



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2011

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and three months ended 31 March 2011

	Note	3 months ended 31 March		3 months ended 31 March	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
Revenue	8,29	259,887	249,644	259,887	249,644
Cost of sales		(202,906)	(193,249)	(202,906)	(193,249)
Gross profit		56,981	56,395	56,981	56,395
Distribution costs		(29,644)	(28,489)	(29,644)	(28,489)
Administrative expenses		(31,966)	(30,235)	(31,966)	(30,235)
Other income	29	6,392	5,954	6,392	5,954
Operating profit		1,763	3,625	1,763	3,625
Finance costs		(3,752)	(3,397)	(3,752)	(3,397)
Share of loss of jointly controlled entity, net of tax		(137)	-	(137)	-
Share of profit/(loss) of equity accounted associates, net of tax		92	(79)	92	(79)
(Loss)/Profit before taxation	8	(2,034)	149	(2,034)	149
Income tax expense	18	(2,451)	(2,021)	(2,451)	(2,021)
Loss for the period		(4,485)	(1,872)	(4,485)	(1,872)
Attributable to:					
Owners of the Company		(3,819)	(1,523)	(3,819)	(1,523)
Non-controlling interests		(666)	(349)	(666)	(349)
Loss for the period		(4,485)	(1,872)	(4,485)	(1,872)
Basic loss per share attributable to owners of the Company (sen)	27	(3.08)	(1.23)	(3.08)	(1.23)

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the quarter and three months ended 31 March 2011

	3 months ended 31 March		3 months ended 31 March		
	Note	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
Loss for the period		(4,485)	(1,872)	(4,485)	(1,872)
Other comprehensive expense, net of tax					
Foreign currency translation differences for foreign operations		(2,396)	(3,776)	(2,396)	(3,776)
Total comprehensive expense for the period		(6,881)	(5,648)	(6,881)	(5,648)
Total comprehensive expense attributable to:					
Owners of the Company		(6,198)	(4,944)	(6,198)	(4,944)
Non-controlling interests		(683)	(704)	(683)	(704)
Total comprehensive expense for the period		(6,881)	(5,648)	(6,881)	(5,648)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 At 31 March 2011

	Note	31 March 2011 (Unaudited) RM'000	31 December 2010 (Audited) RM'000 (Restated)
ASSETS			
Property, plant and equipment		192,400	193,704
Investment in associates		20,777	20,684
Investment in a jointly controlled entity		163	-
Intangible assets		55,527	55,527
Deferred tax assets		3,088	2,954
Total non-current assets		271,955	272,869
Trade and other receivables		219,715	220,954
Inventories		78,099	74,535
Current tax assets		15,883	15,542
Cash and cash equivalents		46,960	48,912
Assets classified as held for sale		6,771	7,019
Total current assets		367,428	366,962
TOTAL ASSETS		639,383	639,831
EQUITY			
Share capital		124,099	124,099
Reserves		16,047	22,245
Total equity attributable to owners of the Company		140,146	146,344
Non-controlling interests		32,268	32,908
TOTAL EQUITY		172,414	179,252
LIABILITIES			
Loans and borrowings	22	17,241	47,372
Deferred tax liabilities		5,841	5,655
Deferred liability		4,408	4,517
Total non-current liabilities		27,490	57,544
Trade and other payables		140,673	143,346
Provision		2,873	2,863
Loans and borrowings	22	292,995	252,452
Current tax liabilities		2,938	2,513
Dividend payable		-	1,861
Total current liabilities		439,479	403,035
TOTAL LIABILITIES		466,969	460,579
TOTAL EQUITY AND LIABILITIES		639,383	639,831

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011

<----- Attributable to owners of the Company ----->
<----- Non-distributable -----> <- Distributable ->

	Share Capital RM'000	Share premium & other capital reserves RM'000	Accumulated Losses RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2011	124,099	26,598	(4,353)	146,344	32,908	179,252
Other comprehensive expense	-	(2,379)	-	(2,379)	(17)	(2,396)
Loss for the period	-	-	(3,819)	(3,819)	(666)	(4,485)
Total comprehensive expense for the period	-	(2,379)	(3,819)	(6,198)	(683)	(6,881)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	43	43
At 31 March 2011	124,099	24,219	(8,172)	140,146	32,268	172,414

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

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->			Total equity
	Share Capital	Share premium & other capital reserves	Retained earnings/ (Accumulated losses)	Sub-total	Non-controlling interests	
RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2010	124,099	32,631	115	156,845	35,868	192,713
Other comprehensive expense	-	(3,421)	-	(3,421)	(355)	(3,776)
Loss for the period	-	-	(1,523)	(1,523)	(349)	(1,872)
Total comprehensive expense for the period	-	(3,421)	(1,523)	(4,944)	(704)	(5,648)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	43	43
At 31 March 2010	124,099	29,210	(1,408)	151,901	35,207	187,108

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the three months ended 31 March 2011

	3 months ended 31 March	
	2011	2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(2,034)	149
Adjustments for:		
Non-cash items	7,690	8,436
Non-operating items	3,692	3,337
	<hr/>	<hr/>
Operating profit before changes in working capital	9,348	11,922
Net changes in working capital	(6,522)	(14,356)
	<hr/>	<hr/>
Cash generated from/(used in) operations	2,826	(2,434)
Income tax (paid)/refunded	(2,292)	667
Directors' retirement/resignation benefits paid	(326)	(671)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	208	(2,438)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(6,029)	(7,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from/(used in) financing activities	2,130	(7,549)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(3,691)	(17,616)
Effects of exchange differences on cash and cash equivalents	(394)	(865)
	<hr/>	<hr/>
Cash and cash equivalents at 1 January	35,346	54,388
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Cash and cash equivalents at 31 March	31,261	35,907
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TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the three months ended 31 March 2011 (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 March 2011 RM'000	31 March 2010 RM'000
Short term deposit with licensed banks (excluding debt service reserve account)		2,817	3,360
Cash and bank balances		43,429	46,027
Bank overdrafts	22	<u>(14,985)</u>	<u>(13,480)</u>
		<u>31,261</u>	<u>35,907</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of preparation

The interim financial statements have been prepared on the historical cost basis other than financial instruments which have been fair valued in accordance with FRS 139 Financial Instruments: Recognition and Measurement.

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 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, 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 2011.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

FRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	- Additional Exemptions for First-time Adopters Financial Instruments: Disclosures – improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
Improvements to FRSs (2010)	

The adoption of the above FRSs and Amendments to FRSs, did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of preparation (Cont'd)

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 July 2011 and 1 January 2012, and have yet to be adopted by the Group.

FRS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
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FRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosures (revised)
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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 2010 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 three months ended 31 March 2011.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2011.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

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 three months ended 31 March 2011 save as disclosed in Explanatory Note 21(A) of this condensed consolidated financial statements for the quarter and three months ended 31 March 2011.

7. Dividend paid

During the quarter ended 31 March 2011, the Company had paid the second interim dividend of 2 sen per share less 25% tax, amounting to RM1,861,000 in respect of the year ended 31 December 2010 on 27 January 2011.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FRS 134
8. Operating segments

In the previous year, the Group has four reportable segments: Industrial, Packaging, Family Care and Food. In the current year, the Group has renamed the operating segment of “Packaging” to “Polymer Engineering” to reposition itself and refocus its core businesses. The Group has also split the Food segment into two business units: Food and Restaurant Divisions.

	Operating Segment										Others		Eliminations		Consolidated	
	Industrial		Polymer Engineering		Family Care		Food		Restaurant		2011	2010	2011	2010	2011	2010
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000 (Restated)
3 months ended 31 March																
Revenue from external customers	99,609	92,731	46,268	48,655	36,887	40,253	45,252	39,906	31,871	28,099			-	-	259,887	249,644
Inter-segment revenue	559	654	18	36	44	9	616	1,157	-	-			(1,237)	(1,856)	-	-
Total revenue	100,168	93,385	46,286	48,691	36,931	40,262	45,868	41,063	31,871	28,099			(1,237)	(1,856)	259,887	249,644
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	1,229	2,272	(1,177)	(1,292)	(939)	413	(1,226)	(725)	3,039	2,446	(2,915)	(2,886)			(1,989)	228
Share of loss of jointly controlled entity, net of tax	-	-	(137)	-	-	-	-	-	-	-	-	-			(137)	-
Share of profit/(loss) of equity accounted associates, net of tax	-	-	47	83	-	-	-	-	-	-	45	(162)			92	(79)
Profit/(Loss) before tax	1,229	2,272	(1,267)	(1,209)	(939)	413	(1,226)	(725)	3,039	2,446	(2,870)	(3,048)			(2,034)	149

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

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 2010.

10. Material events subsequent to the end of the reporting period

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

11. Changes in composition of the Group for the three months ended 31 March 2011

Other than as disclosed in Explanatory Note 21(B) of this condensed consolidated financial statements for the quarter ended 31 March 2011, the following are the changes to the composition of the Group for the three months ended 31 March 2011:

- (a) On 3 January 2011, the Company entered into a Share Sale Agreement with Texchem-Pack Holdings (S) Ltd., an approximately 70.48% owned subsidiary of the Company, for the disposal of the Company's entire equity interest in GMMI Texchem Sdn. Bhd. ("GMMI Texchem") comprising 100,000 ordinary shares of RM1.00 each (par value), representing 50% of the total issued and paid-up share capital of GMMI Texchem, for a total consideration of RM100,000.00. Subsequently, GMMI Texchem became a jointly controlled entity of GMMI Sdn Bhd and Texchem-Pack Holdings (S) Ltd.
- (b) On 7 February 2011, the Company acquired a dormant company, Texa Protection Sdn. Bhd. ("Texa") from Mr Brian Tan Guan Hooi and Encik Ridzuan Bin Ismail, both being the first subscribers of Texa, for a total cash consideration of RM2.00. Subsequently, Texa became a wholly owned subsidiary of the Company.
- (c) On 4 March 2011, the Company acquired a dormant company, Donburi House Sdn. Bhd. ("Donburi") from Texchem Corporation Sdn. Bhd., a major shareholder of the Company, for a total cash consideration of RM2.00. Subsequently, Donburi became a wholly owned subsidiary of the Company.
- (d) On 16 March 2011, a joint venture company, Alaya Asia Sdn. Bhd. was incorporated in accordance with the Malaysian Companies Act, 1965 pursuant to a Joint Venture Agreement dated 14 March 2011 made between Eye Graphic Sdn. Bhd., a wholly owned subsidiary of Texchem-Pack Holdings (S) Ltd. which in turn is an approximately 70.48% owned subsidiary of the Company, and Alaya Inc., a private limited company incorporated in Japan.

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

11. Changes in composition of the Group for the three months ended 31 March 2011 (Cont'd)

The issued and paid-up share capital of Alaya Asia Sdn Bhd is RM200,000.00 comprising 200,000 ordinary shares of RM1.00 each and is held by the shareholders in accordance with the following proportion:

<u>Name of Shareholders</u>	<u>Ratio</u>	<u>No. of Shares</u>
Eye Graphic Sdn. Bhd.	51%	102,000
Alaya Inc.	49%	98,000

12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 31 March 2011.

13. Commitments

	31 March 2011	31 December 2010
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	6,661	5,978
Approved but not contracted for	264	2,043
	<u>6,925</u>	<u>8,021</u>

14. Performance review

The Group's revenue for the current quarter was RM259.9 million, an increase of 4% compared to RM249.6 million reported in corresponding quarter last year. Despite higher revenue recorded, the Group reported a pre-tax loss of RM2.0 million against pre-tax profit of RM0.1 million in the corresponding quarter mainly due to poor product mix and margin deterioration in Industrial Division and the cost pressures faced by Family Care Division.

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

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:

	2011	2010	Variance	
	Quarter 1	Quarter 4	RM'000	%
	RM'000	RM'000	RM'000	
		(Restated)		
Revenue	259,887	273,808	(13,921)	(5.1)
(Loss)/Profit before taxation	(2,034)	3,106	(5,140)	(165.5)

The Group recorded a pre-tax loss of RM2.0 million against pre-tax profit of RM3.1 million in the preceding quarter mainly attributable to poor product mix and margin deterioration in Industrial Division, lower sales volume in Polymer Engineering Division due to festive seasons and higher cost faced by Family Care Division. In addition, the Group had the benefit of reversal of the impairment loss on trade receivables, allowance for inventories and other provisions which were no longer necessary in the 4th quarter of 2010.

16. Prospects for 2011

The continued uncertainties of the global economy, inflation and fluctuation in foreign exchange rates are expected to affect the profitability of the Group. Nevertheless, the Group will continue to adopt the cost-cutting measures and prudent approach towards capital expenditure to improve its financial position.

17. Profit forecast

Not applicable as no profit forecast was published.

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

18. Tax expense

	3 months ended 31 March		3 months ended 31 March	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,812	1,630	1,812	1,630
Overseas				
- current period	586	314	586	314
	<u>2,398</u>	<u>1,944</u>	<u>2,398</u>	<u>1,944</u>
Deferred tax expense	<u>53</u>	<u>77</u>	<u>53</u>	<u>77</u>
	<u>2,451</u>	<u>2,021</u>	<u>2,451</u>	<u>2,021</u>

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 three months ended 31 March 2011.

20. Quoted investments

There were no purchases and disposals of quoted securities during the quarter and three months ended 31 March 2011.

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 2011, the limit of the Commercial Papers has been further reduced from RM50 million to RM30 million of which the RM30 million has been fully issued as at todate 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 MAIN
MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

21. Status of corporate proposals (Cont'd)

B. 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 todate.

C. 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 TFBS’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.

D. 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 for a total consideration of RM13,752,466.00 only (“Proposed Disposal”).

Subsequently, the Company had on 14 January 2011, 26 January 2011, 28 January 2011, 2 March 2011 and 15 April 2011 announced inter alia the following:

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

21. Status of corporate proposals (Cont'd)

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

- (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.
- (iii) The State Authority’s consent for the sale and transfer of the Property by TXPKL to Wirama was obtained on 2 March 2011.
- (iv) The State Authority’s consent for the creation of a charge over the Property by Wirama in favour of Public Bank Berhad, the financier of Wirama, was obtained on 15 April 2011. With that, all conditions precedent of the Proposed Disposal have been met and the Proposed Disposal is now unconditional.

The completion of the Proposed Disposal is still pending as at todote.

22. Loans and borrowings

	31 March 2011 RM’000	31 December 2010 RM’000
Current:		
Unsecured		
Bank overdrafts	14,985	12,856
Bankers’ acceptances	70,073	63,245
Revolving credit	95,050	95,211
Term loans	9,914	9,984
Commercial papers	30,000	20,000
Bridging loan	20,000	-
Trust receipts	9,944	7,172
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,434	1,077
Other borrowings	6,595	7,907
Total	292,995	252,452

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

22. Loans and borrowings (Cont'd)

	31 March 2011 RM'000	31 December 2010 RM'000
Non-current:		
Unsecured		
Commercial papers	-	30,000
Term loans	14,592	15,313
Finance lease liabilities	2,649	2,059
Total	<u>17,241</u>	<u>47,372</u>

Loans and borrowings denominated in foreign currencies are as follows:

	31 March 2011 RM'000	31 December 2010 RM'000
Current:		
Unsecured		
Thai Baht	4,487	4,451
Singapore Dollar	10,522	9,878
United States Dollar	23,292	23,426
Indonesian Rupiah	2,339	5,161
Vietnamese Dong	2,892	2,750
Hong Kong Dollar	3	3
	<u>43,535</u>	<u>45,669</u>
Non-current:		
Unsecured		
Thai Baht	2,347	2,706
Singapore Dollar	679	785
United States Dollar	1,287	1,670
Hong Kong Dollar	5	6
	<u>4,318</u>	<u>5,167</u>

23. Derivative financial instruments

As at 31 March 2011, the Group has the following outstanding derivative financial instrument:

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value- Net loss RM'000
Currency forward contracts			
- Less than 1 year	1,948	1,932	(16)

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

23. Derivative financial instruments (Cont'd)

For the quarter ended 31 March 2011, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the end of the last reporting period.

24. Gains and Losses arising from fair value changes of financial liabilities

There are no gains and losses arising from changes on the fair values of financial liabilities as all financial liabilities are measured at the amortised cost using the effective interest method.

25. Changes in material litigation

There were no material litigation against the Group as at 31 March 2011.

26. Dividend

No dividend has been proposed or declared for the quarter ended 31 March 2011.

27. Basic loss per share

Basic loss per share of the Group is calculated by dividing the loss for the period attributable to the owners of the Company by the weighted average number of ordinary shares outstanding.

	3 months ended 31 March		3 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loss for the period attributable to owners of the Company	(3,819)	(1,523)	(3,819)	(1,523)
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic loss per share (sen)	(3.08)	(1.23)	(3.08)	(1.23)

28. Realised and Unrealised Profits/(Losses)

The breakdown of accumulated losses of the Group as at the end of the reporting period, into realised and unrealised profits/(losses), pursuant to the directive issued by Bursa Malaysia Securities Berhad on 25 March 2010 is as follows:

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

28. Realised and Unrealised Profits/(Losses) (Cont'd)

	31 March 2011 RM'000	31 December 2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	12,017	17,351
Unrealised – in respect of deferred tax recognised in the income statement	(1,945)	(1,886)
Unrealised – in respect of others items of income and expense	(469)	(914)
	<u>(2,414)</u>	<u>(2,800)</u>
	9,603	14,551
Total share of accumulated losses from associates and jointly controlled entity:		
Realised	(18,551)	(18,715)
	<u>(8,948)</u>	<u>(4,164)</u>
Add/(less): Consolidation adjustments	776	(189)
Total Group accumulated losses	<u>(8,172)</u>	<u>(4,353)</u>

29. Comparative figures

The presentation and classification of items in the current period's financial statements are consistent with the previous financial period except for the following comparative figures which have been restated to conform with current period's presentation:

	As restated RM'000	As previously reported RM'000
<u>Income Statement - 3 months ended 31 March 2010</u>		
Revenue	249,644	252,468
Other income	5,954	3,130

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 29 APRIL 2011