

TEXCHEM-PACK HOLDINGS (S) LTD.

(Incorporated in the Republic of Singapore on 27 August 2003)

(Registration No. 200308296H)

Unaudited First Quarter Financial Statements and Dividend Announcement
PART 1 - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group 3 months ended		
	31/03/2015 RM'000	31/03/2014 RM'000	% Change
Revenue	47,517	41,944	13%
Cost of sales	(38,050)	(35,692)	7%
Gross profit	9,467	6,252	51%
Other operating income	2,211	2,390	-7%
Distribution expenses	(3,308)	(3,949)	-16%
Administrative expenses	(8,320)	(7,647)	9%
Other operating expenses	(480)	(339)	42%
Finance costs	(1,043)	(804)	30%
Share of loss of joint venture, net of tax	-	(1)	-100%
Loss before income tax	(1,473)	(4,098)	-64%
Income tax expense	(186)	(119)	56%
NET LOSS FOR THE PERIOD	(1,659)	(4,217)	-61%
Net (loss)/income attributable to :			
Equity holders of the Company	(1,683)	(3,964)	-58%
Non-controlling interests	24	(253)	-109%
	(1,659)	(4,217)	-61%
Other comprehensive income/(loss), net of tax:			
Currency translation differences arising from consolidation	3,728	(119)	N.M.
Total comprehensive income/(loss) for the period	2,069	(4,336)	-148%
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	2,045	(4,083)	-150%
Non-controlling interests	24	(253)	-109%
	2,069	(4,336)	-148%

N.M. : Not meaningful

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1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the statement of comprehensive income or in the notes to the statement of comprehensive income for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group 3 months ended		
	31/03/15 RM'000	31/03/14 RM'000	% Change
Loss for the period is arrived at after charging/(crediting) :-			
Reversal for doubtful debts on trade receivables	-	(23)	N.M.
Inventory written down to realisable value	187	86	117%
Amortisation of intangible assets	33	35	-6%
Depreciation of property, plant and equipment	2,438	2,608	-7%
(Gain)/Loss on disposal of property, plant and equipment	(114)	4	N.M.
Foreign exchange loss	88	266	-67%
Interest on borrowings	1,043	804	30%
Interest income	(10)	(65)	-85%
Insurance claim	-	(3)	N.M.

N.M. : Not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	76,690	75,723	-	-
Intangible assets	6,836	6,861	-	-
Investment in subsidiaries	-	-	35,332	35,332
	<u>83,526</u>	<u>82,584</u>	<u>35,332</u>	<u>35,332</u>
Current assets				
Inventories	24,319	23,264	-	-
Trade and other receivables	47,590	44,782	232	164
Cash and cash equivalents	9,156	11,135	149	58
Tax recoverable	195	252	-	-
	<u>81,260</u>	<u>79,433</u>	<u>381</u>	<u>222</u>
Total assets	<u>164,786</u>	<u>162,017</u>	<u>35,713</u>	<u>35,554</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	55,646	55,646	55,646	55,646
Reserves	(2,915)	(4,960)	(22,117)	(21,793)
	<u>52,731</u>	<u>50,686</u>	<u>33,529</u>	<u>33,853</u>
Non-controlling interests	<u>(6,252)</u>	<u>(6,113)</u>	<u>-</u>	<u>-</u>
Total equity	<u>46,479</u>	<u>44,573</u>	<u>33,529</u>	<u>33,853</u>
Non-current liabilities				
Provision for retirement benefits	1,044	1,069	-	-
Borrowings	5,091	5,892	-	-
Deferred income tax liabilities	951	960	-	-
	<u>7,086</u>	<u>7,921</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	46,426	45,046	2,184	1,701
Borrowings	64,795	64,477	-	-
	<u>111,221</u>	<u>109,523</u>	<u>2,184</u>	<u>1,701</u>
Total liabilities	<u>118,307</u>	<u>117,444</u>	<u>2,184</u>	<u>1,701</u>
Total equity and liabilities	<u>164,786</u>	<u>162,017</u>	<u>35,713</u>	<u>35,554</u>

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1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

As at 31-03-2015	
Secured	Unsecured
RM'000	RM'000
1,311	63,484

As at 31-12-2014	
Secured	Unsecured
RM'000	RM'000
1,269	63,208

Amount repayable after one year

As at 31-03-2015	
Secured	Unsecured
RM'000	RM'000
2,338	2,753

As at 31-12-2014	
Secured	Unsecured
RM'000	RM'000
2,682	3,210

Details of any collateral

Finance lease liabilities are secured against the respective leased assets.

Certain borrowings of the Group are secured by a corporate guarantee of the holding company, Texchem Resources Bhd., a company listed on the Main Board of Bursa Malaysia Securities Berhad.

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1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	3 months ended	
	31/03/2015	31/03/2014
	RM'000	RM'000
Cash flows from operating activities		
Net loss for the period	(1,659)	(4,217)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,438	2,608
Amortisation of intangible assets	33	35
(Gain)/Loss on disposal of property, plant and equipment	(114)	4
Insurance claim	-	(3)
Provision for retirement benefits	67	87
Finance costs	1,043	804
Interest income	(10)	(65)
Income tax expense	186	119
Share of loss of joint venture	-	1
	<u>1,984</u>	<u>(627)</u>
Changes in working capital:		
Inventories	(246)	(888)
Trade and other receivables	(782)	1,064
Trade and other payables	(1,690)	(3,014)
Cash used in operations	<u>(734)</u>	<u>(3,465)</u>
Income taxes paid	(142)	(224)
Retirement benefits paid	(121)	(166)
Cash flows used in operating activities	<u>(997)</u>	<u>(3,855)</u>
Cash flows from investing activities		
Interest received	10	65
Accretion of interest in an existing subsidiary	(163)	-
Purchase of property, plant and equipment	(1,447)	(1,104)
Purchase of intangible assets	(3)	(18)
Proceeds from sale of property, plant and equipment	212	105
Cash flows used in investing activities	<u>(1,391)</u>	<u>(952)</u>

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- 1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Group 3 months ended	
	31/03/2015 RM'000	31/03/2014 RM'000
Cash flows from financing activities		
Interest paid	(1,043)	(804)
Repayment of term loans	(633)	(732)
Drawdown of term loans	-	50
Repayment of short term borrowings, net	(1,102)	(1,366)
Repayment of finance lease liabilities	(304)	(320)
Financing from holding company and related corporations	2,068	2,873
Net cash used in financing activities	<u>(1,014)</u>	<u>(299)</u>
Net decrease in cash and cash equivalents	(3,402)	(5,106)
Cash and cash equivalents at beginning of period	4,210	4,729
Effect of exchange rate fluctuations	563	(10)
Cash and cash equivalents at end of period	<u>1,371</u>	<u>(387)</u>
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	9,156	7,460
Bank overdrafts	<u>(7,785)</u>	<u>(7,847)</u>
	<u>1,371</u>	<u>(387)</u>

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Changes in Equity for the quarter ended 31 March 2015 and 31 March 2014

	Share capital RM '000	Statutory reserve RM '000	Revaluation reserve RM '000	Foreign currency translation reserve RM '000	Accumulated losses RM '000	Total attributable to equity holders of the Company RM '000	Non- controlling interests RM '000	Total equity RM '000
Group								
At 1 January 2014	55,646	3,208	1,701	3,426	(3,387)	60,594	(4,911)	55,683
Total comprehensive loss for the quarter	-	-	-	(119)	(3,964)	(4,083)	(253)	(4,336)
At 31 March 2014	55,646	3,208	1,701	3,307	(7,351)	56,511	(5,164)	51,347
At 1 January 2015	55,646	3,208	1,701	6,438	(16,307)	50,686	(6,113)	44,573
Total comprehensive income/(loss) for the quarter	-	-	-	3,728	(1,683)	2,045	24	2,069
Accretion of interest in an existing subsidiary	-	-	-	-	-	-	(163)	(163)
At 31 March 2015	55,646	3,208	1,701	10,166	(17,990)	52,731	(6,252)	46,479

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Statement of Changes in Equity for the quarter ended 31 March 2015 and 31 March 2014

Company	Share Capital RM '000	Accumulated losses RM '000	Total RM '000
At 1 January 2014	55,646	(20,375)	35,271
Total comprehensive loss for the quarter	-	(316)	(316)
At 31 March 2014	55,646	(20,691)	34,955
At 1 January 2015	55,646	(21,793)	33,853
Total comprehensive loss for the quarter	-	(324)	(324)
At 31 March 2015	55,646	(22,117)	33,529

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

During the period ended 31 March 2015, there has been no increase in the issued and paid-up share capital of the Company.

The Company did not have any convertibles as at 31 March 2015 and 31 March 2014.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at 31 March 2015 was 138,715,562 shares (2014: 138,715,562 shares).

- 1(d)(iv) A Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the independent auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The Group has adopted the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those applied for in the audited financial statements for the year ended 31 December 2014.

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5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Loss per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group 3 months ended	
	31/03/2015	31/03/2014
Basic and diluted loss per share (in Sen)	(1.21)	(2.86)
Ordinary shares in issue (in thousand)	138,716	138,716

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Net asset value per ordinary share based on issued share capital at the end of the period/year (in Sen)	33.51	32.13	24.17	24.40
Ordinary shares in issue (in thousand)	138,716	138,716	138,716	138,716

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares in issue.

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
 - b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement

The Group registered a 13% growth in revenue to RM47.5 million for the three months ended 31 March 2015 ("1Q15"), compared to RM41.9 million for the previous corresponding period ("1Q14"). The growth in revenue was largely due to higher sales achieved in the data storage, consumer electronic and electrical as well as medical/life sciences segments.

Gross profit margin for 1Q15 improved to 19.9% from 14.9% in 1Q14, in line with the increase in revenue and sales volume, which increased utilization of the Group's production capacity.

Other operating income declined marginally to RM2.2 million in 1Q15, from RM2.4 million in 1Q14, mainly due to lower sales of scrap and mould. However, this was partially offset by the increase in foreign exchange gain.

Distribution expenses in 1Q15 decreased to RM3.3 million from RM3.9 million in 1Q14, mainly due to lower marketing expenses incurred in 1Q15. On the other hand, administrative expenses rose 9% to RM8.3 million in 1Q15 from RM7.6 million in 1Q14 mainly due to higher payroll costs. In 1Q15, other operating expenses increased marginally to RM480,000 from RM339,000 in 1Q14.

The Group incurred higher finance costs at RM1.0 million in 1Q15 compared to RM804,000 in 1Q14 due to higher utilization of bank borrowings as well as an increase in advances from the holding company and other related corporations.

Taking into consideration the above factors and after accounting for income tax expenses, the Group recorded a net loss after tax of RM1.7 million in 1Q15, compared to a net loss after tax of RM4.2 million in 1Q14.

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Balance Sheet and Cash Flow

As at 31 March 2015, trade receivables turnover was 75 days, unchanged as at 31 December 2014, while trade payables turnover fell to 82 days compared to 88 days as at 31 December 2014 mainly due to more prompt settlement to creditors. On the other hand, inventory turnover increased slightly to 57 days, from 55 days as at 31 December 2014.

The Group reported cash used in operating activities of RM997,000 for the three months period ended 31 March 2015. After accounting for the cash used in investing and financing activities of RM1.4 million and RM1.0 million respectively, the cash and cash equivalents at end of the period stood at RM1.4 million.

As at 31 March 2015, the Group reported a negative working capital position of RM30.0 million. Nevertheless, the Group expects to be able to meet its financial obligations as and when they fall due, in view of the unutilized banking facilities that it has in place. The Group's holding company, Texchem Resources Bhd, is also committed to providing financial support for the Group should the needs arise.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

While sustaining its leadership in the traditional industry segments, the medical/life sciences business is expected to be a growth catalyst going forward with capital investment.

The Group is committed to continuously growing its traditional HDD segment, with full effort to secure new programs and expand its retail packaging business.

The Group remains focused on improving its operational efficiency to improve its financial performance.

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11. Dividend

- (a) Current Financial Period Reported on**
Any dividend declared for the current financial period reported on?

None.

- (b) Corresponding Period of the Immediately Preceding Financial Year**

None.

- (c) Date payable**

Not applicable.

- (d) Books closure date**

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No interim dividend for the quarter ended 31 March 2015 is recommended.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Only applies to full year results.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Only applies to full year results.

15. A breakdown of sales

Only applies to full year results.

16. A breakdown of the total annual dividend for the issuer's latest full year and its previous full year

Only applies to full year results.

17. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13)

Only applies to full year results.

18. Interested Person Transactions

Interested Persons		Aggregate value of all interested person transactions conducted for the year ended 31 March 2015 (excluding transactions less than S\$100,000 or RM266,800 and transactions conducted under shareholders' mandate pursuant to Rule 920 of Listing Manual of SGX-ST)	Aggregate value of all interested person transactions conducted for the year ended 31 March 2015 under shareholders' mandate pursuant to Rule 920 of Listing Manual of SGX-ST (excluding transactions less than S\$100,000 or RM266,800)
		RM'000	RM'000
Texchem Corporation Sdn Bhd	Payment of management services provided	-	495
Texchem Resources Bhd	Advance received and accrued interest	872	-
Texchem Corporation Sdn Bhd	Advance received and accrued interest	502	-

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We, Brian Tan Guan Hooi and Yap Kee Keong, being two directors of Texchem-Pack Holdings (S) Ltd ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period under review to be false or misleading.

On behalf of the Board of Directors

Brian Tan Guan Hooi
Director

Yap Kee Keong
Director

Singapore, 28 April 2015