



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2008

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the quarter and twelve months ended 31 December 2008

		3 months ended 31 December		12 months ended 31 December	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	8	291,878	325,637	1,431,576	1,257,012
Cost of sales		(243,371)	(267,859)	(1,202,807)	(1,022,075)
Gross profit		48,507	57,778	228,769	234,937
Distribution costs		(24,243)	(20,108)	(104,686)	(100,662)
Administrative and other operating expenses		(29,707)	(26,013)	(113,585)	(106,618)
Other operating income		4,459	3,573	15,492	13,566
Operating (loss)/profit	8	(984)	15,230	25,990	41,223
Gain on disposal of a subsidiary		-	-	-	6,204
Finance costs		(4,496)	(3,500)	(17,582)	(16,657)
Share of loss after tax and minority interest of equity accounted associates		(2,251)	(109)	(6,046)	(1,336)
(Loss)/Profit before taxation		(7,731)	11,621	2,362	29,434
Taxation	18	2,321	(957)	(4,208)	(7,465)
(Loss)/Profit for the period/year		(5,410)	10,664	(1,846)	21,969
Attributable to:					
Shareholders of the Company		(3,980)	8,770	(1,433)	18,084
Minority interest		(1,430)	1,894	(413)	3,885
(Loss)/Profit for the period/year		(5,410)	10,664	(1,846)	21,969
Basic (losses)/earnings per share attributable to shareholders of the Company (sen)	26	(3.21)	7.07	(1.15)	14.57

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 31 December 2008

	Note	31 December 2008 (Unaudited) RM'000	31 December 2007 (Audited) RM'000
ASSETS			
Property, plant and equipment		205,131	185,673
Prepaid land lease payments		16,455	14,846
Investments in associates		16,176	30,697
Other investments		3,500	3,508
Intangible assets		58,022	51,367
Deferred tax assets		1,039	93
Total non-current assets		300,323	286,184
Receivables, deposits and prepayments		214,859	268,076
Inventories		81,132	69,648
Current tax assets		10,646	8,713
Cash and cash equivalents		59,539	51,541
Total current assets		366,176	397,978
TOTAL ASSETS		666,499	684,162
EQUITY			
Share capital		124,099	124,099
Reserves		41,852	53,563
Total equity attributable to shareholders of the Company		165,951	177,662
Minority interest		38,845	44,878
TOTAL EQUITY		204,796	222,540
LIABILITIES			
Borrowings	22	119,548	124,991
Deferred tax liabilities		6,920	8,113
Deferred liability		4,707	4,276
Total non-current liabilities		131,175	137,380
Payables, accruals and provision		150,808	183,578
Borrowings	22	174,040	132,476
Current tax liabilities		1,957	2,678
Dividend payable		3,723	5,510
Total current liabilities		330,528	324,242
TOTAL LIABILITIES		461,703	461,622
TOTAL EQUITY AND LIABILITIES		666,499	684,162

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2008

	<----- Attributable to shareholders of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->			
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2008	124,099	29,704	23,859	177,662	44,878	222,540
Foreign exchange translation differences	-	(966)	-	(966)	(163)	(1,129)
Loss for the year	-	-	(1,433)	(1,433)	(413)	(1,846)
Dividends	-	-	(9,233)	(9,233)	(2,720)	(11,953)
Effect of acquiring additional interest in subsidiaries	-	-	(119)	(119)	(2,737)	(2,856)
Transfer to capital reserves	-	607	(607)	-	-	-
Effect of change in statutory tax rate on revaluation reserve	-	40	-	40	-	40
At 31 December 2008	124,099	29,385	12,467	165,951	38,845	204,796

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2007

	<----- Attributable to shareholders of the Company ----->					
	Share Capital RM'000	Non-distributable Share premium & other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
		<- Distributable ->				
At 1 January 2007	124,099	39,951	7,792	171,842	42,595	214,437
Foreign exchange translation differences	-	(1,295)	-	(1,295)	556	(739)
Profit for the year	-	-	18,084	18,084	3,885	21,969
Disposal of a subsidiary	-	(9,524)	9,524	-	-	-
Transfer to capital reserves	-	572	(572)	-	-	-
Dividends	-	-	(10,946)	(10,946)	(3,556)	(14,502)
Accretion arising from additional shares issued by a subsidiary	-	-	(23)	(23)	23	-
Dilution arising from additional shares issued by a subsidiary	-	-	-	-	1,375	1,375
At 31 December 2007	124,099	29,704	23,859	177,662	44,878	222,540

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the twelve months ended 31 December 2008

	12 months ended 31 December	
	2008	2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,362	29,434
Adjustments for:		
Non-cash items	40,447	26,501
Operating profit before working capital changes	42,809	55,935
Net change in current assets	52,239	(42,619)
Net change in current liabilities	(38,274)	43,527
Cash generated from operations	56,774	56,843
Non-operating items	8,950	6,601
Net cash generated from operating activities	65,724	63,444
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(60,544)	(26,349)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	(2,608)	(45,369)
Net increase/(decrease) in cash and cash equivalents	2,572	(8,274)
Effects of exchange differences on cash and cash equivalents	482	741
Cash and cash equivalents at 1 January	46,001	53,534
Cash and cash equivalents at 31 December	49,055	46,001

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the twelve months ended 31 December 2008 (Cont'd)

Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following balance sheet amounts:

	Note	12 months ended 31 December	
		2008	2007
		RM'000	RM'000
Short term deposits with licensed banks (excluding deposits pledged)		2	122
Cash and bank balances		58,321	50,426
Bank overdrafts	22	<u>(9,268)</u>	<u>(4,547)</u>
		<u>49,055</u>	<u>46,001</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
STANDARDS (“FRS”) 134

1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007. 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of revised Financial Reporting Standards (“FRSs”) and Interpretations effective for its financial period beginning on 1 January 2008. These revised FRSs and Interpretations do not have any significant impact on the financial statement of the Group.

At the date of authorisation of these interim financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4	Insurance Contracts
	1 January 2010
FRS 7	Financial Instruments: Disclosures
	1 January 2010
FRS 8	Operating Segments
	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement
	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives
	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment
	1 January 2010

The adoption of the abovementioned FRSs and interpretations are not expected to have any material impact on the interim financial statements of the Group.

By virtue of the exemption in paragraph 103AB of FRS 139, the possible impact of applying FRS 139 on the financial statements upon its first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
STANDARDS (“FRS”) 134

2. **Auditors’ report on preceding annual financial statements**

The auditors’ report on the financial statements for the year ended 31 December 2007 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 2008.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect during the quarter and twelve months ended 31 December 2008.

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 2008 save as disclosed in Note 21 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements.

7. **Dividend paid**

During the twelve months ended 31 December 2008, the Company had paid the following dividends:-

- i) the second interim dividend of 6 sen per share less 26% tax, amounting to RM5,510,000 in respect of the financial year ended 31 December 2007 on 10 January 2008; and
- ii) the first interim dividend of 6 sen per share less 26% tax, amounting to RM5,510,000 in respect of the financial year ending 31 December 2008 on 21 August 2008.

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PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
STANDARDS (“FRS”) 134

8. **Segmental information**

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.

Segment revenue	3 months ended 31 December		12 months ended 31 December	
	2008	2007	2008	2007
	RM’000	RM’000	RM’000	RM’000
Industrial	125,889	167,007	746,181	596,948
Packaging	44,167	62,064	220,804	227,866
Family Care	32,591	28,274	135,757	156,553
Food	89,988	76,559	332,648	303,107
	<u>292,635</u>	<u>333,904</u>	<u>1,435,390</u>	<u>1,284,474</u>
Eliminations	(757)	(8,267)	(3,814)	(27,462)
Group revenue	<u>291,878</u>	<u>325,637</u>	<u>1,431,576</u>	<u>1,257,012</u>

Segment results

Industrial	957	5,269	15,549	15,705
Packaging	(3,398)	5,813	4,920	14,792
Family Care	(1,273)	3,449	3,707	12,137
Food	3,756	1,727	7,452	3,454
Investment Holding	(1,026)	(1,028)	(5,638)	(4,865)
Operating (loss)/profit	<u>(984)</u>	<u>15,230</u>	<u>25,990</u>	<u>41,223</u>

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 2007.

10. **Material events subsequent to the balance sheet date**

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
STANDARDS (“FRS”) 134

11. **Changes in composition of the Group for the twelve months ended 31 December 2008**

There were no changes in the composition of the Group since the last quarter.

12. **Changes in contingent liabilities**

As at 31 December 2008, the Company has issued corporate guarantees amounting to RM206.6 million (31.12.07 : RM262.8 million) as security for banking facilities granted to its subsidiaries of which RM59.2 million were utilised as at 31 December 2008 (31.12.07 : RM68.6 million).

The Group have issued corporate guarantees to certain suppliers for an amount of RM12.8 million (31.12.07: RM9.6 million).

13. **Commitments**

	31 December 2008 RM'000	31 December 2007 RM'000
Investment		
Contracted but not provided for in the financial statements	-	5,904
Property, plant and equipment		
Contracted but not provided for in the financial statements	3,496	5,117
Approved but not contracted for	1,266	951
	<hr/>	<hr/>
	4,762	11,972
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TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. **Performance review**

(a) Current quarter compared with previous corresponding quarter

The Group's revenue for the current quarter was RM291.9 million, a decrease of 10% compared to RM325.6 million reported in corresponding quarter last year. The lower revenue is mainly due to the drop in demand of the Industrial and Packaging products despite Family Care and Food Divisions achieved higher sales during the quarter.

The Group incurred a pre-tax loss of RM7.7 million against the corresponding quarter of pre-tax profit of RM11.6 million mainly attributed to the impairment loss of assets in subsidiaries, lower sales volume in Industrial and Packaging Divisions, higher operating and financing costs and increase in share of net loss of an associate.

(b) Current financial year compared with previous corresponding financial year

The Group recorded revenue of RM1.4 billion and pre-tax profit of RM2.4 million against the revenue of RM1.3 billion and pre-tax profit of RM29.4 million recorded for the same period last year. The pre-tax profit was lower by RM20.8 million after excluding the exceptional gain on disposal of Texchem Consumers Sdn Bhd in 2007 mainly due to the impairment loss of assets in subsidiaries, lower sales volume in Packaging and Family Care Divisions, higher operating and financing costs and increase in share of net loss of an associate.

15. **Variation of results against preceding quarter**

The comparison of the Group revenue and (loss)/profit before taxation for the current and preceding quarters are as follows:

	<-----2008----->		Variance	
	Quarter 4	Quarter 3	RM'000	%
	RM'000	RM'000		
Revenue	291,878	406,259	(114,381)	(28.2)
(Loss)/Profit before taxation	(7,731)	3,051	(10,782)	(353.4)

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

15. **Variation of results against preceding quarter (Cont'd)**

The revenue decreased by 28.2% mainly attributed to the drop in demand of Industrial and Packaging products in the current quarter. Pre-tax loss of the current quarter was due to the impairment loss of assets in subsidiaries, lower sales volume in Industrial and Packaging Divisions and increase in share of net loss of an associate.

16. **Prospects for 2009**

As the global financial crisis widens, the performance of the Group in 2009 will be affected in tandem with the economic downturn. However, the Group has implemented the strategies to control costs and strengthen its operating fundamentals. The Group will also adopt a prudent approach towards capital expenditure while focusing on managing its debts, inventories and cash flows to sustain itself through this difficult period.

17. **Profit forecast**

Not applicable as no profit forecast was published.

18. **Tax expense**

	3 months ended 31 December		12 months ended 31 December	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	(1,548)	2,228	3,174	5,979
- prior period	(389)	(795)	(149)	(447)
Overseas				
- current period	438	479	2,295	1,350
- prior period	(6)	(82)	(48)	-
	(1,505)	1,830	5,272	6,882
Deferred tax expense	(816)	(873)	(1,064)	583
	(2,321)	957	4,208	7,465

Due to the losses incurred in the current quarter, which has lowered the year-to-date profit, the excess tax expense provided for the first 9 months of 2008 has been written back to this quarter. The effective tax rate for current year was higher than the statutory tax rate principally due to losses which cannot be set-off against taxable profits made by subsidiaries and certain expenses which were not deductible for tax purposes.

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

18. **Tax expense (Cont'd)**

The effective tax rates for the quarter and year ended 31 December 2007 were lower than the statutory tax rate mainly due to profits made by certain subsidiaries in overseas, reversal of general provisions and capital gain on disposal of a subsidiary are exempted from tax.

19. **Unquoted investments and properties**

There were no disposals of unquoted investments and properties during the quarter and twelve months ended 31 December 2008.

20. **Quoted investments**

There were no purchases and disposals of quoted securities during the quarter under review.

21. **Status of corporate proposal**

Status of the Proposed Issuance of Private Debt Securities of up to RM100 million

Since the last quarter, there was no further issuance of Commercial Papers (“CP”) under the Proposed CP and/or Medium Term Notes (“MTN”) programme. Append below is a summary of the issuance of CP as of to-date:

Maximum limit for CP/MTN	RM85 million.
CP issued	RM80 million.
CP unissued	RM5 million.

22. **Borrowings**

	31 December 2008 RM'000	31 December 2007 RM'000
Current:		
Unsecured		
Bank overdrafts	9,268	4,547
Bankers' acceptances	65,736	62,463
Revolving credit	75,397	46,240
Term loans	7,593	13,332
Commercial papers *	10,000	-
Trust receipts	4,949	4,201
Promissory notes	-	436
Finance lease liabilities	1,097	1,257
Total	174,040	132,476

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

22. **Borrowings (Cont'd)**

	31 December 2008 RM'000	31 December 2007 RM'000
Non-current:		
Unsecured		
Commercial papers *	70,000	70,000
Term loans	12,823	18,371
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,725	1,620
Total	119,548	124,991

* The commercial papers were issued under a 7-year underwriting programme and the amount will be fully redeemed upon maturity.

Borrowings denominated in foreign currencies are as follows:

	31 December 2008 RM'000	31 December 2007 RM'000
Current:		
Unsecured		
Thai Baht	5,116	3,058
Singapore Dollar	7,000	4,660
United States Dollar	5,636	3,838
Indonesian Rupiah	3,418	-
Vietnamese Dong	237	678
	21,407	12,234
Non-current:		
Unsecured		
Thai Baht	4,707	6,481
Singapore Dollar	2,964	11
United States Dollar	-	963
	7,671	7,455

23. **Off balance sheet financial instruments**

There were no off balance sheet financial instrument not recognised in the balance sheet as at 31 December 2008.

24. **Changes in material litigation**

There were no material litigation against the Group as at 31 December 2008.

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

25. **Dividend**

The second interim dividend of 4 sen per share less 25% tax in respect of the financial year ending 31 December 2008 (2007: 6 sen per share less 26% tax) was declared on 31 December 2008 and paid on 9 January 2009. The entitlement date was fixed on 31 December 2008.

26. **Basic (losses)/earnings per share**

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

	3 months ended 31 December		12 months ended 31 December	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(Loss)/Profit for the period/year attributable to shareholders of the Company	(3,980)	8,770	(1,433)	18,084
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic (losses)/earnings per share (sen)	(3.21)	7.07	(1.15)	14.57

BY ORDER OF THE BOARD

JONY RAW
COMPANY SECRETARY/CHIEF FINANCIAL OFFICER
Date: 19 February 2009