



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2009**

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the three months ended 31 March 2009

	Note	3 months ended 31 March		3 months ended 31 March	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>	8	<b>242,797</b>	<b>347,068</b>	<b>242,797</b>	<b>347,068</b>
Cost of sales		(197,773)	(285,295)	(197,773)	(285,295)
<b>Gross profit</b>		<b>45,024</b>	<b>61,773</b>	<b>45,024</b>	<b>61,773</b>
Distribution costs		(26,757)	(27,867)	(26,757)	(27,867)
Administrative and other operating expenses		(25,736)	(26,926)	(25,736)	(26,926)
Other operating income		2,376	1,034	2,376	1,034
<b>Operating (loss)/profit</b>	8	<b>(5,093)</b>	<b>8,014</b>	<b>(5,093)</b>	<b>8,014</b>
Finance costs		(4,088)	(3,918)	(4,088)	(3,918)
Share of loss after tax and minority interest of equity accounted associates		(790)	(118)	(790)	(118)
<b>(Loss)/Profit before taxation</b>		<b>(9,971)</b>	<b>3,978</b>	<b>(9,971)</b>	<b>3,978</b>
Taxation	18	(1,294)	(2,183)	(1,294)	(2,183)
<b>(Loss)/Profit for the period</b>		<b>(11,265)</b>	<b>1,795</b>	<b>(11,265)</b>	<b>1,795</b>
Attributable to:					
Shareholders of the Company		(9,232)	1,059	(9,232)	1,059
Minority interest		(2,033)	736	(2,033)	736
<b>(Loss)/Profit for the period</b>		<b>(11,265)</b>	<b>1,795</b>	<b>(11,265)</b>	<b>1,795</b>
<b>Basic (loss)/earnings per share attributable to shareholders of the Company (sen)</b>	26	<b>(7.44)</b>	<b>0.85</b>	<b>(7.44)</b>	<b>0.85</b>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**

At 31 March 2009

	Note	31 March 2009 (Unaudited) RM'000	31 December 2008 (Audited) RM'000
<b>ASSETS</b>			
Property, plant and equipment		205,741	205,193
Prepaid land lease payments		16,387	16,455
Investments in associates		20,916	21,706
Other investment		3,500	3,500
Intangible assets		54,930	54,930
Deferred tax assets		1,047	1,047
<b>Total non-current assets</b>		<b>302,521</b>	<b>302,831</b>
Receivables, deposits and prepayments		186,821	214,899
Inventories		65,780	80,805
Current tax assets		10,725	10,682
Cash and cash equivalents		53,710	60,222
<b>Total current assets</b>		<b>317,036</b>	<b>366,608</b>
<b>TOTAL ASSETS</b>		<b>619,557</b>	<b>669,439</b>
<b>EQUITY</b>			
Share capital		124,099	124,099
Reserves		37,693	44,323
<b>Total equity attributable to shareholders of the Company</b>		<b>161,792</b>	<b>168,422</b>
Minority interest		37,269	38,851
<b>TOTAL EQUITY</b>		<b>199,061</b>	<b>207,273</b>
<b>LIABILITIES</b>			
Borrowings	22	110,219	119,236
Deferred tax liabilities		6,942	7,007
Deferred liability		4,952	4,760
<b>Total non-current liabilities</b>		<b>122,113</b>	<b>131,003</b>
Payables, accruals and provision		127,769	151,997
Borrowings	22	169,587	173,547
Current tax liabilities		1,027	1,896
Dividend payable		-	3,723
<b>Total current liabilities</b>		<b>298,383</b>	<b>331,163</b>
<b>TOTAL LIABILITIES</b>		<b>420,496</b>	<b>462,166</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>619,557</b>	<b>669,439</b>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
for the three months ended 31 March 2009

	<----- Attributable to shareholders of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->		Minority interest RM'000	Total equity RM'000
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000		
<b>At 1 January 2009</b>	124,099	29,598	14,725	168,422	38,851	207,273
Foreign exchange translation differences	-	2,602	-	2,602	451	3,053
Loss for the period	-	-	(9,232)	(9,232)	(2,033)	(11,265)
<b>At 31 March 2009</b>	<u>124,099</u>	<u>32,200</u>	<u>5,493</u>	<u>161,792</u>	<u>37,269</u>	<u>199,061</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
for the three months ended 31 March 2008

	<----- Attributable to shareholders of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->		Minority interest RM'000	Total equity RM'000
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000		
<b>At 1 January 2008</b>	124,099	29,704	23,859	177,662	44,878	222,540
Foreign exchange translation differences	-	(2,288)	-	(2,288)	(119)	(2,407)
Profit for the period	-	-	1,059	1,059	736	1,795
<b>At 31 March 2008</b>	<u>124,099</u>	<u>27,416</u>	<u>24,918</u>	<u>176,433</u>	<u>45,495</u>	<u>221,928</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
for the three months ended 31 March 2009

	<b>3 months ended 31 March</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Loss)/Profit before taxation</b>	(9,971)	3,978
<b>Adjustments for:</b>		
Non-cash items	9,609	8,141
Operating (loss)/profit before changes in working capital	(362)	12,119
Net change in current assets	42,383	(13,693)
Net change in current liabilities	(25,686)	(5,750)
Cash generated from/(used in) operations	16,335	(7,324)
Non-operating items	1,643	4,846
Net cash generated from/(used in) operating activities	17,978	(2,478)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	(3,764)	(8,875)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash (used in)/generated from financing activities	(22,657)	15,844
<b>Net (decrease)/increase in cash and cash equivalents</b>	(8,443)	4,491
Effects of exchange differences on cash and cash equivalents	673	(196)
<b>Cash and cash equivalents at 1 January</b>	51,420	46,001
<b>Cash and cash equivalents at 31 March</b>	43,650	50,296

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
for the three months ended 31 March 2009 (Cont'd)

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

	<b>Note</b>	<b>31 March 2009 RM'000</b>	<b>31 March 2008 RM'000</b>
Cash and bank balances		52,735	52,729
Bank overdrafts	22	<u>(9,085)</u>	<u>(2,433)</u>
		<u>43,650</u>	<u>50,296</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 statements are unaudited and have 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 statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008. 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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

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:

<b>FRSs/Interpretations</b>		<b>Effective date</b>
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
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

FRS 4 and IC Interpretation 9 are not applicable to the Group. Hence, no further disclosure is warranted. The Group plans to adopt the remaining FRSs/Interpretations from the annual period beginning 1 January 2010.

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

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.



**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 2008 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 ended 31 March 2009.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect during the quarter ended 31 March 2009.

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 ended 31 March 2009 save as disclosed in Note 21 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements.

7. **Dividend paid**

During the quarter ended 31 March 2009, the Company had paid the second interim dividend of 4 sen per share less 25% tax, amounting to RM3,722,977 in respect of the financial year ended 31 December 2008 on 9 January 2009.

**TEXCHEM RESOURCES BHD**  
**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.

<b>Segment revenue</b>	<b>3 months ended 31 March</b>		<b>3 months ended 31 March</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Industrial	96,580	185,071	96,580	185,071
Packaging	31,991	57,957	31,991	57,957
Family Care	38,239	27,792	38,239	27,792
Food	76,874	77,231	76,874	77,231
	<u>243,684</u>	<u>348,051</u>	<u>243,684</u>	<u>348,051</u>
Eliminations	(887)	(983)	(887)	(983)
Group revenue	<u>242,797</u>	<u>347,068</u>	<u>242,797</u>	<u>347,068</u>

**Segment results**

Industrial	(393)	2,574	(393)	2,574
Packaging	(6,115)	2,832	(6,115)	2,832
Family Care	1,264	2,145	1,264	2,145
Food	1,477	1,861	1,477	1,861
Investment Holding	(1,326)	(1,398)	(1,326)	(1,398)
Operating (loss)/profit	<u>(5,093)</u>	<u>8,014</u>	<u>(5,093)</u>	<u>8,014</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 2008.

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 save as disclosed in Note 21 of the additional information required by Bursa Malaysia Securities Berhad Listing Requirements.

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

---

**11. Changes in composition of the Group for the quarter ended 31 March 2009**

Save as disclosed in Note 21(B) of the additional information required by Bursa Malaysia Securities Berhad Listing Requirements, since the last quarter, Texchem Resources Bhd (“TRB”) had:

- (a) acquired the entire issued and paid-up share capital of Acumen Scientific Sdn Bhd (formerly known as Acumen.Com Network Sdn Bhd) for a total cash consideration of RM2 on 30 January 2009; and
- (b) disposed of the entire equity interest in Myanmar Sea Master Company Limited, a wholly-owned subsidiary of Sea Master Trading Co. Sdn Bhd which in turn is a wholly-owned subsidiary of Texchem Food Sdn Bhd and TRB for a total cash consideration of RM953,683 on 27 March 2009.

**12. Changes in contingent liabilities**

As at 31 March 2009, the Company has issued corporate guarantees amounting to RM206.7 million (31.12.08 : RM206.6 million) as security for banking facilities granted to its subsidiaries of which RM48.5 million were utilised as at 31 March 2009 (31.12.08 : RM59.2 million).

The Group has issued corporate guarantees to certain suppliers for an amount of RM40.1 million (31.12.08: RM33.5 million).

**13. Commitments**

	<b>31 March 2009 RM’000</b>	<b>31 December 2008 RM’000</b>
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	1,596	2,705
Approved but not contracted for	699	1,266
	<u>2,295</u>	<u>3,971</u>

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

---

14. **Performance review**

The Group's revenue for the current quarter was RM242.8 million, a decrease of 30% compared to RM347.1 million reported in corresponding quarter last year. The lower revenue was mainly due to the drop in global demand which affected all the divisions despite Family Care Division having achieved higher sales during the quarter via its Indonesia subsidiary acquired on 18 April 2008.

The Group incurred a pre-tax loss of RM10.0 million against the corresponding quarter's pre-tax profit of RM4.0 million mainly due to the impact of the global economic downturn. However, the Group improved on its net working capital position resulting in positive net cash generated from operations of RM17.98 million against a deficit of RM2.48 million in last year's corresponding quarter.

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

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

	<b>2009</b>	<b>2008</b>	<b>Variance</b>	
	<b>Quarter 1</b>	<b>Quarter 4</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Revenue	242,797	291,878	(49,081)	(16.8)
Loss before taxation	(9,971)	(7,731)	(2,240)	(29.0)

The revenue decreased by 16.8% mainly attributed to the drop in demand of Industrial, Packaging and Food products in the current quarter. The pre-tax loss of the current quarter was mainly due to the lower sales volume of the abovementioned divisions. The Family Care Division recorded an improvement in profit achieved and in addition, the share of net loss in associates had reduced substantially.

16. **Prospects for 2009**

Due to the global economic downturn caused by the financial crisis, the Group expects its business environment to remain challenging. However, there are signs of recovery recently. Nevertheless, the Group would continue to adopt a prudent approach towards capital expenditure while focusing on managing its trade receivables, inventories and operating cash flows to improve liquidity throughout this difficult period.

17. **Profit forecast**

Not applicable as no profit forecast was published.

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

---

18. **Tax expense**

	3 months ended 31 March		3 months ended 31 March	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,196	1,908	1,196	1,908
Overseas				
- current period	163	267	163	267
- prior period	-	41	-	41
	1,359	2,216	1,359	2,216
Deferred tax expense	(65)	(33)	(65)	(33)
	1,294	2,183	1,294	2,183

The effective tax rates for the current and previous corresponding quarter 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. **Unquoted investments and properties**

There were no disposals of unquoted investments and properties during the quarter ended 31 March 2009.

20. **Quoted investments**

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

21. **Status of corporate proposal**

The following are the status of the Group's corporate proposals:

**A. Proposed Issuance of Private Debt Securities of up to RM100 million**

On 31 March 2009, the limit of the Commercial Papers has been reduced from RM85 million to RM70 million (which said RM70 million has been fully issued as at to date) in accordance with the Commercial Papers and/or Medium Term Notes Programme.

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

---

21. **Status of corporate proposal (Cont'd)**

**B. Proposed Acquisition of the entire charter capital of Technopia Vietnam Pte Ltd**

On 3 April 2009, TRB entered into a conditional Share Sale Agreement with its 87.29% owned subsidiary, Fumakilla Malaysia Berhad (“FMB”) for the acquisition of the entire charter capital of USD4,000,000 of Technopia Vietnam Pte Ltd (“TVPL”), representing FMB’s entire 100% equity interest in TVPL at a total cash consideration of RM12,121,371.

The abovesaid proposed acquisition is expected to be completed by the third quarter of 2009.

22. **Borrowings**

	<b>31 March 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
<b>Current:</b>		
Unsecured		
Bank overdrafts	9,085	7,587
Bankers' acceptances	45,429	61,814
Revolving credit	84,232	75,568
Term loans	9,852	8,582
Commercial papers *	20,000	10,000
Trust receipts	-	7,740
Foreign currency trade line	-	1,162
Finance lease liabilities	989	1,094
<b>Total</b>	<b>169,587</b>	<b>173,547</b>
<b>Non-current:</b>		
Unsecured		
Commercial papers *	50,000	70,000
Term loans	23,617	12,514
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,602	1,722
<b>Total</b>	<b>110,219</b>	<b>119,236</b>

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

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

---

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

Borrowings denominated in foreign currencies are as follows:

	<b>31 March 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
<b>Current:</b>		
Unsecured		
Thai Baht	3,740	5,116
Singapore Dollar	1,056	2,051
United States Dollar	6,644	8,883
Indonesian Rupiah	1,923	1,668
Vietnamese Dong	2,960	3,743
	<u>16,323</u>	<u>21,461</u>
<b>Non-current:</b>		
Unsecured		
Thai Baht	5,721	4,707
Singapore Dollar	2,640	2,964
United States Dollar	3,187	-
	<u>11,548</u>	<u>7,671</u>

23. **Off balance sheet financial instruments**

There were no off balance sheet financial instrument not recognised in the balance sheet as at 31 March 2009.

24. **Changes in material litigation**

There were no material litigation against the Group as at 31 March 2009.

25. **Dividend**

No dividend has been proposed or declared for the quarter ended 31 March 2009.

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

---

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

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

	3 months ended 31 March		3 months ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/Profit for the period attributable to shareholders of the Company	(9,232)	1,059	(9,232)	1,059
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic (loss)/earnings per share (sen)	(7.44)	0.85	(7.44)	0.85

**BY ORDER OF THE BOARD**

**JONY RAW**  
**COMPANY SECRETARY/CHIEF FINANCIAL OFFICER**  
**Date: 5 MAY 2009**