
<b>Shareholders' Equity</b>	81,425,566	75,865,943	75,844,059	76,780,856
Minority interest	–	–	–	–
<b>Total Equity</b>	81,425,566	75,865,943	75,844,059	76,780,856
Long-term borrowings	137,337	7,138,683	6,930,278	11,394,272
Trade and other payables	–	–	–	–
Deferred taxation	7,915,643	7,444,369	5,511,245	4,676,117
<b>Total Non-Current Liabilities</b>	8,052,980	14,583,052	12,441,523	16,070,389
Short-term borrowings	22,989,841	20,935,445	15,751,695	16,973,272
Trade and other payables	22,647,005	17,743,679	15,892,047	20,496,322
Tax payables	13,970	3,470	160,058	346,843
Liabilities held for sale	–	–	–	–
<b>Total Current Liabilities</b>	45,650,816	38,682,594	31,803,800	37,816,437
<b>Total Liabilities</b>	53,703,796	53,265,646	44,245,323	53,886,826
<b>Total Equity &amp; Liabilities</b>	135,129,362	129,131,589	120,089,382	130,667,682
Common Stock Outstanding	41,998,950	41,998,950	41,998,950	41,998,950
Share Price	1.190	1.050	0.700	0.895

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**Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)**

	2008 RM	2009 RM	2010 RM	2011 RM
<b>Assets</b>				
Property, plant and equipment	83,042,565	155,988,050	186,369,269	147,066,005
Goodwill	–	27,916,625	27,916,625	27,916,625
Deferred tax assets	–	–	–	6,148,878
<b>Total Non-Current Assets</b>	83,042,565	183,904,675	214,285,894	181,131,508
Assets held for sale	–	–	46,453,499	–
Inventories	17,006,429	4,802,474	–	–
Trade and other receivables	22,395,870	9,214,622	10,678,750	3,765,946
Cash and bank balances	3,096,698	6,543,892	106,666	2,407,160
<b>Total Current Assets</b>	42,498,997	20,560,988	57,238,915	6,173,106
<b>Total Assets</b>	125,541,562	204,465,663	271,524,809	187,304,614
<b>Equity &amp; Liabilities</b>				
Share capital	41,998,950	41,998,950	46,198,845	50,804,845
Share premium	9,532,232	9,532,232	10,834,200	12,668,760
Revaluation reserve	–	–	–	3,801,061
Foreign currency translation reserve	2,529,765	–	-1,757,111	-1,863,544
Retained profits / losses	11,094,038	6,125,251	3,425,799	-39,751,368
<b>Shareholders' Equity</b>	65,154,985	57,656,433	58,701,733	25,659,754
Minority interest	–	10,694,054	9,850,465	–
<b>Total Equity</b>	65,154,985	68,350,487	68,552,198	25,659,754
Long-term borrowings	9,374,564	74,154,991	97,361,593	29,016,800
Trade and other payables	–	2,951,698	13,167,591	–
Deferred taxation	3,413,865	6,701,505	5,611,894	2,070,878
<b>Total Non-Current Liabilities</b>	12,788,429	83,808,194	116,141,078	31,087,678
Short-term borrowings	24,990,398	39,502,892	47,346,558	90,444,451
Trade and other payables	21,927,399	12,804,090	17,664,995	40,112,731
Tax payables	680,351	–	–	–
Liabilities held for sale	–	–	21,819,980	–
<b>Total Current Liabilities</b>	47,598,148	52,306,982	86,831,533	130,557,182
<b>Total Liabilities</b>	60,386,577	136,115,176	202,972,611	161,644,860
<b>Total Equity &amp; Liabilities</b>	125,541,562	204,465,663	271,524,809	187,304,614
Common Stock Outstanding	41,998,950	41,998,950	46,198,845	50,804,845
Share Price	0.560	0.900	1.430	1.530

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**Statements of Financial Position for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)**

	2012 RM
<b>Assets</b>	
Property, plant and equipment	80,157,905
Goodwill	27,916,625
Deferred tax assets	–
<b>Total Non-Current Assets</b>	108,074,530
Assets held for sale	46,247,750
Inventories	–
Trade and other receivables	5,024,995
Cash and bank balances	2,859,803
<b>Total Current Assets</b>	54,132,548
<b>Total Assets</b>	162,207,078
<b>Equity &amp; Liabilities</b>	
Share capital	50,804,845
Share premium	12,668,760
Revaluation reserve	4,013,738
Foreign currency translation reserve	-3,188,756
Retained profits / losses	-76,856,454
<b>Shareholders' Equity</b>	-12,557,867
Minority interest	–
<b>Total Equity</b>	-12,557,867
Long-term borrowings	152,620
Trade and other payables	–
Deferred taxation	6,883,962
<b>Total Non-Current Liabilities</b>	7,036,582
Short-term borrowings	120,100,379
Trade and other payables	47,627,984
Tax payables	–
Liabilities held for sale	–
<b>Total Current Liabilities</b>	167,728,363
<b>Total Liabilities</b>	174,764,945
<b>Total Equity &amp; Liabilities</b>	162,207,078
Common Stock Outstanding	50,804,845
Share Price	0.880

## Exhibit-3

**Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)**

	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	105,808,421	92,980,083	66,785,091	82,248,042
Cost of sales	-86,232,631	-80,743,608	-60,671,207	-79,550,090
<b>Gross Profit / Loss</b>	19,575,790	12,236,475	6,113,884	2,697,952
Other operating income	3,132,278	2,148,060	1,147,561	858,629
Administrative expenses	-10,560,067	-8,184,211	-7,037,879	-7,055,831
Other operating expenses	–	–	–	–
<b>Operating Profit / Loss</b>	12,148,001	6,200,324	223,566	-3,499,250
Gain / loss on disposal of subsidiaries	–	–	–	–
Finance costs	-1,139,803	-1,131,914	-1,193,319	-1,181,720
<b>Profit / Loss Before Tax</b>	11,008,198	5,068,410	-969,753	-4,680,970
Income tax expenses	-2,694,901	-97,583	1,344,618	1,157,184
<b>Profit / Loss from Continuing Operations</b>	8,313,297	4,970,827	374,865	-3,523,786
<b>Profit / Loss from Discontinued Operations</b>	–	–	–	–
<b>Profit / Loss for the Year</b>	8,313,297	4,970,827	374,865	-3,523,786
Attributable to shareholders of the company	8,313,297	4,970,827	374,865	-3,523,786
Attributable to minority interests	–	–	–	–
<b>Other Comprehensive Income / Loss, Net of Tax</b>				
Foreign currency transaction differences	–	–	–	–
Revaluation of vessel	–	–	–	–
<b>Total Other Comprehensive Income / Loss, Net of Tax</b>	–	–	–	–
<b>Total Comprehensive Income / Loss</b>	8,313,297	4,970,827	374,865	-3,523,786
Attributable to shareholders of the company	8,313,297	4,970,827	374,865	-3,523,786
Attributable to minority interests	–	–	–	–

(Continued)

**Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)**

	2004 RM	2005 RM	2006 RM	2007 RM
Revenue	103,571,883	126,343,143	98,101,338	91,152,264
Cost of sales	-95,716,517	-123,593,002	-91,403,148	-83,777,487
<b>Gross Profit / Loss</b>	7,855,366	2,750,141	6,698,190	7,374,777
Other operating income	1,042,972	1,417,337	1,336,908	2,222,335
Administrative expenses	-7,542,500	-9,218,845	-7,973,845	-7,945,914
Other operating expenses	–	–	–	–
<b>Operating Profit / Loss</b>	1,355,838	-5,051,367	61,253	1,651,198
Gain / loss on disposal of subsidiaries	–	–	–	–
Finance costs	-1,082,870	-1,423,780	-1,239,664	-1,493,836
<b>Profit / Loss Before Tax</b>	272,968	-6,475,147	-1,178,411	157,362
Income tax expenses	-464,111	579,647	1,033,193	731,572
<b>Profit / Loss from Continuing Operations</b>	-191,143	-5,895,500	-145,218	888,934
<b>Profit / Loss from Discontinued Operations</b>	–	–	–	–
<b>Profit / Loss for the Year</b>	-191,143	-5,895,500	-145,218	888,934
Attributable to shareholders of the company	-191,143	-5,895,500	-145,218	888,934
Attributable to minority interests	–	–	–	–
<b>Other Comprehensive Income / Loss, Net of Tax</b>				
Foreign currency transaction differences	–	–	–	–
Revaluation of vessel	–	–	–	–
<b>Total Other Comprehensive Income / Loss, Net of Tax</b>	–	–	–	–
<b>Total Comprehensive Income / Loss</b>	-191,143	-5,895,500	-145,218	888,934
Attributable to shareholders of the company	-191,143	-5,895,500	-145,218	888,934
Attributable to minority interests	–	–	–	–

(Continued)

**Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)**

	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	96,250,505	63,731,090	30,986,927	25,137,543
Cost of sales	-93,222,738	-58,894,451	-30,794,361	-31,447,266
<b>Gross Profit / Loss</b>	3,027,767	4,836,639	192,566	-6,309,723
Other operating income	1,521,683	5,468,653	6,571,686	3,087,180
Administrative expenses	-15,228,401	-12,618,257	-4,993,806	-7,844,825
Other operating expenses	–	–	–	-23,009,293
<b>Operating Profit / Loss</b>	-10,678,951	-2,312,965	1,770,446	-34,076,661
Gain / loss on disposal of subsidiaries	–	4,148,994	–	–
Finance costs	-2,010,819	-4,013,547	-4,216,639	-3,981,668
<b>Profit / Loss Before Tax</b>	-12,689,770	-2,177,518	-2,446,193	-38,058,329
Income tax expenses	878,921	2,295,130	-1,001,589	10,943,945
<b>Profit / Loss from Continuing Operations</b>	-11,810,849	117,612	-3,447,782	-27,114,384
<b>Profit / Loss from Discontinued Operations</b>	–	-4,425,438	-95,259	86,751
<b>Profit / Loss for the Year</b>	-11,810,849	-4,307,826	-3,543,041	-27,027,633
Attributable to shareholders of the company	-11,810,849	-4,968,787	-2,699,452	-26,654,014
Attributable to minority interests	–	660,961	-843,589	-373,619
<b>Other Comprehensive Income / Loss, Net of Tax</b>				
Foreign currency transaction differences	–	–	–	-106,433
Revaluation of vessel	–	–	–	3,801,062
<b>Total Other Comprehensive Income / Loss, Net of Tax</b>	–	–	–	3,694,629
<b>Total Comprehensive Income / Loss</b>	-11,810,849	-4,307,826	-3,543,041	-23,333,004
Attributable to shareholders of the company	-11,810,849	-4,968,787	-2,699,452	-22,959,385
Attributable to minority interests	–	660,961	-843,589	-373,619



(Continued)

**Statements of Profit or Loss and Other Comprehensive Income for CHANGHUAT (Financial Years 2000-2010) and PETONE (Financial Years 2011-2012)**

	2012 RM
Revenue	30,925,257
Cost of sales	-25,023,408
<b>Gross Profit / Loss</b>	5,901,849
Other operating income	8,389,464
Administrative expenses	-9,446,292
Other operating expenses	-25,918,170
<b>Operating Profit / Loss</b>	-21,073,149
Gain / loss on disposal of subsidiaries	–
Finance costs	-5,220,300
<b>Profit / Loss Before Tax</b>	-26,293,449
Income tax expenses	-10,811,636
<b>Profit / Loss from Continuing Operations</b>	-37,105,085
<b>Profit / Loss from Discontinued Operations</b>	–
<b>Profit / Loss for the Year</b>	-37,105,085
Attributable to shareholders of the company	-37,105,085
Attributable to minority interests	–
<b>Other Comprehensive Income / Loss, Net of Tax</b>	–
Foreign currency transaction differences	-1,112,536
Revaluation of vessel	–
<b>Total Other Comprehensive Income / Loss, Net of Tax</b>	-1,112,536
<b>Total Comprehensive Income / Loss</b>	-38,217,621
Attributable to shareholders of the company	-38,217,621
Attributable to minority interests	–

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