



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2009**

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the quarter and nine months ended 30 September 2009

		3 months ended 30 September		9 months ended 30 September	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>	8	<b>318,393</b>	<b>406,259</b>	<b>868,085</b>	<b>1,139,698</b>
Cost of sales	27	(258,563)	(345,764)	(703,184)	(957,666)
<b>Gross profit</b>		<b>59,830</b>	<b>60,495</b>	<b>164,901</b>	<b>182,032</b>
Distribution costs	27	(27,688)	(26,473)	(84,174)	(82,213)
Administrative and other operating expenses		(29,103)	(30,238)	(81,015)	(83,878)
Other operating income		3,647	4,707	8,323	11,033
<b>Operating profit</b>	8	<b>6,686</b>	<b>8,491</b>	<b>8,035</b>	<b>26,974</b>
Finance costs		(3,546)	(4,738)	(11,241)	(13,086)
Share of loss after tax and minority interest of equity accounted associates		(441)	(702)	(1,946)	(3,795)
<b>Profit/(Loss) before taxation</b>		<b>2,699</b>	<b>3,051</b>	<b>(5,152)</b>	<b>10,093</b>
Taxation	18	(1,026)	(1,764)	(4,118)	(6,529)
<b>Profit/(Loss) for the period</b>		<b>1,673</b>	<b>1,287</b>	<b>(9,270)</b>	<b>3,564</b>
Attributable to:					
Shareholders of the Company		1,050	1,020	(8,197)	2,547
Minority interest		623	267	(1,073)	1,017
<b>Profit/(Loss) for the period</b>		<b>1,673</b>	<b>1,287</b>	<b>(9,270)</b>	<b>3,564</b>
<b>Basic earnings/(loss) per share attributable to shareholders of the Company (sen)</b>	26	<b>0.85</b>	<b>0.82</b>	<b>(6.60)</b>	<b>2.05</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 30 September 2009

	Note	30 September 2009 (Unaudited) RM'000	31 December 2008 (Audited) RM'000
<b>ASSETS</b>			
Property, plant and equipment		196,127	205,193
Prepaid land lease payments		16,518	16,455
Investments in associates		19,760	21,706
Other investment		2,550	3,500
Intangible assets		54,930	54,930
Deferred tax assets		1,177	1,047
<b>Total non-current assets</b>		<b>291,062</b>	<b>302,831</b>
Receivables, deposits and prepayments		242,427	214,899
Inventories		65,903	80,805
Current tax assets		11,665	10,682
Cash and cash equivalents		50,544	60,222
<b>Total current assets</b>		<b>370,539</b>	<b>366,608</b>
<b>TOTAL ASSETS</b>		<b>661,601</b>	<b>669,439</b>
<b>EQUITY</b>			
Share capital		124,099	124,099
Reserves		36,287	44,323
<b>Total equity attributable to shareholders of the Company</b>		<b>160,386</b>	<b>168,422</b>
Minority interest		36,196	38,851
<b>TOTAL EQUITY</b>		<b>196,582</b>	<b>207,273</b>
<b>LIABILITIES</b>			
Borrowings	22	104,791	119,236
Deferred tax liabilities		5,842	7,007
Deferred liability		4,969	4,760
<b>Total non-current liabilities</b>		<b>115,602</b>	<b>131,003</b>
Payables, accruals and provision		165,551	151,997
Borrowings	22	183,552	173,547
Current tax liabilities		314	1,896
Dividend payable		-	3,723
<b>Total current liabilities</b>		<b>349,417</b>	<b>331,163</b>
<b>TOTAL LIABILITIES</b>		<b>465,019</b>	<b>462,166</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>661,601</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 nine months ended 30 September 2009

	<----- 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
<b>At 1 January 2009</b>	124,099	29,598	14,725	168,422	38,851
Foreign exchange translation differences	-	3,205	-	3,205	246
Loss for the period	-	-	(8,197)	(8,197)	(1,073)
Dividends	-	-	(2,792)	(2,792)	(2,080)
Effect of acquiring additional interest in a subsidiary	-	-	(252)	(252)	252
Transfer to capital reserves	-	37	(37)	-	-
<b>At 30 September 2009</b>	<b>124,099</b>	<b>32,840</b>	<b>3,447</b>	<b>160,386</b>	<b>36,196</b>
					<b>196,582</b>

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 nine months ended 30 September 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
<b>At 1 January 2008</b>	124,099	29,704	23,859	177,662	44,878
Foreign exchange translation differences	-	1,131	-	1,131	989
Profit for the period	-	-	2,547	2,547	1,017
Dividends	-	-	(5,510)	(5,510)	(1,889)
Effect of acquiring additional interest in subsidiaries	-	-	-	-	(2,730)
Transfer to capital reserves	-	81	(81)	-	-
Effect of change in statutory tax rate on revaluation reserve	-	40	-	40	40
<b>At 30 September 2008</b>	<b>124,099</b>	<b>30,956</b>	<b>20,815</b>	<b>175,870</b>	<b>41,134</b>
					<b>217,004</b>

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 nine months ended 30 September 2009

	<b>9 months ended 30 September</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>	(5,152)	10,093
<b>Adjustments for:</b>		
Non-cash items	29,466	28,286
Operating profit before changes in working capital	24,314	38,379
Net change in current assets	(12,346)	(53,987)
Net change in current liabilities	15,311	26,050
Cash generated from operations	27,279	10,442
Non-operating items	2,456	7,429
Net cash generated from operating activities	29,735	17,871
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	(14,836)	(49,909)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash (used in)/generated from financing activities	(22,577)	24,285
<b>Net decrease in cash and cash equivalents</b>	(7,678)	(7,753)
Effects of exchange differences on cash and cash equivalents	479	189
<b>Cash and cash equivalents at 1 January</b>	51,420	46,001
<b>Cash and cash equivalents at 30 September</b>	44,221	38,437

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
for the nine months ended 30 September 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>30 September 2009 RM'000</b>	<b>30 September 2008 RM'000</b>
Short term deposit with licensed banks (excluding debt service reserve account)		1,792	2,178
Cash and bank balances		47,809	40,135
Bank overdrafts	22	<u>(5,380)</u>	<u>(3,876)</u>
		<u>44,221</u>	<u>38,437</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**

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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 Main Market 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 101	Presentation of Financial Statements	1 January 2010
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
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRSs	contained in the document entitled “Improvements to FRSs (2009)”	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010



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

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1. **Basis of preparation (Cont’d)**

<b>FRSs/Interpretations</b>		<b>Effective date</b>
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

FRS 4, Amendments to FRS 2 and IC Interpretations 11 and 14 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 nine months ended 30 September 2009.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect during the quarter and nine months ended 30 September 2009.

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

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**6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter and nine months ended 30 September 2009 save as disclosed in Note 21 of the Additional Information required by the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

**7. Dividend paid**

During the nine months ended 30 September 2009, the Company had paid the following dividends:-

- i) 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.
- ii) the first interim dividend of 3 sen per share less 25% tax, amounting to RM2,792,000 in respect of the financial year ending 31 December 2009 on 25 August 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.

<b>Segment revenue</b>	<b>3 months ended 30 September</b>		<b>9 months ended 30 September</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	159,005	224,902	386,605	620,292
Packaging	46,817	60,969	126,019	176,637
Family Care	37,784	36,531	120,539	103,166
Food	75,258	84,965	237,540	242,660
	<u>318,864</u>	<u>407,367</u>	<u>870,703</u>	<u>1,142,755</u>
Eliminations	(471)	(1,108)	(2,618)	(3,057)
Group revenue	<u>318,393</u>	<u>406,259</u>	<u>868,085</u>	<u>1,139,698</u>
<b>Segment results</b>				
Industrial	4,226	5,711	6,255	14,592
Packaging	1,228	2,657	(3,591)	8,318
Family Care	1,562	1,388	4,890	4,980
Food	2,096	372	5,585	3,696
Investment Holding	(2,426)	(1,637)	(5,104)	(4,612)
Operating profit	<u>6,686</u>	<u>8,491</u>	<u>8,035</u>	<u>26,974</u>

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

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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.

11. **Changes in composition of the Group for the nine months ended 30 September 2009**

Since the last quarter, Texchem-Pack (PP) Sdn Bhd, a wholly owned subsidiary of Texchem-Pack (M) Bhd which in turn is a wholly owned subsidiary of Texchem-Pack Holdings (S) Ltd, a subsidiary of the Company, has on 3 September 2009 entered into a joint venture agreement with Global Precision Incorporated, a company incorporated in the United States of America, for the establishment of a joint venture company namely Texchem Advanced Products Sdn Bhd which was incorporated on 14 September 2009.

12. **Changes in contingent liabilities**

As at 30 September 2009, the Company has issued corporate guarantees amounting to RM206.4 million (31.12.08 : RM206.6 million) as security for banking facilities granted to its subsidiaries of which RM58.0 million were utilised as at 30 September 2009 (31.12.08 : RM59.2 million).

The Group has issued corporate guarantees to certain suppliers for an amount of RM35.6 million (31.12.08: RM33.5 million).

13. **Commitments**

	30 September 2009 RM'000	31 December 2008 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	3,442	2,705
Approved but not contracted for	861	1,266
	4,303	3,971

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


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**14. Performance review**

- (a) Current quarter compared with previous corresponding quarter

The Group's revenue for the current quarter was RM318.4 million, a decrease of 22% compared to RM406.2 million reported in corresponding quarter last year. The lower revenue was mainly due to the on-going global recession which had adversely affected turnover in the Industrial, Packaging and Food Divisions.

As a result, the Group generated a slightly lower pre-tax profit of RM2.7 million against the corresponding quarter of RM3.0 million.

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

The Group recorded a revenue of RM868.1 million and a pre-tax loss of RM5.1 million against the revenue of RM1.1 billion and pre-tax profit of RM10.1 million for the same period last year. The pre-tax loss was mainly due to lower group sales resulting from the global recession. Nevertheless, the Group improved on its working capital position resulting in positive net cash generated from operations of RM29.7 million against RM17.9 million in last year's corresponding period.

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

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

	<-----2009----->			
	Quarter 3	Quarter 2	Variance	
	RM'000	RM'000	RM'000	%
Revenue	318,393	306,895	11,498	3.7%
Profit before taxation	2,699	2,120	579	27.3%

The Group's revenue increased by 3.7% mainly contributed by improved sales. The improvement in sales has generated a pre-tax profit of RM2.7 million as compared to a pre-tax profit of RM2.1 million in the previous quarter.

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


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**16. Prospects for 2009**

The Group expects its business environment to remain challenging. Nevertheless, the Group will continue to adopt a prudent approach towards capital expenditure while focusing on cost reductions and improving its working capital management 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 September		9 months ended 30 September	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,144	597	3,922	4,722
- prior period	(604)	199	(485)	240
Overseas				
- current period	640	911	1,389	1,857
- prior period	-	7	458	(42)
	1,180	1,714	5,284	6,777
Deferred tax expense	(154)	50	(1,166)	(248)
	1,026	1,764	4,118	6,529

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 nine months ended 30 September 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 nine months ended 30 September 2009.

**21. Status of corporate proposal**

The status of the Group's corporate proposal is as follows:

**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.

**22. Borrowings**

	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
<b>Current:</b>		
Unsecured		
Bank overdrafts	5,380	7,587
Bankers' acceptances	67,497	61,814
Revolving credit	79,773	75,568
Term loans	9,997	8,582
Commercial papers *	20,000	10,000
Trust receipts	-	7,740
Foreign currency trade line	-	1,162
Finance lease liabilities	905	1,094
<b>Total</b>	<b>183,552</b>	<b>173,547</b>
<b>Non-current:</b>		
Unsecured		
Commercial papers *	50,000	70,000
Term loans	18,448	12,514
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,343	1,722
<b>Total</b>	<b>104,791</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**

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

Borrowings denominated in foreign currencies are as follows:

	<b>30 September 2009 RM'000</b>	<b>31 December 2008 RM'000</b>
<b>Current:</b>		
Unsecured		
Thai Baht	5,031	5,116
Singapore Dollar	10,999	2,051
United States Dollar	5,810	8,883
Indonesian Rupiah	720	1,668
Vietnamese Dong	3,371	3,743
	25,931	21,461
<b>Non-current:</b>		
Unsecured		
Thai Baht	4,817	4,707
Singapore Dollar	2,156	2,964
United States Dollar	4,393	-
	11,366	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 September 2009.

**24. Changes in material litigation**

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

**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) was declared on 31 July 2009 and paid on 25 August 2009. The entitlement date was fixed on 17 August 2009.

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

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

	3 months ended 30 September		9 months ended 30 September	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period attributable to shareholders of the Company	1,050	1,020	(8,197)	2,547
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings/(loss) per share (sen)	0.85	0.82	(6.60)	2.05

**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 September 2008</u>		
Cost of sales	345,764	346,080
Distribution costs	26,473	26,157
<u>9 months ended 30 September 2008</u>		
Cost of sales	957,666	959,436
Distribution costs	82,213	80,443

**BY ORDER OF THE BOARD**

**JONY RAW**

**COMPANY SECRETARY/CHIEF FINANCIAL OFFICER**

**Date: 30 October 2009**