



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2013**

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and twelve months ended 31 December 2013

	Note	3 months ended 31 December		12 months ended 31 December	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Continuing Operations					
Revenue	8	236,625	240,753	953,212	1,010,723
Cost of sales		(182,421)	(193,654)	(745,663)	(815,393)
Gross profit		54,204	47,099	207,549	195,330
Distribution costs		(31,498)	(25,624)	(127,487)	(108,121)
Administrative expenses		(24,056)	(28,715)	(96,281)	(99,194)
Other expenses		(1,075)	(10,004)	(2,700)	(10,004)
Other income		6,876	7,963	39,946	29,259
Operating profit/(loss)		4,451	(9,281)	21,027	7,270
Finance costs		(2,760)	(2,710)	(10,048)	(14,490)
Share of loss of jointly controlled entity, net of tax		(6)	(35)	(14)	(194)
Share of (loss)/profit of equity accounted associates, net of tax		(7)	(14,345)	1,178	(13,611)
Profit/(Loss) before taxation		1,678	(26,371)	12,143	(21,025)
Income tax expense	19	(3,278)	(2,942)	(9,151)	(8,120)
(Loss)/Profit from continuing operation		(1,600)	(29,313)	2,992	(29,145)
Discontinued operation					
Profit from discontinued operation, net of tax	9	-	77,666	-	77,886
(Loss)/Profit for the period/year	20	(1,600)	48,353	2,992	48,741
(Loss)/Profit attributable to:					
Owners of the Company					
- from continuing operations		(161)	(28,476)	8,664	(28,150)
- from discontinued operation		-	77,666	-	77,518
		(161)	49,190	8,664	49,368
Non-controlling interests		(1,439)	(837)	(5,672)	(627)
(Loss)/Profit for the period/year		(1,600)	48,353	2,992	48,741
Basic (loss)/earnings per share attributable to owners of the Company (sen)					
	27				
- from continuing operations		(0.13)	(22.95)	6.98	(22.68)
- from discontinued operation		-	62.58	-	62.46
		(0.13)	39.63	6.98	39.78

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 twelve months ended 31 December 2013

	Note	3 months ended 31 December		12 months ended 31 December	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(Loss)/Profit for the period/year		(1,600)	48,353	2,992	48,741
Other comprehensive (expense)/income, net of tax					
Foreign currency translation differences for foreign operations		(1,539)	1,615	1,243	(126)
Transfer of foreign currency translation differences to income statement		30	-	1,876	-
Total other comprehensive (expense)/income, net of tax		(1,509)	1,615	3,119	(126)
Total comprehensive (expense)/income for the period/year		(3,109)	49,968	6,111	48,615
Total comprehensive (expense)/income attributable to:					
Owners of the Company					
- from continuing operations		(1,231)	(27,363)	11,533	(27,632)
- from discontinued operation		-	77,964	-	76,639
		(1,231)	50,601	11,533	49,007
Non-controlling interests		(1,878)	(633)	(5,422)	(392)
Total comprehensive (expense)/income for the period/year		(3,109)	49,968	6,111	48,615

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 31 December 2013

	Note	31 December 2013 (Unaudited) RM'000	31 December 2012 (Audited) RM'000
ASSETS			
Property, plant and equipment		140,646	141,106
Investment properties		11,267	-
Investment in associates		54,201	58,247
Investment in jointly controlled entity		263	277
Intangible assets			
- Goodwill		34,382	34,376
- Trademarks		21,500	-
Deferred tax assets		151	1,874
Total non-current assets		262,410	235,880
Trade and other receivables		150,941	164,128
Inventories		71,448	70,650
Current tax assets		4,494	7,666
Cash and cash equivalents		46,781	59,423
Total current assets		273,664	301,867
TOTAL ASSETS		536,074	537,747
EQUITY			
Share capital		124,099	124,099
Reserves		55,045	61,558
Total equity attributable to owners of the Company		179,144	185,657
Non-controlling interests		27,702	24,007
TOTAL EQUITY		206,846	209,664
LIABILITIES			
Loans and borrowings	22	37,741	15,236
Deferred tax liabilities		2,739	2,720
Deferred liability		3,258	3,404
Total non-current liabilities		43,738	21,360
Trade and other payables		118,066	129,105
Provision		3,833	3,452
Loans and borrowings	22	160,449	171,301
Current tax liabilities		3,142	2,865
Total current liabilities		285,490	306,723
TOTAL LIABILITIES		329,228	328,083
TOTAL EQUITY AND LIABILITIES		536,074	537,747

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 twelve months ended 31 December 2013

	<--- Attributable to owners of the Company --->			Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings RM'000			
At 1 January 2013	124,099	27,696	33,862	185,657	24,007	209,664
Other comprehensive income	-	2,869	-	2,869	250	3,119
Profit for the year	-	-	8,664	8,664	(5,672)	2,992
Total comprehensive income for the year	-	2,869	8,664	11,533	(5,422)	6,111
Transfer to capital reserve	-	23	(23)	-	-	-
Own shares acquired arising from acquisition of a subsidiary	-	(18,046)	-	-	-	(18,046)
Acquisition of subsidiaries	-	-	-	-	9,117	9,117
At 31 December 2013	124,099	12,542	42,503	179,144	27,702	206,846

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 twelve months ended 31 December 2012

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->					
	Share Capital RM'000	Share premium & other capital reserves RM'000	(Accumulated Losses)/ Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012	124,099	27,114	(8,307)	142,906	33,260	176,166
Other comprehensive income/(expense)	-	(361)	-	(361)	235	(126)
Profit for the year	-	-	49,368	49,368	(627)	48,741
Total comprehensive income/(expense) for the year	-	(361)	49,368	49,007	(392)	48,615
Dividend	-	-	(9,307)	(9,307)	-	(9,307)
Acquisition of a subsidiary	-	(246)	-	(246)	-	(246)
Disposal of subsidiaries	-	1,131	2,166	3,297	(8,861)	(5,564)
Total transaction with owners of the Company	-	885	(7,141)	(6,256)	(8,861)	(15,117)
Transfer to capital reserve	-	58	(58)	-	-	-
At 31 December 2012	124,099	27,696	33,862	185,657	24,007	209,664

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 twelve months ended 31 December 2013

	Note	12 months ended 31 December	
		2013	2012
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation from			
- continuing operations		12,143	(21,025)
- discontinued operation	9	-	6,887
		12,143	(14,138)
Adjustments for:			
Depreciation of property, plant and equipment		25,038	26,965
Provision for Directors' retirement/resignation benefits		128	982
Property, plant and equipment written off		455	226
Gain on disposal of property, plant and equipment		(752)	(382)
Impairment loss on/(reversal of) property, plant and equipment		925	(2,197)
Gain on re-measurement of retained interest in associates	9	-	(28,285)
Gain on disposal of an associate		-	(326)
Impairment loss on goodwill		-	31,690
Interest income		(265)	(1,434)
Interest expense		10,048	16,014
Share of (profit)/loss of equity accounted associates		(1,178)	13,611
Share of loss of jointly controlled entity		14	194
Fair value gain on remeasurement of an associate	A	(10,987)	-
Negative goodwill	A	(5,107)	-
Loss on liquidation of a subsidiary	B	677	-
Cost of warrant written off		1,000	-
		19,996	57,058
Operating profit before changes in working capital		32,139	42,920
Changes in working capital:			
Inventories		(798)	(6,339)
Trade and other receivables		21,273	(15,170)
Trade and other payables		(17,145)	17,775
Cash generated from operations		35,469	39,186
Income tax paid		(3,752)	(7,365)
Directors' retirement/resignation benefits paid		(603)	(610)
Net cash generated from operating activities		31,114	31,211

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the twelve months ended 31 December 2013 (Cont'd)

	Note	12 months ended 31 December	
		2013	2012
		RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	A	(7,716)	(23,490)
Liquidation of subsidiaries, net of cash and cash equivalents liquidated	B	393	-
Disposal of subsidiaries, net of cash and cash equivalents disposed	9	-	120,988
Additional investment in a jointly controlled entity		-	(250)
Purchase of warrant		(1,000)	-
Proceed from disposal of an associate		-	7,267
Proceeds from disposal of property, plant and equipment		1,750	496
Purchase of property, plant and equipment		(23,240)	(36,003)
Interest received		265	1,434
Dividend received from an associate		486	-
Net cash (used in)/generated from investing activities		(29,062)	70,442
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of bridging loan		-	30,000
Repayment of bridging loan		-	(30,000)
Repayment of commercial papers		-	(30,000)
Repayment of syndicated term loan		-	(55,000)
Drawdown of term loans		23,171	9,065
Repayment of term loans		(9,912)	(9,333)
Repayment of finance lease liabilities		(1,856)	(1,990)
Repayment of borrowings (net)		(16,298)	(6,083)
Interest paid		(10,048)	(16,014)
Dividend paid to shareholders of the Company		-	(9,307)
Withdrawal from debt service reserve account		-	600
Net cash used in financing activities		(14,943)	(118,062)
Net decrease in cash and cash equivalents		(12,891)	(16,409)
Cash and cash equivalents at 1 January		43,569	59,958
Effects of exchange differences on cash and cash equivalents		576	20
Cash and cash equivalents at 31 December	C	31,254	43,569

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the twelve months ended 31 December 2013 (Cont'd)

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

During the financial year, 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”).

During the financial year 2012, the Company acquired the entire interest in PT Technopia Nomos (formerly known as PT Technopia Lever).

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

	31 December 2013 RM'000	31 December 2012 RM'000
Fair value of consideration transferred		
Cash and cash equivalents	8,453	-
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	783	-
Investment properties	11,267	-
Intangible assets – trademark	21,500	-
Trade and other receivables	8,184	4,307
Cash and cash equivalents	737	765
Other investment	18,046	-
Loans and borrowings	(15,124)	-
Trade and other payables	(5,391)	(2,503)
Current tax liabilities	(32)	-
Deferred liability	(306)	-
Total identifiable net assets	39,664	2,569
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	6	21,686
Purchase consideration settled in cash and cash equivalents	8,453	24,255
Cash and cash equivalents acquired	(737)	(765)
Net cash outflow arising from acquisition of subsidiaries	7,716	23,490

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 twelve months ended 31 December 2013 (Cont'd)

Note B: Liquidation of subsidiaries – Eye Graphic (Vietnam) Co., Ltd., Texchem Trading (Wuxi) Co., Ltd. and New Material Hong Kong Limited.

During the financial year, the Company has completed the liquidation of subsidiaries, Eye Graphic (Vietnam) Co., Ltd., Texchem Trading (Wuxi) Co., Ltd. and New Material Hong Kong Limited.

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

	31 December 2013 RM'000
Identifiable assets and liabilities on liquidation	
Property, plant and equipment	8
Trade and other receivables	438
Current tax assets	9
Cash and cash equivalents	267
Trade and other payables	(39)
Total identifiable net assets	<hr/> 683
Loss on liquidation	(677)
Transfer from foreign currency translation reserve	654
	<hr/> 660
Cash and cash equivalents liquidated	(267)
Net cash inflow arising from liquidation of subsidiaries	<hr/> 393 <hr/>

Note C: Cash and cash equivalents

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

	31 December 2013 RM'000	31 December 2012 RM'000
Short term deposit with licensed banks (excluding debt service reserve accounts)	3,955	2,531
Cash and bank balances	42,825	56,892
Bank overdrafts	(15,526)	(15,854)
	<hr/> 31,254 <hr/>	<hr/> 43,569 <hr/>

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
PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

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 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
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	Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
MFRS 128	Investment in Associates and Joint Ventures (2011)
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
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
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)

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

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
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

MFRSs and Amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 13	Fair Value Measurements (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant & Equipment (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 119	Employee Benefits (IAS 19 as amended by IASB in November 2013)
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)

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 twelve months ended 31 December 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 RM0.7 million, cost of warrant written off of RM1.0 million and impairment loss of property, plant and equipment and other receivables of RM1.0 million.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and twelve months ended 31 December 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 twelve months ended 31 December 2013.

7. Dividend paid

No dividend has been recommended by the Directors during the quarter and twelve months ended 31 December 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
3 months ended 31 December														
Revenue from external customers	92,993	94,380	46,857	43,286	46,713	60,424	49,581	42,663	481	-	-	-	236,625	240,753
Inter-segment revenue	428	134	120	31	1,728	1,785	-	-	2,719	-	(4,995)	(1,950)	-	-
Total revenue	93,421	94,514	46,977	43,317	48,441	62,209	49,581	42,663	3,200	-	(4,995)	(1,950)	236,625	240,753
Profit/(Loss) before share of profit of equity accounted jointly controlled entity and associates, net of tax	862	(963)	(3,615)	(11,178)	(32)	(2,235)	6,768	6,134	(2,292)	(3,749)			1,691	(11,991)
Share of profit of jointly controlled entity, net of tax	-	-	(6)	(35)	-	-	-	-	-	-			(6)	(35)
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	(7)	(14,345)			(7)	(14,345)
Profit/(Loss) before tax	862	(963)	(3,621)	(11,213)	(32)	(2,235)	6,768	6,134	(2,299)	(18,094)			1,678	(26,371)

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
12 months ended 31 December														
Revenue from external customers	392,851	452,516	175,088	176,052	205,365	231,206	178,748	150,949	1,160	-	-	-	953,212	1,010,723
Inter-segment revenue	1,317	706	151	117	10,862	6,985	-	-	6,301	-	(18,631)	(7,808)	-	-
Total revenue	394,168	453,222	175,239	176,169	216,227	238,191	178,748	150,949	7,461	-	(18,631)	(7,808)	953,212	1,010,723
Profit/(Loss) before share of (loss)/profit of equity accounted jointly controlled entity and associates, net of tax	4,319	4,608	(16,059)	(9,008)	(498)	(5,402)	16,359	16,259	6,858	(13,677)			10,979	(7,220)
Share of loss of jointly controlled entity, net of tax	-	-	(14)	(194)	-	-	-	-	-	-			(14)	(194)
Share of profit/(loss) of equity accounted associates, net of tax	-	-	-	373	-	-	-	-	1,178	(13,984)			1,178	(13,611)
Profit/(Loss) before tax	4,319	4,608	(16,073)	(8,829)	(498)	(5,402)	16,359	16,259	8,036	(27,661)			12,143	(21,025)
Segment assets	125,990	139,745	164,968	168,714	75,635	96,138	71,397	64,066	98,084	69,084			536,074	537,747

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 31 December 2012.

The profit attributable to the discontinued operation are as follows:

	3 months ended		12 months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	122,943
Cost of sales	-	-	-	(79,211)
Gross profit	-	-	-	43,732
Distribution costs	-	-	-	(19,474)
Administrative expenses	-	-	-	(26,196)
Other expenses	-	(21,686)	-	(21,686)
Other income	-	28,285	-	32,035
Operating (loss)/profit	-	6,599	-	8,411
Finance costs	-	-	-	(1,524)
(Loss)/Profit before taxation	-	6,599	-	6,887
Income tax expense	-	721	-	653
Results from operating activities, net of tax	-	7,320	-	7,540
Gain on sale of discontinued activities	-	70,346	-	70,346
Profit for the period/year	-	77,666	-	77,886

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

	3 months ended		12 months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income	-	67	-	801
Rental income	-	-	-	499
Depreciation of property, plant and equipment	-	-	-	4,832
Gain on re-measurement of retained interest in associates	-	28,285	-	28,285
Impairment loss of goodwill	-	(21,686)	-	(21,686)

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 (Cont'd)

Cash flows from discontinued operation:

	31 December 2013 RM'000	31 December 2012 RM'000
Operating cash flows	-	2,946
Investing cash flows	-	120,988
Financing cash flows	-	(141)
Net cash from discontinued operation	<u>-</u>	<u>123,793</u>

Effect of disposal on financial position of the Group:

	31 December 2013 RM'000	31 December 2012 RM'000
Property, plant and equipment	-	50,889
Inventories	-	22,331
Trade and other receivables	-	77,876
Current tax assets	-	6,768
Deferred tax assets	-	1,047
Cash and cash equivalents	-	9,014
Trade and other payables	-	(46,850)
Loans and borrowings	-	(34,101)
Deferred tax liabilities	-	(2,194)
Deferred liabilities	-	(469)
Non-controlling interest	-	(8,861)
Net assets disposed	<u>-</u>	<u>75,450</u>
Goodwill	-	9,920
Transfer from foreign currency translation reserve	-	1,715
Transfer to investment in associates	-	(27,429)
Gain on sale on discontinued operation	-	70,346
Consideration received, satisfied in cash	<u>-</u>	<u>130,002</u>
Cash and cash equivalents disposed	<u>-</u>	<u>(9,014)</u>
Net cash inflow arising from disposal of subsidiaries	<u>-</u>	<u>120,988</u>

Gain on sale of subsidiaries is attributable to:

- Gain on disposed interest in discontinued operation	-	70,346
- Gain on re-measurement of retained interest in associates	-	28,285
Net cash from discontinued operation	<u>-</u>	<u>98,631</u>

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

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 twelve months ended 31 December 2013

Other than as disclosed in Note 21 (where relevant) of this condensed consolidated financial statements for the twelve months ended 31 December 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 31 December 2013.

14. Commitments

	31 December 2013 RM'000	31 December 2012 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	5,109	7,248
Approved but not contracted for	-	119
	<u>5,109</u>	<u>7,367</u>

15. Operating Segments Analysis

- (a) Current quarter compared with previous corresponding quarter

Continuing Operations

The Group recorded revenue of RM236.6 million in Q4 2013 as compared to RM240.8 million in Q4 2012. The Group reported a pre-tax profit of RM1.7 million in Q4 2013 against a pre-tax loss of RM26.4 million in Q4 2012 due to the various factors as explained in the respective operating business segments as follows:

- (i) Industrial Division

The revenue recorded in Q4 2013 was RM93.4 million as compared to RM94.5 million in Q4 2012. The lower revenue recorded in Q4 2013 was mainly due to the slowdown in the manufacturing industry. However, a higher pre-tax profit of RM0.9 million was achieved in Q4 2013 against pre-tax loss of RM1.0 million in Q4 2012 mainly due to better sales mix.

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

15. Operating Segments Analysis (Cont'd)

(a) Current quarter compared with previous corresponding quarter (cont'd)

(ii) Polymer Engineering Division

The revenue recorded in Q4 2013 was RM47.0 million against RM43.3 million in Q4 2012. The higher revenue was mainly due to growth in sales registered in the wafer shipper, medical/life science as well as HDD retail pack business. A pre-tax loss of RM3.6 million was incurred in Q4 2013 as compared to pre-tax loss of RM11.2 million achieved in Q4 2012 mainly due to impairment loss on goodwill of RM8.97 million for a loss making subsidiary provided in Q4 2012. Excluding the impairment loss of RM8.97 million, a pre-tax loss of RM2.2 million would have been incurred in Q4 2012. The higher losses suffered in Q4 2013 was mainly due to slowdown in semi-conductor, consumer electronics and hard disk drive industries.

(iii) Food Division

The revenue recorded for Q4 2013 was RM48.4 million against RM62.2 million in Q4 2012. The Division managed to breakeven in Q4 2013 against pre-tax loss of RM2.2 million in Q4 2012 mainly attributable to better sales mix and higher profit margin of certain products in Q4 2013.

(iv) Restaurant Division

The revenue recorded for Q4 2013 was RM49.6 million against RM42.7 million in Q4 2012 mainly due to higher sales achieved by existing outlets. Despite higher sales achieved, pre-tax profit only increased by RM0.6 million in Q4 2013 compared to Q4 2012 mainly due to initial losses incurred by the new concept restaurants.

(v) Others

The pre-tax loss of RM2.3 million was incurred in Q4 2013 against pre-tax loss of RM18.1 million in Q4 2012 mainly due to share of loss of associate on impairment loss of investment in Q4 2012.

(b) Current twelve (12) months financial year compared with previous corresponding financial year

Continuing Operations

The Group recorded revenue of RM953.2 million in 2013 as compared to RM1,010.7 million in 2012. The Group reported a pre-tax profit of RM12.1 million in 2013 against pre-tax loss RM21.0 million in 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 2013 was RM394.2 million and RM4.3 million as compared to RM453.2 million and RM4.6 million respectively in 2012. The lower revenue and pre-tax profit in 2013 was mainly due to the slowdown in manufacturing industry experienced in Malaysia.

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
15. Operating Segments Analysis (Cont'd)

(b) Current twelve (12) months financial year compared with previous corresponding financial year (cont'd)

(ii) Polymer Engineering Division

The revenue recorded for 2013 was RM175.2 million against RM176.2 million in 2012. A higher pre-tax loss of RM16.1 million incurred in 2013 as compared to pre-tax loss of RM8.8 million in 2012 was mainly due to slowdown in the semi-conductor, consumer electronics and hard disk drive industries.

(iii) Food Division

The revenue recorded for 2013 was RM216.2 million against RM238.2 million in 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 2013 as compared to pre-tax loss of RM5.4 million in 2012 mainly attributable to better sales mix and higher profit margin of certain products.

(iv) Restaurant Division

The revenue recorded for 2013 was RM178.7 million against RM150.9 million in 2012 mainly due to opening of new outlets and higher sales achieved by certain existing outlets during the period. Despite higher sales achieved, a pre-tax profit of RM16.4 million was achieved in 2013 as compared to RM16.3 million pre-tax profit in 2012 mainly due to the initial losses incurred by the new concept restaurants.

(vi) Others

The pre-tax profit of RM8.0 million achieved in 2013 against pre-tax loss of RM27.7 million mainly due to fair value gain of RM11.0 million on re-measurement of an associate and negative goodwill of RM5.1 million when it became a subsidiary of the Group.

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 4 2013 RM'000	Quarter 3 2013 RM'000	Variance RM'000	%
Revenue from continuing operations	236,625	232,823	3,802	1.6
Profit before taxation from continuing operations	1,678	1,274	404	31.7

The pre-tax profit of RM1.7 million achieved in Q4 2014 was slightly higher than the preceding quarter as explained above.

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
17. Prospects for 2014

The business environment for year 2014 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		12 months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
- current period/year	3,171	2,873	7,063	7,546
- prior period/year	(41)	829	(1,028)	(124)
Foreign tax expense				
- current period/year	947	453	1,375	1,344
- prior period/year	-	48	-	48
	4,077	4,203	7,410	8,814
Deferred tax expense				
- current period/year	(799)	(1,309)	(126)	(742)
- prior period/year	-	48	1,867	48
	3,278	2,942	9,151	8,120

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/year

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

	3 months ended		12 months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fair value gain on re-measurement of an associate	-	-	(10,987)	-
Negative goodwill	-	-	(5,107)	-
Impairment loss on goodwill	-	31,690	-	31,690
Interest income	(83)	-	(265)	(1,434)
Interest expense	2,760	3,500	10,048	16,014
Depreciation of property, plant and equipment	6,388	5,766	25,038	26,965
(Reversal of)/impairment loss on trade receivables	(15)	36	(169)	(206)
Impairment loss on other receivables	98	-	98	-
Inventories written down	154	633	217	994
Gain on disposal of property, plant and equipment	(363)	(84)	(752)	(382)
Property, plant and equipment written off	22	133	455	226
Impairment loss on/(reversal of) property, plant and equipment	925	(2,197)	925	(2,197)
(Gain)/Loss on foreign exchange	(369)	1,764	267	2,871
Loss on liquidation of subsidiaries	52	-	677	-
Cost of warrant written off	-	-	1,000	-
(Reversal of)/Provision for directors' retirement/resignation benefits	(58)	440	128	982
Gain on disposal of an associate	-	-	-	(326)
Gain on re-measurement of retained interest in associates	-	(28,285)	-	(28,285)

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.

21. Status of corporate proposals

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 ("NMHK"), 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 Voluntary Winding Up was completed on 2 December 2013.

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.

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.

F. Re-organisation of wholly-owned sub-subsidiary

On 31 October 2013, the Company announced that it had on 31 October 2013 acquired 3,000,000 ordinary shares of RM1.00 each, representing 100% of the equity interest in Miraku Sdn. Bhd. ("Miraku"), from Sushi Kin Sdn. Bhd., a wholly-owned subsidiary of the Company at a total cash consideration of RM3.5 million only being the total investment cost of Sushi Kin Sdn. Bhd. in Miraku ("Re-organisation").

The Re-organisation was completed on 31 October 2013 resulting in Miraku became a wholly-owned subsidiary of the Company.

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

22. Loans and borrowings

	31 December 2013 RM'000	31 December 2012 RM'000
Unsecured		
Current:		
Bank overdrafts	15,526	15,854
Bankers' acceptances	44,919	53,015
Revolving credit	74,170	78,070
Term loans	12,274	8,192
Trust receipts	2,118	4,566
Finance lease liabilities	1,473	1,571
Other borrowings	9,969	10,033
Total	160,449	171,301
Non-current:		
Term loans	21,429	12,255
Revolving credit	13,250	-
Finance lease liabilities	3,062	2,981
Total	37,741	15,236

Loans and borrowings denominated in foreign currencies are as follows:

Unsecured		
Current:		
Thai Baht	4,357	7,124
Singapore Dollar	684	72
United States Dollar	17,937	15,722
Hong Kong Dollar	-	3
	22,978	22,921
Non-current:		
Thai Baht	43	132
Singapore Dollar	15	48
United States Dollar	-	66
	58	246

23. Derivative financial instruments

As at 31 December 2013, there was no outstanding derivative financial instrument.

For twelve months ended 31 December 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 material 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 31 December 2013.

26. Dividend

No dividend has been proposed or declared for the quarter ended 31 December 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/year attributable to the owners of the Company by the weighted average number of ordinary shares outstanding.

	3 months ended 31 December		12 months ended 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(Loss)/Profit for the period/year attributable to owners of the Company				
- from continuing operations	(161)	(28,476)	8,664	(28,150)
- from discontinued operation	-	77,666	-	77,518
	(161)	49,190	8,664	49,368
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	(0.13)	(22.95)	6.98	(22.68)
- from discontinued operation	-	62.58	-	62.46
	(0.13)	39.63	6.98	39.78

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:

	31 December 2013 RM'000	31 December 2012 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
Realised	17,745	18,031
Unrealised	9,285	(3,258)
	27,030	14,773
Total share of retained earnings/(accumulated losses) from associates and jointly controlled entity:		
Realised	(6,138)	(26,438)
Unrealised	28,635	28,285
	22,497	1,847
	49,527	16,220
Add: Consolidation adjustments	(7,024)	17,242
Total Group retained earnings	42,503	33,862

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 26 February 2014