



TEXCHEM-PACK HOLDINGS (S) LTD.
Co. Reg. No. 200308296H
(the “Company”)

QUARTERLY UPDATE PURSUANT TO LISTING RULE 1313(2)

With effect from 5 March 2012, Texchem-Pack Holdings (S) Ltd. (the “Company”) has been included on the Watch-List pursuant to Listing Rule 1311.

Pursuant to Listing Rule 1313(2), the Board of Directors of the Company would like to provide the following quarterly update on the Company and its subsidiaries (collectively the “Group”).

1. Update on Financial Position and Outlook

For the three months ended 30 June 2014 (“2Q14”), the Group posted revenue of RM43.8 million, representing a 7% growth from RM41.0 million reported in the previous corresponding period (“2Q13”). Revenue for the six months ended 30 June 2014 (“1H14”) grew 11% to RM85.7 million from RM77.5 million recorded for the same period in 2013 (“1H13”). The growth was mainly due to higher sales achievement in the medical/life sciences business, consumer electrical and electronic as well as semiconductor segments. The higher revenue recorded in these business segments was partially offset by the drop in sales in the data storage segment.

The Group recorded a net loss after tax of RM4.1 million in 2Q14, compared to a net loss after tax of RM4.6 million in 2Q13. Net loss after tax for 1H14 was RM8.3 million, compared to RM9.1 million in 1H13.

The Group has reported a cash outflow of RM339,000 from operating activities in 2Q14. After accounting for the cash used in investing and financing activities of RM339,000 and RM1.50 million respectively, the cash deficit at end of the period stood at RM2.6 million.

As at 30 June 2014, the Group’s reported a negative working capital position of RM25.9 million. Nevertheless, the Group expects to be able to meet its short term obligations as and when they fall due, in view of the unutilized banking facilities that it has in place. The Group’s holding company, Texchem Resources Bhd, also stands committed to providing financial support to the Group should the needs arise.

2. Material Development and Future Direction

Barring unforeseen circumstances, it is expected that demand for PCs in 2014 will remain soft. In response to this, the Group has been actively seeking new programs in the hard disk drive (“HDD”) segment to sustain its sales contribution to the Group. At the same time, the Group is also developing higher sales in the retail packaging business with its key customers within the HDD segment.

The Group’s efforts to grow its medical/life science business to mitigate uncertainties in the traditional HDD segment continue to bear fruit. Several new life science projects are expected to materialize in the second half of 2014. The Group is also developing new business opportunities in the thick gauge thermoforming business and expects its thick gauge thermoforming facilities to be fully operational in second half of 2014.

The Group continues to be prudent in managing its capital expenditure and focus on enhancing operation efficiency. It is hopeful that this, coupled with its effort to boost sales across different segments, will stand it in good position to improvements in its overall performance going forward.

In May 2014, the major shareholder of the Company, Texchem Resources Bhd (“TRB”) has approached its 2 main bankers for loan facilities to carry out the delisting exercise. The said banks have been given the necessary information for purposes of processing the said loan application. In June 2014, the Company’s application to the SGX-ST seeking an extension of time for its major shareholder, TRB, to make a reasonable exit offer to the Company’s shareholders has been conditionally approved. The SGX-ST has extended the timeline to 7 October 2014 for the Company to submit a reasonable exit offer proposal to the SGX-ST.

Save for the above and as previously announced, there are no other material developments that may have a significant impact on the financial position of the Group or on its future direction at this time. The Group will make prompt announcements should there be any material developments going forward.

BY ORDER OF THE BOARD

Brian Tan Guan Hooi
Director
24 July 2014