

TEX CYCLE TECHNOLOGY (M) BERHAD

Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 3rd Quarter Ended 30 September 2012 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
Revenue	3,624	4,871	10,970	24,175
Cost of sales	(974)	(1,985)	(2,965)	(14,034)
Gross profit	2,650	2,886	8,005	10,141
Other income	410	262	6,284	1,325
Distribution and selling expenses	(74)	(109)	(167)	(351)
Administrative expenses	(1,452)	(1,097)	(3,474)	(3,428)
Other expenses	(685)	(933)	(1,385)	(1,647)
Finance income	12	16	33	85
Finance costs	(9)	(7)	(54)	(15)
Profit before taxation	852	1,018	9,242	6,110
Taxation	(160)	(552)	(1,350)	(1,848)
Profit after tax for the period/ Total comprehensive income for the period	692	466	7,892	4,262
Profit/Total comprehensive income attributable to equity holders of the Company	692	466	7,892	4,262
Earnings per share (sen)				
(a) Basic	0.41	0.27	4.62	2.50
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Company's No.: 642619-P

(Incorporated in Malaysia)

Quarterly Report on Results for the 3rd Quarter Ended 30 September 2012 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(the figures have not been audited)

	AS AT 30.09.2012 RM'000	AS AT 31.12.2011 RM'000
NON-CURRENT ASSETS		
<i>Property, plant and equipment</i>	16,922	13,600
<i>Prepaid lease payment on leasehold land</i>	6,953	12,389
<i>Investment property</i>	7,340	7,340
<i>Goodwill on consolidation</i>	584	584
	31,799	33,913
CURRENT ASSETS		
<i>Investment in unit trusts</i>	4,800	4,338
<i>Inventories</i>	435	474
<i>Trade receivables</i>	8,015	8,830
<i>Other receivables</i>	6,174	563
<i>Tax recoverable</i>	770	724
<i>Deposits, cash and bank balances</i>	13,903	4,910
	34,097	19,839
CURRENT LIABILITIES		
<i>Borrowings</i>	1,189	741
<i>Trade payables</i>	38	77
<i>Other payables</i>	1,017	1,223
<i>Tax payables</i>	248	11
	2,492	2,052
NET CURRENT ASSETS	31,605	17,787
	63,404	51,700
REPRESENTED BY:		
<i>Share capital</i>	17,079	17,079
<i>Share premium</i>	4,522	4,522
<i>Retained profits</i>	33,686	26,648
<i>Shareholders' Equity</i>	55,287	48,249
<i>Borrowings</i>	7,822	3,104
<i>Deferred tax liabilities</i>	295	347
<i>Non-current liabilities</i>	8,117	3,451
	63,404	51,700
Net assets per share (sen)	32.37	28.25

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2012	17,079	4,522	26,648	48,249
Total comprehensive income for the period	-	-	7,892	7,892
Appropriation:				
Final dividend payable for the financial year ended 31 December 2011	-	-	(854)	(854)
At 30 September 2012	17,079	4,522	33,686	55,287
At 1 January 2011	17,079	4,522	22,615	44,216
Total comprehensive income for the period	-	-	4,262	4,262
Appropriation:				
Final dividend payable for the financial year ended 31 December 2010	-	-	(854)	(854)
At 30 September 2011	17,079	4,522	26,023	47,624

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,242	6,110
Adjustments for:		
Depreciation of property, plant and equipment	951	1,087
Amortisation of prepaid lease payment	81	68
Allowance for doubtful debts - net	(119)	580
Changes in fair value of investment	(351)	(162)
Bad debts written off	7	16
(Gain) /Loss on investment in unit trust	(111)	(76)
(Gain) /Loss on investment in bond fund	-	171
Amortisation of deferred income	-	(180)
Gain on disposal of property, plant and equipment	(4,339)	-
Interest expense	54	15
Interest income	(33)	(85)
Operating profit before working capital changes	5,382	7,544
Increase in inventories	39	8
Decrease/(Increase) in trade receivables	930	(2,852)
(Increase)/Decrease in other receivables	(1,311)	1,015
Decrease in trade payables	(69)	(30)
Decrease in other payables	(184)	(337)
Cash generated from operations	4,787	5,348
Interest paid	(54)	(15)
Taxes paid	(1,761)	(1,565)
Taxes refunded	335	-
Net cash generated from operating activities	3,307	3,768
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	33	85
Purchase of leasehold land	-	(4,500)
Proceeds from disposal of property, plant and equipment	10,070	3,432
Purchase of property, plant and equipment	(8,729)	(3,110)
Increase in short-term deposit pledged	(3)	(4)
Net cash from/(used in) investing activities	1,371	(4,097)

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Quarterly Report on Results for the 3rd Quarter Ended 30 September 2012 CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
CASH OUTFLOW FROM FINANCING ACTIVITY		
Term Loan received	6,000	3,300
Repayment of term loan	(645)	(161)
Repayment of hire purchase and lease financing	(188)	(69)
Dividend paid	(854)	(854)
Net cash from financing activities	4,313	2,216
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,991	1,887
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,666	6,458
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note A15)	13,657	8,345

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly Report on Results for the 3rd Quarter Ended 30 September 2012

NOTES

A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards 134 (MFRS134): "Interim Financial Reporting" and Rule 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS34, Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on January 1, 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not Transitioning Entities will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (MFRS 1) in their financial statements for the financial year ending 31 December 2012, being the first set of financial statements prepared in accordance with the new MFRS Framework.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

A2 Auditors' report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

A3 Seasonal or cyclical factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Company during the quarter under review.

A5 Material changes in estimates

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

A6 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A7 Dividend paid

The first and final single tier exempt dividend of 5%, amounting to RM853,965 in respect of the financial year ended 31 December 2011 was paid on 23 July 2012.

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A8 Segment information

	Investment holding RM'000	Recovery and recycling services RM'000	Manufacturing RM'000	Trading RM'000	Others* RM'000	Eliminations RM'000	Total RM'000
Current Year Quarter							
30.09.2012							
Revenue							
External sales	-	3,587	13	24	-	-	3,624
Inter-segment sales	-	-	2	-	-	(2)	-
Total revenue	-	3,587	15	24	-	(2)	3,624
Results							
Segment results	(146)	1,454	(12)	(279)	187	-	1,204
Finance income	3	8	1	-	-	-	12
Finance cost	-	(4)	(3)	(2)	-	-	(9)
Depreciation and amortisation	-	(277)	(20)	(58)	-	-	(355)
Profit before taxation	(143)	1,181	(34)	(339)	187	-	852
Current Year To Date							
30.09.2012							
Revenue							
External sales	-	10,755	110	105	-	-	10,970
Inter-segment sales	-	-	2	-	-	(2)	-
Total revenue	-	10,755	112	105	-	(2)	10,970
Results							
Segment results	(171)	10,276	30	(380)	540	-	10,295
Finance income	8	20	5	-	-	-	33
Finance cost	-	(15)	(9)	(30)	-	-	(54)
Depreciation and amortisation	-	(799)	(62)	(171)	-	-	(1,032)
Profit before taxation	(163)	9,482	(36)	(581)	540	-	9,242
Preceding Year Corresponding Quarter							
30.09.2011							
Revenue							
External sales	-	3,473	106	1,292	-	-	4,871
Inter-segment sales	-	-	1	-	-	(1)	-
Total revenue	-	3,473	107	1,292	-	(1)	4,871
Results							
Segment results	(88)	1,152	39	135	170	-	1,408
Finance income	2	11	3	-	-	-	16
Finance cost	-	(2)	(4)	(1)	-	-	(7)
Depreciation and amortisation	-	(273)	(86)	(29)	(11)	-	(399)
Profit before taxation	(86)	888	(48)	105	159	-	1,018
Preceding Year Corresponding Period							
30.09.2011							
Revenue							
External sales	-	12,579	214	11,382	-	-	24,175
Inter-segment sales	-	-	23	-	-	(23)	-
Total revenue	-	12,579	237	11,382	-	(23)	24,175
Results							
Segment results	(160)	5,868	(40)	1,028	499	-	7,195
Finance income	15	63	7	-	-	-	85
Finance cost	-	(3)	(11)	(1)	-	-	(15)
Depreciation and amortisation	-	(796)	(259)	(67)	(33)	-	(1,155)
Profit before taxation	(145)	5,132	(303)	960	466	-	6,110

* This segment represents renting of investment property

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

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A9 Valuation of property, plant and equipment

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

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial period up to the date of this report that would affect the financial results for the current financial period under review.

A11 Changes in the composition of the Company

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

A12 Contingent liabilities

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

A13 Capital commitments

There were no capital commitments as at the date of this report.

A14 Related party transactions

As at the end of the current quarter under review, the Group has entered into/or completed the following related party transactions:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
Transactions with Metro Engravers Sdn Bhd, a Company with a common director:				
- Printing costs payables	3	-	7	4
	<u>3</u>	<u>-</u>	<u>7</u>	<u>4</u>

All related party transactions had been entered into in the ordinary course of business based on normal commercial terms.

A15 Cash and cash equivalents

	As at 30.09.2012 RM'000	As at 30.09.2011 RM'000
Cash in hand and at banks	10,716	5,083
Deposits with:		
Licensed investment bank	2,941	3,262
Licensed bank	246	243
	<u>13,903</u>	<u>8,588</u>
Less: Non cash equivalents:		
Fixed deposits pledged	(246)	(243)
	<u>13,657</u>	<u>8,345</u>

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

B1 Review of performance

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
Revenue	3,624	4,871	10,970	24,175
Profit before taxation	852	1,018	9,242	6,110

For the quarter ended 30 September 2012, Tex Cycle and its subsidiaries ("Group") generated total revenue of RM3.6million, a decrease of RM1.25million compared to the corresponding quarter of the preceding year ended 30 September 2011. The decrease in revenue was due to reduced trading activities in chemicals by the Group's subsidiary, TC Chemical Sdn Bhd during the current quarter. Group Profit Before Tax achieved was RM852,000 as compared to RM1.018million preceding year corresponding period.

Recycling and recovery division

For the quarter ended 30 September 2012, the revenue of the Recycling business increased by RM114,000 or 3% as compared to that of the corresponding quarter preceding year. As at year to-date, the revenue of recycling business decrease by RM1.8million or 14% compared to the corresponding quarter preceding year. The decrease is mainly due to lower demand from the industry.

Manufacturing division

The manufacturing division of the Group has ceased operations on 31 December 2011. For the current quarter, the division achieved a nominal revenue of RM13,000 on sales of balance manufactured products.

Trading division

The revenue from the trading of chemicals suffered a huge decrease from last year's corresponding period due to very low trading activities during the quarter.

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

	Current Year Quarter 30.09.2012 RM'000	Current Year Previous Quarter 30.06.2012 RM'000
Revenue	3,624	3,800
Profit before taxation	852	4,499

The Group's revenue for the current quarter was RM3.6million as compared to the revenue for the preceding quarter of RM3.8million, representing a decrease of RM176,000, or 5%. The decrease in revenue was due to lower recycling and trading activities.

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Quarterly Report on Results for the 3rd Quarter Ended 30 September 2012

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B3 Prospects

In order to protect the environment of the country, Natural Resources and Environment Minister had on 19 April 2012, announced the proposed amended Environmental Quality Act 1974 which will be enforceable from 1 January 2013. The amended Act has come with more stringent rules and heavier penalties to prevent company/individual to carry out activities which may cause environmental damage. The amended Act also grants the Department of Environment ("DOE") with more authority to carry out their duties (i.e. issue stop work order or arrest without warrant to whoever has committed or attempted to commit an offence under the Act.).

The Board of Directors believes that enforcement of the amended Act is favourable to the recycling business of the Group. As such, the Board of Directors expects the Group to perform satisfactorily in the remaining quarter of year 2012.

B4 Profit forecast and profit guarantee

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

B5 Taxation

The taxation is calculated based on the profit for the financial period ended 30 September 2012 comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
Income tax				
Estimated tax payable for current period	439	470	1,465	1,796
Under/(Over) provision in prior year	(63)	145	(63)	145
Deferred tax				
Estimated deferred tax for current period	(216)	(63)	(52)	(93)
	<u>160</u>	<u>552</u>	<u>1,350</u>	<u>1,848</u>

B6 Sales of unquoted investments and/or properties

There were no acquisitions or disposals of unquoted investments and/or properties during the quarter under review.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the financial quarter under review.

B8 Status of corporate proposals

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

B9 Borrowings and debt securities

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
<i>Short term borrowings:</i>		
Secured-Term Loan	940	488
Unsecured - Hire purchase and finance lease payables	249	253
<i>Long term borrowings:</i>		
Secured-Term Loan	7,445	2,542
Unsecured - Hire purchase and finance lease payables	377	562
	<u>9,011</u>	<u>3,845</u>

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B10 Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments as at the date of this report.

B11 Material litigation

There are no material litigation since the last annual balance sheet date to the date of this report.

B12 Dividends

No interim dividend has been recommended for the current financial period ended 30 September 2012.

B13 Realised and unrealised profit and loss

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Total retained profit of the Company and it's subsidiaries:		
Realised	31,455	24,716
Unrealised	2,231	1,673
	<u>33,686</u>	<u>26,648</u>

B14 Profit before tax

	Current Year Quarter 30.09.2012 RM'000	Current Year To Date 30.09.2012 RM'000
Profit before tax is arrived at after the following charges/(credits):		
Depreciation of property, plant and equipment	328	951
Amortisation of repaid lease payment	27	81
Allowance for doubtful debts - net	(320)	(119)
Bad debts written off	7	7
Gain on investment in unit trust	(38)	(111)
Gain on disposal of property, plant and equipment - net of tax	-	(4,339)
Increase in fair value of unit trust	(128)	(351)
Interest income from deposits placed with licensed banks	(12)	54
Interest expenses on hire-purchase	9	28
Interest expenses on term loans	-	26

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B15 Earnings per share

(a) Basic Earnings Per Ordinary Share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2012 RM'000	Preceding Year Corresponding Period 30.09.2011 RM'000
Net profit for the period (RM'000)	692	466	7,892	4,262
Weighted average number of ordinary shares in issue ('000)	170,793	170,793	170,793	170,793
Basic earnings per share (sen)	0.41	0.27	4.62	2.50

(b) Diluted Earnings Per Ordinary Share

Not applicable to the Company

By Order of the Board

Periasamy A/L Sinakalai

Managing Director

Selangor Darul Ehsan

Date: 21 November 2012