



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2011**

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the quarter and six months ended 30 June 2011

	Note	3 months ended 30 June		6 months ended 30 June	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>Revenue</b>	8,29	<b>265,737</b>	<b>269,210</b>	<b>525,624</b>	<b>518,854</b>
Cost of sales		(210,759)	(207,702)	(413,665)	(400,951)
<b>Gross profit</b>		<b>54,978</b>	<b>61,508</b>	<b>111,959</b>	<b>117,903</b>
Distribution costs		(27,952)	(31,850)	(57,596)	(60,339)
Administrative expenses		(29,440)	(29,827)	(61,406)	(60,062)
Other income	29	10,537	5,429	16,929	11,383
<b>Operating profit</b>		<b>8,123</b>	<b>5,260</b>	<b>9,886</b>	<b>8,885</b>
Finance costs		(3,925)	(3,646)	(7,677)	(7,043)
Share of loss of jointly controlled entity, net of tax		(13)	-	(150)	-
Share of loss of equity accounted associates, net of tax		(339)	(542)	(247)	(621)
<b>Profit before taxation</b>	8	<b>3,846</b>	<b>1,072</b>	<b>1,812</b>	<b>1,221</b>
Income tax expense	18	(1,512)	(1,110)	(3,963)	(3,131)
<b>Profit/(Loss) for the period</b>		<b>2,334</b>	<b>(38)</b>	<b>(2,151)</b>	<b>(1,910)</b>
<b>Attributable to:</b>					
Owners of the Company		<b>1,301</b>	<b>536</b>	<b>(2,518)</b>	<b>(987)</b>
Non-controlling interests		1,033	(574)	367	(923)
<b>Profit/(Loss) for the period</b>		<b>2,334</b>	<b>(38)</b>	<b>(2,151)</b>	<b>(1,910)</b>
<b>Basic earning/(loss) per share attributable to owners of the Company (sen)</b>	27	<b>1.05</b>	<b>0.43</b>	<b>(2.03)</b>	<b>(0.80)</b>

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 six months ended 30 June 2011

	3 months ended 30 June		6 months ended 30 June		
	Note	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
<b>Profit/(Loss) for the period</b>		2,334	(38)	(2,151)	(1,910)
<b>Other comprehensive expense, net of tax</b>					
Foreign currency translation differences for foreign operations		663	(712)	(1,733)	(4,489)
<b>Total comprehensive income/(expense) for the period</b>		<b>2,997</b>	<b>(750)</b>	<b>(3,884)</b>	<b>(6,399)</b>
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company		1,994	(97)	(4,204)	(5,042)
Non-controlling interests		1,003	(653)	320	(1,357)
<b>Total comprehensive income/(expense) for the period</b>		<b>2,997</b>	<b>(750)</b>	<b>(3,884)</b>	<b>(6,399)</b>

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 30 June 2011

	Note	30 June 2011 (Unaudited) RM'000	31 December 2010 (Audited) RM'000 (Restated)
<b>ASSETS</b>			
Property, plant and equipment		193,384	193,704
Investment in associates		20,887	20,684
Investment in a jointly controlled entity		-	-
Intangible assets		54,266	55,527
Deferred tax assets		3,158	2,954
<b>Total non-current assets</b>		<b>271,695</b>	<b>272,869</b>
Trade and other receivables		215,665	220,954
Inventories		82,767	74,535
Current tax assets		14,950	15,542
Cash and cash equivalents		51,846	48,912
Assets classified as held for sale		-	7,019
<b>Total current assets</b>		<b>365,228</b>	<b>366,962</b>
<b>TOTAL ASSETS</b>		<b>636,923</b>	<b>639,831</b>
<b>EQUITY</b>			
Share capital		124,099	124,099
Reserves		18,544	22,245
<b>Total equity attributable to owners of the Company</b>		<b>142,643</b>	<b>146,344</b>
Non-controlling interests		33,369	32,908
<b>TOTAL EQUITY</b>		<b>176,012</b>	<b>179,252</b>
<b>LIABILITIES</b>			
Loans and borrowings	22	17,967	47,372
Deferred tax liabilities		5,586	5,655
Deferred liability		3,755	4,517
<b>Total non-current liabilities</b>		<b>27,308</b>	<b>57,544</b>
Trade and other payables		135,007	143,346
Provision		2,874	2,863
Loans and borrowings	22	293,277	252,452
Current tax liabilities		2,445	2,513
Dividend payable		-	1,861
<b>Total current liabilities</b>		<b>433,603</b>	<b>403,035</b>
<b>TOTAL LIABILITIES</b>		<b>460,911</b>	<b>460,579</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>636,923</b>	<b>639,831</b>

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 six months ended 30 June 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
<b>At 1 January 2011</b>	124,099	26,598	(4,353)	146,344	32,908	179,252
Transfer from capital reserve		(1,413)	1,916	503	-	503
Other comprehensive expense	-	(1,686)	-	(1,686)	(47)	(1,733)
Loss for the period	-	-	(2,518)	(2,518)	367	(2,151)
Total comprehensive expense for the period	-	(1,686)	(2,518)	(2,518)	320	(3,884)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	141	141
<b>At 30 June 2011</b>	<b>124,099</b>	<b>23,499</b>	<b>(4,955)</b>	<b>(142,643)</b>	<b>33,369</b>	<b>176,012</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 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 six months ended 30 June 2010

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->			<- Distributable ->		
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings/ (Accumulated losses) RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>At 1 January 2010</b>	124,099	32,631	115	156,845	35,868	192,713
Other comprehensive expense	-	(4,055)	-	(4,055)	(434)	(4,489)
Loss for the period	-	-	(987)	(987)	(923)	(1,910)
Total comprehensive expense for the period	-	(4,055)	(987)	(5,042)	(1,357)	(6,399)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	43	43
<b>At 30 June 2010</b>	<b>124,099</b>	<b>28,576</b>	<b>(872)</b>	<b>151,803</b>	<b>34,554</b>	<b>186,357</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 2010 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the six months ended 30 June 2011

	<b>6 months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	1,812	1,221
<b>Adjustments for:</b>		
Non-cash items	8,548	18,111
Non-operating items	7,635	6,913
Operating profit before changes in working capital	17,995	26,245
Net changes in working capital	(12,879)	(34,429)
Cash generated from/(used in) operations	5,116	(8,184)
Income tax paid	(3,210)	(1,450)
Directors' retirement/resignation benefits paid	(657)	(809)
Net cash generated from/(used in) operating activities	1,249	(10,443)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash generated from/(used in) investing activities	890	(15,843)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash generated from financing activities	7,478	439
<b>Net increase/(decrease) in cash and cash equivalents</b>	9,617	(25,847)
Effects of exchange differences on cash and cash equivalents	(332)	(840)
<b>Cash and cash equivalents at 1 January</b>	35,346	54,388
<b>Cash and cash equivalents at 30 June</b>	44,631	27,701

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the six months ended 30 June 2011 (Cont'd)

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

	<b>Note</b>	<b>30 June 2011 RM'000</b>	<b>30 June 2010 RM'000</b>
Short term deposit with licensed banks (excluding debt service reserve account)		3,558	1,918
Cash and bank balances		47,830	44,030
Bank overdrafts	22	<u>(6,757)</u>	<u>(18,247)</u>
		<u>44,631</u>	<u>27,701</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**

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**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 - Additional Exemptions for First-time Adopters
Amendments to FRS 7	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**

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**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 six months ended 30 June 2011 except for the net gain on disposal of leasehold land and building by a subsidiary amounting to RM4 million in the current quarter.

**5. Changes in estimates**

There were no changes in estimates that have a material effect during the quarter and six months ended 30 June 2011.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO 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 six months ended 30 June 2011 save as disclosed in Explanatory Note 21(A) of this condensed consolidated financial statements for the quarter and six months ended 30 June 2011.

**7. Dividend paid**

During the six months ended 30 June 2011, the Company had paid the second interim dividend of 2 sen per share less 25% tax, amounting to approximately 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 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000 (Restated)	2010 RM'000 (Restated)	2011 RM'000 (Restated)	2010 RM'000 (Restated)						
<b>3 months ended 30 June</b>																
Revenue from external customers	<b>107,626</b>	95,328	<b>41,659</b>	52,213	<b>42,763</b>	41,012	<b>44,911</b>	51,355	<b>28,778</b>	29,302			-	-	<b>265,737</b>	269,210
Inter-segment revenue	<b>766</b>	782	<b>17</b>	24	<b>29</b>	5	<b>1,100</b>	605	-	-			<b>(1,912)</b>	(1,416)	-	-
<b>Total revenue</b>	<b>108,392</b>	96,110	<b>41,676</b>	52,237	<b>42,792</b>	41,017	<b>46,011</b>	51,960	<b>28,778</b>	29,302			<b>(1,912)</b>	(1,416)	<b>265,737</b>	269,210
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	<b>2,136</b>	2,253	<b>2,932</b>	(2,265)	<b>881</b>	2,014	<b>(974)</b>	433	<b>1,947</b>	2,889	<b>(2,724)</b>	(3,710)			<b>4,198</b>	1,614
Share of loss of jointly controlled entity, net of tax	-	-	<b>(13)</b>	-	-	-	-	-	-	-	-	-			<b>(13)</b>	-
Share of profit/(loss) of equity accounted associates, net of tax	-	-	<b>(253)</b>	(92)	-	-	-	-	-	-	<b>(86)</b>	(450)			<b>(339)</b>	(542)
Profit/(Loss) before tax	<b>2,136</b>	2,253	<b>2,666</b>	(2,357)	<b>881</b>	2,014	<b>(974)</b>	433	<b>1,947</b>	2,889	<b>(2,810)</b>	(4,160)			<b>3,846</b>	1,072

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO FRS 134**
**8. Operating segments (Cont'd)**

	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)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000 (Restated)
<b>6 months ended 30 June</b>																
Revenue from external customers	207,235	188,059	87,927	100,868	79,650	81,265	90,163	91,261	60,649	57,401			-	-	525,624	518,854
Inter-segment revenue	1,325	1,436	35	60	73	14	1,716	1,762	-	-			(3,149)	(3,272)	-	-
<b>Total revenue</b>	<b>208,560</b>	<b>189,495</b>	<b>87,962</b>	<b>100,928</b>	<b>79,723</b>	<b>81,279</b>	<b>91,879</b>	<b>93,023</b>	<b>60,649</b>	<b>57,401</b>			<b>(3,149)</b>	<b>(3,272)</b>	<b>525,624</b>	<b>518,854</b>
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	3,365	4,525	1,755	(3,557)	(58)	2,427	(2,200)	(292)	4,986	5,335	(5,639)	(6,596)			2,209	1,842
Share of loss of jointly controlled entity, net of tax	-	-	(150)	-	-	-	-	-	-	-	-	-			(150)	-
Share of profit/(loss) of equity accounted associates, net of tax	-	-	(206)	(9)	-	-	-	-	-	-	(41)	(612)			(247)	(621)
<b>Profit/(Loss) before tax</b>	<b>3,365</b>	<b>4,525</b>	<b>1,399</b>	<b>(3,566)</b>	<b>(58)</b>	<b>2,427</b>	<b>(2,200)</b>	<b>(292)</b>	<b>4,986</b>	<b>5,335</b>	<b>(5,680)</b>	<b>(7,208)</b>			<b>1,812</b>	<b>1,221</b>

**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 six months ended 30 June 2011**

Other than as disclosed in Explanatory Note 21(B) of this condensed consolidated financial statements for the six months ended 30 June 2011, there were no changes in the composition of the Group since the last quarter.

**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 30 June 2011.

**13. Commitments**

	30 June 2011 RM'000	31 December 2010 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	3,999	5,978
Approved but not contracted for	707	2,043
	4,706	8,021

**14. Performance review**

(a) Current quarter compared with previous corresponding quarter

The Group's revenue for the current quarter was RM265.7 million which was lowered by 1% compared to RM269.2 million reported in corresponding quarter last year. Despite the lower revenue recorded, the Group reported a pre-tax profit of RM3.8 million against pre-tax profit of RM1.1 million in the corresponding quarter mainly due to the net gain on disposal of leasehold land and building by a subsidiary amounting to RM4 million.

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

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**14. Performance review (Cont'd)**

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

The Group recorded revenue of RM525.6 million and pre-tax profit of RM1.8 million against the revenue of RM518.9 million and pre-tax profit of RM1.2 million recorded for the same period last year. The higher profit was mainly due to net gain on disposal of leasehold land and building by a subsidiary amounting to RM4 million.

**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:

	<b>2011</b>			
	<b>Quarter 2</b>	<b>Quarter 1</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	265,737	259,887	5,850	2.3
Profit/(Loss) before taxation	3,846	(2,034)	5,880	289.1

The Group recorded a pre-tax profit of RM3.8 million against pre-tax loss of RM2.0 million in the preceding quarter mainly attributable to net gain on disposal of leasehold land and building by a subsidiary amounting to RM4 million.

**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. However, the Group foresees better prospects in the second half of the year.

**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 30 June		6 months ended 30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	458	1,848	2,270	3,478
- prior period	254	(19)	254	(19)
Overseas				
- current period	625	242	1,211	556
	<hr/>	<hr/>	<hr/>	<hr/>
	1,337	2,071	3,735	4,015
Deferred tax expense				
- current period	160	(961)	213	(884)
- prior period	15	-	15	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,512	1,110	3,963	3,131

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 six months ended 30 June 2011.

**20. Quoted investments**

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

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**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 TFBSB’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, 15 April 2011 and 9 June 2011 announced inter alia the following:

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**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.
- (v) The Proposed Disposal was completed on 9 June 2011.

**E. Voluntary Liquidation of Seapack Italia S.r.l.**

On 13 July 2011, the Company announced that Seapack Italia S.r.l. has on 12 July 2011 commenced voluntary liquidation proceedings in accordance with the Laws of Italy (“Voluntary Liquidation”).

The completion of the Voluntary Liquidation is still pending as at todate.

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**22. Loans and borrowings**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<b>Current:</b>		
Unsecured		
Bank overdrafts	6,757	12,856
Bankers' acceptances	75,735	63,245
Revolving credit	99,196	95,211
Term loans	9,692	9,984
Commercial papers	30,000	20,000
Bridging loan	20,000	-
Trust receipts	8,990	7,172
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,204	1,077
Other borrowings	6,703	7,907
<b>Total</b>	<b>293,277</b>	<b>252,452</b>
<b>Non-current:</b>		
Unsecured		
Commercial papers	-	30,000
Term loans	15,660	15,313
Finance lease liabilities	2,307	2,059
<b>Total</b>	<b>17,967</b>	<b>47,372</b>

Loans and borrowings denominated in foreign currencies are as follows:

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<b>Current:</b>		
Unsecured		
Thai Baht	2,727	4,451
Singapore Dollar	9,420	9,878
United States Dollar	21,541	23,426
Indonesian Rupiah	4,849	5,161
Vietnamese Dong	4,339	2,750
Hong Kong Dollar	3	3
	<b>42,879</b>	<b>45,669</b>
<b>Non-current:</b>		
Unsecured		
Thai Baht	2,237	2,706
Singapore Dollar	347	785
United States Dollar	939	1,670
Hong Kong Dollar	4	6
	<b>3,527</b>	<b>5,167</b>

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**23. Derivative financial instruments**

As at 30 June 2011, the Group has the following outstanding derivative financial instrument:

<b>Type of Derivative</b>	<b>Contract/ Notional Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Fair Value- Net (loss)/ gain RM'000</b>
Forward exchange contracts			
- Assets	1,359	1,363	(4)
- Liabilities	524	529	5
	1,883	1,892	1

For the six months ended 30 June 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 was no material litigation against the Group as at 30 June 2011.

**26. Dividend**

No dividend has been proposed or declared for the quarter ended 30 June 2011.

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**27. Basic earning/(loss) per share**

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

	3 months ended 30 June		6 months ended 30 June	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period attributable to owners of the Company	1,301	536	(2,518)	(987)
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earning/(loss) per share (sen)	1.05	0.43	(2.03)	(0.80)

**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:

	30 June 2011 RM'000	31 December 2010 RM'000
<b>Total retained profits/(accumulated losses) of the Company and its subsidiaries:</b>		
Realised	11,579	17,351
Unrealised – in respect of deferred tax recognised in the income statement	(1,761)	(1,886)
Unrealised – in respect of others items of income and expense	(234)	(914)
	<u>(1,995)</u>	<u>(2,800)</u>
	9,584	14,551
<b>Total share of accumulated losses from associates and jointly controlled entity:</b>		
Realised	(18,904)	(18,715)
	<u>(9,320)</u>	<u>(4,164)</u>
Add/(less): Consolidation adjustments	4,365	(189)
<b>Total Group accumulated losses</b>	<b><u>(4,955)</u></b>	<b><u>(4,353)</u></b>

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**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:

	<b>As restated RM'000</b>	<b>As previously reported RM'000</b>
<u>Income Statement - 3 months ended 30 June 2010</u>		
Revenue	269,210	272,142
Other income	5,429	2,497

	<b>As restated RM'000</b>	<b>As previously reported RM'000</b>
<u>Income Statement - 6 months ended 30 June 2010</u>		
Revenue	518,854	524,610
Other income	11,383	5,627

**BY ORDER OF THE BOARD**

**TAN PENG LAM**  
**CHIEF FINANCIAL OFFICER**  
**Date: 27 July 2011**