



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2014

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and three months ended 31 March 2014

		3 months ended 31 March		3 months ended 31 March	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing Operations					
Revenue	8	241,234	234,390	241,234	234,390
Cost of sales		(182,102)	(182,503)	(182,102)	(182,503)
Gross profit		59,132	51,887	59,132	51,887
Distribution costs		(35,718)	(30,992)	(35,718)	(30,992)
Administrative expenses		(24,999)	(24,696)	(24,999)	(24,696)
Other income		6,095	5,592	6,095	5,592
Operating profit		4,510	1,791	4,510	1,791
Finance costs		(2,712)	(2,267)	(2,712)	(2,267)
Share of loss of joint venture, net of tax		(1)	(10)	(1)	(10)
Share of profit of equity accounted associates, net of tax		569	151	569	151
Profit/(Loss) before taxation		2,366	(335)	2,366	(335)
Income tax expense	18	(2,446)	(944)	(2,446)	(944)
Loss for the period	19	(80)	(1,279)	(80)	(1,279)
Profit/(Loss) attributable to:					
Owners of the Company		927	168	927	168
Non-controlling interests		(1,007)	(1,447)	(1,007)	(1,447)
Loss for the period		(80)	(1,279)	(80)	(1,279)
Basic earnings per share attributable to owners of the Company (sen)					
	26	0.75	0.14	0.75	0.14

The condensed consolidated income 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 this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the quarter and three months ended 31 March 2014

	Note	3 months ended 31 March		3 months ended 31 March	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss for the period		(80)	(1,279)	(80)	(1,279)
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		56	2,079	56	2,079
Total other comprehensive income, net of tax		56	2,079	56	2,079
Total comprehensive (expense)/income for the period		(24)	800	(24)	800
Total comprehensive income/(expense) attributable to:					
Owners of the Company		999	1,646	999	1,646
Non-controlling interests		(1,023)	(846)	(1,023)	(846)
Total comprehensive (expense)/income for the period		(24)	800	(24)	800

The condensed consolidated statement 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 this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2014

	Note	31 March 2014 (Unaudited) RM'000	31 December 2013 (Audited) RM'000
ASSETS			
Property, plant and equipment		139,428	141,759
Investment properties		11,267	11,267
Investment in associates		54,639	54,071
Investment in joint venture		262	263
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
Deferred tax assets		91	142
Total non-current assets		261,569	263,384
Trade and other receivables		175,629	148,956
Inventories		74,737	72,007
Current tax assets		3,341	4,458
Cash and cash equivalents		36,130	46,873
Total current assets		289,837	272,294
TOTAL ASSETS		551,406	535,678
EQUITY			
Share capital		124,099	124,099
Reserves		55,890	54,891
Total equity attributable to owners of the Company		179,989	178,990
Non-controlling interests		26,590	27,613
TOTAL EQUITY		206,579	206,603
LIABILITIES			
Loans and borrowings	21	34,121	37,566
Deferred tax liabilities		2,647	2,717
Deferred liabilities		2,730	2,318
Total non-current liabilities		39,498	42,601
Trade and other payables		125,936	117,833
Provision		3,875	3,833
Loans and borrowings	21	172,011	160,660
Current tax liabilities		3,507	3,223
Deferred liabilities		-	925
Total current liabilities		305,329	286,474
TOTAL LIABILITIES		344,827	329,075
TOTAL EQUITY AND LIABILITIES		551,406	535,678

The condensed consolidated statement 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 this interim financial report.

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

for the three months ended 31 March 2014

	<--- Attributable to owners of the Company --->					
	Non-distributable			Distributable		
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2014	124,099	12,553	42,338	178,990	27,613	206,603
Other comprehensive income/(expense)	-	72	-	72	(16)	56
Profit/(loss) for the period	-	-	927	927	(1,007)	(80)
Total comprehensive income/(expense) for the period	-	72	927	999	(1,023)	(24)
At 31 March 2014	124,099	12,625	43,265	179,989	26,590	206,579

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 this interim financial report.

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

for the three months ended 31 March 2013

	<--- Attributable to owners of the Company --->		Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable	Distributable				
	Share Capital RM'000	Share premium & other capital reserves RM'000				
At 1 January 2013	124,099	27,696	33,862	185,657	24,007	209,664
Other comprehensive income	-	1,478	-	1,478	601	2,079
Profit/(loss) for the period	-	-	168	168	(1,447)	(1,279)
Total comprehensive income/(expense) for the period	-	1,478	168	1,646	(846)	800
At 31 March 2013	124,099	29,174	34,030	187,303	23,161	210,464

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 this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

for the three months ended 31 March 2014

	Note	3 months ended 31 March	
		2014	2013
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		2,366	(335)
Adjustments for:			
Depreciation of property, plant and equipment		6,232	6,219
Provision for Directors' retirement/resignation benefits		220	91
Property, plant and equipment written off		142	23
Gain on disposal of property, plant and equipment		(235)	(100)
Interest income		(20)	(117)
Interest expense		2,712	2,267
Share of profit of equity accounted associates		(569)	(151)
Share of loss of joint venture		1	10
Gain on deregistration of a subsidiary	A	(7)	-
		8,476	8,242
Operating profit before changes in working capital		10,842	7,907
Changes in working capital:			
Inventories		(2,730)	5,667
Trade and other receivables		(26,047)	(7,074)
Trade and other payables		8,462	(8,911)
Cash generated from operations		(9,473)	(2,411)
Income tax paid		(1,173)	(1,494)
Directors' retirement/resignation benefits paid		(729)	(149)
Net cash used in operating activities		(11,375)	(4,054)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		465	294
Purchase of property, plant and equipment		(4,471)	(5,040)
Interest received		20	117
Net cash used in investing activities		(3,986)	(4,629)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

for the three months ended 31 March 2014 (Cont'd)

	Note	3 months ended 31 March 2014 RM'000	2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		50	-
Repayment of term loans		(2,899)	(1,963)
Repayment of finance lease liabilities		(492)	(514)
Drawdown/(Repayment) of borrowings (net)		9,045	(1,231)
Interest paid		(2,712)	(2,267)
Net cash generated from/(used in) financing activities		2,992	(5,975)
Net decrease in cash and cash equivalents		(12,369)	(14,658)
Cash and cash equivalents at 1 January		31,312	43,569
Effects of exchange differences on cash and cash equivalents		(29)	167
Cash and cash equivalents at 31 March	B	18,914	29,078

Note A: Deregistration of a subsidiary

During the financial year, the Company has completed the deregistration of a subsidiary, Texchem-Pack (HK) Limited. The deregistration had the following effect on the Group's liabilities on deregistered date:

	31 March 2014 RM'000
Identifiable liabilities on deregistration	
Trade and other payables	(7)
Gain on deregistration	7
Net cash inflow arising from deregistration of a subsidiary	-

Note B: 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 March 2014 RM'000	31 March 2013 RM'000
Short term deposit with licensed banks	1,970	2,531
Cash and bank balances	34,160	56,892
Bank overdrafts	(17,216)	(15,854)
	18,914	43,569

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 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 financial year ended 31 December 2013.

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 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

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

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.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
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 13	Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 140	Investment Property (Annual Improvements 2011-2013 Cycle)

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

1. Basis of preparation (Cont'd)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
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 other than MFRS 9, Financial Instruments which the Group is currently assessing the financial impact.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

3. Seasonality and cyclical 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 quarter and three months ended 31 March 2014.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2014.

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 three months ended 31 March 2014.

7. Dividend paid

No dividend has been recommended by the Directors during the quarter and three months ended 31 March 2014.



TEXCHEM RESOURCES BHD

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

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March														
Revenue from external customers	100,651	94,156	43,615	37,509	44,033	59,454	52,106	43,271	829	-	-	-	241,234	234,390
Inter-segment revenue	629	263	45	23	2,122	2,022	-	-	2,896	-	(5,692)	(2,308)	-	-
Total revenue	101,280	94,419	43,660	37,532	46,155	61,476	52,106	43,271	3,725	-	(5,692)	(2,308)	241,234	234,390
Profit/(Loss) before share of profit of equity accounted joint venture and associates, net of tax	1,107	1,199	(4,012)	(4,348)	1,082	45	5,056	4,483	(1,435)	(1,855)			1,798	(476)
Share of loss of joint venture, net of tax	-	-	(1)	(10)	-	-	-	-	-	-			(1)	(10)
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	569	151			569	151
Profit/(Loss) before tax	1,107	1,199	(4,013)	(4,358)	1,082	45	5,056	4,483	(866)	(1,704)			2,366	(335)
Segment assets	136,271	133,614	159,968	163,259	88,644	99,269	91,029	60,526	75,494	68,013			551,406	524,681

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
9. 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 2013.

10. 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.

11. Changes in composition of the Group for the three months ended 31 March 2014

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the three months ended 31 March 2014, there are no changes to the composition of the Group since the last quarter.

12. 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 March 2014.

13. Commitments

	31 March 2014 RM'000	31 December 2013 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements	4,630	3,557
Approved but not contracted for	-	-
	<u>4,630</u>	<u>3,557</u>

14. Operating Segments Analysis

Current quarter compared with previous corresponding quarter

Continuing Operations

The Group recorded revenue of RM241.2 million in Q1 2014 as compared to RM234.4 million in Q1 2013. The Group reported a pre-tax profit of RM2.4 million in Q1 2014 against a pre-tax loss of RM0.3 million in Q1 2013 due to the various factors as explained in the respective operating business segments as follows:

(i) **Industrial Division**

The revenue recorded in Q1 2014 was RM101.3 million as compared to RM94.4 million in Q1 2013. Despite higher sales recorded in Q1 2014, the pre-tax profit of RM1.1 million achieved in Q1 2014 was almost similar to Q1 2013 mainly due to lower margin of sales mix.

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

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

(ii) Polymer Engineering Division

The revenue recorded in Q1 2014 was RM43.7 million against RM37.5 million in Q1 2013. The higher revenue was mainly due to growth in sales registered in the wafer shipper, medical/life science as well as Hard Disk Drive retail pack business. A lower pre-tax loss of RM4.0 million was incurred in Q1 2014 as compared to pre-tax loss of RM4.4 million incurred in Q1 2013.

(iii) Food Division

The revenue recorded for Q1 2014 was RM46.2 million against RM61.5 million in Q1 2013. Despite lower sales recorded in Q1 2014, the Division manage to register a higher pre-tax profit of RM1.1 million in Q1 2014 against pre-tax profit of RM45,000 in Q1 2013 mainly attributable to favourable foreign exchange rates, better sales mix and higher profit margin of certain products in Q1 2014.

(iv) Restaurant Division

The revenue recorded for Q1 2014 was RM52.1 million against RM43.3 million in Q1 2013 mainly due to higher sales achieved by existing and new outlets. Pre-tax profit increased by RM0.5 million in Q1 2014 compared to Q1 2013 mainly due to reduction in losses incurred by the new concept restaurants.

15. 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 1 2014 RM'000	Quarter 4 2013 RM'000	Variance RM'000	%
Revenue from continuing operations	241,234	237,028	4,206	1.8
Profit before taxation from continuing operations	2,366	1,508	858	56.9

The pre-tax profit of RM2.4 million achieved in Q1 2013 was slightly higher than the preceding quarter by RM0.9 million due to higher sales achieved and impairment loss of property, plant and equipment of RM0.9 million incurred in Q4 2013.

16. Prospects for 2014

The business environment for remaining quarters of 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.

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

Not applicable as no profit forecast was published.

18. Income tax expense

The income tax expense for continuing operations comprises:

	3 months ended 31 March		3 months ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysian tax expense				
- current period	2,360	483	2,360	483
- prior period	5	-	5	-
Foreign tax expense				
- current period	100	162	100	162
	<u>2,465</u>	<u>645</u>	<u>2,465</u>	<u>645</u>
Deferred tax expense				
- current period	44	299	44	299
- prior period	(63)	-	(63)	-
	<u>2,446</u>	<u>944</u>	<u>2,446</u>	<u>944</u>

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.

19. Loss for the period

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

	3 months ended 31 March		3 months ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income	(20)	(117)	(20)	(117)
Interest expense	2,712	2,267	2,712	2,267
Depreciation of property, plant and equipment	6,232	6,219	6,232	6,219
Impairment loss/(Reversal of impairment loss) on trade receivables	3	(75)	3	(75)
Inventories written down/(written back)	86	(9)	86	(9)
Gain on disposal of property, plant and equipment	(235)	(100)	(235)	(100)
Property, plant and equipment written off	142	23	142	23
Loss on foreign exchange	967	90	967	90
Gain on deregistration of a subsidiary	(7)	-	(7)	-
Provision for directors' retirement/resignation benefits	220	91	220	91

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

20. 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. 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 Deregistration was completed on 21 February 2014.

C. 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 todote.

D. Incorporation of a Sub-Subsidiary

On 2 January 2014, the Company announced that Texchem-Pack Holdings (S) Ltd., an approximately 70.48% owned subsidiary of the Company, had incorporated a wholly-owned subsidiary known as Texchem Polymer Engineering Sdn. Bhd.

E. Member's Voluntary Winding Up of Texchem-Pack (KL) Sdn. Bhd.

On 13 February 2014, the Company announced that Texchem-Pack (KL) Sdn. Bhd., a wholly-owned subsidiary of Texchem-Pack (M), which in turn is a wholly-owned subsidiary of Texchem-Pack Holdings (S) Ltd., a 70.48% owned subsidiary of the Company, had on 13 February 2014 commenced winding up proceedings voluntarily in accordance with Section 254 of the Companies Act, 1965 ("Member's Voluntary Winding Up").

The completion of the Member's Voluntary Winding Up is still pending as at todote.

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
20. Status of corporate proposals (Cont'd)
F. Delisting Notification to Texchem-Pack Holdings (S) Ltd. pursuant to Rule 1315 of the Singapore Exchange Securities Trading Limited's Listing Manual

On 6 March 2014, the Company announced that Singapore Exchange Securities Trading Limited ("SGX-ST") had on 5 March 2014 issued a delisting notification to Texchem-Pack Holdings (S) Ltd. ("TXPHS"), a 70.48% owned subsidiary of the Company, under Rule 1315 of the Listing Manual of SGX-ST ("Listing Manual") ["Delisting Notification"].

In the Delisting Notification, the SGX-ST has advised that TXPHS or its controlling shareholder(s) must comply with the Listing Manual which requires TXPHS or its controlling shareholder(s), i.e. the Company, to make a reasonable exit offer to shareholders. The SGX-ST has given TXPHS one month from the date of the Delisting Notification to make an exit offer proposal ("Exit Offer").

TXPHS had on 4 April 2014 made an application to the SGX-ST to seek an extension of time for the Company to make the Exit Offer and the reply from SGX-ST is still pending as at todate.

G. Acquisition of a total of 4,882,211 ordinary shares of RM1.00 each in Texchem Corporation Sdn. Bhd.

Texchem Corporation Sdn. Bhd. ("Texcorp") is a 73.81% owned subsidiary of the Company since 12 July 2013 upon the completion of the aforesaid acquisition.

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.

21. Loans and borrowings

	31 March 2014 RM'000	31 December 2013 RM'000
Unsecured		
Current:		
Bank overdrafts	17,216	15,561
Bankers' acceptances	52,944	44,164
Revolving credit	74,771	74,170
Term loans	12,483	12,450
Trust receipts	2,867	1,854
Finance lease liabilities	1,431	1,473
Other borrowings	10,299	10,988
Total	172,011	160,660
Non-current:		
Term loans	18,374	21,254
Other borrowings	13,000	13,250
Finance lease liabilities	2,747	3,062
Total	34,121	37,566

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
21. Loans and borrowings (Cont'd)

Loans and borrowings denominated in foreign currencies are as follows:

	31 March 2014 RM'000	31 December 2013 RM'000
Unsecured		
Current:		
Thai Baht	5,843	4,357
Singapore Dollar	1,022	417
United States Dollar	17,915	18,205
	<u>24,780</u>	<u>22,979</u>
Non-current:		
Thai Baht	21	43
Singapore Dollar	6	15
	<u>27</u>	<u>58</u>

22. Derivative financial instruments

As at 31 March 2014, there was no outstanding derivative financial instrument.

For three months ended 31 March 2014, 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.

23. 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.

24. Changes in material litigation

There was no material litigation against the Group as at 31 March 2014.

25. Dividend

No dividend has been proposed or declared for the quarter ended 31 March 2014.

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
26. Basic earnings per share

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

	3 months ended 31 March		3 months ended 31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to owners of the Company	927	168	927	168
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earning per share (sen)	0.75	0.14	0.75	0.14

27. 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 March 2014 RM'000	31 December 2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	19,052	17,630
Unrealised	13,420	14,483
	32,472	32,113
Total share of retained earnings/(accumulated losses) from associates and joint venture:		
Realised	(5,475)	(6,043)
Unrealised	28,397	28,397
	22,922	22,354
	55,394	54,467
Add: Consolidation adjustments	(12,129)	(12,129)
Total Group retained earnings	43,265	42,338

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 29 April 2014