TEXCHEM

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2010

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and twelve months ended 31 December 2010

	Note	3 months ended 31 December 2010 RM'000	3 months ended 31 December 2009 RM'000 (Restated)	12 months ended 31 December 2010 RM'000	12 months ended 31 December 2009 RM'000 (Restated)
Revenue	8,28	275,747	253,189	1,068,990	1,016,983
Cost of sales	28	(213,861)	(196,368)	(823,108)	(795,261)
Gross profit		**61,886**	**56,821**	**245,882**	**221,722**
Distribution costs		(28,939)	(25,329)	(118,769)	(109,503)
Administrative expenses		(27,510)	(33,265)	(118,262)	(114,280)
Other income		1,922	4,968	10,146	13,291
Operating profit		**7,359**	**3,195**	**18,997**	**11,230**
Finance costs		(3,724)	(3,123)	(14,485)	(14,364)
Share of loss after tax of jointly controlled entity		(160)	-	(308)	-
Share of loss after tax and Non-controlling interests of equity accounted associates		(249)	(133)	(1,343)	(2,079)
Profit/(Loss) before taxation	8	**3,226**	**(61)**	**2,861**	**(5,213)**
Tax expense	18	(2,679)	(1,192)	(5,696)	(5,310)
Profit/(Loss) for the period/year		**547**	**(1,253)**	**(2,835)**	**(10,523)**
Attributable to:					
Shareholders of the Company		1,545	(1,059)	(487)	(9,256)
Non-controlling interests		(998)	(194)	(2,348)	(1,267)
Profit/(Loss) for the period/year		**547**	**(1,253)**	**(2,835)**	**(10,523)**
Basic earnings/(loss) per share attributable to shareholders of the Company (sen)	26	**1.24**	**(0.85)**	**(0.39)**	**(7.46)**

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.

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TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the quarter and twelve months ended 31 December 2010

		3 months ended 31 December		12 months ended 31 December	
	Note	**2010 RM'000**	**2009 RM'000 (Restated)**	**2010 RM'000**	**2009 RM'000 (Restated)**
Profit/(Loss) for the period/year		547	(1,253)	(2,835)	(10,523)
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		1,213	(740)	(6,639)	2,711
Total comprehensive income for the period/year		**1,760**	**(1,993)**	**(9,474)**	**(7,812)**
Total comprehensive income attributable to:					
Shareholders of the Company		2,618	(1,679)	(6,755)	(6,671)
Non-controlling interests		(858)	(314)	(2,719)	(1,141)
		1,760	**(1,993)**	**(9,474)**	**(7,812)**

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
At 31 December 2010

	Note	31 December 2010 (Unaudited) RM'000	31 December 2009 (Audited) RM'000 (Restated)
ASSETS			
Property, plant and equipment		199,359	207,075
Investments in associates and jointly controlled entity		20,524	19,589
Intangible assets		55,527	54,930
Deferred tax assets		3,117	1,727
Total non-current assets		**278,527**	**283,321**
Receivables, deposits and prepayments		222,475	224,294
Inventories		73,925	67,669
Current tax assets		15,524	14,530
Cash and cash equivalents		48,922	63,028
Total current assets		**360,846**	**369,521**
TOTAL ASSETS		**639,373**	**652,842**
EQUITY			
Share capital		124,099	124,099
Reserves		22,234	32,746
Total equity attributable to shareholders of the Company		**146,333**	**156,845**
Non-controlling interests		32,929	35,868
TOTAL EQUITY		**179,262**	**192,713**
LIABILITIES			
Borrowings	22	47,346	102,513
Deferred tax liabilities		5,822	5,591
Deferred liability		4,482	4,998
Total non-current liabilities		**57,650**	**113,102**
Payables, accruals and provision		148,222	160,381
Borrowings	22	249,907	182,921
Current tax liabilities		2,471	1,863
Dividend payable		1,861	1,862
Total current liabilities		**402,461**	**347,027**
TOTAL LIABILITIES		**460,111**	**460,129**
TOTAL EQUITY AND LIABILITIES		**639,373**	**652,842**

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010

	<----------- Attributable to shareholders of the Company ------------>					
	<----- Non-distributable ----->		<- Distributable ->			
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings/ (Accumulated Loss) RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2010	124,099	32,631	115	156,845	35,868	192,713
Other comprehensive income	-	(6,268)	-	(6,268)	(371)	(6,639)
Loss for the year	-	-	(487)	(487)	(2,348)	(2,835)
Total comprehensive income for the year	-	(6,268)	(487)	(6,755)	(2,719)	(9,474)
Dividends	-	-	(3,723)	(3,723)	(337)	(4,060)
Subscription of shares in a subsidiary by a non-controlling shareholder	-	-	-	-	83	83
Transfer to capital reserves	-	216	(250)	(34)	34	-
At 31 December 2010	124,099	26,579	(4,345)	146,333	32,929	179,262

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2009

	<----------- Attributable to shareholders of the Company ------------>					
	<----- Non-distributable ----->		<- Distributable ->			
	Share Capital	Share premium & other capital reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	124,099	29,598	14,725	168,422	38,851	207,273
Other comprehensive income	-	2,585	-	2,585	126	2,711
Loss for the year	-	-	(9,256)	(9,256)	(1,267)	(10,523)
Total comprehensive income for the year	-	2,585	(9,256)	(6,671)	(1,141)	(7,812)
Dividends	-	-	(4,654)	(4,654)	(2,412)	(7,066)
Effect of acquiring additional interest in a subsidiary	-	-	(252)	(252)	252	-
Shares issued to a non-controlling shareholder	-	-	-	-	318	318
Transfer to capital reserves	-	448	(448)	-	-	-
At 31 December 2009	124,099	32,631	115	156,845	35,868	192,713

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010

	For Information Only				12 months ended 31 December	
	Quarter 1 2010 RM'000	Quarter 2 2010 RM'000	Quarter 3 2010 RM'000	Quarter 4 2010 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(Loss) before taxation	149	1,072	(1,586)	3,226	2,861	(5,213)
Adjustments for:						
Non-cash items	8,686	9,425	8,863	9,820	36,794	42,421
Non-operating items	3,337	3,576	3,704	3,625	14,242	13,875
Operating profit before changes in working capital	12,172	14,073	10,981	16,671	53,897	51,083
Net changes in working capital	(14,356)	(20,073)	(108)	10,226	(24,311)	13,639
Cash (used in)/generated from operations	(2,184)	(6,000)	10,873	26,897	29,586	64,722
Income tax refunded/(paid)	667	(2,117)	(1,919)	(2,059)	(5,428)	(11,162)
Directors' retirement/resignation benefits paid	(671)	(138)	(6)	(397)	(1,212)	(488)
Net cash (used in)/generated from operating activities	(2,188)	(8,255)	8,948	24,441	22,946	53,072
CASH FLOWS FROM INVESTING ACTIVITIES						
Net cash used in investing activities	(7,879)	(7,964)	(3,837)	(8,947)	(28,627)	(19,009)
CASH FLOWS FROM FINANCING ACTIVITIES						
Net cash (used in)/generated from financing activities	(7,549)	7,988	1,898	(12,493)	(10,156)	(31,126)
Net (decrease)/increase in cash and cash equivalents	(17,616)	(8,231)	7,009	3,001	(15,837)	2,937
Effects of exchange differences on cash and cash equivalents	(865)	25	(283)	(67)	(1,190)	31
Cash and cash equivalents at beginning of period/year	54,388	35,907	27,701	34,427	54,388	51,420
Cash and cash equivalents at end of period/year	35,907	27,701	34,427	37,361	37,361	54,388

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the twelve months ended 31 December 2010 (Cont'd)

Cash and cash equivalents included in the condensed consolidated statement of cash flow comprise the following statement of financial position amounts:

	Note	31 December 2010 RM'000	31 December 2009 RM'000
Short term deposit with licensed banks (excluding debt service reserve account)		2,415	2,793
Cash and bank balances		45,876	59,286
Bank overdrafts	22	(10,930)	(7,691)
		37,361	54,388

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.

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 2009. 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 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations applicable to the Group with effect from 1 January 2010.

FRSs, Amendments to FRSs and Interpretations

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS132	Financial Instruments: Presentation
Amendments to FRSs contained in the document entitled "Improvement to FRSs (2009)"	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above FRSs, Amendments to FRSs, IC Interpretations and Improvements to FRSs (2009) did not result in any significant changes in the accounting policies and presentation of the financial results of the Group except as disclosed below:

(a) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

1. Basis of preparation (Cont'd)

(b) FRS 101: Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

(c) Improvement to FRSs (2009) - Amendments to FRS 117: Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as Prepaid lease payments in the Statement of Financial Position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent of risks and rewards incidental to ownership of the lands. Accordingly, the Group has reclassified leasehold lands to property, plant and equipment. This change in classification has no effect on the results and financial position of the Group. The reclassification has been accounted for retrospectively in accordance with the transitional provision and comparative balances have been restated as disclosed in Note 28(i).

(d) Improvement to FRSs (2009) - Amendments to FRS 118: Revenue

The amendments to FRS 118 clarify the distinction between when an entity is acting as a principal and an agent. The adoption of this guidance will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will affect the presentation of revenue from a gross presentation to a net presentation. As the change only affects the presentation of revenue and cost of sales, this standard does not have any impact on the financial position and results of the Group. The comparative figures have been restated and are disclosed in Note 28(ii).

The Group has chosen to early adopt the following FRSs which are effective from 1 July 2010 in the current financial year:

FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (2010)

1. Basis of preparation (Cont'd)

The revised FRS 3 and FRS 127 are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combination. The amendments to FRS 127 require all losses attributable to non-controlling (minority) interest to be absorbed by non-controlling interest, i.e. the excess and any further losses exceeding the non-controlling interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are shared to the extent of the non-controlling interest in the equity of a subsidiary. The adoption of FRS 3 and FRS 127 will be applied prospectively and therefore there will be no impact on the consolidated financial statements of the prior years. With the adoption of FRS 3 and FRS 127, the non-controlling interest has shared the loss of RM1.17 million in a subsidiary for the current financial year despite the deficit in subsidiary's equity.

The following revised FRSs, new IC Interpretations and Amendments to FRSs applicable to the Group have been issued by the MASB and are effective for annual periods commencing on or after 1 March 2010, 1 July 2010, 1 January 2011 and 1 January 2012, and have yet to be adopted by the Group.

Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 1	Limited Exemptions from Comparatives FRS 7 Disclosures for First-time Adopters
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
FRS 124	Related Party Transactions

The initial application of the above FRSs and amendments to FRSs and Interpretation is not expected to have any significant impact on the Group.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

3. Seasonality and cyclicality 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 2010 other than the expenses incurred for the Proposed Voluntary Delisting of Texchem-Pack Holdings (S) Ltd amounting to approximately RM1.1 million in the second quarter.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and twelve months ended 31 December 2010.

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 2010 save as disclosed in Explanatory Note 21(A) of this condensed consolidated financial statements for the quarter and twelve months ended 31 December 2010.

7. Dividend paid

During the twelve months ended 31 December 2010, the Company had paid the following dividends:

(i) the second interim dividend of 2 sen per share less 25% tax, amounting to RM1,861,000 in respect of the financial year ended 31 December 2009 on 19 January 2010; and

(ii) the first interim dividend of 2 sen per share less 25% tax, amounting to RM1,861,000 in respect of the financial year ended 31 December 2010 on 1 September 2010.

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		Packaging		Family Care		Food		Others		Eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000 (Restated)
3 months ended 31 December														
Revenue from external customers	**99,512**	99,236	**51,535**	50,567	**36,958**	34,551	**87,742**	68,835	**-**	-	**-**	-	**275,747**	253,189
Inter-segment revenue	**524**	1,734	**12**	23	**28**	8	**-**	-	**-**	-	**(564)**	(1,765)	**-**	-
Total revenue	**100,036**	100,970	**51,547**	50,590	**36,986**	34,559	**87,742**	68,835	**-**	-	**(564)**	(1,765)	**275,747**	253,189
Profit/(Loss) before share of loss after tax and non-controlling interests of equity accounted associates	**2,627**	4,299	**(278)**	(416)	**613**	(128)	**3,307**	1,370	**(2,634)**	(5,053)			**3,635**	72
Share of loss after tax of jointly controlled entity	**-**	-	**(160)**	-	**-**	-	**-**	-	**-**	-			**(160)**	-
Share of loss after tax and non-controlling interests of equity accounted associates	**-**	-	**(49)**	(240)	**-**	-	**-**	-	**(200)**	107			**(249)**	(133)
Profit/(Loss) before tax	**2,627**	4,299	**(487)**	(656)	**613**	(128)	**3,307**	1,370	**(2,834)**	(4,946)			**3,226**	(61)

8. Operating segments (Cont'd)

	Industrial		Packaging		Family Care		Food		Others		Eliminations		Consolidated	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000 (Restated)
12 months ended 31 December														
Revenue from external customers	**390,403**	379,357	**202,155**	176,182	**153,360**	155,069	**323,072**	306,375	**-**	-	**-**	-	**1,068,990**	1,016,983
Inter-segment revenue	**2,572**	3,927	**80**	427	**68**	29	**-**	-	**-**	-	**(2,720)**	(4,383)	**-**	-
Total revenue	**392,975**	383,284	**202,235**	176,609	**153,428**	155,098	**323,072**	306,375	**-**	-	**(2,720)**	(4,383)	**1,068,990**	1,016,983
Profit/(Loss) before share of loss after tax and non-controlling interests of equity accounted associates	**8,706**	9,361	**(6,048)**	(6,121)	**3,054**	4,042	**11,200**	4,847	**(12,400)**	(15,263)			**4,512**	(3,134)
Share of loss after tax of jointly controlled entity	**-**	-	**(308)**	-	**-**	-	**-**	-	**-**	-			**(308)**	-
Share of loss after tax and non-controlling interests of equity accounted associates	**-**	-	**(128)**	(802)	**-**	-	**-**	-	**(1,215)**	(1,277)			**(1,343)**	(2,079)
Profit/(Loss) before tax	**8,706**	9,361	**(6,484)**	(6,923)	**3,054**	4,042	**11,200**	4,847	**(13,615)**	(16,540)			**2,861**	(5,213)

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 2009.

10. Material events subsequent to the reporting date

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

11. Changes in composition of the Group for the twelve months ended 31 December 2010

Other than as disclosed in Explanatory Notes 21(B) and 21(C) of this condensed consolidated financial statements for the quarter and twelve months ended 31 December 2010, since the last quarter, Sushi Kin Sdn. Bhd. ("SKSB") had on 25 November 2010 entered into a conditional Share Sale Agreement with Texchem Corporation Sdn. Bhd. ("Texcorp"), a major shareholder of the Company, for the acquisition of the entire issued and paid-up share capital of Miraku Sdn. Bhd. ("Miraku") comprising 1,500,000 ordinary shares of RM1.00 each (par value) from Texcorp at a total purchase consideration of RM2 million only ("Proposed Acquisition").

The Proposed Acquisition was completed on 15 December 2010 and Miraku become a wholly owned subsidiary of SKSB which in turn is a wholly owned subsidiary of the Company.

12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group since the last reporting date as at 31 December 2009.

13. Commitments

	31 December 2010 RM'000	31 December 2009 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	8,661	5,978
Approved but not contracted for	2,173	2,043
	10,834	8,021

14. Performance review

(a) Current quarter compared with previous corresponding quarter

The Group's revenue for the current quarter was RM275.7 million, an increase of 9% compared to RM253.2 million reported in corresponding quarter last year.

The Group recorded a pre-tax profit of RM3.2 million against pre-tax loss of RM0.1 million in the corresponding quarter mainly attributable to higher revenue and profit recorded by the Food Division. The pre-tax loss in the fourth quarter of 2009 was affected by the provision for impairment loss on unquoted bond and property, plant and equipment amounting to RM3.1 million.

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

The Group recorded a revenue of RM1,069.0 million and pre-tax profit of RM2.9 million against the revenue of RM1,017.0 million and pre-tax loss of RM5.2 million recorded for 2009. The pre-tax loss in 2009 was mainly due to provision for impairment loss on unquoted bond and property, plant and equipment amounting to RM4.5 million. The improvement in pre-tax profit of the current year was mainly contributed by the Food Division.

15. Variation of results against preceding quarter

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

	2010			
	Quarter 4	Quarter 3	Variance	
	RM'000	RM'000	RM'000	%
Revenue	275,747	268,633	7,114	2.6
Profit/(Loss) before taxation	3,226	(1,586)	4,812	303.4

The Group recorded a pre-tax profit of RM3.2 million against pre-tax loss of RM1.6 million in the preceding quarter mainly attributable to better operational performance and the write-back of impairment loss for doubtful debts and stock obsolescence in the current quarter.

16. Prospects for 2011

The global economy is expected to remain uncertain in 2011 in view of inflationary cost pressures. Despite the uncertain global economy, the Group is continuously optimistic about the performance of 2011.

17. Profit forecast

Not applicable as no profit forecast was published.

18. Tax expense

	3 months ended 31 December		12 months ended 31 December	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
- current period	1,800	503	5,261	4,425
- prior period	(985)	435	(1,884)	(50)
Overseas				
- current period	1,137	928	1,661	2,317
- prior period	-	126	(55)	584
	1,952	1,992	4,983	7,276
Deferred tax expense	727	(800)	713	(1,966)
	2,679	1,192	5,696	5,310

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.

19. Unquoted investments and properties

There were no disposals of unquoted investments and properties during the quarter and twelve months ended 31 December 2010.

20. Quoted investments

There were no purchases and disposals of quoted securities during the quarter and twelve months ended 31 December 2010.

21. Status of corporate proposals

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

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

On 31 March 2010, the limit of the Commercial Papers has been further reduced from RM70 million to RM50 million of which the RM50 million has been fully issued as at todate in accordance with the Commercial Papers and/or Medium Term Notes Programme.

B. Proposed Acquisition of the entire issued and paid-up share capital ("Issued Shares") of Seapack Food Sdn. Bhd. comprising 88,450,149 ordinary shares of RM1.00 each (par value) by Sea Master Trading Co. Sdn. Bhd. at a total cash consideration of RM100,000.00 (approximately equivalent to RM0.00113 per share) only

On 17 September 2010, the Company announced that Sea Master Trading Co. Sdn. Bhd. ("SMT") had on 17 September 2010 made an offer ("Offer") to acquire the entire Issued Shares of Seapack Food Sdn. Bhd. ("SFSB"), a 95.92% owned subsidiary of Texchem Corporation Sdn. Bhd., a major shareholder of the Company ("Proposed Acquisition").

Subsequently, the Company had on 11 October 2010 and 15 November 2010 announced the following:

(i) SMT had on 8 October 2010 received acceptance amounting to 95.93% in nominal value of the paid-up capital of SFSB. Accordingly, SMT had on 11 October 2010 issued notices ("Forms 57") to shareholders who have not accepted SMT's offer ("Dissenting Shareholders") to compulsorily acquire their shares in SFSB in accordance with Section 180 of the Companies Act, 1965 ("Compulsory Acquisition").

(ii) As no request or objection was received by SMT from the Dissenting Shareholders on the Compulsory Acquisition by 10 November 2010 (being the timeline as set out in the Forms 57), the Proposed Acquisition of SFSB was completed on 15 November 2010 and SFSB become a wholly owned subsidiary of SMT.

C. Voluntary Liquidation of Eye Graphic (Vietnam) Co., Ltd.

On 24 September 2010, the Company announced that Eye Graphic (Vietnam) Co., Ltd. has on 24 September 2010 commenced voluntary liquidation proceedings in accordance with the Laws/Rules and Regulations of Vietnam ("Voluntary Liquidation").

The completion of the Voluntary Liquidation is still pending as at 24 February 2011.

21. Status of corporate proposals (Cont'd)

D. 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") has 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.

There is no material development on the MoU since the last announcement made by the Company.

E. Proposed disposal of a piece of leasehold land together with buildings erected thereon by Texchem-Pack (KL) Sdn. Bhd. to Wirama Premium Sdn. Bhd.

On 11 January 2011, the Company announced that Texchem-Pack (KL) Sdn. Bhd. ("TXPKL") has on 11 January 2011 entered into a conditional Sale and Purchase Agreement with Wirama Premium Sdn. Bhd. ("Wirama"), the purchaser, for the disposal of all that piece of leasehold land held under Suratan Hakmilik Sementara No. H.S.(D) 132492 for PT 58, Seksyen 23, Bandar Shah Alam, Daerah Petaling, Negeri Selangor Darul Ehsan and measuring approximately 15,581.06 square metres (167,713 square feet) together with buildings erected thereon bearing assessment address No. 1, Persiaran Perusahaan, Seksyen 23, 40000 Shah Alam, Selangor (the Land and Building are collectively referred to as the "Property") by TXPKL to Wirama at a total consideration of RM13,752,466.00 only ("Proposed Disposal").

Subsequently, the Company had on 14 January 2011, 26 January 2011 and 28 January 2011 announced inter alia the following:

(i) Singapore Exchange Securities Trading Limited ("SGX-ST") has pursuant to its letter dated 26 January 2011 informed that it has no objection to the application of Texchem-Pack Holdings (S) Ltd. ("TXPHS"), the penultimate holding company of TXPKL, for the waiver of the requirement to obtain the approval of TXPHS's shareholders on the Proposed Disposal subject to the conditions ("Conditions") as set out in the Company's announcement made on 26 January 2011.

(ii) TXPHS has complied with all Conditions imposed by the SGX-ST on TXPHS. Thus, all necessary shareholders' approvals of Texchem-Pack (M) Bhd., the holding company of TXPKL and TXPKL on the Proposed Disposal are deemed obtained on 26 January 2011.

The completion of the Proposed Disposal is still pending as at 24 February 2011.

22. Borrowings

	31 December 2010 RM'000	31 December 2009 RM'000
Current:		
Unsecured		
Bank overdrafts	10,930	7,691
Bankers' acceptances	66,284	57,682
Revolving credit	95,207	82,045
Term loans	9,984	8,540
Commercial papers *	20,000	20,000
Trust receipts	7,172	3,850
Foreign currency trade line	3,186	1,742
Short-term loans	387	416
Specific advance facility	654	-
Collateralised loan obligations	35,000	-
Finance lease liabilities	1,103	955
Total	249,907	182,921
Non-current:		
Unsecured		
Commercial papers *	30,000	50,000
Term loans	15,313	16,239
Collateralised loan obligations	-	35,000
Finance lease liabilities	2,033	1,274
Total	47,346	102,513

* 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 2010 RM'000	31 December 2009 RM'000
Current:		
Unsecured		
Thai Baht	4,508	3,709
Singapore Dollar	13,293	8,967
United States Dollar	19,866	10,583
Indonesian Rupiah	3,377	4,297
Vietnamese Dong	2,750	317
Hong Kong Dollar	3	3
	43,797	27,876

22. Borrowings (Cont'd)

	31 December 2010 RM'000	31 December 2009 RM'000
Non-current:		
Unsecured		
Thai Baht	2,650	4,380
Singapore Dollar	804	1,944
United States Dollar	1,670	3,658
Hong Kong Dollar	6	10
	5,130	9,992

23. Off balance sheet financial instruments

There were no material off balance sheet financial instrument not recognised at the reporting date as at 31 December 2010.

24. Changes in material litigation

There were no material litigation against the Group as at 31 December 2010.

25. Dividend

The second interim dividend of 2 sen less 25% tax in respect of the financial year ended 31 December 2010 (2009: 2 sen less 25% tax) was declared on 15 December 2010 and paid on 27 January 2011. The entitlement date was fixed on 5 January 2011.

The total first and second interim dividends declared in respect of the financial year ended 31 December 2010 was 4 sen less 25% tax (2009: 5 sen less 25% tax).

26. Basic earnings/(loss) per share

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

26. Basic earnings/(loss) per share (Cont'd)

	3 months ended 31 December		12 months ended 31 December	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit/(loss) for the period/year attributable to shareholders of the Company	1,545	(1,059)	(487)	(9,256)
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings/(loss) per share (sen)	1.24	(0.85)	(0.39)	(7.46)

27. Realised and Unrealised Profits/(Losses)

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirement. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised profits/(losses), pursuant to directive, is as follows:

	31 December 2010 RM'000	30 September 2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	17,175	22,454
Unrealised – in respect of deferred tax recognised in the income statement	(2,705)	(3,913)
Unrealised – in respect of others items of income and expense	(882)	(3,605)
	(3,587)	(7,518)
	13,588	14,936
Total share of accumulated losses from associates and jointly controlled entity:		
Realised	(21,220)	(20,811)
	(7,362)	(5,875)
Add: Consolidation adjustments	3,287	2,052
Total Group accumulated losses	**(4,345)**	**(3,823)**

28. Comparative figures

The presentation and classification of items in the current year's financial statements are consistent with the previous financial year except for the following comparative figures which have been restated for the effects of adopting the changes in accounting policies as disclosed in Note 1 and to conform with current year's presentation:

(i) Effects of adoption of Amendments to FRS 117 Lease

	As restated RM'000	As previously reported RM'000
Statement of Financial Position as at 31 December 2009		
Prepaid land lease payments	-	16,295
Property, plant and equipment	207,075	190,780

(ii) Effects of adoption of Amendments to FRS 118 Revenue

	As restated RM'000	As previously reported RM'000
Income Statement		
3 months ended 31 December 2009		
Revenue	253,189	287,353
Cost of sales	196,368	230,532

	As restated RM'000	As previously reported RM'000
12 months ended 31 December 2009		
Revenue	1,016,983	1,155,438
Cost of sales	795,261	933,716

BY ORDER OF THE BOARD

JONY RAW
COMPANY SECRETARY/CHIEF FINANCIAL OFFICER
Date: 24 February 2011