



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2015

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and three months ended 31 March 2015

	Note	3 months ended 31 March		3 months ended 31 March	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing Operations					
Revenue	8	277,089	241,234	277,089	241,234
Cost of sales		(208,430)	(182,102)	(208,430)	(182,102)
Gross profit		68,659	59,132	68,659	59,132
Distribution costs		(37,643)	(35,718)	(37,643)	(35,718)
Administrative expenses		(27,883)	(24,999)	(27,883)	(24,999)
Other expenses		(1,267)	-	(1,267)	-
Other income		7,970	6,095	7,970	6,095
Operating profit		9,836	4,510	9,836	4,510
Finance costs		(2,951)	(2,712)	(2,951)	(2,712)
Share of loss of joint venture, net of tax		-	(1)	-	(1)
Share of profit of equity accounted associates, net of tax		1,491	569	1,491	569
Profit before taxation		8,376	2,366	8,376	2,366
Income tax expense	18	(2,984)	(2,446)	(2,984)	(2,446)
Profit/(Loss) for the period	19	5,392	(80)	5,392	(80)
Profit/(Loss) attributable to:					
Owners of the Company		4,986	927	4,986	927
Non-controlling interests		406	(1,007)	406	(1,007)
Profit/(Loss) for the period		5,392	(80)	5,392	(80)
Basic earnings per share attributable to owners of the Company (sen)					
	26	4.02	0.75	4.02	0.75

The condensed consolidated income 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 this interim financial report.

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

for the quarter and three months ended 31 March 2015

	Note	3 months ended 31 March		3 months ended 31 March	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) for the period		5,392	(80)	5,392	(80)
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		5,796	56	5,796	56
Total comprehensive income/(expense) for the period		11,188	(24)	11,188	(24)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		9,811	999	9,811	999
Non-controlling interests		1,377	(1,023)	1,377	(1,023)
Total comprehensive income/(expense) for the period		11,188	(24)	11,188	(24)

The condensed consolidated statement 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 this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 At 31 March 2015

	Note	31 March 2015 (Unaudited) RM'000	31 December 2014 (Audited) RM'000
ASSETS			
Property, plant and equipment		148,744	147,422
Investment properties		-	11,267
Investment in associates		58,311	56,020
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
- Franchise fee		1,603	1,658
Deferred tax assets		20	20
Total non-current assets		264,560	272,269
Trade and other receivables		179,861	156,964
Inventories		87,849	72,669
Current tax assets		974	1,213
Cash and cash equivalents		141,345	49,313
Investment properties classified as held for sale		10,000	-
Total current assets		420,029	280,159
TOTAL ASSETS		684,589	552,428
EQUITY			
Share capital		124,099	124,099
Reserves		157,122	66,637
Total equity attributable to owners of the Company		281,221	190,736
Non-controlling interests		38,395	25,451
TOTAL EQUITY		319,616	216,187
LIABILITIES			
Loans and borrowings	21	28,160	31,980
Deferred tax liabilities		2,670	2,050
Deferred liabilities		2,279	2,629
Provision		4,211	4,127
Total non-current liabilities		37,320	40,786
Trade and other payables		133,481	114,887
Provision		163	202
Loans and borrowings	21	180,017	178,239
Current tax liabilities		1,184	1,005
Deferred liabilities		398	985
Dividend payable		12,410	-
Derivative liabilities		-	137
Total current liabilities		327,653	295,455
TOTAL LIABILITIES		364,973	336,241
TOTAL EQUITY AND LIABILITIES		684,589	552,428

The condensed consolidated statement 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 this interim financial report.

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

for the three months ended 31 March 2015

	<--- 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 2015	124,099	17,773	48,864	190,736	25,451	216,187
Other comprehensive income	-	4,825	-	4,825	971	5,796
Profit for the period	-	-	4,986	4,986	406	5,392
Total comprehensive income for the period	-	4,825	4,986	9,811	1,377	11,188
Accretion of interest in an existing subsidiary	-	-	-	-	(163)	(163)
Dilution of interest in an existing subsidiary	-	-	90,470	90,470	11,730	102,200
Disposal of company shares held by a subsidiary	-	1,380	1,234	2,614	-	2,614
Dividends to owners of the Company (Note 25)	-	-	(12,410)	(12,410)	-	(12,410)
Total transaction with owners of the Company	-	1,380	79,294	80,674	11,567	92,241
At 31 March 2015	124,099	23,978	133,144	281,221	38,395	319,616

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 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 --->		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 2014	124,099	12,553	42,338	178,990	27,613	206,603
Other comprehensive income	-	72	-	72	(16)	56
Profit for the period	-	-	927	927	(1,007)	(80)
Total comprehensive income 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 2014 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 2015

	Note	3 months ended 31 March	
		2015	2014
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,376	2,366
Adjustments for:			
Depreciation of property, plant and equipment		6,593	6,232
Provision for Directors' retirement/resignation benefits		196	220
Property, plant and equipment written off		3	142
Amortisation of franchise fee		55	-
Gain on disposal of property, plant and equipment		(738)	(235)
Interest income		(383)	(20)
Interest expense		2,951	2,712
Share of profit of equity accounted associates		(1,491)	(569)
Share of loss of joint venture		-	1
Impairment loss on investment properties held for sale		1,267	-
Gain on deregistration of a subsidiary	A	-	(7)
		8,453	8,476
Operating profit before changes in working capital		16,829	10,842
Changes in working capital:			
Inventories		(15,180)	(2,730)
Trade and other receivables		(18,739)	(26,047)
Trade and other payables		18,970	8,462
Cash generated from/(used in) operations		1,880	(9,473)
Income tax paid		(2,503)	(1,173)
Directors' retirement/resignation benefits paid		(587)	(729)
Net cash used in operating activities		(1,210)	(11,375)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,183	465
Purchase of property, plant and equipment		(5,441)	(4,471)
Interest received		383	20
Accretion of interest in an existing subsidiary		(163)	-
Subscription of shares in an associate		(800)	-
Proceeds from disposal of company shares held by a subsidiary		2,614	-
Proceeds from dilution of interest in a subsidiary		102,200	-
Net cash generated from/(used in) investing activities		99,976	(3,986)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the three months ended 31 March 2015 (Cont'd)

	Note	3 months ended 31 March	
		2015	2014
		RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		-	50
Repayment of term loans		(6,416)	(2,899)
Repayment of finance lease liabilities		(460)	(492)
Drawdown/(Repayment) of borrowings (net)		5,362	9,045
Interest paid		(2,951)	(2,712)
Net cash (used in)/generated from financing activities		(4,465)	2,992
Net increase/(decrease) in cash and cash equivalents		94,301	(12,369)
Cash and cash equivalents at 1 January		31,858	31,312
Effects of exchange differences on cash and cash equivalents		972	(29)
Cash and cash equivalents at 31 March	B	127,131	18,914

Note A: Deregistration of a subsidiary

On 27 February 2014, Texchem-Pack Holdings (S) Ltd., a 70.48% owned subsidiary of the Company has completed the deregistration of its wholly-owned 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 2015 RM'000	31 March 2014 RM'000
Short term deposit with licensed banks	59,925	1,970
Cash and bank balances	81,420	34,160
Bank overdrafts	(14,214)	(17,216)
	127,131	18,914

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 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 financial year ended 31 December 2014.

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2015.

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 119	Defined Benefit Plans: Employee Contributions
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)

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 January 2016

Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
MFRS 14	Regulatory Deferral Accounts
Amendments MFRS 101	Disclosures Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation

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

1. Basis of preparation (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (Cont'd)

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
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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 and MFRS 15, Revenue from Contracts with Customers 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 2014 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 quarter and three months ended 31 March 2015 except for the impairment loss on investment properties held for sale of RM1.3 million in Q1 2015.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2015.

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 2015.

7. Dividend paid

The Company had declared an interim single tier dividend of 10 sen per share amounting to approximately RM12.41 million on 2 March 2015 for the financial year ending 31 December 2015 and paid on 1 April 2015.



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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
3 months ended 31 March														
Revenue from external customers	109,058	100,651	48,217	43,615	59,192	44,033	60,073	52,106	549	829	-	-	277,089	241,234
Inter-segment revenue	239	629	42	45	2,064	2,122	-	-	3,012	2,896	(5,357)	(5,692)	-	-
Total revenue	109,297	101,280	48,259	43,660	61,256	46,155	60,073	52,106	3,561	3,725	(5,357)	(5,692)	277,089	241,234
Profit/(Loss) before share of profit/(loss) of equity accounted joint venture and associates, net of tax	2,084	1,107	(1,565)	(4,012)	2,257	1,082	6,955	5,056	(2,846)	(1,435)			6,885	1,798
Share of loss of joint venture, net of tax	-	-	-	(1)	-	-	-	-	-	-			-	(1)
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	1,491	569			1,491	569
Profit/(Loss) before tax	2,084	1,107	(1,565)	(4,013)	2,257	1,082	6,955	5,056	(1,355)	(866)			8,376	2,366
Segment assets	152,489	136,271	170,326	159,968	99,254	88,644	112,532	91,029	149,988	75,494			684,589	551,406

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 2014.

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 2015

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the three months ended 31 March 2015, 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 2015.

13. Commitments

	31 March 2015 RM'000	31 December 2014 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements	3,782	1,571
Approved but not contracted for	26,118	2,182
	<u>29,900</u>	<u>3,753</u>

14. Operating Segments Analysis

Current quarter compared with previous corresponding quarter

Continuing Operations

The Group recorded revenue of RM277.1 million in Q1 2015 as compared to RM241.2 million in Q1 2014. The Group reported a pre-tax profit of RM8.4 million in Q1 2015 against pre-tax profit of RM2.4 million in Q1 2014 due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The revenue recorded in Q1 2015 was RM109.3 million as compared to RM101.3 million in Q1 2014. The Division reported a higher pre-tax profit of RM2.1 million in Q1 2015 against RM1.1 million in Q1 2014 mainly due to improved results of overseas subsidiaries.

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 2015 was RM48.3 million against RM43.7 million in Q1 2014. The Division managed to reduce the pre-tax loss to RM1.6 million compared to pre-tax loss of RM4.0 million incurred in Q1 2014 mainly due to higher sales contribution from higher profit margin products and lower operating expenses.

(iii) Food Division

The revenue recorded for Q1 2015 was RM61.3 million against RM46.2 million in Q1 2014. The Division recorded a pre-tax profit of RM2.3 million compared to a pre-tax profit of RM1.1 million in Q1 2014 mainly due to higher sales, improved margins, favourable exchange rates and lower crude oil price.

(iv) Restaurant Division

The revenue recorded for Q1 2015 was RM60.1 million against RM52.1 million in Q1 2014 mainly contributed by the existing and new outlets of Sushi King Restaurants. Pre-tax profit increased by RM1.9 million in Q1 2015 compared to Q1 2014 mainly due to higher profit of Sushi King outlets and reduction in losses incurred by the new concept restaurants.

(v) Others

The pre-tax loss of RM1.4 million incurred in Q1 2015 is higher than the pre-tax loss by RM0.5 million in Q1 2014 mainly due to impairment loss of investment properties held for sale of RM 1.3 million during the quarter.

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 2015 RM'000	Quarter 4 2014 RM'000	Variance RM'000	%
Revenue from continuing operations	277,089	264,940	12,149	4.6%
Profit before taxation from continuing operations	8,376	1,412	6,964	493.2%

The pre-tax profit of RM8.4 million in Q1 2015 was mainly due to the improved results by all Divisions.

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

16. Prospects for 2015

The business environment for 2015 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.

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		3 months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
- current period	2,677	2,360	2,677	2,360
- prior period	-	5	-	5
Foreign tax expense				
- current period	267	100	267	100
	2,944	2,465	2,944	2,465
Deferred tax expense				
- current period	40	44	40	44
- prior period	-	(63)	-	(63)
	2,984	2,446	2,984	2,446

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

19. Profit/(Loss) for the period

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

	3 months ended		3 months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(383)	(20)	(383)	(20)
Interest expense	2,951	2,712	2,951	2,712
Depreciation of property, plant and equipment	6,593	6,232	6,593	6,232
(Reversal of Impairment loss)/impairment loss on trade receivables	(15)	3	(15)	3
Inventories written down	187	86	187	86
Gain on disposal of property, plant and equipment	(738)	(235)	(738)	(235)
Property, plant and equipment written off	3	142	3	142
Loss on foreign exchange	419	967	419	967
Impairment loss on investment properties held for sale	1,267	-	1,267	-
Gain on deregistration of a subsidiary	-	(7)	-	(7)
Amortisation of franchise fee	55	-	55	-
Provision for Directors' retirement/resignation benefits	196	220	196	220

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.

On 1 December 2014, the Company announced that TFSB had received a letter dated 21 November 2014 from Sinofiber to seek TFSB's agreement to renew the MoU for a further term of two (2) years until 21 November 2016 and it has been mutually agreed by TFSB.

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

20. Status of corporate proposals (Cont'd)

B. 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.

C. 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 todate.

D. 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 SGX-ST had on 3 June 2014 granted TXPHS an extension of time to 7 October 2014 for the Company to make the Exit Offer to TXPHS's shareholders.

Subsequently, TXPHS had on 2 October 2014 made an application to the SGX-ST to seek a further extension of time for the Company to make the Exit Offer and the SGX-ST had on 7 October 2014 granted TXPHS a futher extension of time to 7 April 2015 for the Company to make the Exit Offer to TXPHS's shareholders.

TXPHS has on 2 April 2015 applied to the SGX-ST seeking for an extension of a further 3 months for the Company to submit a reasonable exit offer proposal to the SGX-ST.

20. Status of corporate proposals (Cont'd)

E. 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 (“TRB Shares”) 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 TRB 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.

On 6 May 2014, the Company announced that Texcorp had been granted an Order by the Penang High Court for an extension of time of twelve (12) months from 17 May 2014 to dispose of the TRB Shares in order to comply with the requirement of Section 17 of the Companies Act, 1965, namely the new deadline for Texcorp to dispose of the TRB Shares is 16 May 2015.

F. Member’s Voluntary Winding Up of Sushi Ku Sdn. Bhd.

On 12 September 2014, the Company announced that Sushi Ku Sdn. Bhd. (“Sushi Ku”), a wholly-owned subsidiary of the Company, had on 12 September 2014 commenced voluntary winding up proceedings in accordance with Section 254 of the Companies Act, 1965.

Sushi Ku was dissolved on 25 February 2015.

G. Proposed Disposal of 1.4 million ordinary shares of RM1.00 each in Sushi Kin Sdn. Bhd.

On 26 November 2015, the Company announced the proposed disposal of 1.4 million ordinary shares of RM1.00 each in Sushi Kin Sdn. Bhd. (“Sushi Kin”), representing 28% of the issued and paid-up share capital of the Sushi Kin by the Company to Asia Yoshinoya International Sdn. Bhd. for a total cash consideration of RM102.2 million (“Disposal”).

The Disposal has been completed on 27 February 2015.

H. Proposed Disposal of 2 million ordinary shares of RM1.00 in the Company by Texcorp

On 27 January 2015, the Company announced that Texcorp had entered into a conditional Share Sale Agreement with Texchem Holdings Sdn. Bhd., a major shareholder of the Company and Texcorp, to dispose of 2 million ordinary shares of RM1.00 each in the Company, representing 1.61% of the issued and paid-up share capital of the Company, to THSB for a total cash consideration of RM2.614 million (“Transaction”).

The Transaction was completed on 16 February 2015.

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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)
I. Incorporation of a Sub-Subsidiary, Lifeon Asia Sdn. Bhd.

On 12 February 2015, the Company announced that Texchem Life Sciences Sdn. Bhd., a wholly-owned subsidiary of Texchem-Pack Holdings (S) Ltd., an approximately 70.48% owned subsidiary of the Company, had incorporated a wholly-owned subsidiary known as Lifeon Asia Sdn. Bhd.

J. Investment by acquiring and subscribing for a total of 800,000 ordinary shares of RM1.00 each

On 12 February 2015, the Company announced that the Company has invested RM800,000 in Yoshinoya Hanamaru Malaysia Sdn. Bhd. ("Yoshinoya Hanamaru") via acquisition and subscription of a total of 800,000 ordinary shares of RM1.00 each in Yoshinoya Hanamaru representing 40% of the total issued and paid-up share capital of Yoshinoya Hanamaru.

K. Acquisition of 98,000 ordinary shares of RM1.00 each in Alaya Asia Sdn. Bhd.

On 2 March 2015, the Company announced that Eye Graphic Sdn. Bhd. ("EGSB"), a wholly-owned subsidiary of Texchem-Pack Holdings (S) Ltd., 70.48% owned subsidiary of the Company, has entered into a Shares Purchase Agreement with Alaya Inc. to acquire 98,000 ordinary shares of RM1.00 each in Alaya Asia Sdn. Bhd. ("Alaya Asia"), representing 49% of the issued and paid-up share capital of Alaya Asia, for a cash consideration of RM163,460 ("Acquisition").

The Acquisition was completed on 2 March 2015 upon which Alaya Asia became a wholly-owned subsidiary of EGSB.

21. Loans and borrowings

	31 March 2015 RM'000	31 December 2014 RM'000
Unsecured		
Current:		
Bank overdrafts	14,214	17,455
Bankers' acceptances	62,161	54,735
Revolving credit	70,034	72,804
Term loans	8,271	11,846
Trust receipts	7,492	3,706
Finance lease liabilities	2,062	1,998
Other borrowings	15,783	15,695
Total	180,017	178,239
Non-current:		
Term loans	14,092	16,933
Other borrowings	10,333	11,000
Finance lease liabilities	3,735	4,047
Total	28,160	31,980

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

Loans and borrowings denominated in foreign currencies are as follows:

	31 March 2015 RM'000	31 December 2014 RM'000
Unsecured		
Current:		
Thai Baht	7,158	5,693
Singapore Dollar	2,750	675
United States Dollar	22,707	20,744
	<u>32,615</u>	<u>27,112</u>
Non-current:		
Thai Baht	97	96
	<u>97</u>	<u>96</u>

22. Derivative financial instruments

As at 31 March 2015, the Group has the following outstanding derivative financial instrument:

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value-Net losses RM'000
Forward exchange contracts - Receivables	5,131	5,202	(71)
	<u>5,131</u>	<u>5,202</u>	<u>(71)</u>

For three months ended 31 March 2015, 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 2015.

25. Dividend

An interim single tier dividend of 10 sen per share amounting to approximately RM12.41 million in respect of the financial year ending 31 December 2015 was declared on 2 March 2015 and paid on 1 April 2015. The entitlement date was fixed on 17 March 2015.

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS
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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		3 months ended	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to owners of the Company	4,986	927	4,986	927
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings per share (sen)	4.02	0.75	4.02	0.75

27. Realised and Unrealised Profits/(Losses)

	31 March 2015 RM'000	31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	107,837	22,322
Unrealised	12,353	15,079
	120,190	37,401
Total share of retained earnings/(accumulated losses) from associates and joint venture:		
Realised	(3,438)	(4,929)
Unrealised	28,521	28,521
	25,083	23,592
	145,273	60,993
Less: Consolidation adjustments	(12,129)	(12,129)
Total Group retained earnings	133,144	48,864

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 28 April 2015