

**TEKALA CORPORATION BERHAD**

(Company no. 357125-D)

(Incorporated in Malaysia)

**Interim Financial Report**

**For The First Quarter Ended 30 June 2009**

**TEKALA CORPORATION BERHAD** (357125-D)  
Interim financial report for the first quarter ended 30 June 2009

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**Condensed Consolidated Income Statements**

|  | Note | Individual Quarter |            | Financial Year-to-date |            |
|--|------|--------------------|------------|------------------------|------------|
|  |      | 3 months ended     |            | 3 months ended         |            |
|  |      | 30/06/2009         | 30/06/2008 | 30/06/2009             | 30/06/2008 |
|  |      | RM'000             | RM'000     | RM'000                 | RM'000     |
| Revenue  | 8    | 25,763             | 35,249     | 25,763                 | 35,249     |
| Cost of sales  |      | (22,013)           | (34,919)   | (22,013)               | (34,919)   |
| Gross profit   |      | 3,750              | 330        | 3,750                  | 330        |
| Other income   |      | 32                 | 142        | 32                     | 142        |
| Distribution costs   |      | (205)              | (342)      | (205)                  | (342)      |
| Other expenses   |      | (83)               | (71)       | (83)                   | (71)       |
| Administrative expenses  |      | (2,368)            | (2,304)    | (2,368)                | (2,304)    |
| Profit/(loss) from operations  |      | 1,126              | (2,245)    | 1,126                  | (2,245)    |
| Interest on fixed deposits   |      | 229                | 543        | 229                    | 543        |
| Finance costs  |      | (2,107)            | -          | (2,107)                | -          |
| Share of profit of an associate  |      | 1,639              | 1,730      | 1,639                  | 1,730      |
| Profit before taxation   |      | 887                | 28         | 887                    | 28         |
| Income tax expense   | 13   | (20)               | 108        | (20)                   | 108        |
| Profit for the period  |      | 867                | 136        | 867                    | 136        |
| Attributable to:   |      |                    |            |                        |            |
| Equity holders of the Company  |      | (291)              | 136        | (291)                  | 136        |
| Minority interests   |      | 1,158              | -          | 1,158                  | -          |
|  |      | 867                | 136        | 867                    | 136        |
| (Loss)/earnings per share attributable to equity holders of the Company: | 14   | <b>Sen</b>         | <b>Sen</b> | <b>Sen</b>             | <b>Sen</b> |
| - Basic  |      | (0.20)             | 0.09       | (0.20)                 | 0.09       |
| - Diluted  |      | (0.20)             | 0.09       | (0.20)                 | 0.09       |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Balance Sheets**

| <b>ASSETS</b>  | <b>Note</b> | <b>AS AT<br/>30/06/2009<br/>RM'000</b> | <b>AS AT<br/>31/03/2009<br/>RM'000</b> |
|--|-------------|--|--|
| <b>Non-current Assets</b>  |             |  |  |
| Property, plant and equipment  |             | 164,631                                | 172,100                                |
| Land lease prepayments   |             | 19,089                                 | 19,144                                 |
| Investment in an associate   | 15          | 56,431                                 | 54,792                                 |
| Other investments  |             | 125                                    | 125                                    |
|  |             | <u>240,276</u>                         | <u>246,161</u>                         |
| <b>Current Assets</b>  |             |  |  |
| Inventories  |             | 28,190                                 | 27,313                                 |
| Trade receivables  |             | 6,826                                  | 3,544                                  |
| Other receivables  |             | 693                                    | 1,109                                  |
| Tax refundable   |             | 2,609                                  | 2,393                                  |
| Short-term investments   |             | 5,015                                  | 5,006                                  |
| Fixed deposits   |             | 52,712                                 | 57,036                                 |
| Cash and bank balances   |             | 5,673                                  | 2,208                                  |
|  |             | <u>101,718</u>                         | <u>98,609</u>                          |
| <b>Total Assets</b>  |             | <u>341,994</u>                         | <u>344,770</u>                         |
| <b>EQUITY AND LIABILITIES</b>  |             |  |  |
| <b>Equity attributable to equity holders of the Company</b>                    |             |  |  |
| Share capital  |             | 152,983                                | 152,983                                |
| Reserves   |             | 53,514                                 | 55,503                                 |
| Treasury shares  | 7           | (6,887)                                | (6,396)                                |
|  |             | <u>199,610</u>                         | <u>202,090</u>                         |
| <b>Minority Interests</b>  |             | <u>25,327</u>                          | <u>24,169</u>                          |
| <b>Total Equity</b>  |             | <u>224,937</u>                         | <u>226,259</u>                         |
| <b>Non-current Liability</b>   |             |  |  |
| Deferred tax liabilities   |             | <u>959</u>                             | <u>959</u>                             |
| <b>Current Liabilities</b>   |             |  |  |
| Trade payables   |             | 4,605                                  | 2,371                                  |
| Other payables   | 17          | 111,454                                | 115,161                                |
| Current tax payable  |             | 39                                     | 20                                     |
|  |             | <u>116,098</u>                         | <u>117,552</u>                         |
| <b>Total Liabilities</b>   |             | <u>117,057</u>                         | <u>118,511</u>                         |
| <b>Total Equity and Liabilities</b>  |             | <u>341,994</u>                         | <u>344,770</u>                         |
| <b>Net assets per share attributable to equity holders of the Company (RM)</b> |             |  |  |
|  |             | 1.39                                   | 1.40                                   |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial report.

## Condensed Consolidated Statement of Changes in Equity

| Note   | < -----Attributable to Equity Holders of the Company-----> |               |                 |                |                      |         |                    |              |
|--|--|---------------|-----------------|----------------|----------------------|---------|--------------------|--------------|
|  | <i>Non-distributable</i>                                   |               |                 |                | <i>Distributable</i> |         | Minority Interests | Total Equity |
|  | Share Capital  | Share Premium | Treasury Shares | Other Reserves | Retained Profits     | Total   |                    |              |
| RM'000   | RM'000   | RM'000        | RM'000          | RM'000         | RM'000               | RM'000  | RM'000             |              |
| <b>At 1 April 2008</b>                             | 152,983  | 16,515        | (2,788)         | 841            | 9,142                | 176,693 | -                  | 176,693      |
| Income recognized in equity                        | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Expense recognised in equity                       | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Net income/(expense) recognised directly in equity | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Profit for the period                              | -  | -             | -               | -              | 136                  | 136     | -                  | 136          |
| Total recognised income and Expense for the period | -  | -             | -               | -              | 136                  | 136     | -                  | 136          |
| Issue of ordinary shares pursuant to ESOS          | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Purchase of treasury shares                        | -  | -             | (188)           | -              | -                    | (188)   | -                  | (188)        |
| Foreign currency translation of an associate       | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Share-based payment under ESOS                     | -  | -             | -               | 30             | -                    | 30      | -                  | 30           |
| <b>At 30 June 2008</b>                             | 152,983  | 16,515        | (2,976)         | 871            | 9,278                | 176,671 | -                  | 176,671      |
| <b>At 1 April 2009</b>                             | 152,983  | 16,515        | (6,396)         | 25,935         | 13,053               | 202,090 | 24,169             | 226,259      |
| Income recognized in equity                        | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Expense recognized in equity                       | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Net income/(expense) recognised directly in equity | -  | -             | -               | -              | -                    | -       | -                  | -            |
| Profit/(loss) for the period                       | -  | -             | -               | -              | (291)                | (291)   | 1,158              | 867          |
| Total recognised income and expense for the period | -  | -             | -               | -              | (291)                | (291)   | 1,158              | 867          |
| Purchase of treasury shares                        | -  | -             | (491)           | -              | -                    | (491)   | -                  | (491)        |
| Foreign currency translation of a subsidiary       | -  | -             | -               | (1,719)        | -                    | (1,719) | -                  | (1,719)      |
| Share-based payment under ESOS                     | -  | -             | -               | 21             | -                    | 21      | -                  | 21           |
| <b>At 30 June 2009</b>                             | 152,983  | 16,515        | (6,887)         | 24,237         | 12,762               | 199,610 | 25,327             | 224,937      |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial report.

## Condensed Consolidated Cash Flow Statement

|   | 3 months ended       |                      |
|---|----------------------|----------------------|
|   | 30/06/2009<br>RM'000 | 30/06/2008<br>RM'000 |
| <b>Cash flows from operating activities</b>                     |                      |                      |
| Profit before taxation  | 887                  | 28                   |
| <b>Adjustments for:</b>   |                      |                      |
| Amortisation of land lease prepayments                          | 56                   | 56                   |
| Depreciation of property, plant and equipment                   | 2,288                | 907                  |
| Finance cost  | 2,107                | -                    |
| Interest on fixed deposits                                      | (229)                | (543)                |
| Profit on disposal of property, plant and equipment             | -                    | (70)                 |
| Share of profit of an associate                                 | (1,639)              | (1,730)              |
| Share-based payment under ESOS                                  | 21                   | 30                   |
| Dividend income from short-term investments                     | (9)                  | -                    |
| Unrealised loss on exchange differences                         | -                    | 69                   |
| Equipment scrapped  | 1                    | -                    |
| Operating profit/(loss) before working capital changes          | <u>3,483</u>         | <u>(1,253)</u>       |
| (Increase)/Decrease in inventories                              | (877)                | 1,980                |
| Increase in receivables   | (2,959)              | (3,452)              |
| Increase in payables  | 2,388                | 1,257                |
| Cash generated from operations                                  | <u>2,035</u>         | <u>(1,468)</u>       |
| Income tax paid   | (217)                | (234)                |
| Refund of income tax  | -                    | 111                  |
| Net cash generated from/(used in) operating activities          | <u>1,818</u>         | <u>(1,591)</u>       |
| <b>Cash flows from investing activities</b>                     |                      |                      |
| Purchase of property, plant and equipment                       | (306)                | (1,197)              |
| Proceeds from disposal of property, plant and equipment         | -                    | 70                   |
| Interest on fixed deposits received                             | 229                  | 543                  |
| Dividend received   | 9                    | -                    |
| Net cash used in investing activities                           | <u>(68)</u>          | <u>(584)</u>         |
| <b>Cash flows from financing activities</b>                     |                      |                      |
| Finance cost  | (2,107)              | -                    |
| Purchase of treasury shares                                     | (491)                | (188)                |
| Net cash used in financing activities                           | <u>(2,598)</u>       | <u>(188)</u>         |
| <b>Net decrease in cash and cash equivalents</b>                | (848)                | (2,363)              |
| <b>Effects of foreign exchange rate changes</b>                 | (2)                  | -                    |
| <b>Cash and cash equivalents at beginning of financial year</b> | <u>64,250</u>        | <u>70,278</u>        |
| <b>Cash and cash equivalents at end of financial period</b>     | 16 <u>63,400</u>     | <u>67,915</u>        |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial report.

## **(A) Notes to the interim financial report**

### **1) Basis of preparation**

This interim financial report is unaudited and has been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2009. These explanatory notes attached to the interim financial report 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 year ended 31 March 2009.

### **2) Accounting Policies**

The accounting policies and presentation adopted for the interim financial reporting are consistent with those adopted for the audited financial statements for the year ended 31 March 2009.

### **3) Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements of the Company for the preceding financial year ended 31 March 2009 was not subject to any qualification.

### **4) Seasonal and cyclical factors**

The Group's operations are not seasonal and cyclical in nature.

### **5) Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the interim period under review.

### **6) Changes in estimates of amounts reported**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or the prior financial year that have a material effect in the interim period under review.

### **7) Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the interim period under review except for the following:

#### Share Buy-back

During the interim period, the Company repurchased 713,400 of its issued ordinary shares from the open market at an average price of RM0.69 per share. The total consideration paid for the repurchase including transaction costs was RM491,651 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

**7) Debt and equity securities (cont'd)**

As at 30 June 2009, 9,392,400 out of the total 152,983,300 issued and fully paid ordinary shares were held as treasury shares by the Company and the total consideration paid including transaction costs was RM6,887,181. The number of outstanding ordinary shares in issue and fully paid is therefore 143,590,900 ordinary shares of RM1 each.

**8) Segmental information**

*Business Segments*

|                                    | 3 months ended 30 June 2009    |                                |                                 |                  |                       |                        |
|------------------------------------|--------------------------------|--------------------------------|---------------------------------|------------------|-----------------------|------------------------|
|                                    | Timber<br>processing<br>RM'000 | Vessel<br>chartering<br>RM'000 | Investment<br>holding<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
| <b>Revenue</b>                     |                                |                                |                                 |                  |                       |                        |
| External                           | 19,273                         | 6,462                          | -                               | 28               | -                     | 25,763                 |
| Inter-segment                      | -                              | -                              |                                 | 270              | (270)                 | -                      |
| Total                              | 19,273                         | 6,462                          | -                               | 298              | (270)                 | 25,763                 |
| <b>Results</b>                     |                                |                                |                                 |                  |                       |                        |
| Segment results                    | (1,738)                        | 5,204                          | -                               | 298              | (270)                 | 3,494                  |
| Administrative expenses            |                                |                                |                                 |                  |                       | (2,368)                |
| Interest on fixed deposits         |                                |                                |                                 |                  |                       | 229                    |
| Finance costs                      |                                |                                |                                 |                  |                       | (2,107)                |
| Share of profit of an<br>associate |                                |                                |                                 |                  |                       | 1,639                  |
| Profit before taxation             |                                |                                |                                 |                  |                       | 887                    |
| Income tax expense                 |                                |                                |                                 |                  |                       | (20)                   |
| Profit for the period              |                                |                                |                                 |                  |                       | 867                    |

**9) Valuations of property, plant and equipment**

The above is not applicable as the Group's property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses.

**10) Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the interim period.

**11) Changes in the composition of the Group**

There were no changes in the composition of the Group during the interim period under review.

**12) Contingent Liabilities**

There were no changes in contingent liabilities since the last balance sheet date, 31 March 2009 to 22 August 2009, the latest practicable date which is not earlier than 7 days from the issue of this interim financial report.



**13) Income tax expense**

|                               | Individual Quarter<br>3 months ended |                      | Financial Year-to-date<br>3 months ended |                      |
|-------------------------------|--------------------------------------|----------------------|--|----------------------|
|                               | 30.06.2009<br>RM'000                 | 30.06.2008<br>RM'000 | 30.06.2009<br>RM'000                     | 30.06.2008<br>RM'000 |
| In respect of current period: |                                      |                      |  |                      |
| - Income tax                  | 20                                   | 2                    | 20                                       | 2                    |
| - Deferred tax                | 0                                    | (110)                | 0  | (110)                |
|                               | <u>20</u>                            | <u>(108)</u>         | <u>20</u>                                | <u>(108)</u>         |

The Group's effective tax rate for the current quarter and period differed from the statutory income tax rate in Malaysia principally due losses of subsidiaries which cannot be set off against taxable profits made by other subsidiaries including a Labuan offshore subsidiary which suffered tax at a nominal amount.

**14) (Loss)/Earnings per share**

|   | Individual Quarter<br>3 months ended |            | Financial Year-to-date<br>3 months ended |            |
|---|--------------------------------------|------------|--|------------|
|   | 30.06.2009                           | 30.06.2008 | 30.06.2009                               | 30.06.2008 |
| <b>(a) Basic (loss)/earnings per share</b>  |                                      |            |  |            |
| (Loss)/profit for the period (RM'000)   | (291)                                | 136        | (291)                                    | 136        |
| Weighted average number of ordinary shares in issue, excluding treasury shares ('000) | 143,985                              | 149,980    | 143,985                                  | 149,980    |
| Basic (loss)/earnings per share (sen)   | (0.20)                               | 0.09       | (0.20)                                   | 0.09       |

**(b) Diluted earnings per share**

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| (Loss)/profit for the period (RM'000)  | (291)   | 136     | (291)   | 136     |
| Adjusted weighted average number of ordinary shares in issue and issuable for dilutive effects of share options granted ('000) | 143,985 | 149,980 | 143,985 | 149,980 |
| Diluted (loss)/earnings per share (sen)  | (0.20)  | 0.09    | (0.20)  | 0.09    |

The assumed conversion of share option is antidilutive and the antidilutive potential ordinary shares are ignored in calculating diluted earnings per share in accordance with FRS 133.

**15) Investment in an associate**

|  | As at<br>30.06.2009<br>RM'000 |
|--|-------------------------------|
| <u>Offshoreworks Holdings Sdn Bhd</u>                |                               |
| Unquoted shares in Malaysia, at cost                 | 16,017                        |
| Share of post-acquisition reserves                   | 40,414                        |
|  | <u>56,431</u>                 |
| Represented by:                                      |                               |
| Share of net assets other than goodwill in associate | 42,838                        |
| Share of goodwill in associate                       | 813                           |
|  | <u>43,651</u>                 |
| Goodwill on acquisition of ordinary shares           | 12,780                        |
|  | <u>56,431</u>                 |

**16) Cash and Cash Equivalents**

|                        | <b>As at<br/>30.06.2009<br/>RM'000</b> |
|------------------------|--|
| Short-term investments | 5,015                                  |
| Fixed deposits         | 52,712                                 |
| Cash and bank balances | 5,673                                  |
|                        | <hr/> <b>63,400</b> <hr/>              |

Included in fixed deposits are the insurance monies received pursuant to the Group personal accident policy of RM5,001,500 and interest earned thereon of RM115,355 totalling RM5,116,855 and is payable to the estate of a deceased director of certain subsidiaries upon granting of letter of probate from the High Court.

**17) Other Payables**

Included in other payables are insurance monies payable as mentioned in Note 16 and interest bearing amount of RM104,685,825 due to the associate's subsidiary, Offshore Construction & Engineering Sdn Bhd for the purchase of a vessel.

## **(B) Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements**

### **1. Review of Performance of the Company and its Principal Subsidiaries**

For the current quarter and period ended 30 June 2009, the Group recorded a revenue of RM25.76 million as compared to the previous corresponding quarter of RM35.25 million and a profit before taxation of RM887,000 as compared to profit before taxation of RM28,000 in the previous corresponding quarter and period.

The decrease in revenue was mainly due to lower plywood sales for the current quarter and period under review. The higher profit before taxation as compared to the previous corresponding quarter was mainly due to the contribution from the vessel chartering business.

### **2. Material Changes in Quarterly Results compared to the Results of the Preceding Quarter**

The Group recorded a profit before taxation of RM887,000 for the current quarter as compared to the immediate preceding quarter profit before taxation of RM2.36 million. The decrease in results for the current quarter under review was mainly due to lower plywood sales and contribution from the associate which was partly offsetted by the contribution from vessel chartering.

### **3. Commentary on Prospects**

Barring any unforeseen circumstances, the Directors expect higher contributions from the associate and vessel chartering in the oil and gas industry while the plywood market will remain challenging for the current financial year.

### **4. Profits Forecast and Profit Guarantee**

The above is not applicable as no profit forecast and profit guarantee were provided.

### **5. Income Tax Expense**

This is stated in note 13 to the interim financial report.

### **6. Sale of Unquoted Investments and/or Properties**

There were no sale of unquoted investments and/or properties for the current quarter and interim period ended 30 June 2009.

### **7. Quoted Securities**

(a) There were no purchases or disposals of quoted securities for the current quarter and interim period ended 30 June 2009.

(b) There was no investment in quoted securities as at 30 June 2009.

**8. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 22 August 2009, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

**9. Group Borrowings and Debt Securities**

The Group did not have any borrowings and debt securities as at 30 June 2009.

**10. Off Balance Sheet Financial Instruments**

The Group did not have any off balance sheet financial instruments as at 22 August 2009, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

**11. Changes in Material Litigation**

The Group did not have any material litigation as at 22 August 2009, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

**12. Dividends**

The Directors do not recommend the payment of dividend for the period under review.

**13. Earnings per share**

This is stated in note 14 to the interim financial report.

**(C) Authorisation for issue of interim financial report**

The Board of Directors of the Company had authorised this unaudited interim financial report for issue on 28 August 2009.