

## TENGGARA OIL BERHAD (8695-M)

### CONDENSED CONSOLIDATED INCOME STATEMENTS FOR SECOND QUARTER ENDED 31 JULY 2007

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/7/2007 RM'000	31/7/2006 RM'000	31/7/2007 RM'000	31/7/2006 RM'000
Revenue	181	3,624	602	9,136
Operating Expenses	(1,322)	(5,213)	(23,353)	(12,074)
Other Operating Income	133	54	147	173
Loss from Operations	<u>(1,008)</u>	<u>(1,535)</u>	<u>(22,604)</u>	<u>(2,765)</u>
Finance cost	(87)	(483)	(764)	(963)
Investing Results	-	-	-	-
Loss before tax	<u>(1,095)</u>	<u>(2,018)</u>	<u>(23,368)</u>	<u>(3,728)</u>
Taxation	-	-	-	-
Loss after tax	<u>(1,095)</u>	<u>(2,018)</u>	<u>(23,368)</u>	<u>(3,728)</u>
Minority Interest	-	-	-	-
Net Loss for the period	<u><u>(1,095)</u></u>	<u><u>(2,018)</u></u>	<u><u>(23,368)</u></u>	<u><u>(3,728)</u></u>
<b>Loss per share</b>				
a. Basic (based on RM1 each ordinary share - sen)	<u><u>(1.3)</u></u>	<u><u>(2.5)</u></u>	<u><u>(28.7)</u></u>	<u><u>(4.6)</u></u>
a. Diluted (based on RM1 each ordinary share - sen)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

# TENGGARA OIL BERHAD (8695-M)

Condensed Consolidated Balance Sheet as at 31 July 2007

	Unaudited 31/7/2007 RM'000	Audited 31/1/2007 RM'000
<b>Non-current Assets</b>		
Property, plant and equipment	9,044	9,373
Land held for property development	7,737	7,737
Other investments	27	27
	<u>16,808</u>	<u>17,137</u>
<b>Current Assets</b>		
Land held for property development	-	5,141
Investment properties	-	16,000
Inventories	962	704
Trade receivables	950	2,563
Other assets and receivables	2,686	2,713
Cash and cash equivalents	160	246
	<u>4,758</u>	<u>27,367</u>
Non-current asset reclassified as held for sale	-	540
	<u>4,758</u>	<u>27,907</u>
<b>Current liabilities</b>		
Short term borrowings	16,016	28,665
Due to directors	2,130	1,735
Trade payables	737	2,879
Other payables	27,239	12,517
Taxation	2	413
	<u>46,124</u>	<u>46,209</u>
<b>Non-current liabilities</b>		
Borrowings	-	24
	<u>46,124</u>	<u>46,234</u>
<b>Net Current Liabilities</b>	<u>(41,366)</u>	<u>(18,327)</u>
	<u>(24,558)</u>	<u>(1,190)</u>
<b>Financed by:</b>		
Share Capital	81,464	81,464
Share premium	75,055	75,055
Accumulated losses	(181,077)	(157,709)
Shareholders' equity	(24,558)	(1,190)
Minority Interests	-	-
	<u>(24,558)</u>	<u>(1,190)</u>
<b>Net assets per share (sen)</b>	<b>(0.30)</b>	<b>(0.01)</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

## TENGGARA OIL BERHAD (8695-M)

### Condensed Consolidated Statements of Changes in Equity For the second quarter ended 31 July 2007

(The figures have not been audited)

	Share Capital	Share Premium	Accummulated Losses	Total
	RM'000	RM'000	RM'000	RM'000
<b>3 months ended 31 July 2007:</b>				
Balance as of 1 February 2007	81,464	75,055	(157,709)	(1,190)
Net loss for the quarter			(23,368)	(23,368)
<b>Balance as of 31 July 2007</b>	<u>81,464</u>	<u>75,055</u>	<u>(181,077)</u>	<u>(24,558)</u>
<b>6 months ended 31 July 2006:</b>				
Balance as of 1 February 2006	81,464	75,055	(144,308)	12,211
Net loss for the quarter	-	-	(2,018)	(2,018)
<b>Balance as of 31 July 2006</b>	<u>81,464</u>	<u>75,055</u>	<u>(146,326)</u>	<u>10,193</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

# TENGGARA OIL BERHAD (8695-M)

## Condensed Consolidated Cash Flow Statements For the second quarter ended 31 July 2007

(The figures have not been audited)

	Quarter ended	
	31/7/2007 RM'000	31/7/2006 RM'000
<b>Cash flows from operating activities</b>		
Net loss before taxation	(1,095)	(3,728)
Adjustments:-		
Non-cash items	(12,326)	627
Non-operating items (net of income)	(46)	849
Operating loss before changes in working capital	<u>(13,467)</u>	<u>(2,252)</u>
Changes in working capital		
Net change in current assets	1,095	2,963
Net change in current liabilities	12,777	(547)
Payment for non-operating expenses (net of income)	<u>46</u>	<u>(731)</u>
Net cash from / (used by) operating activities	451	(567)
<b>Cash flows used in investing activities:</b>		
Net cash from investing activities	12,674	77
<b>Cash flows used in financing activities:</b>		
Net cash from / (used in) financing activities	483	(6,330)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>13,608</u>	<u>(6,820)</u>
<b>Cash and cash equivalents at beginning of year</b>	(20,872)	(9,230)
<b>Cash and cash equivalents at end of quarter</b>	<u><u>(7,264)</u></u>	<u><u>(16,050)</u></u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.

# TENGGARA OIL BERHAD (8695-M)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2007

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## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Accounting Policies and Methods of Computation

The interim financial report has been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2007.

The accounting policies adopted for the preparation of the quarterly unaudited condensed financial statements are consistent with those adopted for the Annual Financial Statements for the financial year ended 31 January 2007.

### A2. Audit Report

Due to,

- 1 the Group and the Company incurring a substantial net loss and net current liabilities in addition to defaulting in their borrowing and interest repayment obligation
- 2 the uncertainty of the carrying value to the Group's development projects and investment property and
- 3 the receipt of a Writ of Summons by the Company arising from the default of payment of borrowings by its subsidiary

the auditors in their report have stated,

"In view of the significance of the matters referred to in the preceding paragraphs, we are unable to form an opinion as to whether:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965, and the applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company at 31 January 2007 and the results of their operations and cash flows for the year ended on that date; and
- (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.

- (b) the accounting and other records required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act."

### A3. Seasonality or Cyclicity of Operations

The lubricant business, being the main contributor to the Group for the current quarter is not affected by seasonality or cyclical factors.

### A4. Unusual Items

There were no unusual and extraordinary items in the current quarter under review.

### A5. Changes in 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.

### A6. Issuance, Cancellation or Repayments 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.

### A7. Dividend

The Board has not recommended any payment of dividend.

# TENGGARA OIL BERHAD (8695-M)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2007

## A8. Segmental Information

Analysis by business segment as at 31 July 2007 :-

	3 months ended 31/7/2007		3 months ended 31/7/2006	
	Revenue RM'000	Profit/(loss) before taxation RM'000	Revenue RM'000	Profit/(loss) before taxation RM'000
Investment Holding	270	(12,735)	171	10
Manufacturing	-	-	2,833	(742)
Investment Properties	-	(1)	55	4
Construction	-	-	-	-
Oil & Gas	336	(381)	743	(415)
Others	-	-	-	(28)
Total	606	(13,117)	3,802	(1,171)
Elimination	(425)	12,266	(178)	(144)
Consolidated	181	(851)	3,624	(1,315)
Unallocated corporate expenses	-	(157)	-	(220)
Finance cost	-	(87)	-	(483)
Loss Before Taxation	-	(1,095)	-	(2,018)

## A9. Valuations of Property, Plant & Equipment

The Group did not carry out any valuations on property, plant & equipment.

## A10. Material Events Subsequent To The Financial Period

There were no material events subsequent to 31 July 2007 that have not been reflected in the interim financial report.

## A11. Changes in the Composition of the Company

On 6 February 2007, the following subsidiaries of the Company had been placed under creditors' liquidation.

- (i) Tenggara Oceanic Sdn. Bhd.
- (ii) Tenggara Plaza Sdn. Bhd.
- (iii) Gerunas Sdn. Bhd.
- (iv) Sumbangan Sumber Sdn. Bhd.
- (v) Tenggaraform (Malaysia) Sdn. Bhd.
- (vi) Fajar Sepakat Sdn. Bhd.
- (vii) Pangkal Damai Sdn. Bhd.
- (viii) TIPCOM Sdn. Bhd.
- (ix) TOB Exploration Sdn. Bhd.
- (x) Tenggara Advantage Sdn. Bhd.

On 11 April 2007, Tenggara Concrete was served with a Creditors winding up Order by Harrison's Trading (Peninsular) Sdn Bhd's lawyers.

## A12. Contingent Liabilities

- a. Contingent liabilities (unsecured) of the Company as at 31 July 2007 are as follows :

Corporate guarantees for credit facilities of subsidiaries	RM'000
	<u>20,959,572</u>

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## B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BHD LISTING REQUIREMENTS

### B1. Review of Performance

The Group's revenue for the second quarter under review was lower at RM181,000 as compared to the revenue in the corresponding quarter last year of RM3.63 million. The decrease in revenue was mainly attributable to the cessation of operations of the ready mix subsidiary and the lower level of activities of TLSB. The Group's pre-tax loss in the current quarter at RM1.095 million was lower as compared to the pre-tax loss of RM2.018 million in the corresponding quarter last year, a decrease of RM0.923 million. The decrease in pre-tax loss was mainly attributed to net affect of the deconsolidation of Tenggara Concrete Sdn Bhd

### B2. Comparison with Preceding Quarter's Results

The Group registered a pretax loss of RM1.095 million in the current quarter as compared to the preceding quarter loss of RM22.27 million. The lower pre-tax loss for the current quarter was attributable to the reasons stated in para B1.

### B3. Current Year Prospects

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

### B4. Profit Forecast

Not applicable as the Group did not publish any profit forecast.

### B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31.7.2007	31.7.2006	31.7.2007	31.7.2006
	RM'000	RM'000	RM'000	RM'000
Income taxation	-	-	-	-

### B6. Unquoted investments and/or properties

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

### B7. Quoted Securities

- There were no purchases or disposals of quoted securities for the current quarter and financial year to date.
- There were no investments in quoted securities for the current quarter and financial year to date.

### B8. Status of Corporate Proposals

On 8 May 2006, the Company was designated under the category of Amended-Practice Note 17 ("Amended-PN17") by Bursa Malaysia Securities Berhad. The Company is now classified as an affected listed issuer and required to submit a plan to regularise its condition ("Regularisation Plan") by way of a comprehensive proposal of a restructuring scheme to the regulatory authorities. On 22 March 2007, Bursa Securities granted the Company an extension of time until 13th July 2007 to make the Requisite Announcement ("RA") of the Company's regularisation plans and 7th August 2007 to submit the regularisation plan to the Securities Commission and other relevant authorities for approval. A Regularisation Plan as appended below has been submitted to Securities Commission within the prescribed timeframe and the same is being processed by them.

Brief contents of the Proposed Corporate and Debt Restructuring Scheme is as follows:

#### (a) 13 July 2007

On behalf of the Board of TOB, PM Securities Sdn Bhd made a Requisite Announcement under the Amended Practice Note 17/2005 of the Listing Requirements of Bursa Malaysia Securities Berhad. It is proposed that TOB undertakes the Proposed Corporate and Debt Restructuring Scheme ("PCDRS") to regularise its financial condition pursuant to a Principal Agreement entered into between TOB and the Vendors (as defined therein). The terms of the PCDRS includes, amongst others:

- the proposed incorporation of NewCo to facilitate the implementation of the PCDRS;
- the proposed exchange of shares between the existing shareholders of TOB and NewCo on the basis of one (1) NewCo Share for every

# TENGGARA OIL BERHAD (8695-M)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2007

- (ii) the proposed exchange of shares between the existing shareholders of TOB and NewCo on the basis of one (1) NewCo Share for every fourteen (14) TOB Shares to be implemented via Section 176 of the Act;
- (iii) the proposed disposal of the entire issued and paid-up share capital of TLSB to NewCo, for a nominal purchase consideration of RM99.00 and the proposed debt settlement of TLSB, which will be implemented via Section 176 of the Act;
- (iv) the proposed renounceable rights issue of up to 11,637,686 Rights Shares at an indicative issue price of RM0.70 each to the existing shareholders of TOB on the basis of two (2) Rights Shares for every one (1) NewCo Share held after the proposed share exchange;
- (v) the proposed acquisition of new income generating assets ("the Acquiree Companies") by NewCo
- (vi) the proposed debt settlement;
- (vii) the proposed placement of up to 7,142,857 new NewCo Shares at a proposed placement price of RM0.70 per NewCo Share to investors to be identified;
- (viii) the proposed exemptions to the vendors of the Acquiree Companies from the obligation of having to extend a mandatory offer pursuant to the Code for the remaining NewCo Shares not already owned by them after the PCDRS;
- (ix) the proposed liquidation of the subsidiaries of TOB;
- (x) the proposed transfer of the listing status on the Main Board of Bursa Securities to NewCo; and
- (xi) the proposed disposal of TOB by NewCo to a third party, to be identified, for a nominal consideration of RM1.00.

### (b) 7 August 2007

On 7 August 2007, the parties have further executed a supplemental agreement to the Principal Agreement, to reflect inter-alia the acquisition values of the Acquiree Companies, after taking into consideration their audited financial positions. Further, the Company has on even date submitted the PCDRS to the Securities Commission ("SC") and SC (Equity Compliance Unit) for their approvals.

### (c) 25 September 2007

SC has vide its letter dated 25 September 2007 stated that SC will only consider the Proposed Exemptions after the Parties Acting In Concert fulfilling the following requirements under PN 2.9.1 of the Code:

- (a) Approval from the independent holders of voting shares of TOB, on a poll in a general meeting in which the interested parties are to abstain from voting. The result of the poll has to be confirmed by an independent auditor;
- (b) Provision is made for the shareholders of TOB for competent independent advice regarding the Proposed Exemptions. The appointment of the independent adviser and the independent adviser's circular to the shareholders are to be first approved and consented by the SC respectively; and
- (c) The Parties Acting In Concert are to submit a declaration (to be furnished after the general meeting) addressed to the SC, attesting that they have not purchased any shares in TOB in the 6 months prior to the posting of the circular relating to the PCDRS to the shareholders, but subsequent to the discussion in relation to the Proposed Acquisitions (the date of the discussion is to be stated in the declarations), whichever is the shorter period, and until the granting of the Proposed Exemptions by the SC (if so decided).

## B9. Borrowings

The Group's borrowings (all denominated in Malaysian Currency) as at 31 July 2007 are as follows:-

<i>Short-term Borrowings</i>	RM'000 16,015
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## B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 31 July 2007.



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## B11. Material Litigation

- a. The Company made a claim against a third party for goodwill payment and return of quit rent money amounting to RM2,575,493. On 2 June 2005, the defendant's solicitors filed an application to strike out the claim and in the process, filed a counter claim against the Company for the sum of RM2,557,750. On 17 February 2006, the Court allowed the defendant's application to amend the Statement of Defence and to include a counter claim. Upon hearing submissions by both counsel, the Court granted Order in Terms in respect of TOB's application for summary judgement together with interest and costs. In view of the pending settlement between the parties, the Order and the Defendant's application for a Stay of Execution of Judgement were both adjourned to 24th December 2007 for mention. Both parties have concurred to hold legal actions until full execution of the out-of-court settlement between the parties.

There is no provision made in the financial statements in relation to the counter claim as the directors of the Company are of the opinion that the chances of such claim crystallising is remote.

- b. On 30 June 2006 Tenggara Lubricant Sdn Bhd, a subsidiary of TOB was served with a summon by Hoven Packaging Sdn Bhd to claim a total outstanding of RM 57,647.70¢ being payment for goods supplied by the plaintiff. The case has been fixed for 12th November 2007 for further mention.
- c. On 14 August 2006 TOB received a Notice issued by Messrs Ariff & Co on behalf of Maybank Berhad (MBB) demanding for the sum which was due and owing to MBB as at 30th June 2006. This was pursuant to a Corporate Guarantee dated 30th April 1997 to grant Tenggara Concrete Sdn Bhd (TCSB) banking facilities to an extent of RM 17,100,000/-. The amount due and payable by TCSB as at 30th June pursuant to the Notice was RM 7,254,777.43¢ being total amount outstanding. Pursuant to the Notice in the event TOB fails to settle the aforesaid outstanding amount within 21 days from the date of service of the Notice, TOB shall be deemed to be unable to pay its debts and Section 218 proceedings shall thereafter be instituted against TOB.
- d. On 11th October 2006, the company was served a writ of summons from Bumiputra - Commerce Bank Berhad for the defaulted amount of RM1,045,121.20¢ plus interest and penalty.
- e. On 16th July 2007, TOB was served a Notice of Demand pursuant to Section 218 of the Companies Act 1965 by MBB's lawyers demanding the payment of an outstanding of RM25,061.98.
- f. On 10th August 2007, TOB received a Notice pursuant to Section 218 of the Companies Act 1965 from Malaysian Reinsurance Berhad, demanding for the sum of RM 477,601.34 being rental outstanding .
- g. On 24 January 2007 TOB received a Writ of Summons by CIMB Bank Berhad (CIMB) demanding for the sum which was due and owing to CIMB as at 1st November 2006. This was pursuant to a overdraft facilities amounting to RM 4,700,000.00 provided by CIMB to the company. The amount due and payable by TOB as at 1st November 2006 pursuant to the Notice was RM 5,302,273.76¢ being total amount outstanding. A Judgement in Default Order was served on the 6th of July 2007.
- n. On 20th March 2007, TOB received a Writ of Summons on the company (as second defendant) and its subsidiary, Tenggara Lubricant Sdn Bhd (as first defendant) by Malayan Banking Berhad (MBB) demanding for the sum which was due and owing to MBB as at 30th June 2006. This was pursuant to a term loan facilities amounting to RM 7,791,072.82¢ provided by MBB to the company. The amount due and payable by TOB as at 30th June 2006 pursuant to the Notice was RM 8,692,039.08¢ being total amount outstanding. The company is seeking legal advice and will announce further developments on the matter as and when necessary.
- i. Tenggara Lubricant Sdn Bhd a subsidiary of TOB was served with a Judgement in Default by Imperial Steel Drum Manufacturers Sdn Bhd for an outstanding amount of RM 174,425.54 plus legal cost and interest until full settlement.
- j. On 30th August 2007, Tenggara Lubricant Sdn Bhd(TLSB), a subsidiary TOB received a Notice pursuant to Section 218 of the Companies Act 1965 from Monacha Resources Sdn Bhd, a supplier of TLSB demanding for the sum of RM 71,200.00 being amount outstanding .

Save as disclosed above, the Company is not aware of any other pending material litigation as at the date of this quarterly report.

## B12. Dividend

No dividend has been proposed for the current quarter and the financial period ending 31 July 2007.

## B13. Earnings Per Share

Individual Quarter		Cumulative Quarter	
Quarter	Quarter	Period	Period

## TENGGARA OIL BERHAD (8695-M)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2007

	Ended 31.7.2007	Ended 31.7.2006	Ended 31.7.2007	Ended 31.7.2006
(1) Basic earnings per share				
Net loss for the period (RM'000)	(1,095)	(2,018)	(23,368)	(3,728)
Weighted average number of ordinary shares in issue ('000)	81,464	81,464	81,464	81,464
Basic loss per share (sen)	(1.3)	(2.5)	(28.7)	(4.6)
(2) Diluted earnings per share	N/A	N/A	N/A	N/A

On behalf of the Board

Datuk Dr. Kamal Salih  
Executive Chairman

28 September 2007  
Kuala Lumpur