

TENGGARA OIL BERHAD (Co. No.8695-M)  
 QUARTERLY REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS  
 FOR FOURTH QUARTER ENDED 31 JANUARY 2006

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR	CURRENT YEAR TO DATE	PRECEDING YEAR
	31-01-2006 RM'000	31-01-2005 RM'000	31-01-2006 RM'000	31-01-2005 RM'000
Revenue	6,303	7,702	28,874	32,545
Operating Expenses	(10,423)	(15,739)	(36,377)	(45,552)
Other Operating Income	674	169	840	944
Loss from Operations	(3,446)	(7,868)	(6,663)	(12,063)
Finance cost	(502)	(447)	(1,967)	(1,344)
Investing Results	-	-	-	-
Loss before tax	(3,948)	(8,315)	(8,630)	(13,407)
Taxation	(95)	50	(175)	(71)
Loss after tax	(4,043)	(8,265)	(8,805)	(13,478)
Minority Interest	-	-	-	-
Net Loss for the period	<u>(4,043)</u>	<u>(8,265)</u>	<u>(8,805)</u>	<u>(13,478)</u>
Basic loss per share (sen)	<u>(5.0)</u>	<u>(10.1)</u>	<u>(10.8)</u>	<u>(16.5)</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 January 2005 and the accompanying explanatory notes attached to the interim financial statements.

**TENGGARA OIL BERHAD (Co. No.8695-M)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 JANUARY 2006**

	<b>Unaudited</b>	<b>Audited</b>	
	<b>31-01-06</b>	<b>31-01-05</b>	
	RM'000	RM'000	
1 Property, Plant & Equipment	11,997	13,817	
2 Intangible Assets	468	585	
3 Other Investments	28,921	28,952	
4 Current Assets			
Inventories	2,600	2,181	
Trade Debtors	7,404	11,039	
Other debtors	5,188	5,865	
Cash and Bank Balance	75	1,075	
	<u>15,267</u>	<u>20,160</u>	
5 Current Liabilities			
Trade and other creditors	16,556	13,355	
Overdraft & Short Term Borrowings	17,939	19,643	
Taxation	594	450	
Due to Directors	1,397	337	
	<u>36,486</u>	<u>33,785</u>	
6 Net Current(Liabilities)	(21,219)	(13,625)	
	<u>20,167</u>	<u>29,729</u>	
Share Capital	81,464	81,464	
Reserves	(69,042)	(60,237)	
7 Shareholders' equity	12,422	21,227	
8 Minority Interests	-	-	
9 Long Term Borrowings	7,470	7,185	
10 Long Term Creditor	275	1,317	
	<u>20,167</u>	<u>29,729</u>	
11 Net Tangible Assets per share (Sen)	15	25	

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 January 2005 and the accompanying explanatory notes attached to the interim financial statements.

**TENGGARA OIL BERHAD (Co. No.8695-M)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FOURTH QUARTER ENDED 31 JANUARY 2006**

	<u>Share Capital</u> RM'000	<u>Reserve</u> <u>attributable to</u> <u>Capital</u> RM'000	<u>Reserve</u> <u>attributable to</u> <u>Revenue</u> RM'000	<u>Retained</u> <u>Losses</u> RM'000	<u>Total</u> RM'000
<u>12 months ended 31/1/2006</u>					
Balance at 1/2/2005	81,464	75,055	-	(135,292)	21,227
Movements during the period (cumulative)	-	-	-	(8,805)	(8,805)
Balance at 31/1/2006	<u>81,464</u>	<u>75,055</u>	<u>-</u>	<u>(144,097)</u>	<u>12,422</u>
<u>12 months ended 31/1/2005</u>					
Balance at 1/2/2004	81,464	75,055	-	(121,814)	34,705
Movements during the period (cumulative)	-	-	-	(13,478)	(13,478)
Balance at 31/1/2005	<u>81,464</u>	<u>75,055</u>	<u>-</u>	<u>(135,292)</u>	<u>21,227</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2005 and the accompanying explanatory notes attached to the interim financial statements.

**TENGGARA OIL BERHAD (Co. No.8695-M)  
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR FOURTH QUARTER ENDED 31 JANUARY 2006**

	12 months ended 31-01-2006 RM'000	12 months ended 31-01-2005 RM'000
Net loss before tax	(8,630)	(13,407)
Adjustment for non-cash items:-		
Non-cash items	4,477	7,611
Non-operating items (net of income)	1,921	1,343
Operating loss before changes in working capital	<u>(2,232)</u>	<u>(4,453)</u>
Changes in working capital		
Net Change in current assets	1,881	2,378
Net Change in current liabilities	2,699	(1,080)
Payment for non-operating expense(net of income)	<u>(1,966)</u>	<u>(1,395)</u>
Net cash flows from operating activities	382	<u>(4,550)</u>
Investing Activities		
Other investments	(597)	(1,005)
Proceeds from disposal of assets	74	51
	<u>(523)</u>	<u>(954)</u>
Financing Activities		
Bank borrowings	125	<u>(2,005)</u>
Net Change in Cash & Cash Equivalents	(16)	(7,509)
Cash & Cash Equivalents at beginning of year	(9,251)	(1,742)
Cash & Cash Equivalents at end of Period	<u>(9,267)</u>	<u>(9,251)</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 January 2005 and the accompanying explanatory notes attached to the interim financial statements.

**TENGGARA OIL BERHAD ("TOB" or the Company)**

Notes To The Interim Financial Report As At 31 January 2006

**(a) Accounting policies**

The interim financial report is unaudited and has been prepared in accordance with MASB 26 "Interim Financial Reporting". The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2005.

The same accounting policies and methods of computation as disclosed in the audited financial statements for the year ended 31 January 2005, have been adopted in the preparation of the fourth quarter ended 31 January 2006 condensed financial statements.

**(b) Audit qualification**

The audit report of the preceding annual financial statements was not qualified.

**(c) Explanatory comments about seasonality or cyclicity of operations**

The ready-mixed concrete business, being the main contributor to the Group for the current quarter and financial year to date is in line with and subject to factors affecting the building materials industry. The other business segments are not affected by seasonality or cyclical factors.

**(d) Accounting Estimates**

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

**(e) Issuance or repayment of debt and equity securities**

There has been no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

**(f) Dividend**

The Board has not recommended any payment of dividend.

(g) Segmental reporting

Analysis by business segment as at 31 January 2006 (in RM'000) :-

	3 months ended 31/01/2006	3 months ended 31/1/2005				
	Revenue	Profit/(Loss)				
	RM'000	Before Taxation RM'000				
Investment Holding	189	(1,284)	Revenue	592	Profit/(Loss)	(3,657)
Manufacturing	5,155	(2,170)	RM'000	6,297	Before Taxation	(1,132)
Investment Properties	248	120		237		167
Construction	-	7		-		(81)
Oil & Gas	876	(656)		1,285		(1,012)
Others	70	(13,841)		(61)		848
Total	6,538	(17,824)		8350		(4,867)
Elimination	(235)	14,659		(648)		(2,559)
Consolidated	6,303	(3,165)		7,702		(7,426)
Unallocated corporate expenses		(280)				(442)
Finance cost		(503)				(447)
Loss Before Taxation		(3,948)				(8,315)

(h) Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the audited annual financial statements for the year ended 31 January 2005.

(i) Subsequent Material Events

There were no material events subsequent to 31 January 2006 that have not been reflected in the interim financial report.

(j) Changes in the composition of the Group

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

(k) Contingent liabilities

Contingent liabilities (unsecured) of the Company as at 31 January 2006 are as follows :

RM'000

Corporate guarantees for credit facilities of subsidiaries 22,890

## TENGGARA OIL BERHAD (“TOB” or the Company)

### Additional Information of Bursa Malaysia Securities Berhad Listing Requirements

1. Review of the performance of the Company and its subsidiaries  
The Group incurred a lower pretax loss of RM3.9 million for the current quarter as against a loss of RM8.3 million in the preceding year corresponding fourth quarter. This was due to the lower operating losses in the Lubricant division, investment holding and other divisions although the ready mixed concrete division reported a higher loss.

2. Comments on material change in the profit before tax for the quarter reported as compared with the preceding quarter.

The Group registered a pretax loss of RM3.9 million in the current quarter as compared to the preceding quarter loss of RM1.9 million. The higher pretax loss for the current quarter was largely attributable to the higher operating loss of investment holding, as well as the ready mixed concrete division. Higher losses in these divisions were primarily due to provision for doubtful debts.

3. Prospects for the current financial year

In view of current high oil prices especially as it impacts on the Group’s Lubricant business, the Group is planning to reactivate its construction activities and is actively negotiating for a number of projects to sustain the Group.

The Group is currently negotiating with interested parties for acquisition of appropriate assets to strengthen the foundation and future earnings stream of the Group.

4. Explanatory note for variance of actual profit from forecast profit.

Not applicable.

5. Income Tax

Included in taxation are the following:

	<b>Current Year Quarter RM’000</b>	<b>Cumulative Year To date RM’000</b>
Current year	31	111
Underprovision in prior years	<u>64</u>	<u>64</u>
	95	175

The effective tax rate of the Group for the current quarter under review is higher than the statutory tax rate. This is mainly due to certain expenses which were not deductible for taxation purposes and the non-availability of group relief where tax losses of certain subsidiary companies cannot be set off against the taxable income of other subsidiary companies.

Furthermore, deferred tax assets have not been recognized in respect of the tax losses of the subsidiaries that have a history of losses.

6. Profits/(losses) on sale of unquoted investments and/or properties

There were no purchases or disposal of unquoted investment and properties for the current quarter and financial year to date.

7a. Quoted Securities

There were no purchases or disposal of quoted securities for the current quarter and financial year to date, save for the following disposal of quoted shares:-

	RM
Total investment at cost	<u>33,957.00</u>
Total investment at book value	30,660.00
Disposal price on 8 July 2005	24,015.77
Loss recorded	<u>6,644.23</u>

7b. Investments in quoted shares

There was no investment in quoted shares for the current quarter and financial year to date.

8. Status of corporate proposals

The Securities Commission ("SC") has, approved a final extension of time for four months until 28 January 2006 for submission of a comprehensive proposal to regularize the Company's financial position. The Executive Chairman of the Group has vide a letter dated 18 January 2006, requested for a further extension of time until 28 April 2006.

9. Group borrowings

Total Group borrowings as at 31 January 2006 were as follows:

Short -term borrowings:-	RM'000
Unsecured	16,527
Secured	<u>1,412</u>
Long term borrowings:-	17,939
Secured	<u>7,470</u>
Total Group Borrowings	<u>25,409</u>

10. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 31 January 2006.

11. Pending material litigations

On 28 October 2004, the Company filed a Writ of Summons against ICM Industries Corporation Berhad ("ICM") in the Malacca High Court claiming inter alia, a sum of RM2,575,493 owing and due from ICM, interest and costs, as a result of failure of ICM to



settle the amount despite several negotiations that have taken place between both parties. The sum claimed was as stipulated in a Letter of Demand served on ICM by TOB in 1998 for the recovery of monies paid to ICM which are refundable following the termination of the share subscription agreement between TOB, ICM and Impress Residence (M) Sdn Bhd dated 18 September 1997 due to non-fulfillment of certain conditions precedent in the agreement by ICM. The case was originally fixed for decision on 8 July 2005, however, upon the request of ICM's newly appointed solicitor (following the discharge of ICM's previous solicitor) for the decision date to be vacated for reason that they had only recently been appointed, the Court granted their request for a postponement and fixed the hearing date on 3 August 2005. On 3 August 2005, the case was fixed for further hearing on 21 September 2005 but was subsequently postponed to 25 November 2005. On 25 November 2005, the Court directed both parties to file their respective written submissions. The decision was delivered on 17 February 2006 in favor of the defendants application to amend their statement of defence. The defendant has served the amended statement of defence and counter claim. The Company is currently in the process of responding to their amended statement of defence as well as filing its defence against the counter claim.

Saved as disclosed above, the Company is not aware of any other pending material litigations as at 31 January 2006.

12 Dividend

No dividend has been proposed for the current quarter and the financial year ended 31 January 2006.

13. Earnings Per Share

The basic loss per share has been calculated based on the Group loss for the period on ordinary shares in issue of 81.5 million :

	3 months ended 31 January 2006	Cumulative Period to 31 January 2006	3 months ended 31 January 2005	Cumulative Period to 31 January 2005
Net loss for the period (RM'000)	<u>(4,043)</u>	<u>(8,805)</u>	<u>(8,265)</u>	<u>(13,478)</u>
Basic loss per share (sen)	<u>(5.0)</u>	<u>(10.8)</u>	<u>(10.1)</u>	<u>(16.5)</u>

ON BEHALF OF THE BOARD

**DATUK DR. KAMAL SALIH**  
**EXECUTIVE CHAIRMAN**

Kuala Lumpur  
31 March 2006