



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2012**

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the quarter and three months ended 31 March 2012

	Note	3 months ended 31 March		3 months ended 31 March	
		2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000 (Restated)
<b>Continuing Operations</b>					
Revenue	8	262,121	223,974	262,121	223,974
Cost of sales		(210,504)	(177,888)	(210,504)	(177,888)
<b>Gross profit</b>		<b>51,617</b>	<b>46,086</b>	<b>51,617</b>	<b>46,086</b>
Distribution costs		(27,542)	(24,775)	(27,542)	(24,775)
Administrative expenses		(23,670)	(24,012)	(23,670)	(24,012)
Other income		5,291	5,336	5,291	5,336
<b>Operating profit</b>	19	<b>5,696</b>	<b>2,635</b>	<b>5,696</b>	<b>2,635</b>
Finance costs		(4,049)	(3,419)	(4,049)	(3,419)
Share of loss of jointly controlled entity, net of tax		(97)	(137)	(97)	(137)
Share of profit of equity accounted associates, net of tax		208	92	208	92
<b>Profit/(Loss) before taxation</b>		<b>1,758</b>	<b>(829)</b>	<b>1,758</b>	<b>(829)</b>
Income tax expense	20	(2,459)	(2,262)	(2,459)	(2,262)
<b>Loss from continuing operations</b>		<b>(701)</b>	<b>(3,091)</b>	<b>(701)</b>	<b>(3,091)</b>
<b>Discontinued operations</b>					
Loss from discontinued operations, net of tax	9	(1,217)	(1,394)	(1,217)	(1,394)
<b>Loss for the period</b>		<b>(1,918)</b>	<b>(4,485)</b>	<b>(1,918)</b>	<b>(4,485)</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company					
- from continuing operations		35	(2,425)	35	(2,425)
- from discontinued operations		(1,217)	(1,394)	(1,217)	(1,394)
		<b>(1,182)</b>	<b>(3,819)</b>	<b>(1,182)</b>	<b>(3,819)</b>
Non-controlling interests		(736)	(666)	(736)	(666)
<b>Loss for the period</b>		<b>(1,918)</b>	<b>(4,485)</b>	<b>(1,918)</b>	<b>(4,485)</b>
<b>Basic earnings/(loss) per share attributable to owners of the Company (sen)</b>					
	27				
- from continuing operations		0.03	(1.95)	0.03	(1.95)
- from discontinued operations		(0.98)	(1.12)	(0.98)	(1.12)
		<b>(0.95)</b>	<b>(3.08)</b>	<b>(0.95)</b>	<b>(3.08)</b>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
for the quarter and three months ended 31 March 2012

Note	3 months ended 31 March		3 months ended 31 March	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000 (Restated)
<b>Loss for the period</b>	<b>(1,918)</b>	<b>(4,485)</b>	<b>(1,918)</b>	<b>(4,485)</b>
<b>Other comprehensive expense, net of tax</b>				
Foreign currency translation differences for foreign operations				
- from continuing operations	(1,569)	(1,356)	(1,569)	(1,356)
- from discontinued operations	(1,044)	(1,040)	(1,044)	(1,040)
<b>Total other comprehensive expense, net of tax</b>	<b>(2,613)</b>	<b>(2,396)</b>	<b>(2,613)</b>	<b>(2,396)</b>
<b>Total comprehensive expense for the period</b>	<b>(4,531)</b>	<b>(6,881)</b>	<b>(4,531)</b>	<b>(6,881)</b>
<b>Total comprehensive expense attributable to:</b>				
Owners of the Company				
- from continuing operations	(1,403)	(3,840)	(1,403)	(3,840)
- from discontinued operations	(2,237)	(2,358)	(2,237)	(2,358)
	<b>(3,640)</b>	<b>(6,198)</b>	<b>(3,640)</b>	<b>(6,198)</b>
Non-controlling interests	(891)	(683)	(891)	(683)
<b>Total comprehensive expense for the period</b>	<b>(4,531)</b>	<b>(6,881)</b>	<b>(4,531)</b>	<b>(6,881)</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
 At 31 March 2012

	Note	31 March 2012 (Unaudited) RM'000	31 December 2011 (Audited) RM'000
<b>ASSETS</b>			
Property, plant and equipment		127,855	182,122
Investment in associates		20,367	20,159
Investment in jointly controlled entity		374	221
Intangible assets		44,765	54,300
Deferred tax assets		1,980	3,136
<b>Total non-current assets</b>		<b>195,341</b>	<b>259,938</b>
Trade and other receivables		209,648	221,352
Inventories		61,301	86,644
Current tax assets		6,128	14,522
Cash and cash equivalents		57,672	76,518
Assets classified as held for sale	9	138,742	-
<b>Total current assets</b>		<b>473,491</b>	<b>399,036</b>
<b>TOTAL ASSETS</b>		<b>668,832</b>	<b>658,974</b>
<b>EQUITY</b>			
Share capital		124,099	124,099
Reserves		15,167	18,807
<b>Total equity attributable to owners of the Company</b>		<b>139,266</b>	<b>142,906</b>
Non-controlling interests		32,369	33,260
<b>TOTAL EQUITY</b>		<b>171,635</b>	<b>176,166</b>
<b>LIABILITIES</b>			
Loans and borrowings	22	69,407	64,481
Deferred tax liabilities		3,739	5,657
Deferred liability		2,993	3,491
<b>Total non-current liabilities</b>		<b>76,139</b>	<b>73,629</b>
Trade and other payables		149,006	157,051
Provision		3,091	3,126
Loans and borrowings	22	205,214	247,347
Current tax liabilities		1,575	1,655
Liabilities classified as held for sale	9	62,172	-
<b>Total current liabilities</b>		<b>421,058</b>	<b>409,179</b>
<b>TOTAL LIABILITIES</b>		<b>497,197</b>	<b>482,808</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>668,832</b>	<b>658,974</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

for the three months ended 31 March 2012

	<----- Attributable to owners of the Company ----->					
	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 2012 (restated)</b>	124,099	27,114	(8,307)	142,906	33,260	176,166
Other comprehensive expense	-	(2,458)	-	(2,458)	(155)	(2,613)
Loss for the year	-	-	(1,182)	(1,182)	(736)	(1,918)
Total comprehensive expense for the year period	-	(2,458)	(1,182)	(3,640)	(891)	(4,531)
<b>At 31 March 2012</b>	<b>124,099</b>	<b>24,656</b>	<b>(9,489)</b>	<b>139,266</b>	<b>32,369</b>	<b>171,635</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 2011 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
for the three months ended 31 March 2011

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->					
	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 (restated)</b>	124,099	25,066	(2,821)	146,344	32,908	179,252
Other comprehensive expense	-	(2,379)	-	(2,379)	(17)	(2,396)
Loss for the year	-	-	(3,819)	(3,819)	(666)	(4,485)
Total comprehensive expense for the year	-	(2,379)	(3,819)	(6,198)	(683)	(6,881)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	43	43
<b>At 31 March 2011 (restated)</b>	<b>124,099</b>	<b>22,687</b>	<b>(6,640)</b>	<b>140,146</b>	<b>32,268</b>	<b>172,414</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 2011 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the three months ended 31 March 2012

	<b>3 months ended 31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before taxation from</b>		
- continuing operations	1,758	(829)
- discontinued operations	(1,057)	(1,205)
	701	(2,034)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	6,635	7,848
Provision for Directors' retirement/resignation benefits	537	235
Property, plant and equipment written off	232	123
Gain on disposal of property, plant and equipment	(71)	(561)
Interest income	(93)	(60)
Interest expense	4,255	3,752
Share of profit of equity accounted associates	(208)	(92)
Share of loss of jointly controlled entity	97	137
	11,384	11,382
Operating profit before changes in working capital	12,085	9,348
Changes in working capital:		
Inventories	5,152	(3,565)
Trade and other receivables	(29,455)	127
Trade and other payables	19,548	(3,084)
Cash generated from operations	7,330	2,826
Income tax paid	(2,013)	(2,292)
Directors' retirement/resignation benefits paid	(210)	(326)
Net cash from operating activities	5,107	208
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment in jointly controlled entity	(250)	(300)
Proceeds from disposal of property, plant and equipment	82	1,153
Purchase of property, plant and equipment	(7,974)	(6,942)
Interest received	93	60
Net cash used in investing activities	(8,049)	(6,029)

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
for the three months ended 31 March 2012 (Cont'd)

	Note	3 months ended 31 March	
		2012	2011
		RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of bridging loan		30,000	20,000
Repayment of commercial papers		(30,000)	(20,000)
Drawdown of term loans		5,812	1,867
Repayment of term loans		(2,356)	(2,413)
Repayment of finance lease liabilities		(425)	(345)
(Repayment)/Drawdown of borrowings (net)		(11,650)	8,596
Dividends paid to shareholders of the Company		-	(1,861)
Interest paid		(4,255)	(3,752)
Proceeds from issuance of shares to non-controlling interests		-	43
Placement in debt service reserve account		(31)	(5)
Net cash (used in)/from financing activities		(12,905)	2,130
Net decrease in cash and cash equivalents		(15,847)	(3,691)
Cash and cash equivalents at 1 January		59,959	35,346
Effects of exchange differences on cash and cash equivalents		(506)	(394)
<b>Cash and cash equivalents at 31 March</b>		<b>43,606</b>	<b>31,261</b>

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

	31 March 2012 RM'000	31 March 2011 RM'000
Short term deposit with licensed banks (excluding debt service reserve accounts)	5,914	2,816
Cash and bank balances	56,388	43,430
Bank overdrafts	(18,696)	(14,985)
	<b>43,606</b>	<b>31,261</b>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this interim financial report.



**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

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**1. Basis of preparation**

The condensed consolidated interim financial statements have been prepared on the historical cost basis, unless otherwise stated.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 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 condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. 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 2011.

***First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS”)***

The Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) for the periods up to and including the financial year ended 31 December 2011. Since the previous audited financial statements as at 31 December 2011 were issued, the Group has adopted the MFRS framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia’s existing Financial Reporting Standards framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. The Group has applied MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards with effect from 1 January 2012. The adoption of MFRS has no significant impact on the financial statements except for the following:

**Property, plant and equipment**

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised), Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, certain leasehold land and buildings were revalued in 1983, 1992/93 and 1994/95 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on a valuation).

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116, Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of leasehold land and buildings in 1983, 1992/93 and 1994/95 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**


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**1. Basis of preparation (Cont'd)**

Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Reclassifications RM'000	MFRS as at 1 January 2011 RM'000
Revaluation reserve	1,532	(1,532)	-
Accumulated losses	(4,353)	1,532	(2,821)

Reconciliation of equity as at 31 March 2011

	FRS as at 31 March 2011 RM'000	Reclassifications RM'000	MFRS as at 31 March 2011 RM'000
Revaluation reserve	1,532	(1,532)	-
Accumulated losses	(8,172)	1,532	(6,640)

Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Reclassifications RM'000	MFRS as at 31 December 2011 RM'000
Revaluation reserve	119	(119)	-
Accumulated losses	(8,426)	119	(8,307)

The following MFRSs, IC Interpretation and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2012.

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

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

The adoption of the above MFRSs and Amendments to MFRSs, 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 MFRS 134**

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**1. Basis of preparation (Cont'd)**

The following revised MFRSs, new IC Interpretations and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

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

Amendments to MFRS 101      Presentation of Items of Other Comprehensive Income

**MFRSs and Amendments effective for annual periods beginning on or after 1 January 2013**

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (2011)
MFRS 127	Separate Financial Statements (2011)
MFRS 128	Investment in Associates and Joint Ventures (2011)
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities

**Amendments effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 132      Presentation – Offsetting Financial Assets and Financial Liabilities

**MFRSs and Amendments effective for annual periods beginning on or after 1 January 2015**

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
Amendments to MFRS 7	Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures

The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

**2. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2011 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.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter and three months ended 31 March 2012.

**5. Changes in estimates**

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2012.

**6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter and three months ended 31 March 2012 save as disclosed in Explanatory Note 21(A) of this condensed consolidated financial statements for the quarter and three months ended 31 March 2012.

**7. Dividend paid**

No dividend has been recommended by the Directors during the three months ended 31 March 2012.

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

Segment information is presented in respect of the Group's business segments, which is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

	Industrial		Polymer Engineering		Food		Restaurant		Others		Eliminations		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000 (Restated)
<b><u>3 months ended 31 March</u></b>														
Revenue from external customers	123,630	99,609	41,234	46,268	59,961	45,252	35,981	31,871	1,315	974	-	-	262,121	223,974
Inter-segment revenue	419	559	17	18	1,395	616	-	-	533	486	(2,364)	(1,679)	-	-
<b>Total revenue</b>	<b>124,049</b>	<b>100,168</b>	<b>41,251</b>	<b>46,286</b>	<b>61,356</b>	<b>45,868</b>	<b>35,981</b>	<b>31,871</b>	<b>1,848</b>	<b>1,460</b>	<b>(2,364)</b>	<b>(1,679)</b>	<b>262,121</b>	<b>223,974</b>
Profit/(Loss) before share of loss of equity accounted jointly controlled entity and associates, net of tax	2,260	1,229	(1,261)	(1,177)	(792)	(1,226)	4,668	3,039	(3,228)	(2,649)			1,647	(784)
Share of loss of jointly controlled entity, net of tax	-	-	(97)	(137)	-	-	-	-	-	-			(97)	(137)
Share of profit of equity accounted associates, net of tax	-	-	28	47	-	-	-	-	180	45			208	92
<b>Profit/(Loss) before tax</b>	<b>2,260</b>	<b>1,229</b>	<b>(1,330)</b>	<b>(1,267)</b>	<b>(792)</b>	<b>(1,226)</b>	<b>4,668</b>	<b>3,039</b>	<b>(3,048)</b>	<b>(2,604)</b>			<b>1,758</b>	<b>(829)</b>

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**


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**9. Discontinued Operations**

On 21 March 2012, the Company has entered into a conditional Sale and Purchase Agreement with Fumakilla Limited of Japan (“FMJ”) for the proposed disposal of 70% of the issued and paid-up share capital of Technopia Sdn Bhd (“Technopia”) and PT Technopia Jakarta (“PTTJ”) for a cash consideration of USD36.0 million (equivalent to RM108.0 million) and USD6.4 million (equivalent to RM19.2 million) respectively (“Proposed Disposal”). The Proposed Disposal is in respect of Family Care Division and is expected to result in a gain on disposal of RM73 million upon completion of the Proposed Disposal.

In accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations, the Family Care Division is classified as Assets and Liabilities held for sale/discontinued operations as at 31 March 2012 and the comparative condensed consolidated income statement and statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

The loss attributable to the discontinued operations are as follows:

	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM’000</b>	<b>RM’000</b>
<b>Revenue</b>	<b>39,630</b>	35,913
Cost of sales	(26,629)	(25,019)
<b>Gross profit</b>	<b>13,001</b>	<b>10,894</b>
Distribution costs	(6,006)	(4,869)
Administrative expenses	(8,369)	(7,953)
Other income	522	1,056
<b>Operating loss</b>	<b>(852)</b>	<b>(872)</b>
Finance costs	(205)	(333)
<b>Loss before taxation</b>	<b>(1,057)</b>	<b>(1,205)</b>
Income tax expense	(160)	(189)
<b>Loss for the period</b>	<b>(1,217)</b>	<b>(1,394)</b>

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**


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**9. Discontinued Operations (Cont'd)**

The major classes of assets and liabilities held for sale as at 31 March 2012 are as follows:

	<b>RM'000</b>
<b>ASSETS</b>	
Property, plant and equipment	54,114
Intangible assets	9,535
Deferred tax assets	1,112
Trade and other receivables	40,747
Inventories	20,190
Current tax assets	7,783
Cash and cash equivalents	5,261
<b>Assets classified as held for sale</b>	<b><u>138,742</u></b>
<b>LIABILITIES</b>	
Trade and other payables	26,807
Loans and borrowings	32,358
Deferred tax liabilities	2,194
Deferred liability	813
<b>Liabilities classified as held for sale</b>	<b><u>62,172</u></b>

The cash flows attributable to the discontinued operations are as follows:

	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Operating cash flows	440	7,966
Investing cash flows	(363)	(490)
Financing cash flows	(2,688)	751
Net cash (used in)/from discontinued operation	<b><u>(2,611)</u></b>	<b><u>8,227</u></b>

**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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**10. 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 2011.

**11. 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.

**12. Changes in composition of the Group for the three months ended 31 March 2012**

Other than as disclosed in Note 21 (where relevant) of this condensed consolidated financial statements for the three months ended 31 March 2012, there are no changes to the composition of the Group since the last quarter.

**13. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 31 March 2012.

**14. Commitments**

	<b>31 March 2012</b>	<b>31 December 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Contracted but not provided for in the financial statements – within one year	3,449	635
Approved but not contracted for	161	2,436
	<u>3,610</u>	<u>3,071</u>

**15. Operating Segments Analysis**

- (a) Current quarter compared with previous corresponding quarter

**Continuing Operations**

The Group recorded a revenue of RM262.1 million in Q1 2012 as compared to RM224.0 million in Q1 2011. The Group reported a pre-tax profit of RM1.8 million in Q1 2012 against the pre-tax loss of RM0.8 million in Q1 2011 due to the various factors as explained in the respective operating business segments as follows:

- (i) Industrial Division

The revenue recorded in Q1 2012 was RM124.0 million as compared to RM100.2 million in Q1 2011. The pre-tax profit in Q1 2012 increased by RM1.0 million against Q1 2011 mainly due to the new supply chain business secured by a Malaysian subsidiary.



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**15. Operating Segments Analysis (Cont'd)**

(ii) Polymer Engineering Division

The revenue recorded for Q1 2012 was RM41.3 million against RM46.3 million in Q1 2011. The lower revenue was mainly due to the cessation of operations by a subsidiary in Malaysia in April 2011 and disruption of operations in Thailand factory due to flood since October 2011. However, the pre-tax loss of RM1.3 million incurred in Q1 2012 is comparable to Q1 2011 despite lower revenue achieved in Q1 2012 mainly due to its efforts in managing and controlling its operating costs.

(iii) Food Division

The revenue recorded for Q1 2012 was RM61.4 million against RM45.9 million in Q1 2011 mainly due to higher export of seafood products to overseas market. As a result, a lower pre-tax loss of RM0.8 million was incurred in the current quarter as compared to RM1.2 million in Q1 2011.

(iv) Restaurant Division

The revenue recorded for Q1 2012 was RM36 million against RM31.9 million in Q1 2011 mainly due to the opening of new outlets and higher sales achieved by certain existing outlets during the quarter. As a result, a higher pre-tax profit of RM4.7 million was achieved in Q1 2012 as compared to RM3.0 million pre-tax profit achieved in Q1 2011.

**Discontinued Operations – Family Care Division**

The pre-tax loss of RM1.1 million incurred in Q1 2012 was mainly due to the foreign exchange loss suffered by Malaysian company and losses made by overseas operations. The pre-tax loss of RM1.2 million incurred in Q1 2011 was mainly attributable to the losses made by overseas operations.

**16. 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:

	<b>2012</b>	<b>2011</b>	<b>Variance</b>	
	<b>Quarter 1</b>	<b>Quarter 4</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Revenue from continuing operations	262,121	234,935	27,186	11.6
Profit/(Loss) before taxation				
- from continuing operations	1,758	3,819	(2,061)	(54.0)
- from discontinued operations	(1,057)	(1,444)	387	26.8
	<u>701</u>	<u>2,375</u>	<u>(1,674)</u>	<u>(70.5)</u>

The pre-tax profit of RM0.7 million achieved in Q1 2012 was lower as compared to the preceding quarter mainly due to the recognition of insurance claim receivable amounting to RM19.8 million, offset by the impairment loss on property, plant and equipment of RM11.5 million, inventories written off of RM1.2 million and operating losses made by certain subsidiaries in Q4 2011.

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**17. 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.

**18. Profit forecast**

Not applicable as no profit forecast was published.

**19. Operating profit**

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

	3 months ended		3 months ended	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Interest income	(90)	(58)	(90)	(58)
Interest expense	4,049	3,419	4,049	3,419
Depreciation of property, plant and equipment	4,992	6,676	4,992	6,676
(Reversal of impairment loss)/Impairment loss on trade receivables	(49)	94	(49)	94
Inventories written (back)/down	(1)	296	(1)	296
Gain on disposal of property, plant and equipment	(18)	(520)	(18)	(520)
Loss on foreign exchange	675	1,014	675	1,014

**20. Income tax expense**

The income tax expense for continuing operations comprises:

	3 months ended 31 March		3 months ended 31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Current tax expense				
- current period	1,974	1,674	1,974	1,674
Overseas				
- current period	264	593	264	593
	2,238	2,267	2,238	2,267
Deferred tax expense				
- current period	221	(5)	221	(5)
	2,459	2,262	2,459	2,262

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**20. Income tax expense (Cont'd)**

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.

**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.

On 23 March 2012, the Company has fully settled and redeemed the CP of RM30 million issued by the Company under the CP/MTN 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 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.

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**21. Status of corporate proposals (Cont'd)**

**E. Proposed Disposal of 70% of the Issued and Paid-Up Share Capital of Technopia Sdn. Bhd. and PT Technopia Jakarta by the Company to Fumakilla Limited, Japan**

On 21 March 2012, the Company announced that the Company has entered a Conditional Sale and Purchase Agreement with Fumakilla Limited, Japan (“FMJ”) for the following:

- (i) Proposed sale by the Company and purchase by FMJ of 70% of the issued and Paid-up share capital of Technopia Sdn. Bhd. which comprises 52,977,496 ordinary shares of RM1.00 each
- (ii) Proposed sale by the Company and purchase by FMJ of 70% of the issued and paid-up share capital of PT Technopia Jakarta which comprises 1,032 ordinary shares of USD5,000 each

(collectively referred to as the “Proposed Transaction”)

On 26 March 2012 and 27 March 2012, the Company made further announcements in relation to the Proposed Transaction.

On 12 April 2012, the Company announced that Technopia Vietnam Pte. Ltd. (“TVPL”) has obtained the revised certificate of investment from the Dong Nai Province Industrial Zone Authority reflecting Technopia as the 100% shareholder of TVPL.

The Proposed Transaction is expected to complete by third quarter of 2012.

**22. Loans and borrowings**

	<b>31 March 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
<b>Current:</b>		
<b>Unsecured</b>		
Bank overdrafts	16,792	15,960
Bankers' acceptances	58,502	67,634
Revolving credit	72,889	99,096
Term loans	7,038	8,563
Syndicated term loan	5,500	5,500
Commercial papers	-	30,000
Trust receipts	7,738	12,252
Bridging loan	30,000	-
Finance lease liabilities	1,611	1,663
Other borrowings	5,144	6,679
<b>Total</b>	<b>205,214</b>	<b>247,347</b>
<b>Non-current:</b>		
<b>Unsecured</b>		
Syndicated term loan	49,500	49,500
Term loans	16,669	12,427
Finance lease liabilities	3,238	2,554
<b>Total</b>	<b>69,407</b>	<b>64,481</b>

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**22. Loans and borrowings (Cont'd)**

Loans and borrowings denominated in foreign currencies are as follows:

	<b>31 March 2012</b>	<b>31 December 2011</b>
	RM'000	RM'000
<b>Current:</b>		
Unsecured		
Thai Baht	3,377	5,178
Singapore Dollar	4,755	1,207
United States Dollar	15,563	31,061
Indonesian Rupiah	-	6,877
Vietnamese Dong	1,155	-
Hong Kong Dollar	3	3
	<u>24,853</u>	<u>44,326</u>
<b>Non-current:</b>		
Unsecured		
Thai Baht	1,404	1,876
Singapore Dollar	-	19
United States Dollar	-	71
Hong Kong Dollar	2	3
	<u>1,406</u>	<u>1,969</u>

**23. Derivative financial instruments**

As at 31 March 2012, 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 gain RM'000</b>
Forward exchange contracts			
- Receivables	2,439	2,434	5
- Payables	1,333	1,342	9
	<u>3,772</u>	<u>3,776</u>	<u>14</u>

For the three months ended 31 March 2012, 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 31 March 2012.

**26. Dividend**

No dividend has been proposed or declared for the quarter ended 31 March 2012.

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

Basic earnings/(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 31 March		3 months ended 31 March	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit/(loss) for the period attributable to owners of the Company				
- from continuing operations	35	(2,425)	35	(2,425)
- from discontinued operations	(1,217)	(1,394)	(1,217)	(1,394)
	<b>(1,182)</b>	<b>(3,819)</b>	<b>(1,182)</b>	<b>(3,819)</b>
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings/(loss) per share (sen)				
- from continuing operations	0.03	(1.95)	0.03	(1.95)
- from discontinued operations	(0.98)	(1.12)	(0.98)	(1.12)
	<b>(0.95)</b>	<b>(3.08)</b>	<b>(0.95)</b>	<b>(3.08)</b>

**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:

	31 March 2012 RM'000	31 December 2011 RM'000
<b>Total retained profits/(accumulated losses) of the Company and its subsidiaries:</b>		
Realised	7,010	9,217
Unrealised – in respect of deferred tax recognised in the income statement	(2,075)	(1,748)
Unrealised – in respect of others items of income and expense	910	923
	<b>(1,165)</b>	<b>(825)</b>
	5,845	8,392
<b>Total share of accumulated losses from associates and jointly controlled entity:</b>		
Realised	(19,506)	(19,619)
	(13,661)	(11,227)
Add/(less): Consolidation adjustments	4,053	2,801
<b>Total Group accumulated losses</b>	<b>(9,608)</b>	<b>(8,426)</b>

**BY ORDER OF THE BOARD**

**TAN PENG LAM**  
**CHIEF FINANCIAL OFFICER**  
**Date: 26 APRIL 2012**