



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and nine months ended 30 September 2015

	Note	3 months ended 30 September		9 months ended 30 September	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing Operations					
Revenue	8	262,076	281,523	775,049	757,987
Cost of sales		(208,507)	(225,236)	(593,700)	(587,190)
Gross profit		53,569	56,287	181,349	170,797
Distribution costs		(36,942)	(34,426)	(110,462)	(104,763)
Administrative expenses		(29,344)	(23,621)	(82,402)	(72,939)
Other expenses		(613)	(2,728)	(1,880)	(2,728)
Other income		18,272	6,454	32,684	18,946
Operating profit		4,942	1,966	19,289	9,313
Finance costs		(2,286)	(2,844)	(7,909)	(8,463)
Share of (loss)/profit of joint venture, net of tax		-	(1)	-	37
Share of profit of equity accounted associates, net of tax		575	468	3,158	1,559
Profit before taxation		3,231	(411)	14,538	2,446
Income tax expense	18	(2,441)	(1,295)	(6,991)	(5,097)
Profit/(Loss) for the period	19	790	(1,706)	7,547	(2,651)
Profit/(Loss) attributable to:					
Owners of the Company		1,647	(622)	7,191	571
Non-controlling interests		(857)	(1,084)	356	(3,222)
Profit/(Loss) for the period		790	(1,706)	7,547	(2,651)
Basic earnings/(loss) per share attributable to owners of the Company (sen)					
	26	1.33	(0.50)	5.79	0.46

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 nine months ended 30 September 2015

	Note	3 months ended 30 September		9 months ended 30 September	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) for the period		790	(1,706)	7,547	(2,651)
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		12,279	1,521	18,056	126
Total comprehensive income/(expense) for the period		13,069	(185)	25,603	(2,525)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		12,955	602	23,639	606
Non-controlling interests		114	(787)	1,964	(3,131)
Total comprehensive income/(expense) for the period		13,069	(185)	25,603	(2,525)

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 30 September 2015

	Note	30 September 2015 (Unaudited) RM'000	31 December 2014 (Audited) RM'000
ASSETS			
Property, plant and equipment		152,652	147,422
Investment properties		-	11,267
Investment in associates		60,819	56,020
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
- Franchise fee		1,494	1,658
Deferred tax assets		20	20
Total non-current assets		270,867	272,269
Trade and other receivables		210,870	156,964
Inventories		96,316	72,669
Current tax assets		886	1,213
Cash and cash equivalents		69,307	49,313
Investment properties classified as held for sale		10,000	-
Total current assets		387,379	280,159
TOTAL ASSETS		658,246	552,428
EQUITY			
Share capital		124,099	124,099
Reserves		171,824	66,637
Total equity attributable to owners of the Company		295,923	190,736
Non-controlling interests		41,197	25,451
TOTAL EQUITY		337,120	216,187
LIABILITIES			
Loans and borrowings	21	17,191	31,980
Deferred tax liabilities		2,783	2,050
Deferred liabilities		3,003	2,629
Provision		4,677	4,127
Total non-current liabilities		27,654	40,786
Trade and other payables		137,811	114,887
Provision		107	202
Loans and borrowings	21	154,306	178,239
Current tax liabilities		1,062	1,005
Deferred liabilities		-	985
Derivative liabilities		186	137
Total current liabilities		293,472	295,455
TOTAL LIABILITIES		321,126	336,241
TOTAL EQUITY AND LIABILITIES		658,246	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 nine months ended 30 September 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	-	16,448	-	16,448	1,608	18,056
Profit for the period	-	-	7,191	7,191	356	7,547
Total comprehensive income for the period	-	16,448	7,191	23,639	1,964	25,603
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	-	3,450	3,679	7,129	1,305	8,434
Dividends (Note 7)	-	-	(15,141)	(15,141)	-	(15,141)
Dividends shared by non-controlling interest of a subsidiary (Note 7)	-	-	(910)	(910)	910	-
Total transaction with owners of the Company	-	3,450	78,098	81,548	13,782	95,330
At 30 September 2015	124,099	37,671	134,153	295,923	41,197	337,120

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 nine months ended 30 September 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 expense	-	35	-	35	91	126
Profit/(loss) for the period	-	-	571	571	(3,222)	(2,651)
Total comprehensive income/(expense) for the period	-	35	571	606	(3,131)	(2,525)
Issuance of shares to non-controlling interest	-	-	-	-	980	980
Dilution of interest in an existing subsidiary	-	-	5,452	5,452	538	5,990
Transfer to capital reserve	-	31	(31)	-	-	-
At 30 September 2014	124,099	12,619	48,330	185,048	26,000	211,048

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 nine months ended 30 September 2015

	Note	9 months ended 30 September	
		2015	2014
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,538	2,446
Adjustments for:			
Depreciation of property, plant and equipment		20,568	18,584
Provision for Directors' retirement/resignation benefits		510	681
Property, plant and equipment written off		474	2,374
Amortisation of franchise fee		164	-
Gain on disposal of property, plant and equipment		(1,243)	(449)
Interest income		(419)	(494)
Dividend income from investment in money market fund		(973)	-
Interest expense		7,909	8,463
Share of profit of equity accounted associates		(3,158)	(1,559)
Share of profit of joint venture		-	(37)
Impairment loss on investment of joint venture		-	300
Impairment loss on investment properties held for sale		1,267	-
Gain on deregistration of a subsidiary	A	-	(7)
		25,099	27,856
Operating profit before changes in working capital		39,637	30,302
Changes in working capital:			
Inventories		(23,648)	(7,433)
Trade and other receivables		(43,378)	(37,873)
Trade and other payables		22,871	(812)
Cash used in operations		(4,518)	(15,816)
Dividend received from associate		559	661
Income tax paid		(6,356)	(2,742)
Directors' retirement/resignation benefits paid		(662)	(912)
Net cash used in operating activities		(10,977)	(18,809)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		2,064	1,601
Purchase of property, plant and equipment		(16,924)	(14,966)
Interest received		419	494
Accretion of interest in an existing subsidiary		(163)	-
Subscription of shares in an associate		(2,200)	-
Proceeds from disposal of shares in an existing subsidiary		102,200	5,990
Proceeds from disposal of company shares held by a subsidiary		8,434	-
Net cash generated from/(used in) investing activities		93,830	(6,881)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the nine months ended 30 September 2015 (Cont'd)

	Note	9 months ended 30 September	
		2015	2014
		RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loans		(21,503)	(1,224)
Repayment of finance lease liabilities		(1,823)	(1,445)
(Repayment)/Drawdown of borrowings (net)		(21,175)	17,362
Dividend income received from investment in money market fund		973	-
Interest paid		(7,909)	(8,463)
Dividends paid		(15,141)	-
Proceeds from issuance of shares to non-controlling interest holders		-	980
Net cash (used in)/generated from financing activities		(66,578)	7,210
Net increase/(decrease) in cash and cash equivalents		16,275	(18,480)
Cash and cash equivalents at 1 January		31,858	31,312
Effects of exchange differences on cash and cash equivalents		2,912	(122)
Cash and cash equivalents at 30 September	B	51,045	12,710

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:

	30 September 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:

	30 September 2015 RM'000	30 September 2014 RM'000
Short term deposit with licensed banks	720	1,973
Investment in money market fund	21,453	-
Cash and bank balances	47,134	32,998
Bank overdrafts	(18,262)	(22,261)
	51,045	12,710

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 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 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	Presentation of Financial Statements: Disclosures Initiative

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 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
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 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers

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 nine months ended 30 September 2015 except for the impairment loss on investment properties held for sale of RM1.3 million in Q1 2015 and insurance claim of RM9.5 million received in Q3 2015.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and nine months ended 30 September 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 nine months ended 30 September 2015.

7. Dividend paid

The Company had declared and paid the following dividends:-

- (i) An interim single tier dividend of 10 sen per share amounting to approximately RM12.41 million was declared on 2 March 2015 for the financial year ending 31 December 2015 and paid on 1 April 2015. The dividend received by subsidiary, Texchem Corporation Sdn Bhd (“Texcorp”) was RM2.41 million due to the cross-shareholding as disclosed in Note 20(E). As Texcorp is a 73.81% owned subsidiary of the Company, the dividend shared by non-controlling interests of Texcorp was RM0.63 million out of RM2.41 million paid by the Company; and
- (ii) A second interim single tier dividend of 5 sen per share amounting to approximately RM6.20 million was declared on 19 August 2015 for the financial year ending 31 December 2015 and paid on 10 September 2015. The dividend received by subsidiary, Texcorp was RM1.06 million due to the cross-shareholding as disclosed in Note 20(E). As Texcorp is a 73.81% owned subsidiary of the Company, the dividend shared by non-controlling interests of Texcorp was RM0.28 million out of RM1.06 million paid 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

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 30 September														
Revenue from external customers	115,651	102,318	51,063	49,359	45,082	81,024	49,870	48,330	410	492	-	-	262,076	281,523
Inter-segment revenue	115	360	15	92	1	2,202	-	-	2,904	2,858	(3,035)	(5,512)	-	-
Total revenue	115,766	102,678	51,078	49,451	45,083	83,226	49,870	48,330	3,314	3,350	(3,035)	(5,512)	262,076	281,523
Profit/(Loss) before share of profit/(loss) of equity accounted joint venture and associates, net of tax	1,709	1,605	325	(2,779)	975	618	1,147	1,027	(1,500)	(1,349)			2,656	(878)
Share of profit of joint venture, net of tax	-	-	-	(1)	-	-	-	-	-	-			-	(1)
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	575	468			575	468
Profit/(Loss) before tax	1,709	1,605	325	(2,780)	975	618	1,147	1,027	(925)	(881)			3,231	(411)



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 (Cont'd)

	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
9 months ended 30 September														
Revenue from external customers	325,988	310,688	148,006	137,808	139,730	156,766	159,918	150,899	1,407	1,826	-	-	775,049	757,987
Inter-segment revenue	494	1,392	133	220	10,329	6,608	-	-	8,839	8,628	(19,795)	(16,848)	-	-
Total revenue	326,482	312,080	148,139	138,028	150,059	163,374	159,918	150,899	10,246	10,454	(19,795)	(16,848)	775,049	757,987
Profit/(Loss) before share of profit of equity accounted joint venture and associates, net of tax	5,121	4,208	(3,253)	(10,964)	3,673	1,877	11,016	10,350	(5,177)	(4,621)			11,380	850
Share of profit of joint venture, net of tax	-	-	-	37	-	-	-	-	-	-			-	37
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	3,158	1,559			3,158	1,559
Profit/(Loss) before tax	5,121	4,208	(3,253)	(10,927)	3,673	1,877	11,016	10,350	(2,019)	(3,062)			14,538	2,446
Segment assets	154,637	139,974	176,075	170,652	121,477	84,236	105,207	93,352	100,850	76,511			658,246	564,725

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 nine months ended 30 September 2015

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the nine months ended 30 September 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 30 September 2015.

13. Commitments

	30 September 2015 RM'000	31 December 2014 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements	5,649	1,571
Approved but not contracted for	20,589	2,182
	<u>26,238</u>	<u>3,753</u>

14. Operating Segments Analysis

- (a) Current quarter compared with previous corresponding quarter

Continuing Operations

The Group recorded revenue of RM262.1 million in Q3 2015 as compared to RM281.3 million in Q3 2014. The Group reported a pre-tax profit of RM3.2 million in Q3 2015 against pre-tax loss of RM0.4 million in Q3 2014 due to the various factors as explained in the respective operating business segments as follows:

- (i) Industrial Division

The revenue recorded in Q3 2015 was RM115.8 million as compared to RM102.7 million in Q3 2014. However, the pre-tax profit of RM1.7 million achieved in Q3 2015 was only slightly higher than RM1.6 million in Q3 2014 mainly due to foreign exchange loss resulting from weakening of Ringgit Malaysia against US Dollar.

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 Q3 2015 was RM51.1 million against RM49.5 million in Q3 2014. The Division managed to achieve pre-tax profit of RM325,000 compared to pre-tax loss of RM2.8 million incurred in Q3 2014 mainly due to higher sales contribution from higher profit margin products, favourable exchange rates and lower operating expenses.

(iii) Food Division

The revenue recorded for Q3 2015 was RM45.1 million against RM83.2 million in Q3 2014. The Division recorded a slightly higher pre-tax profit of RM975,000 compared to a pre-tax profit of RM618,000 in Q3 2014.

(iv) Restaurant Division

The revenue recorded for Q3 2015 was RM49.9 million against RM48.3 million in Q3 2014. As a result, the Division reported a slightly higher pre-tax profit of RM1.1 million in Q3 2015 against RM1.0 million in Q3 2014.

(b) Current nine (9) months financial period compared with previous corresponding financial period

Continuing Operations

The Group recorded revenue of RM775.0 million in YTD Q3 2015 as compared to RM758.0 million in YTD Q3 2014. The Group reported a pre-tax profit of RM14.5 million in YTD Q3 2015 against RM2.4 million in YTD Q3 2014 due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The revenue recorded in YTD Q3 2015 was RM326.5 million as compared to RM312.1 million in YTD Q3 2014. Pre-tax profit achieved RM5.1 million in YTD Q3 2015 against RM4.2 million in YTD Q3 2014 mainly due to higher sales recorded.

(ii) Polymer Engineering Division

The revenue recorded for YTD Q3 2015 was RM148.1 million against RM138.0 million in YTD Q3 2014. The Division managed to reduce the pre-tax loss to RM3.3 million compared to pre-tax loss of RM10.9 million incurred in YTD Q3 2014 mainly due to higher sales contribution from higher profit margin products, favourable exchange rates and lower operating expenses.

(iii) Food Division

The revenue recorded for YTD Q3 2015 was RM150.1 million against RM163.4 million in YTD Q3 2014. The pre-tax profit recorded for YTD Q3 2015 was RM3.7 million against RM1.9 million in YTD Q3 2014 mainly due to improved margins, favourable foreign exchange rates and lower crude oil price.

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)

(b) Current nine (9) months financial period compared with previous corresponding financial period (Cont'd)

(iv) Restaurant Division

The revenue recorded for YTD Q3 2015 was RM160.0 million against RM151.0 million in YTD Q3 2014. In spite of increase in revenue, pre-tax profit was only increased by RM0.6 million to RM11.0 million in YTD Q3 2015 against RM10.4 million in YTD Q3 2014 mainly due to the anticipated short term slow down upon implementation of Goods and Services Tax on 1 April 2015 and foreign exchange loss arising from weakening of Ringgit Malaysia against US Dollar.

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 3 2015 RM'000	Quarter 2 2015 RM'000	Variance	
			RM'000	%
Revenue from continuing operations	262,076	235,884	26,192	11.1%
Profit before taxation from continuing operations	3,231	2,931	300	10.2%

The pre-tax profit of RM3.2 million in Q3 2015 was slightly higher than the preceding quarter by RM300,000 mainly due to various factors as explained above.

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 improve its performance as we expect the domestic consumer demand to improve in the 4th quarter of this year. 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.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
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18. Income tax expense

The income tax expense for continuing operations comprises:

	3 months ended 30 September		9 months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysian tax expense				
- current period	1,434	2,242	5,602	6,062
- prior period	490	(963)	490	(1,166)
Foreign tax expense				
- current period	324	49	727	175
- prior period	28	-	28	-
	2,276	1,328	6,847	5,071
Deferred tax expense				
- current period	69	(33)	48	89
- prior period	96	-	96	(63)
	2,441	1,295	6,991	5,097

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.

19. Profit/(Loss) for the period

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

	3 months ended 30 September		9 months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income	-	(202)	(419)	(494)
Interest expense	2,286	2,844	7,909	8,463
Depreciation of property, plant and equipment	7,136	6,159	20,568	18,584
Impairment loss on trade receivables	625	32	589	37
Inventories written down/(written back)	189	(34)	665	(116)
(Gain)/Loss on disposal of property, plant and equipment	(395)	176	(1,243)	(449)
Property, plant and equipment written off	364	2,215	474	2,374
(Gain)/Loss on foreign exchange	(481)	(1,076)	223	(329)
Impairment loss on investment properties held for sale	-	-	1,267	-
Gain on deregistration of a subsidiary	-	-	-	(7)
Amortisation of franchise fee	55	-	164	-
Provision for Directors' retirement/ resignation benefits	174	224	510	681
Dividend income from investment in money market fund	(154)	-	(973)	-
Insurance income	9,453	-	9,453	-
Impairment loss on investment of joint venture	-	300	-	300

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

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").

TEXCHEM RESOURCES BHD**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
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20. Status of corporate proposals (Cont'd)**D. Delisting Notification to Texchem-Pack Holdings (S) Ltd. pursuant to Rule 1315 of the Singapore Exchange Securities Trading Limited's Listing Manual (Cont'd)**

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 are exempted from the requirement to make a recommendation on the Exit Offer to the shareholders of TXPHS.

E. 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 17.04% 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
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20. Status of corporate proposals (Cont'd)

- F. Acquisition of all that piece of land held under HS(M) 10254, PT 14389, Mukim of Damansara, District of Petaling, State of Selangor together with an Industrial Complex erected thereon identified as “Wisma Texchem” comprising a three storey office building, three blocks of single-storey warehouse buildings and other ancillary buildings and bearing assessment address Lot Nos. 808 & 809, Jalan Subang 5, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan (“Property”) by Texchem Corporation Sdn. Bhd. (“Texcorp”), a 73.81% owned subsidiary of the Company, from Amanah Raya Berhad (“ARB”) at a total cash consideration of RM19.95 million (“Transaction”)

On 28 October 2015, the Company had announced that Texcorp has entered into an agreement with ARB to acquire the Property from ARB at a total cash consideration of RM19.95 million.

The Transaction was completed on 30 October 2015.

21. Loans and borrowings

	30 September 2015 RM'000	31 December 2014 RM'000
Unsecured		
Current:		
Bank overdrafts	18,262	17,455
Bankers' acceptances	52,767	54,735
Revolving credit	57,251	72,804
Term loans	3,394	11,846
Trust receipts	5,342	3,706
Finance lease liabilities	1,869	1,998
Other borrowings	15,421	15,695
Total	154,306	178,239
Non-current:		
Term loans	3,882	16,933
Other borrowings	9,000	11,000
Finance lease liabilities	4,309	4,047
Total	17,191	31,980

Loans and borrowings denominated in foreign currencies are as follows:

	30 September 2015 RM'000	31 December 2014 RM'000
Unsecured		
Current:		
Thai Baht	3,154	5,693
Singapore Dollar	3,938	675
United States Dollar	22,438	20,744
	29,530	27,112
Non-current:		
Thai Baht	81	96
	81	96

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

22. Derivative financial instruments

As at 30 September 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	1,456	1,642	(186)

For nine months ended 30 September 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 30 September 2015.

25. Dividends

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.

A second interim single tier dividend of 5 sen per share amounting to approximately RM6.20 million in respect of the financial year ending 31 December 2015 was declared on 30 July 2015 and paid on 10 September 2015.

Year to-date, the total dividends declared for the financial year ending 31 December 2015 was 15 sen per share.

There was no dividend declared for the financial year ended 31 December 2014.

TEXCHEM RESOURCES BHD
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
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26. Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) for the period attributable to the owners of the Company by the weighted average number of ordinary shares outstanding.

	3 months ended 30 September		9 months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(loss) for the period attributable to owners of the Company	1,647	(622)	7,191	571
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings/(loss) per share (sen)	1.33	(0.50)	5.79	0.46

27. Realised and Unrealised Profits/(Losses)

	30 September 2015 RM'000	31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	104,842	22,322
Unrealised	14,690	15,079
	119,532	37,401
Total share of retained earnings/(accumulated losses) from associates and joint venture:		
Realised	(1,771)	(4,929)
Unrealised	28,521	28,521
	26,750	23,592
	146,282	60,993
Less: Consolidation adjustments	(12,129)	(12,129)
Total Group retained earnings	134,153	48,864

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 30 October 2015