



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2016

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and three months ended 31 March 2016

	Note	3 months ended 31 March		3 months ended 31 March	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing Operations					
Revenue	8	256,835	277,089	256,835	277,089
Cost of sales		(191,973)	(208,430)	(191,973)	(208,430)
Gross profit		64,862	68,659	64,862	68,659
Distribution costs		(38,559)	(37,643)	(38,559)	(37,643)
Administrative expenses		(29,856)	(27,883)	(29,856)	(27,883)
Other expenses		-	(1,267)	-	(1,267)
Other income		6,896	7,970	6,896	7,970
Operating profit		3,343	9,836	3,343	9,836
Finance costs		(2,442)	(2,951)	(2,442)	(2,951)
Share of profit of equity accounted associates, net of tax		472	1,491	472	1,491
Profit before taxation		1,373	8,376	1,373	8,376
Income tax expense	18	(2,706)	(2,984)	(2,706)	(2,984)
(Loss)/Profit for the period	19	(1,333)	5,392	(1,333)	5,392
(Loss)/Profit attributable to:					
Owners of the Company		(2,214)	4,986	(2,214)	4,986
Non-controlling interests		881	406	881	406
(Loss)/Profit for the period		(1,333)	5,392	(1,333)	5,392
Basic (loss)/earnings per share attributable to owners of the Company (sen)					
	26	(1.81)	4.02	(1.81)	4.02

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	Note	3 months ended 31 March		3 months ended 31 March	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit for the period		(1,333)	5,392	(1,333)	5,392
Other comprehensive (expense)/income, net of tax					
Foreign currency translation differences for foreign operations		(7,949)	5,796	(7,949)	5,796
Total comprehensive (expense)/income for the period		(9,282)	11,188	(9,282)	11,188
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(9,979)	9,811	(9,979)	9,811
Non-controlling interests		697	1,377	697	1,377
Total comprehensive (expense)/income for the period		(9,282)	11,188	(9,282)	11,188

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

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

At 31 March 2016

	Note	31 March 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
ASSETS			
Property, plant and equipment		168,591	172,609
Investment in associates		66,772	64,800
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
- Franchise fee		1,385	1,439
Deferred tax assets		400	400
Total non-current assets		293,030	295,130
Trade and other receivables		180,207	182,889
Inventories		88,658	96,313
Current tax assets		1,051	1,297
Cash and cash equivalents		61,162	89,526
Derivative assets		88	-
Total current assets		331,166	370,025
TOTAL ASSETS		624,196	665,155
EQUITY			
Share capital		124,099	124,099
Reserves		158,353	161,468
Total equity attributable to owners of the Company		282,452	285,567
Non-controlling interests		21,190	43,010
TOTAL EQUITY		303,642	328,577
LIABILITIES			
Loans and borrowings	21	36,930	27,952
Deferred tax liabilities		2,095	1,939
Deferred liabilities		2,957	2,916
Provision		4,955	4,850
Total non-current liabilities		46,937	37,657
Trade and other payables		106,931	127,128
Provision		107	107
Loans and borrowings	21	164,404	158,128
Current tax liabilities		1,814	2,200
Deferred liabilities		361	1,120
Derivative liabilities		-	4
Dividend payable		-	10,234
Total current liabilities		273,617	298,921
TOTAL LIABILITIES		320,554	336,578
TOTAL EQUITY AND LIABILITIES		624,196	665,155

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	<--- 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 2016	124,099	35,256	126,212	285,567	43,010	328,577
Other comprehensive expense	-	(7,765)	-	(7,765)	(184)	(7,949)
Loss for the period	-	-	(2,214)	(2,214)	881	(1,333)
Total comprehensive (expense)/income for the period	-	(7,765)	(2,214)	(9,979)	697	(9,282)
Accretion of interest in existing subsidiaries	-	3,315	5,519	8,834	(20,707)	(11,873)
Issuance of shares to non-controlling interests	-	-	-	-	117	117
Purchase of treasury shares	-	(1,961)	-	(1,961)	-	(1,961)
Transaction costs	-	(9)	-	(9)	-	(9)
Dividends received by non-controlling interests	-	-	-	-	(1,927)	(1,927)
Total transaction with owners of the Company	-	1,345	5,519	6,864	(22,517)	(15,653)
At 31 March 2016	124,099	28,836	129,517	282,452	21,190	303,642

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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	-	-	(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 2015 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 2016

	Note	3 months ended 31 March	
		2016	2015
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,373	8,376
Adjustments for:			
Depreciation of property, plant and equipment		7,183	6,593
Provision for Directors' retirement/resignation benefits		197	196
Property, plant and equipment written off		14	3
Amortisation of franchise fee		55	55
Gain on disposal of property, plant and equipment		(271)	(738)
Interest income		(15)	(383)
Dividend income from money market fund		(6)	-
Interest expense		2,442	2,951
Share of profit of equity accounted associates		(472)	(1,491)
Impairment loss on investment properties held for sale		-	1,267
		9,127	8,453
Operating profit before changes in working capital		10,500	16,829
Changes in working capital:			
Inventories		7,655	(15,180)
Trade and other receivables		(2,624)	(18,739)
Trade and other payables		(20,248)	18,970
Cash (used in)/from operations		(4,717)	1,880
Income tax paid		(2,798)	(2,503)
Directors' retirement/resignation benefits paid		(759)	(587)
Net cash used in operating activities		(8,274)	(1,210)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		627	1,183
Purchase of property, plant and equipment		(5,328)	(5,441)
Interest received		15	383
Accretion of interest in an existing subsidiary		(11,873)	(163)
Subscription of shares in an associate		(1,500)	(800)
Dividend received from money market fund		6	-
Proceeds from disposal of shares in an existing subsidiary		-	102,200
Proceeds from disposal of company shares held by a subsidiary		-	2,614
Net cash (used in)/generated from investing activities		(18,053)	99,976

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the three months ended 31 March 2016 (Cont'd)

	Note	3 months ended 31 March	
		2016	2015
		RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		17,500	-
Repayment of term loans		(1,792)	(6,416)
Repayment of finance lease liabilities		(850)	(460)
(Repayment)/Drawdown of borrowings (net)		(2,959)	5,362
Proceeds from issuance of shares to non-controlling interests		117	-
Purchase of treasury shares	6	(1,970)	-
Interest paid		(2,442)	(2,951)
Dividend paid		(10,234)	-
Dividend paid to non-controlling interests		(1,927)	-
Net cash used in financing activities		(4,557)	(4,465)
Net (decrease)/increase in cash and cash equivalents		(30,884)	94,301
Cash and cash equivalents at 1 January		71,996	31,858
Effects of exchange differences on cash and cash equivalents		(1,242)	972
Cash and cash equivalents at 31 March	A	39,870	127,131

Note A: 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 2016 RM'000	31 March 2015 RM'000
Short term deposit with licensed banks	-	59,925
Investment in money market fund	8,297	-
Cash and bank balances	52,865	81,420
Bank overdrafts	(21,292)	(14,214)
	39,870	127,131

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015. 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 2015.

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 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements-Accounting for Acquisitions of Interests in Joint Operations
Amendments MFRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements-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

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107	Disclosure Initiatives
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 107	Disclosure Initiatives

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers

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 2019

MFRS 16 Leases

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, MFRS 15, Revenue from Contracts with Customers and MFRS 16, Leases 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 2015 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 2016.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2016.

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 2016 other than 1,149,300 of issued ordinary shares were repurchased from the open market at an average price of RM1.71 per share.

7. Dividend paid

The Company had declared and paid the following dividends:-

	Sen per share (Single tier)	Amount RM'000	Date of entitlement	Date of payment
First interim 2016	10.0	12,350	30 December 2015	12 January 2016
Less: Dividend received by a subsidiary		(2,116)		
		<u>10,234</u>		

As Texcorp is a 73.81% owned subsidiary of the Company, the dividend shared by non-controlling interests of Texcorp is amounted to RM 554,000.



TEXCHEM RESOURCES BHD

PART A – 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		Venture Business		Others		Eliminations		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
	(Restated)*		(Restated)*						(Restated)*				(Restated)*			
3 months ended 31 March																
Revenue from external customers	96,485	107,090	48,405	50,011	53,274	59,192	57,872	60,073	242	174	557	549	-	-	256,835	277,089
Inter-segment revenue	135	211	55	61	2,275	2,064	-	-	1,496	1,901	2,965	3,012	(6,926)	(7,249)	-	-
Total revenue	96,620	107,301	48,460	50,072	55,549	61,256	57,872	60,073	1,738	2,075	3,522	3,561	(6,926)	(7,249)	256,835	277,089
Profit/(Loss) before share of profit of equity accounted associates, net of tax	1,622	2,084	(1,506)	(367)	(1,263)	2,257	4,569	6,955	(1,070)	(1,198)	(1,451)	(2,846)			901	6,885
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	-	-	472	1,491			472	1,491
Profit/(Loss) before tax	1,622	2,084	(1,506)	(367)	(1,263)	2,257	4,569	6,955	(1,070)	(1,198)	(979)	(1,355)			1,373	8,376
Segment assets	139,725	145,688	164,525	172,789	101,089	99,254	107,978	112,532	4,472	4,338	106,407	149,988			624,196	684,589

* The comparative figures have been reclassified and restated to conform with the presentation of current quarter.

TEXCHEM RESOURCES BHD
**PART A – 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 2015.

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 2016

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the three months ended 31 March 2016, 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 2016.

13. Commitments

	31 March 2016 RM'000	31 December 2015 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements	5,242	4,202
Approved but not contracted for	206	659
	<u>5,448</u>	<u>4,861</u>

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

- (a) Current quarter compared with previous corresponding quarter

Continuing Operations

The Group recorded revenue of RM256.8 million in Q1 2016 as compared to RM277.1 million in Q1 2015. The Group reported a pre-tax profit of RM1.4 million in Q1 2016 against pre-tax profit of RM8.4 million in Q1 2015 mainly due to foreign exchange losses of RM3.5 million coupled with the various factors as explained in the respective operating business segments as follows:

- (i) Industrial Division

The revenue recorded in Q1 2016 was RM96.6 million as compared to RM107.3 million in Q1 2015. The pre-tax profit of RM1.6 million achieved in Q1 2016 was lower than RM2.1 million in Q1 2015 mainly due to lower sales recorded from local subsidiaries and foreign exchange loss of RM1.1 million resulting from strengthening of Ringgit Malaysia against US Dollar.

- (ii) Polymer Engineering Division

The revenue recorded in Q1 2016 was RM48.5 million against RM50.1 million in Q1 2015. The pre-tax loss of RM1.5 million incurred in Q1 2016 was higher than pre-tax loss of RM0.4 million in Q1 2015 mainly due to decline in revenue in the hard-disk drive segment. Included in the Q1 2016 pre-tax loss of RM1.5 million was foreign exchange loss of RM0.8 million resulting from strengthening of Ringgit Malaysia against US Dollar.

- (iii) Food Division

The revenue recorded for Q1 2016 was RM55.5 million against RM61.3 million in Q1 2015. The Division incurred pre-tax loss of RM1.3 million against pre-tax profit of RM2.3 million in Q1 2015 mainly due to foreign exchange loss of RM1.9 million resulting from strengthening of Ringgit Malaysia against US Dollar.

- (iv) Restaurant Division

The revenue recorded for Q1 2016 was RM57.9 million against RM60.1 million in Q1 2015. The lower revenue recorded for the current quarter was mainly due to the negative impact of post-implementation of Goods and Services Tax after 1 April 2015. As a result, the Division reported a lower pre-tax profit of RM4.6 million against RM7.0 million in Q1 2015.

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 2016 RM'000	Quarter 4 2015 RM'000	Variance RM'000	%
Revenue from continuing operations	256,835	279,066	(22,231)	(7.97%)
Profit before taxation from continuing operations	1,373	8,958	(7,585)	(84.7%)

The pre-tax profit of RM1.4 million in Q1 2015 was lower than the preceding quarter by RM7.6 million mainly due to various factors 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**
16. Prospects for 2016

The business environment for 2016 remains challenging due to the prevailing global economic condition. As the Group's business is diversified, the Restaurant Division is expected to improve its performance as we expect the domestic consumer demand to improve after suffering the negative impact of Goods and Services Tax in the second half of 2015. Similarly, the Food Division is expected to operate in a more favorable environment moving forward as seafood landing and demand influence the business positively in the following months. 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
- current period	1,964	2,677	1,964	2,677
Foreign tax expense				
- current period	698	267	698	267
	2,662	2,944	2,662	2,944
Deferred tax expense				
- current period	44	40	44	40
	2,706	2,984	2,706	2,984

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. (Loss)/Profit for the period

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

	3 months ended		3 months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(15)	(383)	(15)	(383)
Interest expense	2,442	2,951	2,442	2,951
Depreciation of property, plant and equipment	7,183	6,593	7,183	6,593
Reversal of impairment loss on trade receivables	(12)	(15)	(12)	(15)
Inventories (written back)/written down	(202)	187	(202)	187
Gain on disposal of property, plant and equipment	(271)	(738)	(271)	(738)
Property, plant and equipment written off	14	3	14	3
Loss on foreign exchange	3,502	419	3,502	419
Impairment loss on investment properties held for sale	-	1,267	-	1,267
Amortisation of franchise fee	55	55	55	55
Provision for Directors' retirement/resignation benefits	197	196	197	196
Dividend income from investment in money market fund	(6)	-	(6)	-
Insurance claim	(57)	-	(57)	-

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.

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**B. 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.

C. 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 further 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 to the SGX-ST.

On 25 June 2015, the Company had announced that the SGX-ST had granted TXPHS a further extension of time to 7 August 2015 for the Company to make a reasonable Exit Offer to TXPHS's shareholders.

On 5 August 2015, the Company had announced that the Company had presented to the directors of TXPHS a formal proposal to make an exit offer to the shareholders of TXPHS pursuant to Rules 1306 and 1309 of the Listing Manual of SGX-ST.

On 7 September 2015 and 21 September 2015, the Company had announced that the Securities Industry Council of Singapore ("SIC") has on 4 September 2015 and 18 September 2015 issued its exemption letter and confirmation letter respectively to the Company's legal adviser for the Exit Offer, Messrs Morgan Lewis Stamford LLC, where SIC has exempted the Exit Offer from certain provisions of the Singapore Code on Take-overs and Mergers and four of the directors of TXPHS were exempted from the requirement to make a recommendation on the Exit Offer to the shareholders of TXPHS.

On 20 January 2016, the Company announced that the SGX-ST had on 14 January 2016 given the clearance on the Exit Offer Letter to be issued by the Company.

On 28 January 2016, the Company announced that the Exit Offer Letter dated 28 January 2016 including Acceptance Forms had been despatched to the shareholders of TXPHS.

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**C. Delisting Notification to Texchem-Pack Holdings (S) Ltd. pursuant to Rule 1315 of the Singapore Exchange Securities Trading Limited's Listing Manual (Cont'd)**

On 22 February 2016, the Company announced the level of acceptance of the Exit Offer, dissenting shareholders' rights and a reminder of close of Exit Offer.

On 24 February 2016, the Company announced the level of acceptance of the Exit Offer and the Company's entitlement and intention to exercise its right of compulsory acquisition.

On 25 February 2016, the Company announced the close of exit offer and the final level of acceptance of the Exit Offer.

On 8 March 2016, the Company announced the despatch of the relevant documents to the Dissenting Shareholders of TXPHS in relation to the exercise by the Company of its right of compulsory acquisition pursuant to Section 215(1) of the Singapore Companies Act ("Compulsory Acquisition").

On 11 April 2016, the Company announced that it has exercised its rights of Compulsory Acquisition to acquire the shares of the Dissenting Shareholders ("Compulsory Acquisition Exercise").

On 13 April 2016, the Company announced the completion of the Compulsory Acquisition Exercise resulting in TXPHS becoming a wholly-owned subsidiary of the Company. TXPHS was delisted from the Official List of the SGX-ST on 14 April 2016.

D. An extension of time granted by the Penang High Court to Texchem Corporation Sdn. Bhd. ("Texcorp"), a 73.81% owned subsidiary of the Company, in order to comply with the requirement of Section 17 of the Companies Act, 1965

Texcorp is a 73.81% owned subsidiary of the Company since 12 July 2013.

As at todate, Texcorp still holds 21,153,109 ordinary shares of RM1.00 each in the Company, representing 17.30% of the total issued and paid-up share capital in the Company ("TRB Shares").

Pursuant to Section 17 of the Companies Act, 1965 ("Act"), Texcorp is required to dispose of all its shareholding 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.

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 16 May 2015 to dispose of all its shareholding in the Company in order to comply with the requirement of Section 17 of the Act.

On 12 May 2015, the Company announced that Texcorp had been granted an Order by the Penang High Court for a further extension of time of twelve (12) months from 17 May 2015 to dispose of all its shareholding in the Company in order to comply with the requirement of Section 17 of the Act, namely the new deadline for Texcorp to dispose of the TRB Shares is 16 May 2016. Pending the disposal of the TRB Shares, Texcorp shall have no rights to vote at meetings of the Company or any class of the Company's members.

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**E. Striking Off of a Dormant Company, Technopia Singapore Pte. Ltd.**

On 21 December 2015, the Company announced that Technopia Singapore Pte. Ltd. (“TSPL”), a wholly-owned subsidiary of Texchem Corporation Sdn. Bhd. which in turn is a 73.81% subsidiary of the Company, had on 21 December 2015 submitted an application to The Accounting and Corporate Regulatory Authority, Singapore, to strike off TSPL from the Register of Companies pursuant to Section 344 of the Singapore Companies Act, Chapter 50 (“Striking Off”).

The Striking Off process was completed on 4 April 2016.

F. Restructuring Exercise of the Restaurant Division

On 1 March 2016, the Company announced that it has entered into a Share Sale Agreement with Texchem Restaurant Systems Sdn. Bhd. (“TRSSB”), a wholly-owned subsidiary of the Company, to dispose of its 70.35% equity interest in Sushi Kin Sdn. Bhd. to TRSSB pursuant to an internal restructuring of the Restaurant Division and the transaction was completed on 1 March 2016.

On 31 March 2016, the Company announced that it has entered into a Share Sale Agreement with Sushi Kin Sdn. Bhd., a 70.35% owned subsidiary of TRSSB which in turn is a wholly-owned subsidiary of the Company, to dispose of its entire equity interest in Sushi Kin (East Malaysia) Sdn. Bhd. (formerly known as Sushi Family Sdn. Bhd.) to Sushi Kin Sdn. Bhd. and the transaction was completed on 31 March 2016.

G. Joint Venture between TRSSB and Kokubu Group Corp.

On 31 March 2016, the Company announced that TRSSB, a wholly-owned subsidiary of the Company, has entered into a Joint Venture Agreement with Kokubu Group Corp. (“Kokubu”), a company incorporated in Japan, to establish and operate a joint venture company, namely Kokubu Food Logistics Malaysia Sdn. Bhd., in Malaysia for the primary purpose of undertaking food logistics, inventory management, handling of sales orders and warehouses operations.

H. Joint Venture between TFSB, E-Sprint Co., Ltd. and Mascot Industries Company Limited

On 1 April 2016, the Company announced that TFSB., a wholly-owned subsidiary of the Company, has entered into a Joint Venture Agreement with E-Sprint Co., Ltd. and Mascot Industries Company Limited (hereinafter referred to as “Parties”) whereby the Parties desire to implement an investment plan through Texchem Marine Labutta Limited, a company incorporated in the Republic of the Union of Myanmar for procurement and marketing of marine products such as soft shell crab, prawns and hamaguri.

I. Acquisition of the entire Charter Capital of Sushi King Company Limited

On 13 April 2016, the Company announced that Sushi Kin Sdn. Bhd., a 70.35% owned subsidiary of TRSSB which in turn is a wholly-owned subsidiary of the Company, had on 12 April 2016 received an Enterprise Registration Certificate dated 8 April 2016 issued by the Business Registration Division under the Department of Planning and Investment of Ho Chi Minh City in relation to its acquisition of the entire Charter Capital of Seven Billion Eight Hundred Million Vietnamese Dongs (VND7,800,000,000.00) representing 100% Charter Capital of Sushi King Company Limited, a company established in Vietnam at the purchase consideration of VND7,800,000,000.00 [equivalent to approximately RM1,365,000 at the exchange rate of VND1,000 = RM0.175 as at 13 April 2016].

TEXCHEM RESOURCES BHD
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
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21. Loans and borrowings

	31 March 2016 RM'000	31 December 2015 RM'000
Unsecured		
Current:		
Bank overdrafts	21,292	17,530
Bankers' acceptances	52,783	53,312
Revolving credit	51,309	54,354
Term loans	12,522	6,248
Trust receipts	12,062	9,367
Finance lease liabilities	2,255	2,152
Other borrowings	12,181	15,165
Total	164,404	158,128
Non-current:		
Term loans	24,123	14,689
Other borrowings	7,667	8,334
Finance lease liabilities	5,140	4,929
Total	36,930	27,952

Loans and borrowings denominated in foreign currencies are as follows:

	31 March 2016 RM'000	31 December 2015 RM'000
Unsecured		
Current:		
Thai Baht	4,451	6,736
Singapore Dollar	3,001	106
Vietnamese Dong	8,105	8,285
United States Dollar	12,336	15,275
	27,893	30,402
Non-current:		
Thai Baht	53	64
Vietnamese Dong	246	97
	299	161

22. Derivative financial instruments

As at 31 March 2016, the Group has the following outstanding derivative financial instrument:

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value-Net Gains/(losses) RM'000
Forward exchange contracts			
- Receivables	2,016	1,883	133
- Payables	669	624	(45)
			88

For three months ended 31 March 2016, 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.

TEXCHEM RESOURCES BHD
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**
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 2016.

25. Dividends

No dividend has been proposed or declared for the quarter ended 31 March 2016.

26. Basic (loss)/earnings per share

Basic(loss)/earnings per share of the Group is calculated by dividing the (loss)/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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the period attributable to owners of the Company	(2,214)	4,986	(2,214)	4,986
Weighted average number of ordinary shares in issue*	122,402	124,099	122,402	124,099
Basic (loss)/earnings per share (sen)	(1.81)	4.02	(1.81)	4.02

***Weighted average number of ordinary shares:**

In thousands of shares	31 March 2016	31 March 2015
Issued ordinary shares at 1 January	124,099	124,099
Effect of treasury shares held	(1,697)	-
Weighted average number of ordinary shares	122,402	124,099

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

27. Realised and Unrealised Profits/(Losses)

	31 March 2016 RM'000	31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	91,760	93,874
Unrealised	15,063	16,557
	106,823	110,431
 Total share of retained earnings/(accumulated losses) from associates and joint venture:		
Realised	207	(1,970)
Unrealised	28,592	28,592
	28,799	26,622
	135,622	137,053
Less: Consolidation adjustments	(6,105)	(10,841)
 Total Group retained earnings	129,517	126,212

BY ORDER OF THE BOARD

**TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 29 April 2016**