

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642819-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2013

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Revenue	3,817	3,800	7,407	7,346
Cost of sales	(1,142)	(1,040)	(2,122)	(1,991)
Gross profit	2,675	2,760	5,285	5,355
Other income	219	3,089	807	5,874
Distribution and selling expenses	(38)	(53)	(100)	(93)
Administrative expenses	(1,230)	(960)	(2,380)	(2,022)
Other expenses	(603)	(310)	(1,015)	(700)
Finance income	40	8	64	21
Finance costs	(6)	(35)	(13)	(45)
Profit before taxation	1,057	4,499	2,648	8,390
Taxation	(347)	(531)	(789)	(1,190)
Profit for the year	710	3,968	1,859	7,200
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	710	3,968	1,859	7,200
Earnings per share (sen)				
(a) Basic	0.42	2.32	1.09	4.22
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P
(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2013 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(the figures have not been audited)

	AS AT 30.06.2013 RM'000	AS AT 31.12.2012 RM'000
NON-CURRENT ASSETS		
<i>Property, plant and equipment</i>	17,194	16,636
<i>Prepaid lease payment on leasehold land</i>	13,542	13,630
<i>Investment property</i>	7,620	7,620
<i>Goodwill on consolidation</i>	584	584
	38,940	38,470
CURRENT ASSETS		
<i>Investment in unit trusts</i>	4,899	4,928
<i>Inventories</i>	469	389
<i>Trade receivables</i>	4,750	7,029
<i>Other receivables</i>	737	458
<i>Tax recoverable</i>	666	841
<i>Deposits, cash and bank balances</i>	15,887	13,294
	27,408	26,939
CURRENT LIABILITIES		
<i>Borrowings</i>	1,214	1,206
<i>Trade payables</i>	62	87
<i>Other payables</i>	1,056	1,183
<i>Tax payables</i>	1	18
	2,333	2,494
NET CURRENT ASSETS	25,075	24,445
	64,015	62,915
REPRESENTED BY:		
<i>Share capital</i>	17,079	17,079
<i>Share premium</i>	4,522	4,522
<i>Treasury shares</i>	(55)	-
<i>Retained profits</i>	35,524	33,665
<i>Shareholders' Equity</i>	57,070	55,266
<i>Borrowings</i>	6,898	7,506
<i>Deferred tax liabilities</i>	47	143
<i>Non-current liabilities</i>	6,945	7,649
	64,015	62,915
Net assets per share (sen)	33.41	32.36

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly Report on Results for the 2nd Quarter Ended 30 June 2013 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2013	17,079	4,522	33,665	55,266
Purchase of treasury shares	-	(55)	-	(55)
Total comprehensive income for the year	-	-	1,859	1,859
At 30 June 2013	17,079	4,467	35,524	57,070
At 1 January 2012	17,079	4,522	26,648	48,249
Total comprehensive income for the year	-	-	7,200	7,200
At 30 June 2012	17,079	4,522	33,848	55,449

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly Report on Results for the 2nd Quarter Ended 30 June 2013

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,648	8,390
Adjustments for:		
Depreciation of property, plant and equipment	586	640
Amortisation of prepaid lease payment	88	54
Allowance for doubtful debts - net	179	(296)
Changes in fair value of investment	106	(223)
Gain on investment in unit trust	(77)	(73)
Gain on disposal of property, plant and equipment	-	(4,518)
Interest expense	13	45
Interest income	(64)	(21)
Operating profit before working capital changes	3,479	3,998
(Increase)/Decrease in inventories	(80)	(99)
(Increase)/Decrease in trade receivables	2,100	1,648
(Increase)/Decrease in other receivables	(280)	(9,455)
Increase/(Decrease) in trade payables	(20)	(7)
Increase/(Decrease) in other payables	(131)	24
Cash generated from operations	5,068	(3,891)
Interest paid	(13)	(45)
Taxes paid	(860)	(991)
Taxes refunded	133	-
Net cash generated from/(used in) operating activities	4,328	(4,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	64	21
Proceeds from disposal of property, plant and equipment	-	10,070
Purchase of property, plant and equipment	(1,143)	(4,252)
Decrease/(Increase) in short-term deposit pledged	254	(1)
Net cash (used in)/generated from investing activities	(825)	5,838

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
CASH OUTFLOW FROM FINANCING ACTIVITY		
Term Loan received	-	6,000
Repayment of term loan	(470)	(393)
Repayment of hire purchase and lease financing	(131)	(125)
Purchase of treasury shares	(55)	-
Net cash (used in)/ generated from financing activities	(656)	5,482
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,847	6,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,040	4,666
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note A15)	15,887	11,059

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly Report on Results for the 2nd Quarter Ended 30 June 2013

NOTES

A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards 134 (MFRS134): "Interim Financial Reporting" and Rule 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS34, 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 December 2012. These explanatory notes attached to the interim financial statements 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 December 2012.

The accounting policies and methods of computation adopted by the Company and its subsidiaries ("Group") in this interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2012 except for the following new/revised MFRS:

MRFS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures]
MRFS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)
MRFS 10	Consolidated Financial Statements
MRFS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)
MRFS 13	Fair Value Measurement
MRFS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
MRFS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MRFS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
MRFS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)

The adoption of the new/revised MFRS and its amendments does not give rise to any adjustment to the opening balances of retained profit of prior and current years or changes in comparatives.

A2 Auditors' report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

A3 Seasonal or cyclical factors

The Group's operations were not subject to any seasonal or cyclical changes.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

Save for the information disclosed in this interim report, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Company during the quarter under review.

A5 Material changes in estimates

There were no changes in estimates that have a material effect in the current financial quarter.

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Quarterly Report on Results for the 2nd Quarter Ended 30 June 2013

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A6 Debt and equity securities

During the current quarter, the Company repurchased 147,000 unit of shares from the open market at an average price of 37.48sen per share and the total repurchase cost was RM55,090. The total repurchase consideration, including transaction costs were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Subsequently to the end of 30 June 2013, the Company repurchased a further 177,900 unit of shares making up to a total of 324,900 unit of shares which are also retained as treasury shares.

Save for the above, there were no issuance, cancellation, resale and repayment of debts and equity securities during the financial period under review.

A7 Dividend paid

There were no dividends paid during the financial quarter.

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Quarterly Report on Results for the 2nd Quarter Ended 30 June 2013

NOTES

A8 Segment Information

	Investment holding RM'000	Recovery and recycling services RM'000	Manufactur- ing RM'000	Trading RM'000	Others* RM'000	Eliminat- ions RM'000	Total RM'000
Current Year Quarter							
30.06.2013							
Revenue							
External sales	-	3,481	203	133	-	-	3,817
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	-	3,481	203	133	-	-	3,817
Results							
Segment results	(133)	1,281	89	(27)	141	-	1,351
Finance income	11	28	1	-	-	-	40
Finance cost	-	(3)	(2)	(1)	-	-	(6)
Depreciation and amortisation	-	(234)	(20)	(74)	-	-	(328)
Profit before taxation	(122)	1,072	68	(102)	141	-	1,057
Current Year To Date							
30.06.2013							
Revenue							
External sales	-	6,961	268	178	-	-	7,407
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	-	6,961	268	178	-	-	7,407
Results							
Segment results	(179)	3,079	121	(57)	307	-	3,271
Finance income	18	45	1	-	-	-	64
Finance cost	-	(6)	(5)	(2)	-	-	(13)
Depreciation and amortisation	-	(485)	(40)	(149)	-	-	(674)
Profit before taxation	(161)	2,633	77	(208)	307	-	2,648
Preceding Year Corresponding Quarter							
30.06.2012							
Revenue							
External sales	-	3,670	90	40	-	-	3,800
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	-	3,670	90	40	-	-	3,800
Results							
Segment results	(15)	4,687	52	(32)	178	-	4,870
Finance income	3	3	2	-	-	-	8
Finance cost	-	(4)	(3)	(28)	-	-	(35)
Depreciation and amortisation	-	(267)	(20)	(57)	-	-	(344)
Profit before taxation	(12)	4,419	31	(117)	178	-	4,499
Preceding Year Corresponding Period							
30.06.2012							
Revenue							
External sales	-	7,168	97	81	-	-	7,346
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	-	7,168	97	81	-	-	7,346
Results							
Segment results	(26)	8,808	40	(69)	355	-	9,108
Finance income	6	11	4	-	-	-	21
Finance cost	-	(10)	(7)	(28)	-	-	(45)
Depreciation and amortisation	-	(539)	(41)	(114)	-	-	(694)
Profit before taxation	(20)	8,270	(4)	(211)	355	-	8,390

* This segment represents renting of investment property

There is no geographical segmental information as the Company operates principally in Malaysia.

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A9 Valuation of property, plant and equipment

Property, plant and equipment of the Group are stated at cost less accumulated depreciation. No valuation of property, plant and equipment was undertaken during the current quarter under review.

A10 Material events subsequent to the end of the quarter

Save for the subsequent event disclosed in Note A6, there were no material events subsequent to the current financial period up to the date of this report that would affect the financial results for the current financial period under review.

A11 Changes in the composition of the Company

There were no changes in the composition of the Company for the current financial quarter.

A12 Contingent liabilities

There were no contingent liabilities or contingent assets as at the date of this report.

A13 Capital commitments

	AS AT 30.06.2013 RM'000	AS AT 31.12.2012 RM'000
Approved and contracted for:		
Acquisition of property, plant and equipment	590	-

A14 Related party transactions

As at the end of the current quarter under review, the Group has entered into/or completed the following related party transactions:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Transactions with Metro Engravers Sdn Bhd, a Company with a common director:				
- Printing costs payables	-	1	- #	4
#RM225	-	-	-	4

All related party transactions had been entered into in the ordinary course of business based on normal commercial terms.

A15 Cash and cash equivalents

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Cash in hand and at banks	10,106	11,514
Deposits with:		
Licensed investment bank	5,781	1,526
Licensed bank	-	254
	15,887	13,294
Less: Non cash equivalents:		
Fixed deposits pledged	-	(254)
	15,887	13,040

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1 Review of performance

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Revenue	3,817	3,800	7,407	7,346
Profit before taxation	1,057	4,499	2,648	8,390

For the quarter ended 30 June 2013, Tex Cycle and its subsidiaries ("Group") generated total revenue of RM3.817million, an increase of RM17,000 or 0.4% compared to the corresponding quarter of the preceding year ended 30 June 2012. The increase in revenue was due to higher revenue generated from the Group's manufacturing and trading divisions. The Group has a profit before taxation of RM1.1million for the current quarter, a decrease of RM2.3million, or 77% compared to the corresponding quarter of the preceding year ended 30 June 2012. The decrease is mainly due to extra ordinary gain on disposal of leasehold land of RM2.3million in preceding year.

Recycling and recovery division

For the quarter ended 30 June 2013, the revenue of the Recycling business decreased by RM189,000 or 5% as compared to that of the corresponding quarter preceding year. The decrease is mainly due to lower demand from the industry.

Manufacturing division

For the current quarter, the revenue of the manufacturing division increased by RM113,000, or 126% as compared to the corresponding quarter preceding year. The increase is mainly due to higher demand from the industry.

Trading division

For the current quarter, the revenue of the trading division increased by RM93,000, or 233% as compared to the corresponding quarter preceding year. The increase is mainly due to more trading products being introduced and traded.

B2 Material Changes in Quarterly Results compared to the Results of the preceding quarter

	Current Year Quarter 30.06.2012 RM'000	Current Year Previous Quarter 31.3.2013 RM'000
Revenue	3,817	3,590
Profit before taxation	1,057	1,591

The Group's revenue for the current quarter was RM3.8million as compared to the revenue for the preceding quarter of RM3.6million, representing an increase of RM227,000, or 6.3%. The increase in revenue was mainly due to higher demand from group's trading and manufacturing divisions. The Group however, has made a profit before taxation of RM1.1million, a decrease of RM534,000 or 33.6% compared to the profit before tax for the preceding quarter. The decrease is due to certain costs incurred in the setting up of the new plant.

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B3 Prospects

The Group had on 20 December 2012, obtained the Environment Impact Assessment ("EIA") approval from the Department of Environment ("DOE") for the operations of the new plant. Subsequently a written permission to operate the new plant has been issued by DOE and the Group has commenced the setting up of the new plant. The plant is expected to commence operations by end of year 2013.

The Board of Directors expects the Group to perform satisfactorily for the rest of the year as the new plant will only be commercially viable towards the end of the year.

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was published by the Group.

B5 Taxation

The taxation is calculated based on the profit for the financial period ended 31 March 2013 comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Income tax				
Estimated tax payable for current period	414	536	892	1026
Under/(Over) provision in prior year	(7)	-	(7)	-
Deferred tax				
Estimated deferred tax for current period	(60)	(5)	(96)	164
	<u>347</u>	<u>531</u>	<u>789</u>	<u>1,190</u>

B6 Status of corporate proposals

There were no corporate proposals as at the date of this report.

B7 Borrowings and debt securities

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
<i>Short term borrowings:</i>		
Secured-Term Loan	940	940
Unsecured - Hire purchase and finance lease payables	274	266
	1,214	1,206
<i>Long term borrowings:</i>		
Secured-Term Loan	6,741	7,211
Unsecured - Hire purchase and finance lease payables	157	295
	6,898	7,506
	<u>8,112</u>	<u>8,712</u>

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B8 Material litigation

The Company's former director, Encik Yusseri Bin Said (who retired and not re-elected at the Company's AGM on 21 June 2012) had on 12 October 2012 and 3 December 2012 filed two identical counterclaims at two different courts on Metro Koats Technology Sdn Bhd ("MKT") and Tex Cycle Technology (M) Berhad ("The Company") respectively for an arbitrary sum of RM500,000 as compensation for his alleged removal as director of MKT and the Company.

For the first case (Metro Koats Technology Sdn Bhd vs. Yusseri Bin Said) court hearing on 3 April 2013, judgement was reserved for 17 May 2013 and later postponed to 10 June 2013 and again postponed to 26 June 2013. On 26 June 2013, the High Court dismissed the counterclaim of RM500,000.

The latter case (Yusseri Bin Said vs. Tex Cycle Technology (M) Berhad) resulted in a judgement in default served on the Company on 1 April 2013 which the Company's lawyer had successfully obtained a stay of execution. On 29 May 2013, the Company's lawyer had filed a case summary and the Company is still awaiting for a hearing date from the court.

B9 Dividends

No dividend has been recommended for the current financial period ended 30 June 2013.

B10 Realised and unrealised profit and loss

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Total retained profit of the Company and it's subsidiaries:		
Realised	33,074	31,169
Unrealised	2,450	2,496
	<u>35,524</u>	<u>33,665</u>

B11 Profit before tax

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Profit before tax is arrived at after the following charges/(credits):				
Depreciation of property, plant and equipment	285	317	586	640
Amortisation of repaid lease payment	44	27	88	54
Allowance for doubtful debts - net	152	(400)	179	(296)
Gain on investment in unit trust	(39)	(36)	(77)	(73)
Gain on disposal of property, plant and equipment - net of tax	-	(2,282)	-	(4,518)
Decrease/(Increase) in fair value of unit trust	168	(85)	106	(223)
Interest income from deposits placed with licensed banks	40	8	64	21
Interest expenses on hire-purchase	(6)	(35)	(13)	(45)

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B12 Earnings per share

(a) Basic Earnings Per Ordinary Share

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Net (loss)/profit for the period (RM'000)	710	3,968	1,859	7,200
Weighted average number of ordinary shares in issue ('000)	170,793	170,793	170,793	170,793
Basic earnings per share (sen)	0.42	2.32	1.09	4.22

(b) Diluted Earnings Per Ordinary Share

Not applicable to the Company

By Order of the Board

Periasamy A/L Sinakalai

Managing Director

Selangor Darul Ehsan

Date: 15 August 2013