



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2009

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and six months ended 30 June 2009

	Note	3 months ended 30 June		6 months ended 30 June	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	8	306,895	386,371	549,692	733,439
Cost of sales		(246,848)	(327,067)	(444,621)	(611,902)
Gross profit		60,047	59,304	105,071	121,537
Distribution costs		(29,729)	(27,413)	(56,486)	(55,740)
Administrative and other operating expenses		(26,176)	(26,714)	(51,912)	(53,640)
Other operating income		2,300	5,292	4,676	6,326
Operating profit	8	6,442	10,469	1,349	18,483
Finance costs		(3,607)	(4,430)	(7,695)	(8,348)
Share of loss after tax and minority interest of equity accounted associates		(715)	(2,975)	(1,505)	(3,093)
Profit/(Loss) before taxation		2,120	3,064	(7,851)	7,042
Taxation	18	(1,798)	(2,582)	(3,092)	(4,765)
Profit/(Loss) for the period		322	482	(10,943)	2,277
Attributable to:					
Shareholders of the Company		(15)	468	(9,247)	1,527
Minority interest		337	14	(1,696)	750
Profit/(Loss) for the period		322	482	(10,943)	2,277
Basic (loss)/earnings per share attributable to shareholders of the Company (sen)	26	(0.01)	0.38	(7.45)	1.23

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 30 June 2009

	Note	30 June 2009 (Unaudited) RM'000	31 December 2008 (Audited) RM'000
ASSETS			
Property, plant and equipment		200,848	205,193
Prepaid land lease payments		16,506	16,455
Investments in associates		20,201	21,706
Other investment		3,500	3,500
Intangible assets		54,930	54,930
Deferred tax assets		1,112	1,047
Total non-current assets		297,097	302,831
Receivables, deposits and prepayments		228,153	214,899
Inventories		54,865	80,805
Current tax assets		10,751	10,682
Cash and cash equivalents		59,096	60,222
Total current assets		352,865	366,608
TOTAL ASSETS		649,962	669,439
EQUITY			
Share capital		124,099	124,099
Reserves		38,144	44,323
Total equity attributable to shareholders of the Company		162,243	168,422
Minority interest		37,497	38,851
TOTAL EQUITY		199,740	207,273
LIABILITIES			
Borrowings	22	107,079	119,236
Deferred tax liabilities		5,995	7,007
Deferred liability		5,077	4,760
Total non-current liabilities		118,151	131,003
Payables, accruals and provision		149,024	151,997
Borrowings	22	181,937	173,547
Current tax liabilities		1,110	1,896
Dividend payable		-	3,723
Total current liabilities		332,071	331,163
TOTAL LIABILITIES		450,222	462,166
TOTAL EQUITY AND LIABILITIES		649,962	669,439

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 six months ended 30 June 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		
At 1 January 2009	124,099	29,598	14,725	168,422	38,851	207,273
Foreign exchange translation differences	-	3,068	-	3,068	342	3,410
Loss for the period	-	-	(9,247)	(9,247)	(1,696)	(10,943)
At 30 June 2009	<u>124,099</u>	<u>32,666</u>	<u>5,478</u>	<u>162,243</u>	<u>37,497</u>	<u>199,740</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 six months ended 30 June 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		
At 1 January 2008	124,099	29,704	23,859	177,662	44,878	222,540
Foreign exchange translation differences	-	(4,714)	-	(4,714)	(1,152)	(5,866)
Profit for the period	-	-	1,527	1,527	750	2,277
Acquisition of subsidiaries	-	-	-	-	9,541	9,541
Dividends paid to minority shareholders	-	-	-	-	(780)	(780)
At 30 June 2008	124,099	24,990	25,386	174,475	53,237	227,712

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 six months ended 30 June 2009

	6 months ended 30 June	
	2009	2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(7,851)	7,042
Adjustments for:		
Non-cash items	18,886	18,559
Operating profit before changes in working capital	11,035	25,601
Net change in current assets	13,017	(24,183)
Net change in current liabilities	(1,094)	(4,709)
Cash generated from/(used in) operations	22,958	(3,291)
Non-operating items	2,281	6,041
Net cash generated from operating activities	25,239	2,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(11,150)	(21,940)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash (used in)/generated from financing activities	(15,755)	16,633
Net decrease in cash and cash equivalents	(1,666)	(2,557)
Effects of exchange differences on cash and cash equivalents	582	(669)
Cash and cash equivalents at 1 January	51,420	46,001
Cash and cash equivalents at 30 June	50,336	42,775

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the six months ended 30 June 2009 (Cont'd)

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

	Note	30 June 2009 RM'000	30 June 2008 RM'000
Short term deposit with licensed banks (excluding debt service reserve account)		2,855	2,071
Cash and bank balances		55,314	52,828
Bank overdrafts	22	<u>(7,833)</u>	<u>(12,124)</u>
		<u>50,336</u>	<u>42,775</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:

FRSs/Interpretations		Effective date
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

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

1. Basis of preparation (Cont’d)

FRS 4, Amendments to FRS 2 and IC Interpretations 9 and 11 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.

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 and six months ended 30 June 2009.

5. Changes in estimates

There were no changes in estimates that have had a material effect during the quarter and six months ended 30 June 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 and six months ended 30 June 2009 save as disclosed in Note 21 of the Additional Information required by the Bursa Malaysia Securities Berhad Listing Requirements.

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

7. **Dividend paid**

During the six months ended 30 June 2009, the Company had paid the second interim dividend of 4 sen per share less 25% tax, amounting to RM3,723,000 in respect of the financial year ended 31 December 2008 on 9 January 2009.

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 30 June		6 months ended 30 June	
	2009	2008	2009	2008
	RM’000	RM’000	RM’000	RM’000
Industrial	131,020	210,319	227,600	395,390
Packaging	47,211	57,711	79,202	115,668
Family Care	44,516	38,843	82,755	66,635
Food	85,408	80,464	162,282	157,695
	<u>308,155</u>	<u>387,337</u>	<u>551,839</u>	<u>735,388</u>
Eliminations	(1,260)	(966)	(2,147)	(1,949)
Group revenue	<u>306,895</u>	<u>386,371</u>	<u>549,692</u>	<u>733,439</u>
Segment results				
Industrial	2,422	6,307	2,029	8,881
Packaging	1,296	2,829	(4,819)	5,661
Family Care	2,064	1,447	3,328	3,592
Food	2,012	1,463	3,489	3,324
Investment Holding	(1,352)	(1,577)	(2,678)	(2,975)
Operating profit	<u>6,442</u>	<u>10,469</u>	<u>1,349</u>	<u>18,483</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.

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

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 the Bursa Malaysia Securities Berhad Listing Requirements.

11. **Changes in composition of the Group for the six months ended 30 June 2009**

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

12. **Changes in contingent liabilities**

As at 30 June 2009, the Company has issued corporate guarantees amounting to RM206.5 million (31.12.08 : RM206.6 million) as security for banking facilities granted to its subsidiaries of which RM61.1 million were utilised as at 30 June 2009 (31.12.08 : RM59.2 million).

The Group has issued corporate guarantees to certain suppliers for an amount of RM35.8 million (31.12.08: RM33.5 million).

13. **Commitments**

	30 June 2009 RM'000	31 December 2008 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	2,692	2,705
Approved but not contracted for	1,444	1,266
	<hr/>	<hr/>
	4,136	3,971
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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 RM306.9 million, a decrease of 21% compared to RM386.4 million reported in corresponding quarter last year. The lower revenue was mainly due to the drop in global demand which had adversely affected the Industrial and Packaging Divisions.

The Group generated a lower pre-tax profit of RM2.1 million against the corresponding quarter of RM3.1 million mainly attributed to the impact of the global economic downturn which resulted in lower sales volume in the Industrial and Packaging Divisions but the impact was mitigated by lower financing costs and lower share of associates' loss.

- (b) Current six (6) months financial period compared with previous corresponding financial period

The Group recorded revenue of RM549.7 million and pre-tax loss of RM7.9 million against the revenue of RM733.4 million and pre-tax profit of RM7.0 million recorded for the same period last year. The pre-tax loss was mainly due to lower sales resulting from the global recession which particularly impacted the Industrial and Packaging Divisions. Nevertheless, the Group improved on its working capital position resulting in positive net cash generated from operations of RM25.2 million against RM2.7 million in last year's corresponding period.

14. **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:

	<-----2009----->			
	Quarter 2	Quarter 1	Variance	
	RM'000	RM'000	RM'000	%
Revenue	306,895	242,797	64,098	26.4%
Profit/(Loss) before taxation	2,120	(9,971)	12,091	121.3%

The Group's revenue increased by 26.4% mainly contributed by improved sales of all divisions as a result of gradual recovery of the global economy during the quarter. The improvement in sales has generated a pre-tax profit of RM2.1 million as compared to a loss of RM10.0 million incurred in the previous quarter.

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

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 a gradual recovery. 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.

18. Tax expense

	3 months ended 30 June		6 months ended 30 June	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,582	2,217	2,778	4,125
- prior period	119	41	119	41
Overseas				
- current period	586	679	749	946
- prior period	458	(90)	458	(49)
	2,745	2,847	4,104	5,063
Deferred tax expense	(947)	(265)	(1,012)	(298)
	1,798	2,582	3,092	4,765

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 and six months ended 30 June 2009.

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

20. Quoted investments

There were no purchases and disposals of quoted securities during the quarter and six months ended 30 June 2009.

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.

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 proposed acquisition was completed on 30 July 2009.

22. Borrowings

	30 June 2009 RM'000	31 December 2008 RM'000
Current:		
Unsecured		
Bank overdrafts	7,833	7,587
Bankers' acceptances	61,328	61,814
Revolving credit	81,291	75,568
Term loans	10,568	8,582
Commercial papers *	20,000	10,000
Trust receipts	-	7,740
Foreign currency trade line	-	1,162
Finance lease liabilities	917	1,094
Total	181,937	173,547

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

22. Borrowings (Cont'd)

	30 June 2009 RM'000	31 December 2008 RM'000
Non-current:		
Unsecured		
Commercial papers *	50,000	70,000
Term loans	20,634	12,514
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,445	1,722
Total	107,079	119,236

* 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:

	30 June 2009 RM'000	31 December 2008 RM'000
Current:		
Unsecured		
Thai Baht	4,474	5,116
Singapore Dollar	1,069	2,051
United States Dollar	4,092	8,883
Indonesian Rupiah	1,442	1,668
Vietnamese Dong	3,380	3,743
	14,457	21,461
Non-current:		
Unsecured		
Thai Baht	5,287	4,707
Singapore Dollar	2,406	2,964
United States Dollar	5,229	-
	12,922	7,671

23. Off balance sheet financial instruments

There were no off balance sheet financial instrument not recognised in the balance sheet as at 30 June 2009.

24. Changes in material litigation

There were no material litigation against the Group as at 30 June 2009.

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

25. Dividend

A first interim dividend of 3 sen less 25% tax in respect of the financial year ending 31 December 2009 (2008: 6 sen less 26% tax) has been declared on 31 July 2009 and is payable on 25 August 2009. The entitlement date has been fixed on 17 August 2009.

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 30 June		6 months ended 30 June	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period attributable to shareholders of the Company	(15)	468	(9,247)	1,527
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic (loss)/earnings per share (sen)	(0.01)	0.38	(7.45)	1.23

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

27. Comparative figures

The following comparative figures have been reclassified to conform with the current period's presentation:

	As restated (RM'000)	As previously reported (RM'000)
<u>3 months ended 30 June 2008</u>		
Cost of sales	327,067	328,061
Distribution costs	27,413	26,419
<u>6 months ended 30 June 2008</u>		
Cost of sales	611,902	613,356
Distribution costs	55,740	54,286

BY ORDER OF THE BOARD

JONY RAW
COMPANY SECRETARY/CHIEF FINANCIAL OFFICER
Date: 31 July 2009