

**TEKALA CORPORATION BERHAD**

(Company no. 357125-D)

(Incorporated in Malaysia)

**Unaudited Interim Financial Statements**

**For The First Quarter Ended 30 June 2014**

**TEKALA CORPORATION BERHAD** (357125-D)

Interim financial statements for the first quarter ended 30 June 2014

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**Condensed Consolidated Statement of Comprehensive Income**

	Note	<b>Individual Quarter</b>		<b>Financial Year-to-date</b>	
		<b>3 months ended</b>		<b>3 months ended</b>	
		<b>30/06/2014</b>	<b>30/06/2013</b>	<b>30/06/2014</b>	<b>30/06/2013</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	8	15,366	18,467	15,366	18,467
Cost of sales		(15,541)	(17,869)	(15,541)	(17,869)
Gross (loss)/profit		(175)	598	(175)	598
Other income		131	148	131	148
Distribution costs		(145)	(202)	(145)	(202)
Other expenses		(72)	(1,863)	(72)	(1,863)
Administrative expenses		(1,973)	(1,947)	(1,973)	(1,947)
Loss from operations		(2,234)	(3,266)	(2,234)	(3,266)
Interest on fixed deposits		302	5	302	5
Finance costs		-	(627)	-	(627)
Loss before tax	9	(1,932)	(3,888)	(1,932)	(3,888)
Income tax expense	11	-	-	-	-
Loss for the period		(1,932)	(3,888)	(1,932)	(3,888)
Other comprehensive income, net of tax:		-	-	-	-
Total comprehensive income for the period		(1,932)	(3,888)	(1,932)	(3,888)
Loss attributable to owners of the Company		(1,932)	(3,888)	(1,932)	(3,888)
Total comprehensive income attributable to owners of the Company		(1,932)	(3,888)	(1,932)	(3,888)
Loss per share attributable to owners of the Company:	12	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
- Basic/Diluted		(1.38)	(2.78)	(1.38)	(2.78)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

**TEKALA CORPORATION BERHAD** (357125-D)

Interim financial statements for the first quarter ended 30 June 2014

**Condensed Consolidated Statement of Financial Position**

<b>ASSETS</b>	<b>Note</b>	<b>AS AT 30/06/2014 RM'000</b>	<b>AS AT 31/03/2014 RM'000</b>
<b>Non-current Assets</b>			
Property, plant and equipment		22,922	23,417
Investment in an associate	14	-	-
Other investments		125	125
		<u>23,047</u>	<u>23,542</u>
<b>Current Assets</b>			
Inventories		22,696	20,164
Trade receivables		3,974	3,252
Other receivables		178	279
Prepayments		318	501
Short-term investments		3,230	6,168
Fixed deposits		45,150	45,650
Cash and bank balances		1,026	1,166
		<u>76,572</u>	<u>77,180</u>
<b>Total Assets</b>		<u>99,619</u>	<u>100,722</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		152,983	152,983
Reserves		(54,086)	(52,154)
Treasury shares	7	(9,387)	(9,387)
<b>Total Equity</b>		<u>89,510</u>	<u>91,442</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		499	499
		<u>499</u>	<u>499</u>
<b>Current Liabilities</b>			
Trade payables		4,381	3,702
Other payables		1,713	1,461
Borrowings	16	3,516	3,618
		<u>9,610</u>	<u>8,781</u>
<b>Total Liabilities</b>		10,109	9,280
<b>Total Equity and Liabilities</b>		<u>99,619</u>	<u>100,722</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>		0.64	0.65

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

**TEKALA CORPORATION BERHAD** (357125-D)

Interim financial statements for the first quarter ended 30 June 2014

**Condensed Consolidated Statement of Changes in Equity**

< -----Attributable to owners of the Company----->  
 < -- Non-distributable -->

	Share Capital	Share Premium	Treasury Shares	Other Reserves	Accumulated Losses	Total Equity
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 April 2013</b>	152,983	16,549	(9,387)	1,295	(73,688)	87,752
Total comprehensive income for the period	-	-	-	-	(3,888)	(3,888)
<b>At 30 June 2013</b>	<u>152,983</u>	<u>16,549</u>	<u>(9,387)</u>	<u>1,295</u>	<u>(77,576)</u>	<u>83,864</u>
<b>At 1 April 2014</b>	152,983	16,549	(9,387)	-	(68,703)	91,442
Total comprehensive income for the period	-	-	-	-	(1,932)	(1,932)
<b>At 30 June 2014</b>	<u>152,983</u>	<u>16,549</u>	<u>(9,387)</u>	<u>-</u>	<u>(70,635)</u>	<u>89,510</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Cash Flows**

	<b>3 months ended</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(1,932)	(3,888)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	503	1,307
Dividend income	(41)	(8)
Equipment scrapped	1	-
Finance cost	-	627
Gain on disposal of property, plant and equipment	-	(26)
Gain on disposal of short-term investment	(21)	-
Interest on fixed deposits	(302)	(5)
Unrealised (gain)/loss on foreign exchange	(32)	626
Operating loss before working capital changes	<u>(1,824)</u>	<u>(1,367)</u>
Increase in inventories	(2,532)	(5,720)
Increase in receivables	(386)	(1,337)
Increase in payables	931	3,332
Cash flows used in operations	<u>(3,811)</u>	<u>(5,092)</u>
Income tax paid	-	-
Income tax refunded	-	-
Net cash flows used in operating activities	<u>(3,811)</u>	<u>(5,092)</u>
<b>Cash flows from investing activities</b>		
Dividend income	41	8
Interest on fixed deposits received	302	5
Proceeds from disposal of property, plant and equipment	-	15,323
Purchase of property, plant and equipment	(8)	(106)
Net cash flows from investing activities	<u>335</u>	<u>15,230</u>
<b>Cash flows from financing activities</b>		
Finance cost	-	(627)
Proceeds from borrowings	3,516	4,529
Repayment of borrowings	(3,618)	(7,926)
Net cash flows used in financing activities	<u>(102)</u>	<u>(4,024)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,578)</b>	<b>6,114</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>52,984</b>	<b>6,229</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>15 49,406</b>	<b>12,343</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

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

Tekala Corporation Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These unaudited condensed consolidated interim financial statements, for the period ended 30 June 2014, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2014. 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 2014.

### **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 2014.

Further, the Group will adopt applicable financial reporting standards and interpretations which are effective in respect of the current financial year.

### **3) Seasonality of operations**

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

### **4) Unusual items**

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

### **5) Changes in estimates**

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.

### **6) Changes in the composition of the Group**

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

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**7) Share capital, share premium and treasury shares**

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

As at 30 June 2014, 13,008,000 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 RM9,386,487. The number of outstanding ordinary shares in issue and fully paid is therefore 139,975,300 ordinary shares of RM1 each.

**8) Segment information***Business Segments*

	<b>3 months ended 30 June 2014</b>				
	<b>Timber processing</b>	<b>Investment holding</b>	<b>Others</b>	<b>Elimination/ adjustment</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External	15,366	-	-	-	15,366
Inter-segment	-	-	270	(270)	-
Total	15,366	-	270	(270)	15,366
<b>Results</b>					
Depreciation	485	-	20	(2)	503
Interest on fixed deposits	162	-	140	-	302
Other income	104	-	27	-	131
Segment profit/(loss)	(1,802)	(66)	(66)	2	(1,932)

**9) Profit/(loss) before tax**

Included in the profit/(loss) before tax are the following items:

	<b>Individual Quarter</b>		<b>Financial Year-to-date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>	<b>30/06/2014</b>	<b>30/06/2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Interest income	302	5	302	5
(b) Other income including investment income	131	-	131	-
(c) Interest expenses	-	627	-	627
(d) Depreciation and amortization	503	1,307	503	1,307
(e) Provision for and write off of receivables	-	-	-	-
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain on disposal of quoted or unquoted investments or properties	21	-	21	-
(h) Gain on disposal of property, plant and equipment	-	-	-	-
(i) Impairment of assets	-	-	-	-
(j) Foreign exchange gain/(loss)	38	(587)	38	(587)
(k) Gain or loss on derivatives	-	-	-	-
(l) Exceptional items	-	-	-	-



**10) Events after the reporting period**

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

**11) Income tax expense**

	Individual Quarter 3 months ended		Financial Year-to-date 3 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Current income tax	-	-	-	-
	-	-	-	-

There is no tax expense for the current quarter and period under review because of the loss incurred by the Group.

**12) Loss per share**

	Individual Quarter 3 months ended		Financial Year-to-date 3 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
<b>(a) Basic loss per share</b>				
Loss attributable to owners of the Company (RM'000)	(1,932)	(3,888)	(1,932)	(3,888)
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	139,975	139,975	139,975	139,975
Basic loss per share (sen)	(1.38)	(2.78)	(1.38)	(2.78)
<b>(b) Diluted loss per share</b>				
Loss attributable to owners of the Company (RM'000)	(1,932)	(3,888)	(1,932)	(3,888)
Adjusted weighted average number of ordinary shares in issue and issuable for dilutive effects of share options granted ('000)	139,975	139,975	139,975	139,975
Diluted loss per share (sen)	(1.38)	(2.78)	(1.38)	(2.78)

The Company has no potential ordinary shares in issue as at the end of financial period and therefore, basic and diluted loss per share are equal.

**13) Contingencies**

There were no changes in contingent liabilities since the last balance sheet date, 31 March 2014 to 25 August 2014, the latest practicable date which is not earlier than 7 days from the issue of this interim financial statements.

**14) Investment in an associate**

The associate has been fully impaired in prior years.

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**15) Cash and Cash Equivalents**

	As at 30.06.2014 RM'000	As at 31.03.2014 RM'000
Short-term investments	3,230	6,168
Fixed deposits	45,150	45,650
Cash and bank balances	1,026	1,166
	<u>49,406</u>	<u>52,984</u>

**16) Group Borrowings and Debt Securities**

The Group's borrowings and debt securities are as follows:

	As at 30.06.2014 RM'000	As at 31.03.2014 RM'000
<b>Short term borrowings</b>		
Secured:		
Term loans	3,516	3,618
	<u>3,516</u>	<u>3,618</u>

Borrowings denominated in foreign currency as at  
30 June 2014:

	USD'000	RM'000 Equivalent
United States Dollars	1,083	3,516

**17) Dividends**

For the period ended 30 June 2014, the Directors do not recommend payment of dividend. (2014:Nil).

The total dividend for the current financial year is Nil (2014: Nil).

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

### **1. Performance review**

For the current quarter and period ended 30 June 2014, the Group recorded a revenue of RM15.37 million as compared to the previous corresponding quarter and period of RM18.47 million and a loss before tax of RM1.93 million as compared to loss before tax of RM3.89 million in the previous corresponding quarter and period.

The lower revenue and the lower loss before tax for the current quarter and period as compared to the previous corresponding quarter and period were mainly due to lower plywood sales for the current quarter and period and no vessel chartering operations for the current quarter and period as the Group's vessel was disposed of in the previous financial year.

### **2. Comments on material changes in profit before taxation**

The Group recorded a loss before tax of RM1.93 million for the current quarter which is comparable to the immediate preceding quarter loss before tax of RM1.86 million.

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

Barring any unforeseen circumstances, the Directors expect the Group's plywood operating environment for the current financial year to be difficult.

### **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 11 to the interim financial report.

### **6. Corporate proposals**

There were no corporate proposals announced but not completed as at 25 August 2014, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial statements.

### **7. Group borrowings and debt securities**

This is stated in note 16 to the interim financial statements.

### **8. Changes in material litigation**

The Group did not have any material litigation as at 25 August 2014, the latest practicable date which is not earlier than 7 days from the date of issue of these interim financial statements.

### **9. Dividends**

This is stated in note 17 to the interim financial statements.

### **10. Earnings/(loss) per share**

This is stated in note 12 to the interim financial statements.

**11. 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 2014 was not subject to any qualification.

**12. Profit/(loss) before tax**

Disclosure of items as required under Appendix 9B, Part A(16) of Bursa Malaysia Securities Bhd listing requirements is stated in note 9 to the interim financial statements.

**13. Disclosure of derivatives**

The Group did not enter into any derivatives during the period ended 30 June 2014 or the previous financial year ended 31 March 2014.

**14. Disclosure of gains/losses arising from fair value changes of financial liabilities**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2014 and 31 March 2014.

**15. Breakdown of realised and unrealised profits or losses**

The above disclosure in the format prescribed by Bursa Malaysia Securities Bhd is as follows:

	<b>As at 30.06.2014</b> <b>RM'000</b>	<b>As at 31.03.2014</b> <b>RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(13,126)	(11,221)
- Unrealised	32	61
	(13,094)	(11,160)
Total share of losses from associated company:		
- Realised	(39,297)	(39,297)
- Unrealised	-	-
	(39,297)	(39,297)
Less: Consolidation adjustments	(18,244)	(18,246)
Total Group accumulated losses as per consolidated accounts	(70,635)	(68,703)

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

The Board of Directors of the Company had authorised this unaudited interim financial statements for issue on 28 August 2014.