



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and nine months ended 30 September 2011

		3 months ended 30 September		9 months ended 30 September	
	Note	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000 (Restated)
Revenue	8,29	289,168	266,033	814,792	784,887
Cost of sales		(232,379)	(208,296)	(646,044)	(609,247)
Gross profit		56,789	57,737	168,748	175,640
Distribution costs		(29,222)	(29,491)	(86,818)	(89,830)
Administrative expenses		(29,718)	(30,690)	(92,384)	(90,752)
Other income	29	6,897	5,197	25,086	16,580
Operating profit		4,746	2,753	14,632	11,638
Finance costs		(4,435)	(3,718)	(12,112)	(10,761)
Share of loss of jointly controlled entity, net of tax		(71)	(148)	(221)	(148)
Share of loss of equity accounted associates, net of tax		(232)	(473)	(479)	(1,094)
Profit/(Loss) before taxation	8	8	(1,586)	1,820	(365)
Income tax expense	18	(3,639)	114	(7,602)	(3,017)
Loss for the period		(3,631)	(1,472)	(5,782)	(3,382)
Attributable to:					
Owners of the Company		(2,897)	(1,045)	(5,415)	(2,032)
Non-controlling interests		(734)	(427)	(367)	(1,350)
Loss for the period		(3,631)	(1,472)	(5,782)	(3,382)
Basic loss per share attributable to owners of the Company (sen)	27	(2.33)	(0.84)	(4.36)	(1.64)

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 nine months ended 30 September 2011

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
Note	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Loss for the period	(3,631)	(1,472)	(5,782)	(3,382)
Other comprehensive income/(expense), net of tax				
Foreign currency translation differences for foreign operations	5,375	(3,363)	3,642	(7,852)
Total comprehensive income/(expense) for the period	1,744	(4,835)	(2,140)	(11,234)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	1,890	(4,331)	(2,314)	(9,373)
Non-controlling interests	(146)	(504)	174	(1,861)
Total comprehensive income/(expense) for the period	1,744	(4,835)	(2,140)	(11,234)

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 September 2011

		30 September 2011 (Unaudited) RM'000	31 December 2010 (Audited) RM'000 (Restated)
	Note		
ASSETS			
Property, plant and equipment		194,092	193,704
Investment in associates		20,206	20,684
Investment in a jointly controlled entity		378	-
Intangible assets		54,309	55,527
Deferred tax assets		3,173	2,954
Total non-current assets		272,158	272,869
Trade and other receivables		234,830	220,954
Inventories		83,294	74,535
Current tax assets		14,620	15,542
Cash and cash equivalents		50,012	48,912
Assets classified as held for sale		-	7,019
Total current assets		382,756	366,962
TOTAL ASSETS		654,914	639,831
EQUITY			
Share capital		124,099	124,099
Reserves		20,435	22,245
Total equity attributable to owners of the Company		144,534	146,344
Non-controlling interests		33,139	32,908
TOTAL EQUITY		177,673	179,252
LIABILITIES			
Loans and borrowings	22	15,928	47,372
Deferred tax liabilities		5,197	5,655
Deferred liability		3,775	4,517
Total non-current liabilities		24,900	57,544
Trade and other payables		142,425	143,346
Provision		2,399	2,863
Loans and borrowings	22	304,320	252,452
Current tax liabilities		3,197	2,513
Dividend payable		-	1,861
Total current liabilities		452,341	403,035
TOTAL LIABILITIES		477,241	460,579
TOTAL EQUITY AND LIABILITIES		654,914	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 nine months ended 30 September 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
Transfer from capital reserve	-	(1,368)	1,872	504	-	504
Other comprehensive income	-	3,101	-	3,101	541	3,642
Loss for the period	-	-	(5,415)	(5,415)	(367)	(5,782)
Total comprehensive income/ (expense) for the period	-	3,101	(5,415)	(2,314)	174	(2,140)
Dividends	-	-	-	-	(152)	(152)
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	-	209	209
At 30 September 2011	124,099	28,331	(7,896)	144,534	33,139	177,673

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 nine months ended 30 September 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
At 1 January 2010	124,099	32,631	115	156,845	35,868	192,713
Other comprehensive expense	-	(7,341)	-	(7,341)	(511)	(7,852)
Loss for the period	-	-	(2,032)	(2,032)	(1,350)	(3,382)
Total comprehensive expense for the period	-	(7,341)	(2,032)	(9,373)	(1,861)	(11,234)
Dividends	-	-	(1,861)	(1,861)	(128)	(1,989)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	86	86
Transfer to capital reserves	-	45	(45)	-	-	-
At 30 September 2010	124,099	25,335	(3,823)	145,611	33,965	179,576

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 nine months ended 30 September 2011

	9 mnths ended 30 September	
	2011	2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,820	(365)
Adjustments for:		
Non-cash items	16,201	27,353
Non-operating items	11,675	10,617
Operating profit before changes in working capital	29,696	37,605
Net changes in working capital	(23,371)	(34,537)
Cash generated from operations	6,325	3,068
Income tax paid	(6,006)	(3,369)
Directors' retirement/resignation benefits paid	(657)	(815)
Net cash used in operating activities	(338)	(1,116)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(2,207)	(20,059)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	3,945	2,337
Net increase/(decrease) in cash and cash equivalents	1,400	(18,838)
Effects of exchange differences on cash and cash equivalents	366	(1,123)
Cash and cash equivalents at 1 January	35,346	54,388
Cash and cash equivalents at 30 September	37,112	34,427

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the nine months ended 30 September 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	30 September 2011 RM'000	30 September 2010 RM'000
Short term deposit with licensed banks (excluding debt service reserve account)		2,098	2,399
Cash and bank balances		47,220	42,990
Bank overdrafts	22	<u>(12,206)</u>	<u>(10,962)</u>
		<u>37,112</u>	<u>34,427</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	Reassessment of Embedded Derivatives
Interpretation 9	

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 nine months ended 30 September 2011 except for:

- (a) Net gain on disposal of leasehold land and building by a subsidiary amounting to RM4 million recognised in the second quarter; and
- (b) On 15 October 2011, Texchem-Pack (Thailand) Co., Ltd. ("TXPT"), an approximately 70.48% owned subsidiary of the Company has temporarily ceased its operations as the factory located in Ayutthaya, Thailand was flooded. TXPT is unable to ascertain the extent of the damage at this moment. The effect of this incident on the net tangible assets and earnings of the Group for the financial year ending 31 December 2011 will depend on the extent of the damage, the recovery speed of TXPT's customers and the amount of recovery from insurance claims.

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

5. Changes in estimates

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

6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter and nine months ended 30 September 2011 save as disclosed in Explanatory Note 21(A) of this condensed consolidated financial statements for the quarter and nine months ended 30 September 2011.

7. Dividend paid

During the nine months ended 30 September 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.

	Industrial		Polymer Engineering		Operating Segment Family Care		Food		Restaurant		Others		Eliminations		Consolidated	
	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 30 September																
Revenue from external customers	119,814	102,832	43,394	49,752	40,152	35,137	55,629	52,216	30,179	26,096			-	-	289,168	266,033
Inter-segment revenue	717	612	19	8	31	26	791	1,093	-	-			(1,558)	(1,739)	-	-
Total revenue	120,531	103,444	43,413	49,760	40,183	35,163	56,420	53,309	30,179	26,096			(1,558)	(1,739)	289,168	266,033
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	2,754	1,554	(1,873)	(2,213)	304	14	(1,596)	960	3,545	1,890	(2,823)	(3,170)			311	(965)
Share of loss of jointly controlled entity, net of tax	-	-	(71)	(148)	-	-	-	-	-	-	-	-			(71)	(148)
Share of loss of equity accounted associates, net of tax	-	-	(39)	(70)	-	-	-	-	-	-	(193)	(403)			(232)	(473)
Profit/(Loss) before tax	2,754	1,554	(1,983)	(2,431)	304	14	(1,596)	960	3,545	1,890	(3,016)	(3,573)			8	(1,586)

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 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)
9 months ended 30 September																
Revenue from external customers	327,049	290,891	131,321	150,620	119,802	116,402	145,792	143,477	90,828	83,497	-	-	-	-	814,792	784,887
Inter-segment revenue	2,042	2,048	54	68	104	40	2,507	2,855	-	-	-	-	(4,707)	(5,011)	-	-
Total revenue	329,091	292,939	131,375	150,688	119,906	116,442	148,299	146,332	90,828	83,497	-	-	(4,707)	(5,011)	814,792	784,887
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	6,119	6,079	(118)	(5,770)	246	2,441	(3,796)	668	8,531	7,225	(8,462)	(9,766)			2,520	877
Share of loss of jointly controlled entity, net of tax	-	-	(221)	(148)	-	-	-	-	-	-	-	-			(221)	(148)
Share of loss of equity accounted associates, net of tax	-	-	(245)	(79)	-	-	-	-	-	-	(234)	(1,015)			(479)	(1,094)
Profit/(Loss) before tax	6,119	6,079	(584)	(5,997)	246	2,441	(3,796)	668	8,531	7,225	(8,696)	(10,781)			1,820	(365)

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 except for the repayment of Collateralised Loan Obligations of RM35 million and Bridging Loan of RM20 million on 5 October 2011 which were refinanced by Syndicated Term Loan of RM55 million.

11. Changes in composition of the Group for the nine months ended 30 September 2011

Other than as disclosed in Explanatory Note 21 (where relevant) of this condensed consolidated financial statements for the nine months ended 30 September 2011, the following are the changes to the composition of the Group since the last quarter:

- (i) On 25 August 2011, the Company announced that the Company had on 24 August 2011 entered into a conditional Share Sale Agreement with Texchem Corporation Sdn. Bhd. ("Texcorp") for the acquisition of the entire issued and paid-up share capital of Technopia Sdn. Bhd. ("TSB") by the Company from Texcorp at a total purchase consideration of RM381,425.00 ("Proposal").

Subsequently, the Company had on 8 September 2011 and 9 September 2011 announced the following:

- (a) The approval of the shareholders of Texcorp for the Proposal was obtained on 8 September 2011.
 - (b) The Proposal was completed on 9 September 2011.
- (ii) Fumakilla Malaysia Berhad ("FMB"), a subsidiary of the Company, had on 30 September 2011 acquired the remaining 90,000 shares of Thai Baht 100 each in Technopia (Thailand) Ltd. ("TTL") (equivalent to 4.09% total issued and paid-up share capital of TTL), a subsidiary of FMB, from Dato' Surin Upatkoon ("Dato' Surin") at a total purchase consideration of RM1,018,800.00 which was satisfied entirely by the issuance of 648,917 new ordinary shares of RM1.00 each in FMB to Dato' Surin at a premium of RM0.57 per share. As a result, the equity interest of the Company and FMB in FMB and TTL respectively had changed as follows with effect from 30 September 2011:
 - (a) The Company's equity interest in FMB had reduced from 87.29% to 85.90%.
 - (b) FMB's equity interest in TTL had increased from 95.51% to 100%.

TEXCHEM RESOURCES BHD
PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
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 September 2011.

13. Commitments

	30 September 2011 RM'000	31 December 2010 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	2,782	5,978
Approved but not contracted for	967	2,043
	3,749	8,021

14. Performance review

- (a) Current quarter compared with previous corresponding quarter

The Group's revenue for the current quarter was RM289.2 million which was increased by 9% compared to RM266.0 million reported in corresponding quarter last year. Despite higher revenue achieved, the Group only managed to break even at the pre-tax profit level mainly due to weaker performance in Food Division.

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

The Group recorded revenue of RM814.8 million and pre-tax profit of RM1.8 million against the revenue of RM784.9 million and pre-tax loss of RM0.4 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 before taxation for the current and preceding quarters are as follows:

	2011			
	Quarter 3 RM'000	Quarter 2 RM'000	Variance RM'000	%
Revenue	289,168	265,737	23,431	8.8
Profit before taxation	8	3,846	(3,838)	(99.8)

The higher pre-tax profit of RM3.8 million in the preceding quarter mainly attributable to 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
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. The Group foresees the performance in the fourth quarter will remain weak.

17. Profit forecast

Not applicable as no profit forecast was published.

18. Tax expense

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	3,039	924	5,309	3,461
- prior period	200	(880)	454	(899)
Overseas				
- current period	777	(32)	1,988	524
- prior period	-	(55)	-	(55)
	4,016	(43)	7,751	3,031
Deferred tax expense				
- current period	(378)	(71)	(165)	(14)
- prior period	1	-	16	-
	3,639	(114)	7,602	3,017

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 nine months ended 30 September 2011.

20. Quoted investments

There were no purchases and disposals of quoted securities during the quarter and nine months ended 30 September 2011.

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

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 today in accordance with the Commercial Papers and/or Medium Term Notes Programme.

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 today.

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 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.

D. 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 today.

E. Voluntary Liquidation of Texchem Trading (Wuxi) Co., Ltd.

On 30 September 2011, the Company announced that Texchem Trading (Wuxi) Co., Ltd., a wholly owned subsidiary of Texchem Materials Sdn. Bhd. which in turn is a wholly owned subsidiary of the Company, has on 30 September 2011 commenced voluntary liquidation proceedings in accordance with the Laws of the People's Republic of China ("Voluntary Liquidation"). The completion of the Voluntary Liquidation is still pending as at today.

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

	30 September 2011 RM'000	31 December 2010 RM'000
Current:		
Unsecured		
Bank overdrafts	12,206	12,856
Bankers' acceptances	77,722	63,245
Revolving credit	99,428	95,211
Term loans	10,026	9,984
Commercial papers	30,000	20,000
Bridging loan	20,000	-
Trust receipts	12,134	7,172
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,670	1,077
Other borrowings	6,134	7,907
Total	304,320	252,452
Non-current:		
Unsecured		
Commercial papers	-	30,000
Term loans	13,183	15,313
Finance lease liabilities	2,745	2,059
Total	15,928	47,372

Loans and borrowings denominated in foreign currencies are as follows:

	30 September 2011 RM'000	31 December 2010 RM'000
Current:		
Unsecured		
Thai Baht	6,048	4,451
Singapore Dollar	11,110	9,878
United States Dollar	25,276	23,426
Indonesian Rupiah	4,873	5,161
Vietnamese Dong	1,368	2,750
Hong Kong Dollar	3	3
	48,678	45,669
Non-current:		
Unsecured		
Thai Baht	1,630	2,706
Singapore Dollar	51	785
United States Dollar	752	1,670
Hong Kong Dollar	4	6
	2,437	5,167

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23. Derivative financial instruments

As at 30 September 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
Forward exchange contracts - Receivables	2,478	2,519	(41)

For the nine months ended 30 September 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 September 2011.

26. Dividend

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

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN
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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 30 September		9 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loss for the period attributable to owners of the Company	(2,897)	(1,045)	(5,415)	(2,032)
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic loss per share (sen)	(2.33)	(0.84)	(4.36)	(1.64)

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 September 2011 RM'000	31 December 2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	6,511	17,351
Unrealised – in respect of deferred tax recognised in the income statement	(1,372)	(1,886)
Unrealised – in respect of others items of income and expense	1,330	(914)
	(42)	(2,800)
	6,769	14,551
Total share of accumulated losses from associates and jointly controlled entity:		
Realised	(19,207)	(18,715)
	(12,738)	(4,164)
Add/(less): Consolidation adjustments	4,842	(189)
Total Group accumulated losses	(7,896)	(4,353)

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

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 30 September 2010</u>		
Revenue	266,033	268,633
Other income	5,197	2,597
	As restated RM'000	As previously reported RM'000
<u>Income Statement - 9 months ended 30 September 2010</u>		
Revenue	784,887	793,243
Other income	16,580	8,224

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 25 OCTOBER 2011