TEXCHEM

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2011

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

	Note	3 months ended 31 December 2011 RM'000	3 months ended 31 December 2010 RM'000	12 months ended 31 December 2011 RM'000	12 months ended 31 December 2010 RM'000
Revenue	8	**268,369**	**273,808**	**1,083,161**	**1,058,695**
Cost of sales		(211,392)	(217,436)	(857,436)	(826,683)
Gross profit		**56,977**	**56,372**	**225,725**	**232,012**
Distribution costs		(30,569)	(28,010)	(117,387)	(117,840)
Administrative and other expenses		(44,642)	(31,388)	(137,026)	(122,140)
Other income		25,072	10,335	50,158	26,915
Operating profit	18	**6,838**	**7,309**	**21,470**	**18,947**
Finance costs		(4,148)	(3,941)	(16,260)	(14,702)
Share of loss of jointly controlled entity, net of tax		(152)	48	(373)	(100)
Share of loss of equity accounted associates, net of tax		(46)	(311)	(525)	(1,405)
Profit before taxation		**2,492**	**3,105**	**4,312**	**2,740**
Income tax expense	19	(1,910)	(2,584)	(9,512)	(5,601)
Profit/(Loss) for the period/year		**582**	**521**	**(5,200)**	**(2,861)**
Attributable to:					
Owners of the Company		**241**	**1,541**	**(5,174)**	**(491)**
Non-controlling interests		341	(1,020)	(26)	(2,370)
Profit/(Loss) for the period/year		**582**	**521**	**(5,200)**	**(2,861)**
Basic earning/(loss) per share attributable to owners of the Company (sen)	26	**0.19**	**1.24**	**(4.17)**	**(0.40)**

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.

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

	Note	3 months ended 31 December 2011 RM'000	3 months ended 31 December 2010 RM'000 (Restated)	12 months ended 31 December 2011 RM'000	12 months ended 31 December 2010 RM'000 (Restated)
Profit/(Loss) for the period/year		582	521	(5,200)	(2,861)
Other comprehensive (expense)/ income, net of tax					
Foreign currency translation differences for foreign operations		(1,456)	1,293	2,186	(6,559)
Share of other comprehensive income of equity accounted associates, net of tax		-	15	-	15
Total comprehensive (expense)/ income for the period/year		**(874)**	**1,829**	**(3,014)**	**(9,405)**
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(1,030)	2,629	(3,344)	(6,744)
Non-controlling interests		156	(800)	330	(2,661)
Total comprehensive (expense)/ income for the period/year		**(874)**	**1,829**	**(3,014)**	**(9,405)**

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 December 2011

	Note	31 December 2011 (Unaudited) RM'000	31 December 2010 (Audited) RM'000 (Restated)
ASSETS			
Property, plant and equipment		182,122	193,704
Investment in associates		20,160	20,684
Investment in a jointly controlled entity		227	-
Intangible assets		54,693	55,527
Deferred tax assets		3,154	2,954
Total non-current assets		**260,356**	**272,869**
Trade and other receivables		223,654	220,954
Inventories		86,365	74,535
Current tax assets		13,877	15,542
Cash and cash equivalents		74,706	48,912
Assets classified as held for sale		-	7,019
Total current assets		**398,602**	**366,962**
TOTAL ASSETS		**658,958**	**639,831**
EQUITY			
Share capital		124,099	124,099
Reserves		19,405	22,245
Total equity attributable to owners of the Company		**143,504**	**146,344**
Non-controlling interests		33,291	32,908
TOTAL EQUITY		**176,795**	**179,252**
LIABILITIES			
Loans and borrowings	21	61,566	47,372
Deferred tax liabilities		5,566	5,655
Deferred liability		3,474	4,517
Total non-current liabilities		**70,606**	**57,544**
Trade and other payables		160,019	143,346
Provision		2,975	2,863
Loans and borrowings	21	247,071	252,452
Current tax liabilities		1,492	2,513
Dividend payable		-	1,861
Total current liabilities		**411,557**	**403,035**
TOTAL LIABILITIES		**482,163**	**460,579**
TOTAL EQUITY AND LIABILITIES		**658,958**	**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.

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TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the twelve months ended 31 December 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)/to capital reserves	-	(1,413)	1,917	504	-	504
Other comprehensive income/ (expense)	-	1,911	(81)	1,830	356	2,186
Loss for the year	-	-	(5,174)	(5,174)	(26)	(5,200)
Total comprehensive income/ (expense) for the year	-	1,911	(5,255)	(3,344)	330	(3,014)
Dividends	-	-	-	-	(156)	(156)
Effect of acquiring additional equity interest in subsidiaries by non-controlling interests	-	(81)	81	-	209	209
At 31 December 2011	124,099	27,015	(7,610)	143,504	33,291	176,795

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 twelve months ended 31 December 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	-	(6,253)	-	(6,253)	(291)	(6,544)
Loss for the year	-	-	(491)	(491)	(2,370)	(2,861)
Total comprehensive expense for the year	-	(6,253)	(491)	(6,744)	(2,661)	(9,405)
Dividends	-	-	(3,723)	(3,723)	(416)	(4,139)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	83	83
Transfer to capital reserves	-	220	(254)	(34)	34	-
At 31 December 2010	124,099	26,598	(4,353)	146,344	32,908	179,252

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 twelve months ended 31 December 2011

	12 months ended 31 December	
	2011	**2010**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,312	2,740
Adjustments for:		
Depreciation of property, plant and equipment	29,640	33,509
Provision for Directors' retirement/resignation benefits	(296)	746
Property, plant and equipment written off	838	289
Gain on disposal of property, plant and equipment	(8,058)	(373)
Interest income	(191)	(960)
Impairment loss on property, plant and equipment	11,503	641
Impairment loss on goodwill	1,260	-
Interest expense	16,260	14,702
Share of loss of equity accounted associates	525	1,405
Share of loss of a jointly controlled entity	373	100
	51,854	50,059
Operating profit before changes in working capital	56,166	52,799
Changes in working capital:		
Inventories	(11,830)	(8,806)
Trade and other receivables	(1,606)	(1,038)
Trade and other payables	15,687	(15,764)
Cash generated from operations	58,417	27,191
Income tax paid	(8,684)	(5,454)
Directors' retirement/resignation benefits paid	(758)	(1,183)
Net cash from operating activities	48,975	20,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents	(381)	(1,742)
Purchase of investment in a jointly controlled entity	(600)	(100)
Proceeds from disposal of property, plant and equipment	16,432	1,460
Purchase of property, plant and equipment	(26,627)	(29,062)
Interest received	191	960
Net cash used in investing activities	(10,985)	(28,484)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the twelve months ended 31 December 2011 (Cont'd)

	Note	12 months ended 31 December 2011 RM'000	2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of syndicated term loan		55,000	-
Drawdown of term loans		6,445	9,833
Repayment of term loans		(10,609)	(8,614)
Repayment of commercial papers		(20,000)	(20,000)
Repayment of collateralised loan obligations		(35,000)	-
Repayment of finance lease liabilities		(2,003)	(1,257)
Dividends paid to			
- shareholders of the Company		(1,861)	(3,723)
- non-controlling interests		(156)	(416)
Interest paid		(16,260)	(14,702)
Drawdown of borrowings (net)		11,904	28,673
Proceeds from issuance of shares to non-controlling interests		183	83
(Placement in)/Withdrawal from debt service reserve and trust accounts		(5,936)	237
Net cash used in financing activities		(18,293)	(9,886)
Net increase/(decrease) in cash and cash equivalents		19,697	(17,816)
Cash and cash equivalents at 1 January		35,346	54,388
Effects of exchange differences on cash and cash equivalents		294	(1,226)
Cash and cash equivalents at 31 December		**55,337**	**35,346**

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

		31 December 2011 RM'000	31 December 2010 RM'000
Short term deposit with licensed banks (excluding debt service reserve and trust accounts)		1,152	1,935
Cash and bank balances		66,908	46,267
Bank overdrafts	21	(12,723)	(12,856)
		55,337	35,346

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.

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.

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.

Interpretation effective for annual periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

FRS and Amendments effective for annual periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosures (revised)
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Disclosures – Transfers of Financial Assets
Amendments to FRS 112	Deferred tax: Recovery of Underlying Assets

Amendments effective for annual periods beginning on or after 1 July 2012

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income

FRSs effective for annual periods beginning on or after 1 January 2013

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119 (2011)	Employee Benefits
FRS 127 (2011)	Separate Financial Statements
FRS 128 (2011)	Investment in Associates and Joint Ventures

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

Convergence of the FRSs with the International Financial Reporting Standards

On 19 November 2011, the MASB issued the new Malaysian Financial Reporting Standards ("MFRS") framework, consisting of accounting standards which are in line with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

1. Basis of preparation (Cont'd)

This MFRS framework is effective for annual periods beginning on or after 1 January 2012. As at 31 December 2011, all the FRSs issued under the existing FRS framework are the same as the MFRSs issued under the MFRS framework, except for differences in relation to the transitional provisions as well as differences in effective dates contained in certain of the existing FRSs.

Upon the adoption of the MFRS framework, the financial statements of the Group will be equivalent to the financial statements prepared by other jurisdictions which adopt IFRSs.

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 cyclicality of interim operations

The Group's operations were not significantly affected by any unusual seasonal or cyclical factors.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter and twelve months ended 31 December 2011 except for:

(a) Net gain on disposal of leasehold land and building by a subsidiary amounting to RM4 million was recognised in Q2 2011;

(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 severely flooded.

On 21 February 2012, the insurance company has approved the interim claim receivable amounting to RM19.8 million on the damages suffered in respect of building, plant and machinery, inventory and consequential loss. The Group has recognised the insurance claim receivable as "other income" after offsetting impairment loss on property, plant and equipment and inventories written off amounting to RM7.5 million and RM1.2 million respectively as "other expenses" in Q4 2011; and

(c) The impairment loss on plant and equipment of a loss making subsidiary in Malaysia of RM4 million was recognised in Q4 2011.

5. Changes in estimates

During the year, the Restaurant Division has conducted an operational efficiency review on its outlets which resulted in changes in the expected usage of certain items of property, plant and equipment. The equipment which management previously intended to phase out after five years of use, is now expected to remain in use for a period of eight years from the date of purchase. As a result, the expected useful lives of these assets increased and their expected residual values decreased. The effect of these changes is a reduction in the depreciation expense recognised in "distribution costs", by RM1.97 million for the financial year ended 31 December 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 twelve months ended 31 December 2011 save as disclosed in Explanatory Note 20(A) of this condensed consolidated financial statements for the quarter and twelve months ended 31 December 2011.

7. Dividend paid

During the twelve months ended 31 December 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.

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															
	Industrial		Polymer Engineering		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 31 December																
Revenue from external customers	**102,087**	99,545	**35,195**	51,542	**35,502**	36,979	**59,609**	54,728	**35,976**	31,014			**-**	-	**268,369**	273,808
Inter-segment revenue	**691**	526	**10**	5	**74**	29	**717**	699	**-**	-			**(1,492)**	(1,259)	**-**	-
Total revenue	**102,778**	100,071	**35,205**	51,547	**35,576**	37,008	**60,326**	55,427	**35,976**	31,014			**(1,492)**	(1,259)	**268,369**	273,808
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	**1,077**	2,602	**2,624**	(486)	**(1,348)**	579	**(672)**	(452)	**4,141**	3,759	**(3,132)**	(2,634)			**2,690**	3,368
Share of loss/(profit) of jointly controlled entity, net of tax	**-**	-	**(152)**	48	**-**	-	**-**	-	**-**	-	**-**	-			**(152)**	48
Share of loss/(profit) of equity accounted associates, net of tax	**-**	-	**(132)**	(121)	**-**	-	**-**	-	**-**	-	**86**	(190)			**(46)**	(311)
Profit/(Loss) before tax	**1,077**	2,602	**2,340**	(559)	**(1,348)**	579	**(672)**	(452)	**4,141**	3,759	**(3,046)**	(2,824)			**2,492**	3,105

8. Operating segments (Cont'd)

	Operating Segment															
	Industrial		Polymer Engineering		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)
12 months ended 31 December																
Revenue from external customers	**429,136**	390,436	**166,516**	202,162	**155,304**	153,381	**205,401**	198,205	**126,804**	114,511	**-**	-	**-**	-	**1,083,161**	1,058,695
Inter-segment revenue	**2,733**	2,574	**64**	73	**178**	69	**3,224**	3,554	**-**	**-**	**-**	-	**(6,199)**	(6,270)	-	-
Total revenue	**431,869**	393,010	**166,580**	202,235	**155,482**	153,450	**208,625**	201,759	**126,804**	114,511	**-**	-	**(6,199)**	(6,270)	**1,083,161**	1,058,695
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	**7,196**	8,681	**2,506**	(6,256)	**(1,102)**	3,020	**(4,468)**	216	**12,672**	10,984	**(11,594)**	(12,400)			**5,210**	4,245
Share of loss of jointly controlled entity, net of tax	**-**	-	**(373)**	(100)	**-**	-	**-**	-	**-**	-	**-**	-			**(373)**	(100)
Share of loss of equity accounted associates, net of tax	**-**	-	**(377)**	(200)	**-**	-	**-**	-	**-**	-	**(148)**	(1,205)			**(525)**	(1,405)
Profit/(Loss) before tax	**7,196**	8,681	**1,756**	(6,556)	**(1,102)**	3,020	**(4,468)**	216	**12,672**	10,984	**(11,742)**	(13,605)			**4,312**	2,740

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 date

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

11. Changes in composition of the Group for the twelve months ended 31 December 2011

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the twelve months ended 31 December 2011, the following are the changes to the composition of the Group since the last quarter:

(i) Technopia Sdn. Bhd. ("TSB"), a wholly owned subsidiary of the Company, had on 10 October 2011, acquired the entire paid-up capital of Technopia Vietnam Pte. Ltd. at cost from the Company for a total consideration of RM25,322,428; and

(ii) TSB had on 3 November 2011 acquired the entire equity interest of the Company in Fumakilla Malaysia Berhad at cost for a total consideration of RM50,087,633.

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 date as at 31 December 2011.

13. Commitments

	31 December 2011 RM'000	31 December 2010 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	2,137	5,978
Approved but not contracted for	446	2,043
	2,583	8,021

14. Operating Segments Analysis

(a) Current quarter compared with previous corresponding quarter

The Group recorded a revenue of RM268.4 million in Q4 2011 as compared to RM273.8 million. The Group reported a pre-tax profit of RM2.5 million in Q4 2011 against the pre-tax profit of RM3.1 million in Q4 2010 due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The pre-tax profit in Q4 2011 decreased by RM1.5 million against Q4 2010 despite revenue being higher by RM2.7 million mainly due to declining margin.

(ii) Polymer Engineering Division

The higher pre-tax profit of RM2.3 million achieved in current quarter against the pre-tax loss of RM0.6 million incurred in Q4 2010 mainly due to the recognition of the interim insurance claim receivable of RM19.8 million as "other income" after offsetting impairment loss on property, plant and equipment and inventories written off amounting to RM7.5 million and RM1.2 million respectively as "other expenses" resulting from the temporary cessation of its Thailand factory, due to the flooding situation since October 2011.

The Division has also recorded an impairment loss on plant and equipment of a loss making subsidiary in Malaysia of RM4 million in Q4 2011.

(iii) Family Care Division

The pre-tax loss of RM1.3 million incurred in Q4 2011 against the pre-tax profit of RM0.6 million in Q4 2010 mainly attributable to the drop in revenue by Indonesia operations.

(iv) Food Division

The pre-tax loss of RM0.7 million incurred in the current quarter against the pre-tax loss of RM0.5 million in Q4 2010 mainly due to the high operating cost arising from the strengthening of Myanmar Kyats against US Dollar.

14. Operating Segments Analysis (Cont'd)

(v) Restaurant Division

The pre-tax profit of RM4.1 million achieved in Q4 2011 was RM0.4 million higher than Q4 2010 mainly due to the reduction in depreciation expense of RM0.5 million as disclosed in Note 5.

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

The Group recorded a revenue of RM1.08 billion and pre-tax profit of RM4.3 million against the revenue of RM1.06 billion and pre-tax profit of RM2.7 million recorded for the same period last year.

The performance of the respective operating business segments for the year ended 31 December 2011 as compared to the previous year is analysed as follows:

(i) Industrial Division

The lower pre-tax profit of RM7.2 million against RM8.7 million achieved in 2010 mainly due to the loss incurred by a Malaysian subsidiary.

(ii) Polymer Engineering Division

The pre-tax profit of RM1.8 million recorded in 2011 as compared to pre-tax loss of RM6.6 million in 2010 mainly due to the recognition of net gain on disposal of land and building of RM4 million and the interim insurance claim receivable of RM19.8 million which gains were offset by the impairment loss on property, plant and equipment of RM7.5 million and inventories written off of RM1.2 million resulting from the temporary cessation of its Thailand factory, due to the flooding situation.

The Division has also recorded an impairment loss on plant and equipment of a loss making subsidiary in Malaysia of RM4 million in Q4 2011.

(iii) Family Care Division

The pre-tax loss of RM1.1 million incurred in 2011 against the pre-tax profit of RM3 million in 2010 was mainly due to loss incurred by an Indonesian subsidiary.

14. Operating Segments Analysis (Cont'd)

(iv) Food Division

The pre-tax loss of RM4.5 million incurred for 2011 against the pre-tax profit of RM0.2 million in 2010 mainly due to foreign exchange loss resulting from strengthening of Myanmar Kyats, Malaysian Ringgit and Japanese Yen against US Dollar coupled with the lower production output.

(v) Restaurant Division

The Division registered a pre-tax profit of RM12.7 million in 2011 which was higher by RM1.7 million achieved in 2010 mainly due to the reduction in depreciation expense of RM1.97 million as disclosed in Note 5.

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 4	Quarter 3	Variance	
	RM'000	RM'000	RM'000	%
Revenue	268,369	289,168	(20,799)	(7)
Profit before taxation	2,492	8	2,484	31,050

The higher pre-tax profit by RM2.5 million as compared to preceding quarter mainly attributable to the reasons as explained in Note 14(a)(ii).

16. Prospects for 2012

The Group's operating business segments except for Restaurant Division are expected to operate in a challenging environment in 2012 given the uncertainty over the pace of recovery in major global economies and the deepening Eurozone sovereign debt crisis. The Restaurant Division which operates in Malaysia only is expected to continue its positive performance supported by the resilient domestic demand.

17. Profit forecast

Not applicable as no profit forecast was published.

18. Operating profit

Operating profit is arrived at after charging/(crediting):

	3 months ended 31 December		12 months ended 31 December	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Interest income	-	815	191	960
Interest expense	4,148	3,941	16,260	14,702
Depreciation of property, plant and equipment	7,830	8,124	29,640	33,509
Impairment loss on trade receivables/(written back)	112	(377)	66	(191)
Inventories written down/(back)	295	(95)	563	(131)
Inventories written off	1,232	-	1,232	-
(Gain)/Loss on disposal of property, plant and equipment	(9)	30	(8,058)	(373)
Impairment loss on property, plant and equipment	11,503	641	11,503	641
Loss on foreign exchange	549	371	1,519	3,379

19. Tax expense

	3 months ended 31 December		12 months ended 31 December	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Current tax expense				
- current period/year	1,930	1,814	7,239	5,275
- prior period/year	(882)	(1,030)	(428)	(1,929)
Overseas				
- current period/year	394	1,136	2,382	1,660
- prior period/year	99	(61)	99	(116)
	1,541	1,859	9,292	4,890
Deferred tax expense				
- current period/year	71	263	(94)	249
- prior period/year	298	462	314	462
	1,910	2,584	9,512	5,601

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.

20. 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.

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 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 Voluntary Liquidation was completed on 30 December 2011.

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 todate.

21. Loans and borrowings

	31 December 2011 RM'000	31 December 2010 RM'000
Current:		
Unsecured		
Bank overdrafts	12,723	12,856
Bankers' acceptances	68,921	63,245
Revolving credit	99,141	95,211
Term loans	8,725	9,984
Syndicated term loan	8,250	-
Commercial papers	30,000	20,000
Trust receipts	12,252	7,172
Collateralised loan obligations	-	35,000
Finance lease liabilities	1,667	1,077
Other borrowings	5,392	7,907
Total	247,071	252,452
Non-current:		
Unsecured		
Commercial papers	-	30,000
Syndicated term loan	46,750	-
Term loans	12,265	15,313
Finance lease liabilities	2,551	2,059
Total	61,566	47,372

Loans and borrowings denominated in foreign currencies are as follows:

	31 December 2011 RM'000	31 December 2010 RM'000
Current:		
Unsecured		
Thai Baht	5,839	4,451
Singapore Dollar	7,589	9,878
United States Dollar	24,577	23,426
Indonesian Rupiah	5,260	5,161
Vietnamese Dong	-	2,750
Hong Kong Dollar	3	3
	43,268	45,669
Non-current:		
Unsecured		
Thai Baht	1,215	2,706
Singapore Dollar	19	785
United States Dollar	141	1,670
Hong Kong Dollar	3	6
	1,378	5,167

22. Derivative financial instruments

As at 31 December 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 gain RM'000
Forward exchange contracts			
- Receivables	1,483	1,447	36
- Payables	71	73	2
	1,554	1,520	38

For the twelve months ended 31 December 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 date.

23. 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.

24. Changes in material litigation

There was no material litigation against the Group as at 31 December 2011.

25. Dividend

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

26. Basic earning/(loss) per share

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

	3 months ended 31 December		12 months ended 31 December	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit/(loss) for the period/year attributable to owners of the Company	241	1,541	(5,174)	(491)

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

	3 months ended 31 December		12 months ended 31 December	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earning/(loss) per share (sen)	0.19	1.24	(4.17)	(0.40)

27. Realised and Unrealised Profits/(Losses)

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

	31 December 2011 RM'000	**31 December 2010 RM'000**
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	499	17,351
Unrealised – in respect of deferred tax recognised in the income statement	(1,676)	(1,886)
Unrealised – in respect of others items of income and expense	213	(914)
	(1,463)	(2,800)
	(964)	14,551
Total share of accumulated losses from associates and jointly controlled entity:		
Realised	(19,405)	(18,715)
	(20,369)	(4,164)
Add/(less): Consolidation adjustments	12,759	(189)
Total Group accumulated losses	**(7,610)**	**(4,353)**

BY ORDER OF THE BOARD

TAN PENG LAM
CHIEF FINANCIAL OFFICER
Date: 28 FEBRUARY 2012