

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 1st Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2015 RM'000	Preceding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
Revenue	5,025	5,201	5,025	5,201
Cost of sales	(1,494)	(1,740)	(1,494)	(1,740)
Gross profit	3,531	3,461	3,531	3,461
Other income	470	533	470	533
Distribution and selling expenses	(85)	(48)	(85)	(48)
Administrative expenses	(1,780)	(1,334)	(1,780)	(1,334)
Other expenses	(303)	(460)	(303)	(460)
Finance income	8	13	8	13
Finance costs	(1)	(3)	(1)	(3)
Profit before taxation	1,840	2,162	1,840	2,162
Taxation	(455)	(586)	(455)	(586)
Profit for the year	1,385	1,576	1,385	1,576
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	1,385	1,576	1,385	1,576
Earnings per share (sen)				
(a) Basic	0.82	0.93	0.82	0.93
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 1st Quarter Ended 31 March 2015 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(the figures have not been audited)

	AS AT 31.03.2015 RM'000	AS AT 31.12.2014 RM'000
NON-CURRENT ASSETS		
<i>Property, plant and equipment</i>	29,413	28,145
<i>Prepaid lease payment on leasehold land</i>	14,258	14,163
<i>Investment property</i>	13,000	13,000
<i>Goodwill on consolidation</i>	584	584
	<u>57,255</u>	<u>55,892</u>
CURRENT ASSETS		
<i>Investment in unit trusts</i>	3,421	3,421
<i>Inventories</i>	363	296
<i>Trade receivables</i>	7,516	6,541
<i>Other receivables</i>	815	1,227
<i>Tax recoverable</i>	1,168	1,223
<i>Deposits, cash and bank balances</i>	4,223	4,789
	<u>17,506</u>	<u>17,497</u>
CURRENT LIABILITIES		
<i>Borrowings</i>	133	528
<i>Trade payables</i>	108	291
<i>Other payables</i>	2,771	2,650
<i>Tax payables</i>	47	20
	<u>3,059</u>	<u>3,489</u>
NET CURRENT ASSETS	<u>14,447</u>	<u>14,008</u>
	<u>71,702</u>	<u>69,900</u>
REPRESENTED BY:		
<i>Share capital</i>	17,079	17,079
<i>Share premium</i>	4,522	4,522
<i>Treasury shares</i>	(828)	(806)
<i>Retained profits</i>	45,221	43,836
<i>Shareholders' Equity</i>	<u>65,994</u>	<u>64,631</u>
<i>Borrowings</i>	4,613	4,350
<i>Deferred tax liabilities</i>	1,095	919
<i>Non-current liabilities</i>	<u>5,708</u>	<u>5,269</u>
	<u>71,702</u>	<u>69,900</u>
Net assets per share (sen)	<u>39.03</u>	<u>38.18</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly Report on Results for the 1st Quarter Ended 31 March 2015 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2015	17,079	4,522	(806)	43,836	64,631
Purchase of treasury shares	-	-	(22)	-	(22)
Total comprehensive income for the period	-	-	-	1,385	1,385
At 31 March 2015	17,079	4,522	(828)	45,221	65,994
At 1 January 2014	17,079	4,522	(474)	41,329	62,456
Total comprehensive income for the period	-	-	-	1,576	1,576
At 31 March 2014	17,079	4,522	(474)	42,905	64,032

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,840	2,162
Adjustments for:		
Depreciation of property, plant and equipment	634	303
Amortisation of prepaid lease payment	13	44
Allowance for doubtful debts - net	(64)	(121)
Changes in fair value of investment	-	(9)
Inventory written off	39	-
Gain on investment in unit trust	-	(41)
Interest expense	1	3
Interest income	(8)	(13)
Operating profit before working capital changes	2,455	2,328
(Increase)/Decrease in inventories	(67)	29
(Increase)/Decrease in trade receivables	(975)	(917)
(Increase)/Decrease in other receivables	473	(541)
Increase/(Decrease) in trade payables	(183)	(50)
Increase/(Decrease) in other payables	120	240
Cash generated from operations	1,823	1,089
Interest paid	(1)	(3)
Taxes paid	(247)	(437)
Taxes refunded	51	-
Net cash generated from operating activities	1,626	649
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8	13
Proceeds from disposal of investment in unit trust	-	1,877
Purchase of property, plant and equipment	(2,044)	(3,345)
Net cash used investing activities	(2,036)	(1,455)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
CASH OUTFLOW FROM FINANCING ACTIVITY		
Repayment of term loan	(113)	(234)
Repayment of hire purchase and lease financing	(21)	(79)
Purchase of treasury shares	(22)	-
Dividend paid	-	-
Net cash used in financing activities	(156)	(313)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(566)	(1,119)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,789	10,240
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note A15)	4,223	9,121

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly Report on Results for the 1st Quarter Ended 31 March 2015

NOTES

A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards 134 (MFRS134): "Interim Financial Reporting" and Rule 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS34, Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

The accounting policies and methods of computation adopted by the Company and its subsidiaries ("Group") in this interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2014 except for the following new/amended MFRS:

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

The adoption of the new/amended MFRS and its amendments does not give rise to any adjustment to the opening balances of retained profit of prior and current years or changes in comparatives.

A2 Auditors' report of preceeding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

A3 Seasonal or cyclical factors

The Group's operations were not subject to any seasonal or cyclical changes.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

Save for the information disclosed in this interim report, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Company during the quarter under review.

A5 Material changes in estimates

There were no changes in estimates that have a material effect in the current financial quarter.

A6 Debt and equity securities

During the current quarter, the Company repurchased 44,000 unit of shares from the open market at an average price of 50sen per share and the total repurchase cost was RM22,000. The total repurchase consideration, including transaction costs were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Subsequent to 31 March 2015, the Company repurchased 26,400 unit of shares making up to a total of 1,749,700 unit of shares which are retained as treasury shares.

A7 Dividend paid

There were no dividends paid during the financial period.

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A8 Segment information

	Investment holding RM'000	Recovery and recycling services RM'000	Manufactur- ing RM'000	Trading RM'000	Others* RM'000	Eliminat- ions RM'000	Total RM'000
Current Year Quarter							
31.03.15							
Revenue							
External sales	-	4,869	29	127	-	-	5,025
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	-	4,869	29	127	-	-	5,025
Results							
Segment results	(55)	2,412	6	(116)	217	-	2,464
Finance income	3	5	1	-	-	-	9
Finance cost	-	1	-	-	-	-	1
Depreciation and amortisation	-	(591)	(5)	(38)	-	-	(634)
Profit before taxation	(52)	1,827	2	(154)	217	-	1,840
Current Year To Date							
31.03.15							
Revenue							
External sales	-	4,869	29	127	-	-	5,025
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	-	4,869	29	127	-	-	5,025
Results							
Segment results	(55)	2,412	6	(116)	217	-	2,464
Finance income	3	5	1	-	-	-	9
Finance cost	-	1	-	-	-	-	1
Depreciation and amortisation	-	(591)	(5)	(38)	-	-	(634)
Profit before taxation	(52)	1,827	2	(154)	217	-	1,840
Preceding Year Corresponding Quarter							
31.03.14							
Revenue							
External sales	-	4,990	42	169	-	-	5,201
Inter-segment sales	-	-	1	-	-	(1)	-
Total revenue	-	4,990	43	169	-	(1)	5,201
Results							
Segment results	(52)	2,381	9	(55)	216	-	2,499
Finance income	7	5	1	-	-	-	13
Finance cost	-	(3)	-	-	-	-	(3)
Depreciation and amortisation	-	(266)	(6)	(75)	-	-	(347)
Profit before taxation	(45)	2,117	4	(130)	216	-	2,162
Preceding Year Corresponding Period							
31.03.14							
Revenue							
External sales	-	4,990	42	169	-	-	5,201
Inter-segment sales	-	-	1	-	-	(1)	-
Total revenue	-	4,990	43	169	-	(1)	5,201
Results							
Segment results	(52)	2,381	9	(55)	216	-	2,499
Finance income	7	5	1	-	-	-	13
Finance cost	-	(3)	-	-	-	-	(3)
Depreciation and amortisation	-	(266)	(6)	(75)	-	-	(347)
Profit before taxation	(45)	2,117	4	(130)	216	-	2,162

* This segment represents renting of investment property

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

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A9 Valuation of property, plant and equipment

Property, plant and equipment of the Group are stated at cost less accumulated depreciation. No valuation of property, plant and equipment was undertaken during the current quarter under review.

A10 Material events subsequent to the end of the quarter

Save for the disclosure in Note A6, there were no material events subsequent to the current financial period up to the date of this report that would affect the financial results for the current financial period under review.

A11 Changes in the composition of the Company

There were no changes in the composition of the Company for the current financial quarter.

A12 Contingent liabilities

There were no contingent liabilities or contingent assets as at the date of this report.

A13 Capital commitments

	AS AT 31.03.2015 RM'000	AS AT 31.03.2014 RM'000
Approved and contracted for:		
Acquisition of property, plant and equipment	219	464

A14 Related party transactions

As at the end of the current quarter under review, the Group has not entered into any related party transactions.

A15 Cash and cash equivalents

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
Cash in hand and at banks	3,809	8,223
Deposits with licensed investment bank	414	898
	<u>4,223</u>	<u>9,121</u>

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1 Review of performance

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2015 RM'000	Preceding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
Revenue	5,025	5,201	5,025	5,201
Profit before taxation	1,840	2,162	1,840	2,162

For the quarter ended 31 March 2015, Tex Cycle and its subsidiaries ("Group") generated total revenue of RM5.0million, a marginal decrease of RM0.2million or 3% compared to the corresponding quarter of the preceding year ended 31 March 2014. The Group made a profit before taxation of RM1.8million for the current quarter, a decrease of RM0.3million, or 15% compared to the corresponding quarter of the preceding year ended 31 March 2014 due to the increase in depreciation charges from additional investments in property, plant and equipment.

Recycling and recovery division

For the quarter ended 31 March 2015, the revenue of the recycling business marginally decreased by RM121,000 or 3% as compared to that of the corresponding quarter preceding year.

Manufacturing division

For the current quarter, the revenue of the manufacturing division decreased by RM13,000, or 31% as compared to the corresponding quarter preceding year. The decrease is mainly due to lower demand from the industry.

Trading division

For the current quarter, the revenue of the trading division decreased by RM42,000, or 25% as compared to the corresponding quarter preceding year. The decrease is mainly due to lower demand from the industry due to the downturn in oil price.

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

	Current Year Quarter 31.03.2015 RM'000	Current Year Previous Quarter 31.12.2014 RM'000
Revenue	5,025	5,287
Profit/(Loss) before taxation	1,840	(698)

The Group's revenue for the current quarter was RM5.0million as compared to the revenue for the preceding quarter of RM5.3million, representing a decrease of RM0.3million, or 5%. The decrease in revenue was mainly due to the shorter number of working days during the festive season in the current quarter. The Group made a profit before taxation of RM1.8million for the current quarter, an increase of RM2.5million, or 364% compared to the preceding quarter ended 31 December 2014 which was affected by the recognition of the provision for legal claim in the preceding quarter ended 31 December 2014 as disclosed in Note B8 (a).

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B3 Prospects

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

B4 Profit forecast and profit guarantee

Not applicable as no profit forecast was published by the Group.

B5 Taxation

The taxation is calculated based on the profit for the financial period ended 31 March 2015 comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2015 RM'000	Preceding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
Income tax				
Estimated tax payable for current period	279	469	279	469
Under/(Over) provision in prior year	-	-	-	-
Deferred tax				
Estimated deferred tax for current period	176	117	176	117
	<u>455</u>	<u>586</u>	<u>455</u>	<u>586</u>

B6 Status of corporate proposals

There were no corporate proposals as at the date of this report.

B7 Borrowings and debt securities

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
<i>Short term borrowings:</i>		
Secured-Term Loan	113	940
Unsecured - Hire purchase and finance lease payables	20	182
	133	1,122
<i>Long term borrowings:</i>		
Secured-Term Loan	4,523	6,043
Unsecured - Hire purchase and finance lease payables	90	111
	4,613	6,154
	<u>4,746</u>	<u>7,276</u>

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B8 Material litigation

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

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

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

A full trial was held from 25 August 2014 to 27 August 2014 and the Court had fixed the matter for decision on 19 December 2014. On that date, the Court had dismissed the Company's claim against PSB and POSSB as well as allowed the counter claim by POSSB for RM1.5million. The Kuala Lumpur High Court had declared that the Company is not a valid creditor of PSB.

Following to the above matter, Messrs Mas Kumar have taken over conduct of the legal case from Messrs Kalai & Partners with the case management in Court on 6 February 2015. The learned judge has fixed 13 March 2015 for consequential and further relief of her orders on 19 December 2014. Parties are to file in their submissions, on or before 6 March 2015.

On 13 March 2015, the Kuala Lumpur High Court dismissed the remaining claims in the counterclaim against TC Chemical made by POSSB. It also awarded costs of RM125,000 against TC Chemical in respect of the judgment made on 19 December 2014 in favour of POSSB.

On 14 May 2015, TC Chemical was granted a Stay of Execution of the judgment pending the Company's appeal to the Court of Appeal on condition that the judgment sum be paid to an interest bearing account with a legal stakeholder which the Company has complied with.

B9 Dividends

No dividend has been recommended for the current financial period ended 31 March 2015.

B10 Realised and unrealised profit and loss

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
Total retained profit of the Company and it's subsidiaries:		
Realised	38,342	36,780
Unrealised	6,879	7,056
	<u>45,221</u>	<u>43,836</u>

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B11 Profit before tax

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2015 RM'000	Preceeding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceeding Year Corresponding Period 31.03.2014 RM'000
Profit before tax is arrived at after the following charges/(credits):				
Depreciation of property, plant and equipment	634	303	634	303
Amortisation of repaid lease payment	13	44	13	44
Allowance for doubtful debts - net	(64)	(121)	(64)	(121)
Gain on investment in unit trust	-	(41)	-	(41)
Decrease/(Increase) in fair value of unit trust	-	(9)	-	(9)
Interest income from deposits placed with licensed banks	(8)	(13)	(8)	(13)
Interest expenses on hire-purchase	1	3	1	3

B12 Earnings per share

(a) Basic Earnings Per Ordinary Share

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2015 RM'000	Preceeding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceeding Year Corresponding Period 31.03.2014 RM'000
Net profit for the period (RM'000)	1,385	1,576	1,385	1,576
Weighted average number of ordinary shares in issue ('000)	169,089	169,582	169,089	169,582
Basic earnings per share (sen)	0.82	0.93	0.82	0.93

(b) Diluted Earnings Per Ordinary Share

Not applicable to the Company

By Order of the Board
Periasamy A/L Sinakalai
Managing Director
Selangor Darul Ehsan
Date: 21 May 2015