

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

| | Individual Quarter | | Cumulative Quarter | |
|------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|
| | Current Year Quarter 30.06.2014 RM'000 | Preceeding Year Corresponding Quarter 30.06.2013 RM'000 | Current Year To Date 30.06.2014 RM'000 | Preceeding Year Corresponding Period 30.06.2013 RM'000 |
| Revenue | 5,841 | 3,817 | 11,043 | 7,407 |
| Cost of sales | (2,220) | (1,142) | (4,009) | (2,122) |
| Gross profit | 3,621 | 2,675 | 7,034 | 5,285 |
| Other income | 409 | 219 | 941 | 807 |
| Distribution and selling expenses | (53) | (38) | (101) | (100) |
| Administrative expenses | (1,487) | (1,230) | (2,823) | (2,380) |
| Other expenses | (362) | (603) | (771) | (1,015) |
| Finance income | 8 | 40 | 21 | 64 |
| Finance costs | (27) | (6) | (30) | (13) |
| Profit before taxation | 2,109 | 1,057 | 4,271 | 2,648 |
| Taxation | (619) | (347) | (1,206) | (789) |
| Profit for the year | 1,490 | 710 | 3,065 | 1,859 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | 1,490 | 710 | 3,065 | 1,859 |
| Earnings per share (sen) | | | | |
| (a) Basic | 0.88 | 0.42 | 1.81 | 1.09 |
| (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 2013 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 2014 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(the figures have not been audited)

| | AS AT 30.06.2014 RM'000 | AS AT 31.12.2013 RM'000 |
|------------------------------------------------|-------------------------------|-------------------------------|
| NON-CURRENT ASSETS | | |
| <i>Property, plant and equipment</i> | 26,647 | 22,163 |
| <i>Prepaid lease payment on leasehold land</i> | 13,365 | 13,454 |
| <i>Investment property</i> | 13,000 | 13,000 |
| <i>Goodwill on consolidation</i> | 584 | 584 |
| | 53,596 | 49,201 |
| CURRENT ASSETS | | |
| <i>Investment in unit trusts</i> | 3,304 | 5,061 |
| <i>Inventories</i> | 755 | 704 |
| <i>Trade receivables</i> | 7,178 | 5,096 |
| <i>Other receivables</i> | 1,419 | 498 |
| <i>Tax recoverable</i> | 897 | 834 |
| <i>Deposits, cash and bank balances</i> | 7,374 | 10,240 |
| | 20,927 | 22,433 |
| CURRENT LIABILITIES | | |
| <i>Borrowings</i> | 1,061 | 1,182 |
| <i>Trade payables</i> | 68 | 119 |
| <i>Other payables</i> | 1,545 | 1,325 |
| <i>Tax payables</i> | 215 | 20 |
| <i>Dividend payable</i> | 847 | - |
| | 3,736 | 2,646 |
| NET CURRENT ASSETS | 17,191 | 19,787 |
| | 70,787 | 68,988 |
| REPRESENTED BY: | | |
| <i>Share capital</i> | 17,079 | 17,079 |
| <i>Share premium</i> | 4,522 | 4,522 |
| <i>Treasury shares</i> | (617) | (474) |
| <i>Retained profits</i> | 43,547 | 41,329 |
| <i>Shareholders' Equity</i> | 64,531 | 62,456 |
| | | |
| <i>Borrowings</i> | 5,925 | 6,407 |
| <i>Deferred tax liabilities</i> | 331 | 125 |
| <i>Non-current liabilities</i> | 6,256 | 6,532 |
| | 70,787 | 68,988 |
| Net assets per share (sen) | 38.08 | 36.83 |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

| Note | Share Capital RM'000 | Non-Distributable Share Premium RM'000 | Treasury Shares RM'000 | Retained Profits RM'000 | Total RM'000 |
|-------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------|---------------------------|----------------------------|-----------------|
| At 1 January 2014 | 17,079 | 4,522 | (474) | 41,329 | 62,456 |
| Purchase of treasury shares | - | - | (143) | - | (143) |
| Total comprehensive income for the period | - | - | - | 3,065 | 3,065 |
| Appropriation: Final dividend payable for the financial year ended 31 December 2013 | - | - | - | (847) | (847) |
| At 30 June 2014 | 17,079 | 4,522 | (617) | 43,547 | 64,531 |
| At 1 January 2013 | 17,079 | 4,522 | - | 33,665 | 55,266 |
| Purchase of treasury shares | - | - | (55) | - | (55) |
| Total comprehensive income for the period | - | - | - | 1,859 | 1,859 |
| At 30 June 2013 | 17,079 | 4,522 | (55) | 35,524 | 57,070 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

| | Current Year To Date 30.06.2014 RM'000 | Preceding Year Corresponding Period 30.06.2013 RM'000 |
|-----------------------------------------------------|----------------------------------------------|----------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 4,271 | 2,648 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 727 | 586 |
| Amortisation of prepaid lease payment | 88 | 88 |
| Allowance for doubtful debts - net | (63) | 179 |
| Changes in fair value of investment | (55) | 106 |
| Gain on investment in unit trust | (65) | (77) |
| Interest expense | 31 | 13 |
| Interest income | (21) | (64) |
| Operating profit before working capital changes | 4,913 | 3,479 |
| | | |
| (Increase)/Decrease in inventories | (51) | (80) |
| (Increase)/Decrease in trade receivables | (2,018) | 2,100 |
| (Increase)/Decrease in other receivables | (884) | (280) |
| Increase/(Decrease) in trade payables | (48) | (20) |
| Increase/(Decrease) in other payables | 455 | (131) |
| Cash generated from operations | 2,367 | 5,068 |
| | | |
| Interest paid | (31) | (13) |
| Taxes paid | (863) | (860) |
| Taxes refunded | 71 | 133 |
| Net cash generated from operating activities | 1,544 | 4,328 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 21 | 64 |
| Proceeds from disposal of investment in unit trust | 1,877 | - |
| Investment in unit trust | (49) | - |
| Purchase of property, plant and equipment | (5,512) | (1,143) |
| Decrease/(Increase) in short-term deposit pledged | - | 254 |
| Net cash used investing activities | (3,663) | (825) |

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

| | Current Year To Date 30.06.2014 RM'000 | Preceding Year Corresponding Period 30.06.2013 RM'000 |
|--------------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------|
| CASH OUTFLOW FROM FINANCING ACTIVITY | | |
| Repayment of term loan | (445) | (470) |
| Repayment of hire purchase and lease financing | (159) | (131) |
| Purchase of treasury shares | (143) | (55) |
| Net cash used in financing activities | (747) | (656) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (2,866) | 2,847 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 10,240 | 13,040 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note A15) | 7,374 | 15,887 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

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 2013. 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 2013.

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 2013 except for the following new/amended MFRS:

- MRFS 10, Investment Entities
12 and 127
- MRFS 136 Impairment of Assets (Amendments relating to Recoverable Amounts Disclosure for Non-financial Assets)
- MRFS 139 Financial Instruments: Recognition and Measurement (Amendments relating to novation of Derivatives Continuation of Hedge Accountings)

The adoption of the new/amended 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 2013 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.

A6 Debt and equity securities

During the current quarter, the Company repurchased 253,000 unit of shares from the open market at an average price of 57sen per share and the total repurchase cost was RM143,219. 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.

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A7 Dividend paid

There were no dividends paid during the financial period.

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

NOTES

A8 Segment information

| | Investment holding RM'000 | Recovery and recycling services RM'000 | Manufacturing RM'000 | Trading RM'000 | Others* RM'000 | Eliminations RM'000 | Total RM'000 |
|---------------------------------------------|------------------------------|-------------------------------------------|-------------------------|-------------------|-------------------|------------------------|-----------------|
| Current Year Quarter | | | | | | | |
| 30.06.14 | | | | | | | |
| Revenue | | | | | | | |
| External sales | - | 5,484 | 226 | 131 | - | - | 5,841 |
| Inter-segment sales | - | - | - | - | - | - | - |
| Total revenue | - | 5,484 | 226 | 131 | - | - | 5,841 |
| Results | | | | | | | |
| Segment results | (123) | 2,524 | 151 | (165) | 209 | - | 2,596 |
| Finance income | 6 | 1 | 1 | - | - | - | 8 |
| Finance cost | - | (27) | - | - | - | - | (27) |
| Depreciation and amortisation | - | (387) | (6) | (75) | - | - | (468) |
| Profit before taxation | (117) | 2,111 | 146 | (240) | 209 | - | 2,109 |
| Current Year To Date | | | | | | | |
| 30.06.14 | | | | | | | |
| Revenue | | | | | | | |
| External sales | - | 10,475 | 269 | 299 | - | - | 11,043 |
| Inter-segment sales | - | - | 1 | - | - | (1) | - |
| Total revenue | - | 10,475 | 270 | 299 | - | (1) | 11,043 |
| Results | | | | | | | |
| Segment results | (179) | 4,929 | 162 | (232) | 414 | - | 5,094 |
| Finance income | 15 | 6 | 1 | - | - | - | 22 |
| Finance cost | - | (30) | - | - | - | - | (30) |
| Depreciation and amortisation | - | (653) | (12) | (150) | - | - | (815) |
| Profit before taxation | (164) | 4,252 | 151 | (382) | 414 | - | 4,271 |
| Preceding Year Corresponding 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 |
| Preceding Year Corresponding Period | | | | | | | |
| 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 |

* This segment represents renting of investment property

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

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

NOTES

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

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 30.06.2014 RM'000 | AS AT 31.12.2013 RM'000 |
|----------------------------------------------|-------------------------------|-------------------------------|
| Approved and contracted for: | | |
| Acquisition of property, plant and equipment | 131 | 3,559 |

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 30.06.2014 RM'000 | Preceeding Year Corresponding Quarter 30.06.2013 RM'000 | Current Year To Date 30.06.2014 RM'000 | Preceeding Year Corresponding Period 30.06.2013 RM'000 |
| Transactions with Metro Engravers Sdn Bhd, a Company with a common director: | | | | |
| - Printing costs payables | - | - | - | - |
| | - | - | - | - |

#RM225

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 30.06.2014 RM'000 | As at 30.06.2013 RM'000 |
|----------------------------------------|-------------------------------|-------------------------------|
| Cash in hand and at banks | 6,470 | 10,106 |
| Deposits with licensed investment bank | 904 | 5,781 |
| | <u>7,374</u> | <u>15,887</u> |

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

NOTES

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 30.06.2014 RM'000 | Preceding Year Corresponding Quarter 30.06.2013 RM'000 | Current Year To Date 30.06.2014 RM'000 | Preceding Year Corresponding Period 30.06.2013 RM'000 |
| Revenue | 5,841 | 3,817 | 11,043 | 7,407 |
| Profit before taxation | 2,109 | 1,057 | 4,271 | 2,648 |

For the quarter ended 30 June 2014, Tex Cycle and its subsidiaries ("Group") generated total revenue of RM5.8million, an increase of RM2.0million or 53% compared to the corresponding quarter of the preceding year ended 30 June 2013. The increase in revenue mainly resulted from the revenue generated from Tex Cycle (P2) Sdn Bhd, the Group's 2nd recycling and recovery plant which started its operations earlier in the year. Accordingly, the Group made a profit before taxation of RM2.1million for the current quarter, an increase of RM1.1million, or 100% compared to the corresponding quarter of the preceding year ended 30 June 2013.

Recycling and recovery division

For the quarter ended 30 June 2014, the revenue of the recycling business increased by RM2.0million or 58% as compared to that of the corresponding quarter preceding year. The increase is mainly due to revenue generated from the 2nd plant of the Group which started its operations earlier in the year.

Manufacturing division

For the current quarter, the revenue of the manufacturing division increased by RM24,000, or 12% as compared to the corresponding quarter preceding year. The increase is due to clearance of some stocks held previously.

Trading division

For the current quarter, the revenue of the trading division decreased by RM2,350, or 2% as compared to the corresponding quarter preceding year. The decrease is mainly due to lower demand from the industry.

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

| | Current Year Quarter 30.06.2014 RM'000 | Current Year Previous Quarter 31.03.2014 RM'000 |
|------------------------|-------------------------------------------------|----------------------------------------------------------|
| Revenue | 5,841 | 5,201 |
| Profit before taxation | 2,109 | 2,162 |

The Group's revenue for the current quarter was RM5.8million as compared to the revenue for the preceding quarter of RM5.2million, representing an increase of RM640,000, or 12%. The increase in revenue was mainly due to higher revenue generated from the recycling division resulting from the commencement of the operations of the 2nd plant. The Group however, made a profit before taxation of RM2.1million for the current quarter, a minimal decrease of RM53,000, or 2% compared to the preceding quarter ended 31 March 2014. The decrease is mainly due to the increase in staff cost as part of the plan of P2.

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

NOTES

B3 Prospects

On 28 February 2014, the Group obtained the business license for the operations of the new plant ("P2"). With the commencement of the operations of P2, the Board of Directors expects the Group to perform better for the rest of the year as P2 will contribute positively towards the performance of the Group.

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 30 June 2014 comprises the following:

| | Individual Quarter | | Cumulative Quarter | |
|-------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
| | Current Year Quarter 30.06.2014 RM'000 | Preceding Year Corresponding Quarter 30.06.2013 RM'000 | Current Year To Date 30.06.2014 RM'000 | Preceding Year Corresponding Period 30.06.2013 RM'000 |
| Income tax | | | | |
| Estimated tax payable for current period | 531 | 414 | 1,000 | 892 |
| Under/(Over) provision in prior year | - | (7) | - | (7) |
| Deferred tax | | | | |
| Estimated deferred tax for current period | 88 | (60) | 206 | (96) |
| | <u>619</u> | <u>347</u> | <u>1,206</u> | <u>789</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 30.06.2014 RM'000 | As at 30.06.2013 RM'000 |
|------------------------------------------------------|-------------------------------|-------------------------------|
| <i>Short term borrowings:</i> | | |
| Secured-Term Loan | 940 | 940 |
| Unsecured - Hire purchase and finance lease payables | 121 | 274 |
| | 1,061 | 1,214 |
| <i>Long term borrowings:</i> | | |
| Secured-Term Loan | 5,833 | 6,741 |
| Unsecured - Hire purchase and finance lease payables | 92 | 157 |
| | 5,925 | 6,898 |
| | <u>6,986</u> | <u>8,112</u> |

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

NOTES

B8 Material litigation

- (a) 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 lawyers had successfully obtained a stay of execution. A full trial was held on 7 November 2013 and on 7 January 2014, the High Court ordered Encik Yusseri's claim to be dismissed with a cost of RM30,000. The judge also held that Encik Yusseri was not dismissed as a director of MKT or the Company and that his earlier suit was *res judicata*, an abuse of court process. Encik Yusseri bin Said had on 4 February 2014 filed an appeal to the Court of Appeal against the decision by the High Court on 7 January 2014.

- (b) TC Chemical Sdn. Bhd. ("TC Chemical"), a wholly-owned subsidiary company of the Company had on 20 March 2014 filed a writ of summons in the High Court Of Malaya, Kuala Lumpur against Petrozchem Sdn. Bhd. (PSB) and Petrozchem Oilfield Services Sdn. Bhd. ("POSB").

TC Chemical sought to claim the outstanding amount as at 27 March 2014 of RM1,220,912 for the supply of "Synthetic Based Mud" to PSB with interest and other damages. PSB had by the Assignment Agreement dated 12 December 2012 transferred the entire business including all assets and liabilities to POSB.

Subsequently, POSB had filed a counter-claim in High Court of Malaya, Kuala Lumpur against TC Chemical for the refund of the amount of RM1,500,000, the partial payment paid to TC Chemical for the supply of "Synthetic Based Mud" including interest and other relevant damages and charges ("the said Counter-Claim").

The High Court had fixed 25 August 2014, 26 August 2014 and 27 August 2014 for case management of the said Counter-Claim.

B9 Dividends

No dividend has been recommended for the current financial period ended 30 June 2014.

B10 Realised and unrealised profit and loss

| | As at 30.06.2014 RM'000 | As at 31.12.2013 RM'000 |
|-------------------------------------------------------------|-------------------------------|-------------------------------|
| Total retained profit of the Company and it's subsidiaries: | | |
| Realised | 35,920 | 33,496 |
| Unrealised | 7,627 | 7,833 |
| | <u>43,547</u> | <u>41,329</u> |

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 2nd Quarter Ended 30 June 2014

NOTES

B11 Profit before tax

| | Individual Quarter | | Cumulative Quarter | |
|------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|
| | Current Year Quarter 30.06.2014 RM'000 | Preceeding Year Corresponding Quarter 30.06.2013 RM'000 | Current Year To Date 30.06.2014 RM'000 | Preceeding Year Corresponding Period 30.06.2013 RM'000 |
| Profit before tax is arrived at after the following charges/(credits): | | | | |
| Depreciation of property, plant and equipment | 424 | 285 | 727 | 586 |
| Amortisation of repaid lease payment | 44 | 44 | 88 | 88 |
| Allowance for doubtful debts - net | (58) | 152 | (63) | 179 |
| Gain on investment in unit trust | (24) | (39) | (65) | (77) |
| Decrease/(Increase) in fair value of unit trust | (46) | 168 | (55) | 106 |
| Interest income from deposits placed with licensed banks | (8) | (40) | (21) | (64) |
| Interest expenses on term loans | 24 | - | 24 | - |
| Interest expenses on hire-purchase | 3 | 6 | 6 | 13 |

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 30.06.2014 RM'000 | Preceeding Year Corresponding Quarter 30.06.2013 RM'000 | Current Year To Date 30.06.2014 RM'000 | Preceeding Year Corresponding Period 30.06.2013 RM'000 |
| Net profit for the period (RM'000) | 1,490 | 710 | 3,065 | 1,859 |
| Weighted average number of ordinary shares in issue ('000) | 169,615 | 170,787 | 169,658 | 170,790 |
| Basic earnings per share (sen) | 0.88 | 0.42 | 1.81 | 1.09 |

(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 2014