



**TEXCHEM RESOURCES BHD (16318-K)  
(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013**

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the quarter and nine months ended 30 September 2013

	Note	3 months ended 30 September		9 months ended 30 September	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Continuing Operations</b>					
<b>Revenue</b>	8	<b>232,823</b>	<b>252,527</b>	<b>716,587</b>	<b>769,970</b>
Cost of sales		(181,474)	(206,229)	(563,242)	(621,739)
<b>Gross profit</b>		<b>51,349</b>	<b>46,298</b>	<b>153,345</b>	<b>148,231</b>
Distribution costs		(32,943)	(27,152)	(95,989)	(82,497)
Administrative expenses		(22,134)	(22,969)	(73,850)	(70,479)
Other income		6,525	9,056	33,070	21,296
<b>Operating profit</b>		<b>2,797</b>	<b>5,233</b>	<b>16,576</b>	<b>16,551</b>
Finance costs		(2,694)	(3,851)	(7,288)	(11,780)
Share of profit/(loss) of jointly controlled entity, net of tax		13	-	(8)	(159)
Share of profit of equity accounted associates, net of tax		1,158	207	1,185	734
<b>Profit before taxation</b>		<b>1,274</b>	<b>1,589</b>	<b>10,465</b>	<b>5,346</b>
Income tax expense	19	(2,999)	(839)	(5,873)	(5,178)
<b>(Loss)/Profit from continuing operation</b>		<b>(1,725)</b>	<b>750</b>	<b>4,592</b>	<b>168</b>
<b>Discontinued operation</b>					
<b>(Loss)/Profit from discontinued operation, net of tax</b>	9	-	(378)	-	220
<b>(Loss)/Profit for the period</b>	20	<b>(1,725)</b>	<b>372</b>	<b>4,592</b>	<b>388</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company					
- from continuing operations		(505)	64	8,825	326
- from discontinued operation		-	(549)	-	(148)
		<b>(505)</b>	<b>(485)</b>	<b>8,825</b>	<b>178</b>
Non-controlling interests		(1,220)	857	(4,233)	210
<b>(Loss)/Profit for the period</b>		<b>(1,725)</b>	<b>372</b>	<b>4,592</b>	<b>388</b>
<b>Basic (loss)/earnings per share attributable to owners of the Company (sen)</b>					
	27				
- from continuing operations		(0.41)	0.05	7.11	0.26
- from discontinued operation		-	(0.44)	-	(0.12)
		<b>(0.41)</b>	<b>(0.39)</b>	<b>7.11</b>	<b>0.14</b>

The condensed consolidated income 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 this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
for the quarter and nine months ended 30 September 2013

	Note	3 months ended 30 September		9 months ended 30 September	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>(Loss)/Profit for the period</b>		<b>(1,725)</b>	<b>372</b>	<b>4,592</b>	<b>388</b>
<b>Other comprehensive income/(expense), net of tax</b>					
Foreign currency translation differences for foreign operations		612	(2,457)	2,782	<b>(1,741)</b>
Transfer of foreign currency translation differences to income statement		1,846	-	1,846	-
<b>Total other comprehensive income/(expense), net of tax</b>		<b>2,458</b>	<b>(2,457)</b>	<b>4,628</b>	<b>(1,741)</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>733</b>	<b>(2,085)</b>	<b>9,220</b>	<b>(1,353)</b>
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company					
- from continuing operations		1,611	(1,191)	12,764	(269)
- from discontinued operation		-	(1,643)	-	(1,325)
		<b>1,611</b>	<b>(2,834)</b>	<b>12,764</b>	<b>(1,594)</b>
Non-controlling interests		(878)	749	(3,544)	241
<b>Total comprehensive income/(expense) for the period</b>		<b>733</b>	<b>(2,085)</b>	<b>9,220</b>	<b>(1,353)</b>

The condensed consolidated statement 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 this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
 At 30 September 2013

	Note	30 September 2013 (Unaudited) RM'000	31 December 2012 (Audited) RM'000
<b>ASSETS</b>			
Property, plant and equipment		142,391	141,106
Investment properties		11,267	-
Investment in associates		54,163	58,247
Investment in jointly controlled entity		268	277
Intangible assets			
- Goodwill		34,382	34,376
- Trademarks		21,500	-
Deferred tax assets		61	1,874
<b>Total non-current assets</b>		<b>264,032</b>	<b>235,880</b>
Trade and other receivables		154,755	164,128
Inventories		68,702	70,650
Current tax assets		6,436	7,666
Cash and cash equivalents		42,247	59,423
<b>Total current assets</b>		<b>272,140</b>	<b>301,867</b>
<b>TOTAL ASSETS</b>		<b>536,172</b>	<b>537,747</b>
<b>EQUITY</b>			
Share capital		124,099	124,099
Reserves		56,276	61,558
<b>Total equity attributable to owners of the Company</b>		<b>180,375</b>	<b>185,657</b>
Non-controlling interests		29,580	24,007
<b>TOTAL EQUITY</b>		<b>209,955</b>	<b>209,664</b>
<b>LIABILITIES</b>			
Loans and borrowings	22	39,466	15,236
Deferred tax liabilities		3,448	2,720
Deferred liability		3,617	3,404
<b>Total non-current liabilities</b>		<b>46,531</b>	<b>21,360</b>
Trade and other payables		114,598	129,105
Provision		3,746	3,452
Loans and borrowings	22	159,306	171,301
Current tax liabilities		2,036	2,865
<b>Total current liabilities</b>		<b>279,686</b>	<b>306,723</b>
<b>TOTAL LIABILITIES</b>		<b>326,217</b>	<b>328,083</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>536,172</b>	<b>537,747</b>

The condensed consolidated statement 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 this interim financial report.

**TEXCHEM RESOURCES BHD**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

for the nine months ended 30 September 2013

	<----- Attributable to owners of the Company ----->						Total equity RM'000
	<----Non-distributable---->			Distributable			
	Share Capital RM'000	Share premium & other capital reserves RM'000	Capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Non- controlling interests RM'000	
<b>At 1 January 2013</b>	124,099	27,696	-	33,862	185,657	24,007	209,664
Other comprehensive income	-	3,939	-	-	3,939	689	4,628
Profit for the period	-	-	-	8,825	8,825	(4,233)	4,592
Total comprehensive income for the period	-	3,939	-	8,825	12,764	(3,544)	9,220
Transfer to capital reserve	-	23	-	(23)	-	-	-
Own shares acquired arising from acquisition of a subsidiary	-	-	(18,046)	-	(18,046)	-	(18,046)
Acquisition of subsidiaries	-	-	-	-	-	9,117	9,117
<b>At 30 September 2013</b>	<b>124,099</b>	<b>31,658</b>	<b>(18,046)</b>	<b>42,664</b>	<b>180,375</b>	<b>29,580</b>	<b>209,955</b>

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 this interim financial report.

**TEXCHEM RESOURCES BHD**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

for the nine months ended 30 September 2012

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->					
	Share Capital RM'000	Share premium & other capital reserves RM'000	Accumulated Losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2012</b>	124,099	27,114	(8,307)	142,906	33,260	176,166
Other comprehensive income/(expense)	-	(1,772)	-	(1,772)	31	(1,741)
Profit for the period	-	-	178	178	210	388
Total comprehensive income/(expense) for the period	-	(1,772)	178	(1,594)	241	(1,353)
Transfer to capital reserve	-	3	(3)	-	-	-
<b>At 30 September 2012</b>	<b>124,099</b>	<b>25,345</b>	<b>(8,132)</b>	<b>141,312</b>	<b>33,501</b>	<b>174,813</b>

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 this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the nine months ended 30 September 2013

	Note	9 months ended 30 September	
		2013	2012
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation from</b>			
- continuing operations		10,465	5,346
- discontinued operation	9	-	288
		10,465	5,634
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment		18,650	21,199
Provision for Directors' retirement/resignation benefits		186	542
Property, plant and equipment written off		433	93
Gain on disposal of property, plant and equipment		(389)	(298)
Interest income		(182)	(1,444)
Interest expense		7,288	12,514
Share of profit of equity accounted associates		(1,185)	(734)
Share of loss of jointly controlled entity		8	159
Gain on disposal of an associate		-	(327)
Fair value gain on remeasurement of an associate	A	(10,987)	-
Negative goodwill	A	(5,107)	-
Loss on liquidation of a subsidiary	B	625	-
Cost of warrant written off		1,000	-
		10,340	31,704
Operating profit before changes in working capital		20,805	37,338
Changes in working capital:			
Inventories		1,948	(4,398)
Trade and other receivables		19,412	(30,329)
Trade and other payables		(21,391)	11,679
		20,774	14,290
Cash generated from operations		20,774	14,290
Income tax paid		(3,055)	(4,173)
Directors' retirement/resignation benefits paid		(303)	(386)
		17,416	9,731
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	A	(7,716)	-
Liquidation of subsidiaries, net of cash and cash equivalents liquidated	B	(2)	-
Purchase of warrant		(1,000)	-
Additional investment in a jointly controlled entity		-	(250)
Proceed from disposal of an associate		-	7,267
Proceeds from disposal of property, plant and equipment		850	1,154
Purchase of property, plant and equipment		(17,596)	(30,150)
Interest received		182	1,444
Dividend received from an associate		486	-
		(24,796)	(20,535)
Net cash used in investing activities		(24,796)	(20,535)

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the nine months ended 30 September 2013 (Cont'd)

	Note	9 months ended 30 September	
		2013	2012
		RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of bridging loan		-	30,000
Repayment of commercial papers		-	(30,000)
Drawdown of term loans		20,941	7,047
Repayment of term loans		(6,860)	(7,047)
Repayment of syndicated term loan		-	(3,663)
Repayment of finance lease liabilities		(1,470)	(1,472)
(Repayment)/Drawdown of borrowings (net)		(15,778)	17,104
Interest paid		(7,288)	(12,514)
Placement in debt service reserve account		-	(2,027)
Net cash used in financing activities		(10,455)	(2,572)
Net decrease in cash and cash equivalents		(17,835)	(13,376)
Cash and cash equivalents at 1 January		43,569	59,959
Effects of exchange differences on cash and cash equivalents		475	(213)
<b>Cash and cash equivalents at 30 September</b>		<b>26,209</b>	<b>46,370</b>

Cash and cash equivalents included in the condensed consolidated statement of cash flow comprise the following statement of financial position amounts:

	30 September 2013 RM'000	30 September 2012 RM'000
Short term deposit with licensed banks (excluding debt service reserve accounts)	4,962	1,202
Cash and bank balances	37,285	53,684
Bank overdrafts	(16,038)	(8,516)
	<b>26,209</b>	<b>46,370</b>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.



**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the nine months ended 30 September 2013 (Cont'd)

**Note A: Acquisition of subsidiaries – Texchem Corporation Sdn Bhd and Sea Master Retail Sdn Bhd**

During the financial period, the Company acquired additional 5.92%, 17.98% and 0.03% equity interest in Texchem Corporation Sdn Bhd (“Texcorp”) on 17 May 2013, 3 July 2013 and 12 July 2013 respectively. Prior to the acquisition, Texcorp was an equity accounted associate with 49.88% equity interest held by the Company. Arising from these acquisitions, Texcorp became a 73.81% owned subsidiary of the Company.

On 31 May 2013, Sea Master Trading Co. Sdn Bhd, a wholly-owned subsidiary of Texchem Food Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, acquired 60% equity interest in Sea Master Retail Sdn Bhd (“SMR”).

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	<b>30 September 2013 RM'000</b>
<b>Fair value of consideration transferred</b>	
Cash and cash equivalents	8,453
<b>Identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	783
Investment properties	11,267
Intangible assets – trademark	21,500
Trade and other receivables	8,184
Cash and cash equivalents	737
Asset classified as held for sale	18,046
Loans and borrowings	(15,124)
Trade and other payables	(5,391)
Current tax liabilities	(32)
Deferred liability	(306)
Total identifiable net assets	39,664
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree	(9,117)
Transfer from foreign currency translation reserve	(1,222)
Transfer from investment in associates	(4,784)
Fair value gain on remeasurement of an associate *	(10,987)
Negative goodwill on acquisition of Texcorp (recognised in income statement) *	(5,107)
Goodwill on acquisition of SMR	6
Purchase consideration settled in cash and cash equivalents	8,453
Cash and cash equivalents acquired	(737)
<b>Net cash outflow arising from acquisition of subsidiaries</b>	<b>7,716</b>

The remeasurement to fair value of the Group’s existing equity interest of 49.88% in the acquiree has resulted in a gain of RM 10,987,000.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the nine months ended 30 September 2013 (Cont'd)

**Note A: Acquisition of subsidiaries – Texchem Corporation Sdn Bhd and Sea Master Retail Sdn Bhd (Cont'd)**

\* The amount recognised in condensed consolidated income statement for periods ended 30 June 2013 and 30 September 2013 are as follows:-

	<b>3 months ended 30 June 2013 RM'000</b>	<b>3 months ended 30 September 2013 RM'000</b>	<b>9 months ended 30 September 2013 RM'000</b>
Fair value gain/(reversal of fair value gain) on remeasurement of an associate	13,005	(2,018)	10,987
Negative goodwill on acquisition of Texcorp	1,062	4,045	5,107
	14,067	2,027	16,094

**Note B: Liquidation of subsidiaries – Eye Graphic (Vietnam) Co., Ltd. and Texchem Trading (Wuxi) Co., Ltd.**

During the financial period, the Company has completed the liquidation of subsidiaries, Eye Graphic (Vietnam) Co., Ltd. and Texchem Trading (Wuxi) Co., Ltd..

The liquidation had the following effect on the Group's assets and liabilities on liquidated date:

	<b>30 September 2013 RM'000</b>
<b>Identifiable assets and liabilities on liquidation</b>	
Trade and other receivables	30
Current tax assets	9
Cash and cash equivalents	2
Trade and other payables	(39)
Total identifiable net assets	2
Loss on liquidation	(625)
Transfer from foreign currency translation reserve	623
	-
Cash and cash equivalents liquidated	(2)
<b>Net cash outflow arising from liquidation of subsidiaries</b>	<b>(2)</b>

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

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**1. Basis of preparation**

The condensed consolidated interim financial statements have been prepared on the historical cost basis, unless otherwise stated.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial 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 financial year ended 31 December 2012.

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2013.

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (2011)
MFRS 127	Separate Financial Statements (2011)
MFRS 128	Investment in Associates and Joint Ventures (2011)
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above standards and amendments are not expected to have any material financial impact to the current and prior periods financial statements of the Group.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

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**1. Basis of preparation (Cont'd)**

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

**Amendments effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

**MFRSs and Amendments effective for annual periods beginning on or after 1 January 2015**

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
Amendments to MFRS 7	Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

**2. Auditors' report on preceding annual financial statements**

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

**3. Seasonality and cyclicity of interim operations**

The Group's operations were not significantly affected by any unusual seasonal or cyclical factors.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the nine months ended 30 September 2013 other than the fair value gain of RM11.0 million on remeasurement of an associate when it became a subsidiary of the Group, negative goodwill of RM5.1 million, loss on liquidation of subsidiaries of RM0.6 million and cost of warrant written off of RM1.0 million.

**5. Changes in estimates**

There were no changes in estimates that have a material effect during the quarter and nine months ended 30 September 2013.

**6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter and nine months ended 30 September 2013.

**7. Dividend paid**

No dividend has been recommended by the Directors during the quarter and nine months ended 30 September 2013.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**8. Operating segments**

Segment information is presented in respect of the Group's business segments, which is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

	Industrial		Polymer Engineering		Food		Restaurant		Others		Eliminations		Consolidated	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>3 months ended 30 September</b>														
Revenue from external customers	<b>102,617</b>	113,847	<b>46,018</b>	43,091	<b>41,059</b>	59,348	<b>42,634</b>	36,241	<b>495</b>	-	-	-	<b>232,823</b>	252,527
Inter-segment revenue	<b>377</b>	278	<b>8</b>	56	<b>2,676</b>	2,059	-	-	<b>2,688</b>	-	<b>(5,749)</b>	(2,393)	-	-
<b>Total revenue</b>	<b>102,994</b>	114,125	<b>46,026</b>	43,147	<b>43,735</b>	61,407	<b>42,634</b>	36,241	<b>3,183</b>	-	<b>(5,749)</b>	(2,393)	<b>232,823</b>	252,527
Profit/(Loss) before share of profit of equity accounted jointly controlled entity and associates, net of tax	<b>1,328</b>	1,048	<b>(3,696)</b>	2,677	<b>(469)</b>	(1,487)	<b>2,980</b>	2,466	<b>(40)</b>	(3,322)			<b>103</b>	1,382
Share of profit of jointly controlled entity, net of tax	-	-	<b>13</b>	-	-	-	-	-	-	-			<b>13</b>	-
Share of profit of equity accounted associates, net of tax	-	-	-	19	-	-	-	-	<b>1,158</b>	188			<b>1,158</b>	207
<b>Profit/(Loss) before tax</b>	<b>1,328</b>	1,048	<b>(3,683)</b>	2,696	<b>(469)</b>	(1,487)	<b>2,980</b>	2,466	<b>1,118</b>	(3,134)			<b>1,274</b>	1,589

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**8. Operating segments (Cont'd)**

	Industrial		Polymer Engineering		Food		Restaurant		Others		Eliminations		Consolidated	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>9 months ended 30 September</b>														
Revenue from external customers	<b>299,858</b>	358,136	<b>128,231</b>	132,766	<b>158,652</b>	170,782	<b>129,167</b>	108,286	<b>679</b>	-	-	-	<b>716,587</b>	769,970
Inter-segment revenue	<b>889</b>	572	<b>31</b>	86	<b>9,134</b>	5,200	-	-	<b>3,582</b>	-	<b>(13,636)</b>	(5,858)	-	-
<b>Total revenue</b>	<b>300,747</b>	358,708	<b>128,262</b>	132,852	<b>167,786</b>	175,982	<b>129,167</b>	108,286	<b>4,261</b>	-	<b>(13,636)</b>	(5,858)	<b>716,587</b>	769,970
Profit/(Loss) before share of (loss)/profit of equity accounted jointly controlled entity and associates, net of tax	<b>3,457</b>	5,571	<b>(12,444)</b>	2,170	<b>(466)</b>	(3,167)	<b>9,591</b>	10,125	<b>9,150</b>	(9,928)			<b>9,288</b>	4,771
Share of loss of jointly controlled entity, net of tax	-	-	<b>(8)</b>	(159)	-	-	-	-	-	-			<b>(8)</b>	(159)
Share of profit of equity accounted associates, net of tax	-	-	-	372	-	-	-	-	<b>1,185</b>	362			<b>1,185</b>	734
<b>Profit/(Loss) before tax</b>	<b>3,457</b>	5,571	<b>(12,452)</b>	2,383	<b>(466)</b>	(3,167)	<b>9,591</b>	10,125	<b>10,335</b>	(9,566)			<b>10,465</b>	5,346
<b>Segment assets</b>	<b>132,540</b>	154,023	<b>168,433</b>	183,381	<b>69,568</b>	91,887	<b>68,002</b>	53,012	<b>97,629</b>	41,113			<b>536,172</b>	523,416

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**
**9. Discontinued Operation**

On 21 March 2012, the Company had entered into a conditional Sale and Purchase Agreement with Fumakilla Limited, Japan (“FMJ”) for the proposed disposal of 70% of the issued and paid-up share capital of Technopia Sdn. Bhd. (“Technopia”) and PT Technopia Jakarta (“PTTJ”) for a cash consideration of USD36.0 million (equivalent to RM110.4 million) and USD6.4 million (equivalent to RM19.6 million) respectively (collectively “Proposed Disposal”). The Proposed Disposal was completed on 19 November 2012.

In accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations, Technopia and PTTJ were classified as discontinued operation as at 30 September 2012.

The profit attributable to the discontinued operation are as follows:

	3 months ended 30 September		9 months ended 30 September	
	2013	2012	2013	2012
	RM’000	RM’000	RM’000	RM’000
<b>Revenue</b>	-	37,015	-	122,943
Cost of sales	-	(21,893)	-	(79,211)
<b>Gross profit</b>	-	<b>15,122</b>	-	<b>43,732</b>
Distribution costs	-	(6,844)	-	(19,474)
Administrative expenses	-	(9,567)	-	(26,213)
Other income	-	964	-	3,767
<b>Operating (loss)/profit</b>	-	<b>(325)</b>	-	<b>1,812</b>
Finance costs	-	(542)	-	(1,524)
<b>(Loss)/Profit before taxation</b>	-	<b>(867)</b>	-	<b>288</b>
Income tax expense	-	489	-	(68)
<b>(Loss)/Profit for the period</b>	-	<b>(378)</b>	-	<b>220</b>

The following amounts have been included in arriving at profit before tax of the discontinued operation:

	3 months ended 30 September		9 months ended 30 September	
	2013	2012	2013	2012
	RM’000	RM’000	RM’000	RM’000
Interest income	-	448	-	734
Rental income	-	166	-	499
Depreciation of property, plant and equipment	-	1,519	-	4,831

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING  
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9. **Discontinued Operation (Cont'd)**

Cash flows from discontinued operation

	9 months ended 30 September	
	2013 RM'000	2012 RM'000
Operating cash flows	-	2,946
Investing cash flows	-	1,083
Financing cash flows	-	(141)
Net cash from discontinued operation	-	3,888

10. **Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2012.

11. **Material events subsequent to the end of the reporting period**

There were no material events which occurred subsequent to the end of the reporting period until the date of this announcement.

12. **Changes in composition of the Group for the nine months ended 30 September 2013**

Other than as disclosed in Note 21 (where relevant) of this condensed consolidated financial statements for the nine months ended 30 September 2013, there are no changes to the composition of the Group since the last quarter.

13. **Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 30 September 2013.

14. **Commitments**

	30 September 2013 RM'000	31 December 2012 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	6,184	7,248
Approved but not contracted for	-	119
	6,184	7,367



**TEXCHEM RESOURCES BHD**  
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING**  
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**15. Operating Segments Analysis**

- (a) Current quarter compared with previous corresponding quarter

**Continuing Operations**

The Group recorded revenue of RM232.8 million in Q3 2013 as compared to RM252.5 million in Q3 2012. The Group reported a pre-tax profit of RM1.3 million in Q3 2013 against a pre-tax profit of RM1.6 million in Q3 2012 due to the various factors as explained in the respective operating business segments as follows:

- (i) Industrial Division

The revenue recorded in Q3 2013 was RM103.0 million as compared to RM114.1 million in Q3 2012. The lower revenue recorded in Q3 2013 was mainly due to the slowdown in the manufacturing industry. However, a higher pre-tax profit of RM1.3 million was achieved in Q3 2013 against pre-tax profit of RM1.0 million in Q3 2012 mainly due to better sales mix.

- (ii) Polymer Engineering Division

The revenue recorded in Q3 2013 was RM46.0 million against RM43.1 million in Q3 2012. The higher revenue was mainly due to higher sales volume arising from medical and life science segment. However, a pre-tax loss of RM3.7 million was incurred in Q3 2013 as compared to pre-tax profit of RM2.7 million achieved in Q3 2012 mainly due to insurance claim of RM5.7 million recognised in Q3 2012 on the damages suffered by Thailand subsidiary. Excluding the insurance claim of RM5.7 million, a pre-tax loss of RM3 million would have been incurred in Q3 2012. The higher losses suffered in Q3 2013 was mainly due to slowdown in semi-conductor, consumer electronics and hard disk drive industries.

- (iii) Food Division

The revenue recorded for Q3 2013 was RM43.7 million against RM61.4 million in Q3 2012. The Division managed to reduce the loss to RM0.5 million in Q3 2013 against pre-tax loss of RM1.5 million in Q3 2012 mainly attributable to better sales mix and higher profit margin of certain products.

- (iv) Restaurant Division

The revenue recorded for Q3 2013 was RM42.6 million against RM36.2 million in Q3 2012 mainly due to opening of new concept restaurants and higher sales achieved by existing outlets. Despite higher sales achieved, pre-tax profit only increased by RM0.5 million in Q3 2013 compared to Q3 2012 mainly due to initial losses incurred by the new concept restaurants.

- (v) Others

The pre-tax profit of RM1.1 million achieved in Q3 2013 against pre-tax loss of RM3.1 million in Q3 2012 mainly due to net adjustment to the fair value gain on remeasurement of an associate and negative goodwill amounting to RM2.0 million when it became a subsidiary of the Group.

**TEXCHEM RESOURCES BHD**  
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING**  
**REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

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**15. Operating Segments Analysis (Cont'd)**

- (b) Current nine (9) months financial period compared with previous corresponding financial period

**Continuing Operations**

The Group recorded revenue of RM716.6 million in YTD Q3 2013 as compared to RM770.0 million in YTD Q3 2012. The Group reported a pre-tax profit of RM10.5 million in YTD Q3 2013 against RM5.3 million in YTD Q3 2012 due to the various factors as explained in the respective operating business segments as follows:

- (i) Industrial Division

The revenue and pre-tax profit recorded in YTD Q3 2013 was RM300.7 million and RM3.5 million as compared to RM358.7 million and RM5.6 million respectively in YTD Q3 2012. The lower revenue and pre-tax profit in YTD Q3 2013 was mainly due to the slowdown in manufacturing industry experienced in Malaysia.

- (ii) Polymer Engineering Division

The revenue recorded for YTD Q3 2013 was RM128.3 million against RM132.9 million in YTD Q3 2012. The lower revenue was mainly due to slowdown in the semi-conductor, consumer electronics and hard disk drive industries. As a result, a higher pre-tax loss of RM12.5 million was incurred in YTD Q3 2013 as compared to pre-tax profit of RM2.4 million in YTD Q3 2012 due to insurance claim of RM5.7 million recognised in Q3 2012 on the damages suffered by Thailand subsidiary.

- (iii) Food Division

The revenue recorded for YTD Q3 2013 was RM167.8 million against RM176.0 million in YTD Q3 2012 mainly due to lower landing of raw materials which result in lower export of seafood products. Despite lower revenue achieved, the Division managed to reduce pre-tax loss level to RM0.5 million in Q3 2013 as compared to pre-tax loss of RM3.2 million in YTD Q3 2012 mainly attributable to better sales mix and higher profit margin of certain products.

- (iv) Restaurant Division

The revenue recorded for YTD Q3 2013 was RM129.2 million against RM108.3 million in YTD Q3 2012 mainly due to opening of new outlets and higher sales achieved by certain existing outlets during the period. Despite higher sales achieved, a lower pre-tax profit of RM9.6 million was achieved in YTD Q3 2013 as compared to RM10.1 million pre-tax profit in YTD Q3 2012 mainly due to the initial losses incurred by the new concept restaurants.

- (vi) Others

The pre-tax profit of RM10.3 million achieved in YTD Q3 2013 against pre-tax loss of RM9.6 million mainly due to fair value gain of RM11.0 million on remeasurement of an associate and negative goodwill of RM5.1 million when it became a subsidiary of the Group.

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**
**16. Variation of results against preceding quarter**

The comparison of the Group's revenue and profit before taxation for the current and the preceding quarters are as follows:

	Quarter 3	Quarter 2	Variance	
	2013	2013	RM'000	%
	RM'000	RM'000		
Revenue from continuing operations	232,823	249,374	(16,551)	(6.6)
Profit before taxation				
- from continuing operations	1,274	9,526	(8,252)	(86.6)
- from discontinued operation	-	-	-	-
	1,274	9,526	(8,252)	(86.6)

The pre-tax profit achieved in Q2 2013 and Q3 2013 was mainly due to fair value gain on re-measurement of an associate and negative goodwill when it became a subsidiary of the Group.

**17. Prospects for 2013**

The business environment for the fourth quarter of 2013 remains challenging due to the prevailing global economic condition. As the Group's business is diversified, the Restaurant Division is expected to continue its good performance as domestic consumer demand remains strong. Similarly, the Food Division is expected to continue operating in a favorable environment as exchange rates, seafood landing and demand continues to be positive influence to the business. Meanwhile, the Industrial Division and Polymer Engineering Division continue to be influenced by global demand and their performance would be dependent on the expected gradual recovery of the global economy.

**18. Profit forecast**

Not applicable as no profit forecast was published.

**19. Income tax expense**

The income tax expense for continuing operations comprises:

	3 months ended		9 months ended	
	30 September		30 September	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	3,785	1,074	3,892	4,673
- prior period	(987)	(169)	(987)	(953)
- Overseas current period	24	(166)	428	891
	2,822	739	3,333	4,611
Deferred tax expense				
- current period	177	100	673	567
- prior period	-	-	1,867	-
	2,999	839	5,873	5,178

The effective tax rates were higher than the statutory tax rate mainly due to the losses which cannot be set-off against taxable profits made by subsidiaries and certain expenses which are not tax deductible.

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**
**20. (Loss)/Profit for the period**

(Loss)/Profit for the period is arrived at after charging/(crediting):

	3 months ended 30 September		9 months ended 30 September	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Reversal of fair value gain/(fair value gain) on remeasurement of an associate	2,018	-	(10,987)	-
Negative goodwill	(4,045)	-	(5,107)	-
Interest income	(65)	(213)	(182)	(1,444)
Interest expense	2,694	3,603	7,288	12,514
Depreciation of property, plant and equipment	6,453	7,283	18,650	21,199
Reversal of impairment loss on trade receivables	(174)	(209)	(154)	(242)
Inventories written down	30	201	63	361
Gain on disposal of property, plant and equipment	(122)	(2)	(389)	(298)
Property, plant and equipment written off	222	17	433	93
Loss on foreign exchange	531	1,018	636	1,107
Loss on liquidation of subsidiaries	9	-	625	-
Cost of warrant written off	-	-	1,000	-
Provision for directors' retirement/ resignation benefits	214	149	186	542

**21. Status of corporate proposals**

The status of the Group's corporate proposals is as follows:

**A. Memorandum of Understanding between Texchem Food Sdn. Bhd. and China National Chemical Fiber Corp.**

On 22 November 2010, the Company announced that Texchem Food Sdn. Bhd. ("TFSB"), a wholly-owned subsidiary of the Company, had on 22 November 2010 entered into a Memorandum of Understanding ("MoU") with China National Chemical Fiber Corp. ("Sinofiber") for the purpose of exploring the possibility of entering into a long term and mutually beneficial relationship whereby Sinofiber will be appointed as TFSB's sole importer of marine products such as soft shell crab and fishmeal in the People's Republic of China.

There is no material development on the MoU since the last announcement made by the Company.

**B. Member's Voluntary Winding Up of New Material Hong Kong Limited**

On 15 April 2013, the Company announced that New Material Hong Kong Limited, a wholly-owned subsidiary of New Material (Malaysia) Sdn. Bhd. which in turn is a wholly-owned subsidiary of Texchem Materials Sdn. Bhd., a wholly-owned subsidiary of the Company, has on 15 April 2013 commenced winding up proceedings voluntarily in accordance with Section 228 of the Hong Kong Companies Ordinance ("Voluntary Winding Up").

The completion of the Voluntary Winding Up is still pending as at todate.

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**
**21. Status of corporate proposals (Cont'd)**
**C. Acquisition of 40 Warrants and a total of 4,882,211 ordinary shares of RM1.00 each in Texchem Corporation Sdn. Bhd.**

The aforesaid acquisition in Texchem Corporation Sdn. Bhd. (“Texcorp”) has been completed resulting in Texcorp becoming a 73.81% owned subsidiary of the Company.

As Texcorp currently holds 21.07% equity interest in the Company being Texcorp’s holding company, the 21.07% of equity interest in the Company is disclosed as Capital reserves and regarded as Treasury shares.

Pursuant to Section 17 of the Companies Act, 1965, Texcorp is required to dispose of all the existing shares held by Texcorp in the Company within twelve (12) months or such longer period as the High Court of Malaya may allow after Texcorp becomes a subsidiary of the Company. Pending the disposal of the shares held by Texcorp in the Company, Texcorp shall have no right to vote at meetings of the Company or any class of the Company’s members.

**D. Deregistration of Texchem-Pack (HK) Limited**

On 22 August 2013, the Company announced that Texchem-Pack (HK) Limited (“TXPHK”), a wholly-owned subsidiary of Texchem-Pack Holdings (S) Ltd. which in turn is a 70.48% subsidiary of the Company, had on 22 August 2013 submitted an application in relation to the deregistration of TXPHK to the local authorities in Hong Kong (“Deregistration”).

The completion of the Deregistration is still pending as at todate.

**E. Member’s Voluntary Winding Up of PT. Technopia Nomos (formerly known as PT. Technopia Lever)**

On 23 August 2013, the Company announced that it had been notified by our agent on 23 August 2013 that they have on 21 August 2013 submitted a Notarial Deed No. 15 dated 21 August 2013 for and on behalf of PT. Technopia Nomos (formerly known as PT. Technopia Lever) [“PTTN”], a wholly-owned subsidiary of the Company, for the purposes of commencing a voluntary winding up proceedings against PTTN (“Member’s Voluntary Winding Up”) to the Minister of Law And Human Rights of the Republic of Indonesia in accordance with the Company Law of Indonesia.

The completion of the Member’s Voluntary Winding Up is still pending as at todate.

**22. Loans and borrowings**

	<b>30 September 2013 RM’000</b>	<b>31 December 2012 RM’000</b>
<b>Current:</b>		
Unsecured		
Bank overdrafts	16,038	15,854
Bankers’ acceptances	45,468	53,015
Revolving credit	72,229	78,070
Term loans	11,247	8,192
Trust receipts	2,851	4,566
Finance lease liabilities	1,276	1,571
Other borrowings	10,197	10,033
<b>Total</b>	<b>159,306</b>	<b>171,301</b>

**TEXCHEM RESOURCES BHD**  
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**22. Loans and borrowings (Cont'd)**

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Non-current:</b>		
Unsecured		
Term loans	23,302	12,255
Revolving credit	13,500	-
Finance lease liabilities	2,664	2,981
Total	39,466	15,236

Loans and borrowings denominated in foreign currencies are as follows:

	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Current:</b>		
Unsecured		
Thai Baht	6,890	7,124
Singapore Dollar	856	72
United States Dollar	13,594	15,722
Hong Kong Dollar	3	3
	21,343	22,921
<b>Non-current:</b>		
Unsecured		
Thai Baht	118	132
Singapore Dollar	32	48
United States Dollar	-	66
	150	246

**23. Derivative financial instruments**

As at 30 September 2013, there was no outstanding derivative financial instrument.

For nine months ended 30 September 2013, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the end of the last reporting period.

**24. Gains and Losses arising from fair value changes of financial liabilities**

There are no gains and losses arising from changes on the fair values of financial liabilities as all financial liabilities are measured at the amortised cost using the effective interest method.

**25. Changes in material litigation**

There was no material litigation against the Group as at 30 September 2013.

**26. Dividend**

No dividend has been proposed or declared for the quarter ended 30 September 2013.

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**
**27. Basic (loss)/earnings per share**

Basic (loss)/earnings per share of the Group is calculated by dividing the (loss)/profit for the period attributable to the owners of the Company by the weighted average number of ordinary shares outstanding.

	3 months ended 30 September		9 months ended 30 September	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(Loss)/Profit for the period attributable to owners of the Company				
- from continuing operations	(505)	64	8,825	326
- from discontinued operation	-	(549)	-	(148)
	<b>(505)</b>	<b>(485)</b>	<b>8,825</b>	<b>178</b>
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic (loss)/earning per share (sen)				
- from continuing operations	(0.41)	0.05	7.11	0.26
- from discontinued operation	-	(0.44)	-	(0.12)
	<b>(0.41)</b>	<b>(0.39)</b>	<b>7.11</b>	<b>0.14</b>

**28. Realised and Unrealised Profits/(Losses)**

The breakdown of retained earnings of the Group as at the end of the reporting period, into realised and unrealised profits/(losses), pursuant to the directive issued by Bursa Malaysia Securities Berhad on 25 March 2010 is as follows:

	30 September 2013 RM'000	31 December 2012 RM'000
<b>Total retained earnings/(accumulated losses) of the Company and its subsidiaries:</b>		
Realised	17,232	18,031
Unrealised	7,553	(3,258)
	<b>24,785</b>	<b>14,773</b>
<b>Total share of retained earnings/(accumulated losses) from associates and jointly controlled entity:</b>		
Realised	(6,126)	(26,438)
Unrealised	28,635	28,285
	<b>22,509</b>	<b>1,847</b>
	47,294	16,220
Add: Consolidation adjustments	(4,630)	17,242
<b>Total Group retained earnings</b>	<b>42,664</b>	<b>33,862</b>

**BY ORDER OF THE BOARD**

**TAN PENG LAM**  
**CHIEF FINANCIAL OFFICER**  
 Date: 30 October 2013