



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2015

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

	Note	3 months ended 31 December		12 months ended 31 December	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing Operations					
Revenue	8	279,066	264,676	1,054,115	1,022,663
Cost of sales		(212,548)	(206,380)	(806,248)	(793,570)
Gross profit		66,518	58,296	247,867	229,093
Distribution costs		(38,222)	(36,637)	(148,684)	(141,400)
Administrative expenses		(26,506)	(24,933)	(108,908)	(97,872)
Other expenses		(144)	(1,778)	(2,024)	(4,506)
Other income		9,334	8,763	42,018	27,709
Operating profit		10,980	3,711	30,269	13,024
Finance costs		(2,453)	(2,762)	(10,362)	(11,225)
Share of profit of joint venture, net of tax		-	4	-	41
Share of profit of equity accounted associates, net of tax		431	139	3,589	1,698
Profit before taxation		8,958	1,092	23,496	3,538
Income tax expense	18	(4,445)	(1,724)	(11,436)	(6,821)
Profit/(Loss) for the period/year	19	4,513	(632)	12,060	(3,283)
Profit/(Loss) attributable to:					
Owners of the Company		2,888	613	10,079	1,184
Non-controlling interests		1,625	(1,245)	1,981	(4,467)
Profit/(Loss) for the period/year		4,513	(632)	12,060	(3,283)
Basic earnings per share attributable to owners of the Company (sen)					
	26	2.33	0.49	8.12	0.95

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 twelve months ended 31 December 2015

	Note	3 months ended 31 December		12 months ended 31 December	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) for the period/year		4,513	(632)	12,060	(3,283)
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(3,286)	4,830	14,770	4,956
Foreign currency translation differences reversed on liquidation of subsidiary		(165)	-	(165)	-
Share of currency translation differences of equity-accounted associates		-	913	-	913
Total comprehensive income for the period/year		1,062	5,111	26,665	2,586
Total comprehensive income attributable to:					
Owners of the Company		(207)	5,767	23,432	6,373
Non-controlling interests		1,269	(656)	3,233	(3,787)
Total comprehensive income for the period/year		1,062	5,111	26,665	2,586

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

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

At 31 December 2015

	Note	31 December 2015 (Unaudited) RM'000	31 December 2014 (Audited) RM'000
ASSETS			
Property, plant and equipment		172,609	147,422
Investment properties		-	11,267
Investment in associates		62,450	56,020
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
- Franchise fee		1,439	1,658
Deferred tax assets		400	20
Total non-current assets		292,780	272,269
Trade and other receivables		180,987	156,964
Inventories		94,603	72,669
Current tax assets		1,313	1,213
Cash and cash equivalents		89,829	49,313
Total current assets		366,732	280,159
TOTAL ASSETS		659,512	552,428
EQUITY			
Share capital		124,099	124,099
Reserves		159,151	66,637
Total equity attributable to owners of the Company		283,250	190,736
Non-controlling interests		43,020	25,451
TOTAL EQUITY		326,270	216,187
LIABILITIES			
Loans and borrowings	21	27,944	31,980
Deferred tax liabilities		2,966	2,050
Deferred liabilities		3,059	2,629
Provision		4,850	4,127
Total non-current liabilities		38,819	40,786
Trade and other payables		123,425	114,887
Provision		107	202
Loans and borrowings	21	158,439	178,239
Current tax liabilities		2,213	1,005
Dividend payable	7	10,235	-
Deferred liabilities		-	985
Derivative liabilities		4	137
Total current liabilities		294,423	295,455
TOTAL LIABILITIES		333,242	336,241
TOTAL EQUITY AND LIABILITIES		659,512	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 twelve months ended 31 December 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	-	13,353	-	13,353	1,252	14,605
Profit for the period	-	-	10,079	10,079	1,981	12,060
Total comprehensive income for the year	-	13,353	10,079	23,432	3,233	26,665
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
Purchase of treasury shares	-	(1,670)	-	(1,670)	-	(1,670)
Transaction costs	-	(7)	-	(7)	-	(7)
Dividends (Note 7)	-	-	(25,376)	(25,376)	-	(25,376)
Dividends shared by non-controlling interest of a subsidiary (Note 7)	-	-	(1,464)	(1,464)	1,464	-
Total transaction with owners of the Company	-	1,773	67,309	69,082	14,336	83,418
At 31 December 2015	124,099	32,899	126,252	283,250	43,020	326,270

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 twelve months ended 31 December 2014

	<--- Attributable to owners of the Company --->			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	Retained earnings RM'000			
At 1 January 2014	124,099	12,553	42,338	178,990	27,613	206,603
Other comprehensive expense	-	5,189	-	5,189	680	5,869
Profit/(loss) for the year	-	-	1,184	1,184	(4,467)	(3,283)
Total comprehensive income/(expense) for the period	-	5,189	1,184	6,373	(3,787)	2,586
Issuance of shares to non-controlling interest	-	-	-	-	1,008	1,008
Dilution of interest in an existing subsidiary	-	-	5,452	5,452	538	5,990
Accretion of interest in an existing subsidiary	-	-	(79)	(79)	79	-
Transfer to capital reserve	-	31	(31)	-	-	-
At 31 December 2014	124,099	17,773	48,864	190,736	25,451	216,187

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 twelve months ended 31 December 2015

	Note	12 months ended 31 December	
		2015	2014
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		23,496	3,538
Adjustments for:			
Depreciation of property, plant and equipment		27,701	25,205
Provision for Directors' retirement/resignation benefits		627	814
Property, plant and equipment written off		647	2,692
Amortisation of franchise fee		219	91
Impairment loss on property, plant and equipment		177	1,500
Gain on disposal of property, plant and equipment		(1,665)	(490)
Loss on disposal of investment properties		1,267	-
Interest income		(786)	(633)
Dividend income from investment in money market fund		(1,181)	-
Interest expense		10,362	11,225
Share of profit of equity accounted associates		(3,589)	(1,698)
Share of profit of joint venture		-	(41)
Impairment loss on investment of joint venture		-	304
Loss on liquidation of subsidiaries	A	377	-
Gain on deregistration of a subsidiary	B	-	(7)
		34,156	38,962
Operating profit before changes in working capital		57,652	42,500
Changes in working capital:			
Inventories		(21,934)	1,135
Trade and other receivables		(15,370)	(4,744)
Trade and other payables		8,634	(4,751)
Cash used in operations		28,982	34,140
Dividend received from associate		559	660
Income tax paid		(10,320)	(5,732)
Directors' retirement/resignation benefits paid		(700)	(1,052)
Net cash generated from operating activities		18,521	28,016
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		12,635	1,500
Payment of franchise fee		-	(1,749)
Purchase of property, plant and equipment		(44,186)	(29,643)
Interest received		786	633
Dividend income received from investment in money market fund		1,181	-
Accretion of interest in an existing subsidiary		(163)	-
Subscription of shares in an associate		(3,400)	-
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		77,487	(23,269)

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

	Note	12 months ended 31 December	
		2015	2014
		RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		15,000	7,789
Repayment of term loans		(22,842)	(12,716)
Repayment of finance lease liabilities		(2,539)	(1,955)
(Repayment)/Drawdown of borrowings (net)		(20,580)	11,818
Interest paid		(10,362)	(11,225)
Dividends paid (Note 7)		(15,141)	-
Purchase of treasury shares	C	(1,677)	-
Proceeds from issuance of shares to non-controlling interest holders		-	1,008
Net cash used in financing activities		(58,141)	(5,281)
Net increase/(decrease) in cash and cash equivalents		37,867	(534)
Cash and cash equivalents at 1 January		31,858	31,312
Effects of exchange differences on cash and cash equivalents		2,270	1,080
Cash and cash equivalents at 31 December	D	71,995	31,858

Note A: Liquidation of subsidiaries

During the financial year, the Company completed the liquidation of PT Technopia Lever, Sushi Ku Sdn Bhd and Technopia Singapore Pte Ltd. The liquidation had the following effect on the Group's assets and liabilities on liquidation date:

	31 December 2015 RM'000
Identifiable assets and liabilities on liquidation	
Other receivables	240
Other payable	(28)
Net identifiable assets	212
Loss on liquidation of subsidiaries	(377)
Transfer from foreign translation reserve	165
Net cash inflow arising from liquidation of subsidiaries	-

Note B: Deregistration of a subsidiary

On 27 February 2014, Texchem-Pack Holdings (S) Ltd., a 70.48% owned subsidiary of the Company has completed the deregistration of its wholly-owned subsidiary, Texchem-Pack (HK) Limited. The deregistration had the following effect on the Group's liabilities on deregistered date:

	31 December 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	-

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

Note C: Treasury shares

During the financial year, the Company repurchased 965,300 of its issued ordinary shares from the open market at an average price of RM1.74 per share. The total consideration paid for the repurchase was RM1.68 million, comprising of consideration paid amounting to RM1.67 million and transaction costs of RM7,000. The repurchase transactions were financed by internally generated fund.

Note D: 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 December 2015 RM'000	31 December 2014 RM'000
Short term deposit with licensed banks	2,500	-
Investment in money market fund	24,823	-
Cash and bank balances	62,506	49,313
Bank overdrafts	(17,834)	(17,455)
	<u>71,995</u>	<u>31,858</u>

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 twelve months ended 31 December 2015 except for the loss on disposal of investment properties of RM1.3 million recognised in Q1 2015, 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 twelve months ended 31 December 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 twelve months ended 31 December 2015 other than 965,300 of issued ordinary shares were repurchased from the open market at an average price of RM1.74 per share.

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

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 2015	10.0	12,410	17 March 2015	1 April 2015
Second interim 2015	5.0	6,205	19 August 2015	10 September 2015
Less: Dividends received by a subsidiary (Note 20E)		(3,474)		
		15,141		
First interim 2016	10.0	12,349	30 December 2015	12 January 2016
Less: Dividends received by a subsidiary (Note 20E)		(2,114)		
		10,235		
		25,376		

As Texcorp is a 73.81% owned subsidiary of the Company, the dividends shared by non-controlling interests of Texcorp are as follows:

	Amount RM'000
First interim 2015	633
Second interim 2015	277
First interim 2016	554
	1,464



TEXCHEM RESOURCES BHD

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

8. Operating segments

Segment information is presented in respect of the Group's business segments, which is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

	Industrial		Polymer Engineering		Food		Restaurant		Others		Eliminations		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
3 months ended 31 December														
Revenue from external customers	103,658	99,824	53,912	52,444	64,004	57,130	57,023	55,120	469	158	-	-	279,066	264,676
Inter-segment revenue	122	(18)	80	-	(1,434)	3,443	-	-	2,980	3,175	(1,748)	(6,600)	-	-
Total revenue	103,780	99,806	53,992	52,444	62,570	60,573	57,023	55,120	3,449	3,333	(1,748)	(6,600)	279,066	264,676
Profit/(Loss) before share of profit/(loss) of equity accounted joint venture and associates, net of tax	2,069	1,241	975	(3,112)	991	(149)	6,078	5,250	(1,586)	(2,281)			8,527	949
Share of profit of joint venture, net of tax	-	-	-	4	-	-	-	-	-	-			-	4
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	431	139			431	139
Profit/(Loss) before tax	2,069	1,241	975	(3,108)	991	(149)	6,078	5,250	(1,155)	(2,142)			8,958	1,092



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
12 months ended 31 December														
Revenue from external customers	429,646	410,512	201,918	190,252	203,734	213,896	216,941	206,019	1,876	1,984	-	-	1,054,115	1,022,663
Inter-segment revenue	616	1,374	213	220	8,895	10,051	-	-	11,819	11,803	(21,543)	(23,448)	-	-
Total revenue	430,262	411,886	202,131	190,472	212,629	223,947	216,941	206,019	13,695	13,787	(21,543)	(23,448)	1,054,115	1,022,663
Profit/(Loss) before share of profit of equity accounted joint venture and associates, net of tax	7,190	5,449	(2,278)	(14,076)	4,664	1,728	17,094	15,600	(6,763)	(6,902)			19,907	1,799
Share of profit of joint venture, net of tax	-	-	-	41	-	-	-	-	-	-			-	41
Share of profit of equity accounted associates, net of tax	-	-	-	-	-	-	-	-	3,589	1,698			3,589	1,698
Profit/(Loss) before tax	7,190	5,449	(2,278)	(14,035)	4,664	1,728	17,094	15,600	(3,174)	(5,204)			23,496	3,538
Segment assets	150,445	135,725	172,091	168,732	105,885	75,201	111,088	99,231	120,003	73,539			659,512	552,428

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 twelve months ended 31 December 2015

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the twelve months ended 31 December 2015, there are no changes to the composition of the Group since the last quarter.

12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 31 December 2015.

13. Commitments

	31 December 2015 RM'000	31 December 2014 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements	4,054	1,571
Approved but not contracted for	607	2,182
	<u>4,661</u>	<u>3,753</u>

14. Operating Segments Analysis

- (a) Current quarter compared with previous corresponding quarter

Continuing Operations

The Group recorded revenue of RM279.1 million in Q4 2015 as compared to RM264.7 million in Q4 2014. The Group reported a pre-tax profit of RM9.0 million in Q4 2015 against pre-tax profit of RM1.1 million in Q4 2014 due to the various factors as explained in the respective operating business segments as follows:

- (i) Industrial Division

The revenue recorded in Q4 2015 was RM103.8 million as compared to RM99.8 million in Q4 2014. Pre-tax profit achieved in Q4 2015 was RM2.1 million compared to RM1.2 million in Q4 2014 mainly due to better sales mix.

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 Q4 2015 was RM54.0 million against RM52.4 million in Q4 2014. The Division managed to achieve pre-tax profit of RM975,000 compared to pre-tax loss of RM3.1 million incurred in Q4 2014 mainly due to better sales mix, favourable exchange rates and lower operating expenses.

(iii) Food Division

The revenue recorded for Q4 2015 was RM62.6 million against RM60.6 million in Q4 2014. The Division recorded pre-tax profit of RM991,000 compared to a pre-tax loss of RM149,000 in Q4 2014 mainly due to improved margins, favourable exchange rates and lower crude oil price.

(iv) Restaurant Division

The revenue recorded for Q4 2015 was RM57.0 million against RM55.1 million in Q4 2014 and reported a slightly higher pre-tax profit of RM6.1 million in Q4 2015 against RM5.3 million in Q4 2014.

(b) Current twelve (12) months financial year compared with previous corresponding financial year**Continuing Operations**

The Group recorded revenue of RM1.05 billion in YTD Q4 2015 as compared to RM1.02 billion in YTD Q4 2014. The Group reported a pre-tax profit of RM23.5 million in YTD Q4 2015 against RM3.5 million in YTD Q4 2014 due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The revenue recorded in YTD Q4 2015 was RM430.3 million as compared to RM411.9 million in YTD Q4 2014. Pre-tax profit achieved was RM7.2 million in YTD Q4 2015 against RM5.4 million in YTD Q4 2014 mainly due to better sales mix.

(ii) Polymer Engineering Division

The revenue recorded for YTD Q4 2015 was RM202.2 million against RM190.5 million in YTD Q4 2014. The Division managed to reduce the pre-tax loss to RM2.3 million compared to pre-tax loss of RM14.0 million incurred in YTD Q4 2014 mainly due to better sales mix, favourable exchange rates and lower operating expenses.

(iii) Food Division

The revenue recorded for YTD Q4 2015 was RM212.6 million against RM223.9 million in YTD Q4 2014. The pre-tax profit recorded for YTD Q4 2015 was RM4.7 million against RM1.7 million in YTD Q4 2014 mainly due to improved margins, favourable foreign exchange rates and lower crude oil price.

(iv) Restaurant Division

The revenue recorded for YTD Q4 2015 was RM216.9 million against RM206.0 million in YTD Q4 2014. Pre-tax profit achieved RM17.1 million in YTD Q4 2015 against RM15.6 million in YTD Q4 2014 mainly due to closure of certain loss making restaurants.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
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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 4	Quarter 3	Variance	
	2015	2015	RM'000	%
	RM'000	RM'000		
Revenue from continuing operations	279,066	262,076	16,990	6.5%
Profit before taxation from continuing operations	8,958	3,231	5,727	177.3%

The pre-tax profit of RM9.0 million in Q4 2015 was higher than the preceding quarter by RM5.7 million mainly due to the improved results by Restaurant Division.

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 continue operating in a favorable environment as exchange rates, seafood landing and demand continues to be positive influence to the business. Meanwhile, the Industrial Division and Polymer Engineering Division continue to be influenced by global demand and their performance would be dependent on the expected gradual recovery of the global economy.

17. Profit forecast

Not applicable as no profit forecast was published.

18. Income tax expense

The income tax expense for continuing operations comprises:

	3 months ended		12 months ended	
	31 December		31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
- current period/year	2,814	1,776	8,416	7,838
- prior period/year	(20)	6	470	(1,160)
Foreign tax expense				
- current period/year	1,875	171	2,602	346
- prior period/year	(28)	(236)	-	(236)
	4,641	1,717	11,488	6,788
Deferred tax expense				
- current period/year	135	(260)	183	(171)
- prior period/year	(331)	267	(235)	204
	4,445	1,724	11,436	6,821

The effective tax rates were higher than the statutory tax rate mainly due to the losses which cannot be set-off against taxable profits made by subsidiaries and certain expenses which are not tax deductible.

TEXCHEM RESOURCES BHD
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**
19. Profit/(Loss) for the period/year

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

	3 months ended		12 months ended	
	31 December		31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(367)	(139)	(786)	(633)
Interest expense	2,453	2,762	10,362	11,225
Depreciation of property, plant and equipment	7,133	6,621	27,701	25,205
(Reversal of impairment loss)/Impairment loss on trade receivables	(56)	13	533	50
Inventories written down/(written back)	481	48	1,146	(68)
Inventories written off	-	-	7,395	-
Gain on disposal of property, plant and equipment	(422)	(41)	(1,665)	(490)
Loss on disposal of investment properties	-	-	1,267	-
Property, plant and equipment written off	173	318	647	2,692
Gain on foreign exchange, net	(930)	(1,556)	(707)	(1,885)
Impairment loss on property, plant and equipment	177	1,500	177	1,500
Loss on liquidation of a subsidiary	377	-	377	-
Gain on deregistration of a subsidiary	-	-	-	(7)
Amortisation of franchise fee	55	91	219	91
Provision for Directors' retirement/resignation benefits	117	133	627	814
Dividend income from investment in money market fund	(208)	-	(1,181)	-
Insurance income	(172)	(3)	(9,625)	(3)
Impairment loss on investment of joint venture	-	4	-	304

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
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20. Status of corporate proposals (Cont'd)**B. Member's Voluntary Winding Up of PT. Technopia Nomos (formerly known as PT. Technopia Lever)**

On 23 August 2013, the Company announced that it had been notified by our agent on 23 August 2013 that they have on 21 August 2013 submitted a Notarial Deed No. 15 dated 21 August 2013 for and on behalf of PT. Technopia Nomos (formerly known as PT. Technopia Lever) ["PTTN"], a wholly-owned subsidiary of the Company, for the purposes of commencing a voluntary winding up proceedings against PTTN ("Member's Voluntary Winding Up") to the Minister of Law And Human Rights of the Republic of Indonesia in accordance with the Company Law of Indonesia.

The Members' Voluntary Winding Up was completed on 9 October 2015.

C. Member's Voluntary Winding Up of Texchem-Pack (KL) Sdn. Bhd.

On 13 February 2014, the Company announced that Texchem-Pack (KL) Sdn. Bhd., a wholly-owned subsidiary of Texchem-Pack (M), which in turn is a wholly-owned subsidiary of Texchem-Pack Holdings (S) Ltd., a 70.48% owned subsidiary of the Company, had on 13 February 2014 commenced winding up proceedings voluntarily in accordance with Section 254 of the Companies Act, 1965 ("Member's Voluntary Winding Up").

The completion of the Member's Voluntary Winding Up is still pending as at todate.

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

On 6 March 2014, the Company announced that Singapore Exchange Securities Trading Limited ("SGX-ST") had on 5 March 2014 issued a delisting notification to Texchem-Pack Holdings (S) Ltd. ("TXPHS"), a 70.48% owned subsidiary of the Company, under Rule 1315 of the Listing Manual of SGX-ST ("Listing Manual") ["Delisting Notification"].

In the Delisting Notification, the SGX-ST has advised that TXPHS or its controlling shareholder(s) must comply with the Listing Manual which requires TXPHS or its controlling shareholder(s), i.e. the Company, to make a reasonable exit offer to shareholders. The SGX-ST has given TXPHS one month from the date of the Delisting Notification to make an exit offer proposal ("Exit Offer").

TXPHS had on 4 April 2014 made an application to the SGX-ST to seek an extension of time for the Company to make the Exit Offer and the SGX-ST had on 3 June 2014 granted TXPHS an extension of time to 7 October 2014 for the Company to make the Exit Offer to TXPHS's shareholders.

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

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)**

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.

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.

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.

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 17.30% 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.

F. Restructuring exercise of the Restaurant Division of TRB Group

On 1 December 2015, the Company announced that it has entered into 4 Share Sale Agreements with Texchem Restaurant Systems Sdn. Bhd. ("TRSSB"), a wholly-owned subsidiary of the Company, to dispose of its equity interest in two of its wholly-owned subsidiaries and two of its associated companies to TRSSB in relation to the internal restructuring of the Restaurant Division of TRB Group ("Transaction").

The Transaction was completed on 1 December 2015.

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)
G. 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 completion of the Striking Off is still pending as at todate.

H. Subscription of Shares in Texchem Marine Labutta Limited by Texchem Food Sdn. Bhd., a wholly-owned subsidiary of the Company.

On 18 February 2016, the Company announced that its wholly-owned subsidiary, Texchem Food Sdn. Bhd., had subscribed for a total of 664 ordinary shares of Kyats 100,000.00 each representing 65% of the total issued and paid-up share capital of Texchem Marine Labutta Limited, a company established in the Republic of the Union of Myanmar for a total cash consideration of Kyats 66,400,000.00 [approximately USD53,000 at the exchange rate of USD1 = 1,253 Kyats as at 17 February 2016].

21. Loans and borrowings

	31 December 2015 RM'000	31 December 2014 RM'000
Unsecured		
Current:		
Bank overdrafts	17,834	17,455
Bankers' acceptances	53,312	54,735
Revolving credit	57,021	72,804
Term loans	6,348	11,846
Trust receipts	9,367	3,706
Finance lease liabilities	2,060	1,998
Other borrowings	12,497	15,695
Total	158,439	178,239
Non-current:		
Term loans	14,590	16,933
Other borrowings	8,333	11,000
Finance lease liabilities	5,021	4,047
Total	27,944	31,980

Loans and borrowings denominated in foreign currencies are as follows:

	31 December 2015 RM'000	31 December 2014 RM'000
Unsecured		
Current:		
Thai Baht	4,970	5,693
Singapore Dollar	1,268	675
United States Dollar	26,880	20,744
	33,118	27,112
Non-current:		
Thai Baht	68	96
Singapore Dollar	97	-
	165	96

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF
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22. Derivative financial instruments

As at 31 December 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	1,077	1,089	(12)
- Payables	1,131	1,139	8
	2,208	2,228	(4)

For twelve months ended 31 December 2015, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the end of the last reporting period.

23. Gains and Losses arising from fair value changes of financial liabilities

There are no material gains and losses arising from changes on the fair values of financial liabilities as all financial liabilities are measured at the amortised cost using the effective interest method.

24. Changes in material litigation

There was no material litigation against the Group as at 31 December 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.

An first interim single tier dividend of 10 sen per share amounting to approximately RM12.35 million in respect of the financial year ending 31 December 2016 was declared on 14 December 2015 and to be paid on 12 January 2016.

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
BURSA MALAYSIA SECURITIES BERHAD**
26. Basic earnings per share

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

	3 months ended 31 December		12 months ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the period/year attributable to owners of the Company	2,888	613	10,079	1,184
Weighted average number of ordinary shares in issue*	124,069	124,099	124,069	124,099
Basic earnings per share (sen)	2.33	0.49	8.12	0.95

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

In thousands of shares	2015	2014
Issued ordinary shares at 1 January	124,099	124,099
Effect of treasury shares held	(30)	-
Weighted average number of ordinary shares at 31 December	124,069	124,099

27. Realised and Unrealised Profits/(Losses)

	31 December 2015 RM'000	31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	97,632	22,322
Unrealised	13,568	15,079
	111,200	37,401
Total share of retained earnings/(accumulated losses) from associates and joint venture:		
Realised	(1,340)	(4,929)
Unrealised	28,521	28,521
	27,181	23,592
	138,381	60,993
Less: Consolidation adjustments	(12,129)	(12,129)
Total Group retained earnings	126,252	48,864

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 29 February 2016