



TEXCHEM RESOURCES BHD

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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the year ended 31 December 2004

		3 months ended 31 December		12 months ended 31 December	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue		270,799	198,502	1,051,537	785,611
Operating profit		8,961	8,493	25,267	25,946
Interest expense		(4,175)	(1,411)	(14,013)	(9,271)
Share of results of associates		(1,487)	(2,215)	(992)	(6,712)
Profit before taxation		3,299	4,867	10,262	9,963
Tax expense	18	(1,583)	(1,562)	(6,928)	(4,774)
Profit after taxation		1,716	3,305	3,334	5,189
Minority interests		204	(161)	396	(764)
Net profit for the period/year		1,920	3,144	3,730	4,425
Basic earnings per ordinary share (sen)	26	1.55	2.62	3.07	3.68

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 31 December 2004

	Note	31 December 2004 (Unaudited) RM'000	31 December 2003 (Audited) RM'000
Property, plant and equipment		203,689	168,080
Investments in associates		28,750	22,360
Other investments		966	966
Goodwill on consolidation		46,485	44,791
Trademarks, at cost		366	366
		<u>280,256</u>	<u>236,563</u>
Current assets			
Inventories		87,763	82,153
Trade and other receivables		221,934	183,352
Cash and cash equivalents		39,565	35,395
		<u>349,262</u>	<u>300,900</u>
Current liabilities			
Trade and other payables		145,427	104,273
Borrowings	22	203,002	171,595
Taxation		-	1,709
Dividend payable		4,468	3,930
		<u>352,897</u>	<u>281,507</u>
Net current (liabilities)/assets		<u>(3,635)</u>	<u>19,393</u>
		<u>276,621</u>	<u>255,956</u>
Financed by:			
Capital and reserves			
Share capital		124,099	109,181
Reserves		37,517	50,646
Shareholders' funds		<u>161,616</u>	<u>159,827</u>
Minority shareholders' interests		22,709	15,770
Non-current liabilities			
Borrowings	22	79,199	68,930
Deferred taxation		9,339	7,811
Deferred liabilities		3,758	3,618
		<u>92,296</u>	<u>80,359</u>
		<u>276,621</u>	<u>255,956</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) for the year ended 31 December 2004

	Share capital RM'000	Non- distributable reserves RM'000	Distributable reserves RM'000	Total RM'000
At 1 January 2004	109,181	56,257	(5,611)	159,827
Translation of the opening net investment in foreign subsidiaries at year end exchange rate	-	1,239	-	1,239
Bonus issue (1:10)	10,918	(10,942)	-	(24)
Special issue to Bumiputera investors	4,000	(94)	-	3,906
Net profit for the year	-	-	3,730	3,730
Dividends	-	-	(7,062)	(7,062)
Transfer to capital reserve		105	(105)	-
At 31 December 2004	124,099	46,565	(9,048)	161,616

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AUDITED) for the year ended 31 December 2003

	Share Capital RM'000	Non- distributable reserves RM'000	Distributable reserves RM'000	Total RM'000
At 1 January 2003				
- As previously reported	109,181	53,792	(1,678)	161,295
- Effect of adopting MASB 25	-	(2,083)	-	(2,083)
- Effect of adopting MASB 29	-	-	(484)	(484)
As restated at 1 January 2003	109,181	51,709	(2,162)	158,728
Transfer to capital reserve	-	668	(668)	-
Translation of the opening net investment in foreign subsidiaries at period end exchange rate	-	3,880	-	3,880
Net profit for the year	-	-	4,425	4,425
Dividends	-	-	(7,206)	(7,206)
At 31 December 2003	109,181	56,257	(5,611)	159,827

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) for the year ended 31 December 2004

	12 months ended 31 December	
	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,262	9,963
Adjustments for:		
Non-cash items	40,462	24,345
Operating profit before working capital changes	50,724	34,308
Net change in current assets	(30,565)	(31,170)
Net change in current liabilities	34,220	26,060
Cash generated from operations	54,379	29,198
Non-operating items	(6,936)	(9,134)
Net cash generated from operating activities	47,443	20,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(62,398)	(59,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	17,853	46,681
Net increase in cash and cash equivalents	2,898	7,660
Effects of exchange differences on cash and cash equivalents	297	62
Cash and cash equivalents at 1 January	24,576	16,854
Cash and cash equivalents at 31 December	27,771	24,576



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) for the year ended 31 December 2004 (Cont'd)

Cash and cash equivalents included in condensed consolidated cash flow statement comprise the following balance sheet amounts:

	12 months ended 31 December	
	2004	2003
	RM'000	RM'000
Short term deposits with licensed banks (excluding deposits pledged)	732	2,993
Cash and bank balances	38,833	32,341
Bank overdrafts	(11,794)	(10,758)
	<hr/>	<hr/>
	27,771	24,576

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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PART A – EXPLANATORY NOTES PURSUANT TO MASB 26

1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and the disclosure requirements as in Part A of Appendix 9B of the revised Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003. 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 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2003.

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

The auditors' report on the financial statements for the year ended 31 December 2003 was not qualified.

3. **Seasonality and cyclicity of interim operations**

The Group operations were not significantly affected by any unusual seasonality or cyclicity 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 ended 31 December 2004 except for the writing off of proposed listing expenses of Texchem-Pack Holdings (S) Ltd amounting to RM1.4 million.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter.



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6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the current quarter.

7. Dividend paid

A first interim dividend of 3% per share less tax, totaling RM2,594,000 in respect of the financial year ending 31 December 2004 was paid on 25 August 2004.

A second interim dividend of 5% per share less tax, totaling RM4,468,000 in respect of the financial year ending 31 December 2004 has been declared on 14 December 2004 and was paid on 24 January 2005.

8. Segment information

Segment information is presented in respect of the Group's business activities which is the enterprise's primary basis of segment reporting.

Inter-segment pricing is determined based on a negotiated basis.

Segment revenue

	3 months ended 31 December 2004 RM'000	12 months ended 31 December 2004 RM'000
Industrial Trading	127,834	551,504
Manufacturing	112,652	392,249
Consumer Products & Food Services	57,227	209,960
	<hr/>	<hr/>
	297,713	1,153,713
Eliminations	(26,914)	(102,176)
	<hr/>	<hr/>
Group revenue	270,799	1,051,537
	<hr/>	<hr/>



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8. Segment information (Cont'd)

Segment results

	3 months ended 31 December 2004 RM'000	12 months ended 31 December 2004 RM'000
Industrial Trading	4,652	16,255
Manufacturing	6,757	15,302
Consumer Products & Food Services	738	3,054
Investment holding	12,843	17,888
Operating profit before eliminations	24,990	52,499
Eliminations	(16,029)	(27,232)
Operating profit	8,961	25,267
Finance costs	(4,175)	(14,013)
	4,786	11,254
Share of results of associates	(1,487)	(992)
Profit before taxation	3,299	10,262

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 2003.

10. Events subsequent to the balance sheet date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement save as disclosed in Note 21 of the Additional Information required by Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) Listing Requirements.



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11. Changes in composition of the Group for the fourth quarter ended 31 December 2004

On 11 October 2004, the following conditional sale and purchase agreements were entered into:

- (i) conditional sale and purchase agreement ("SPA") between Texchem Resources Bhd ("TRB") and Texchem Corporation Sdn Bhd ("Texcorp") for the proposed acquisition by TRB of 5,737,500 ordinary shares of RM1.00 each in Sanko Kasei (M) Sdn Bhd ("SKSB"), representing 51% of the issued and paid-up share capital of SKSB for a total cash consideration of RM7.214 million from Texcorp;
- (ii) conditional sale and purchase agreement between TRB and Texcorp for the proposed acquisition by TRB of 1,020,000 ordinary shares of RM1.00 each in Eye Graphic Sdn Bhd ("EGSB"), representing 51% of the issued and paid-up share capital of EGSB for a total cash consideration of RM3.274 million; and
- (iii) conditional sale and purchase agreement between Texchem Materials Sdn Bhd, a wholly-owned subsidiary of TRB, and Texcorp for the proposed acquisition by Texchem Materials Sdn Bhd of 1,000,000 ordinary shares of RM1.00 each in Texchem Malaysia Sdn Bhd ("TMSB"), representing the entire issued and paid-up share capital of TMSB for a total cash consideration of RM2.730 million from Texcorp.

Upon completion of proposed acquisitions on 30 December 2004, SKSB and EGSB are owned directly by TRB. TMSB is wholly owned by Texchem Materials Sdn Bhd.

12. Changes in contingent liabilities

As at 31 December 2004, the Company has issued corporate guarantees amounting to RM283.4 million (31.12.03 : RM230.1 million) as security for banking facilities granted to its subsidiaries of which RM160.1 million were utilised at 31 December 2004 (31.12.03 : RM110.0 million).

13. Commitments

	31 December 2004 RM'000
Capital commitments	
Property, plant and equipment	
Authorised but not contracted for	3,319
Contracted but not provided for in the financial statements	1,926
Total	<u>5,245</u>



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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Review of performance for the Current Quarter and Year-to-date

For the year ended 31 December 2004, the revenue of the Group increased by RM265.9 million to RM1,051.5 million from RM785.6 million for the same period last year. Despite the higher turnover, the operating profit before taxation in 2004 is only RM25.3 million as compared to RM25.9 million in 2003. The higher operating profit achieved in 2003 was mainly due to the gain on disposal of associated companies amounting to RM8.1 million. The operating profit in 2004 would have been higher if not for the losses suffered by a new business venture in Myanmar which is going through a gestation period and the unusual item as disclosed in Note 4.

On a quarterly basis, the Group's current quarter revenue also increased by 36.4% or RM72.3 million higher than the same quarter in 2003. The higher revenue was mainly contributed by overall Business Divisions within the Group. Despite this, the operating profit before taxation for the current quarter only recorded RM9.0 million, a 5.5% increase from the preceding year corresponding quarter mainly attributed to the reasons mentioned in the first paragraph.

15. Variation of results against preceding quarter

The comparison of the revenue and profit before taxation for the current quarter and preceding quarter are as follows:

	← 2004 →		Variance	
	Quarter 4	Quarter 3	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	270,799	277,693	(6,894)	(2.5)
Profit before taxation	3,299	5,584	(2,285)	(40.9)

The lower revenue in the current quarter as compared to the previous quarter is due to the normalisation of the selling prices of industrial products as petroleum prices have stabilised in the current quarter.

The lower profit before taxation achieved in the current quarter compared to previous quarter is mainly due to higher losses suffered by the Group's subsidiary in Myanmar and the unusual item as disclosed in Note 4.

16. Prospects for 2005

Barring unforeseen circumstances, the Group's operating performance for the year 2005 is expected to remain positive for all Business Segments.



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17. **Profit forecast**

Not applicable as no profit forecast was published.

18. **Tax expense**

	3 months ended 31 December 2004 RM'000	12 months ended 31 December 2004 RM'000
Current tax expenses		
Malaysian		
- current	643	5,855
- prior years	218	16
Foreign – current	111	567
	<hr/> 972	<hr/> 6,438
Deferred tax expense	168	456
Tax expenses on share of results in Associates	443	34
	<hr/> 1,583	<hr/> 6,928

The effective tax rates presented above are higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set-off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

19. **Unquoted investments and properties**

There were no material purchases and disposals of unquoted investments and properties in the current quarter ended 31 December 2004 other than as disclosed in Note 11 to the Interim Financial Report.

20. **Quoted investments**

There were no purchases and disposals of quoted securities during the period under review.



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21. Status of corporate proposal announced

Status of Corporate Proposals

A. **Proposed Restructuring (“Proposed Restructuring”) and the Subsequent Listing of Texchem-Pack Holdings (S) Ltd on the Singapore Exchange Securities Trading Limited (“Proposed Listing”) - (collectively known as “the Proposals”)**

TRB had on 8 September 2003 made an announcement that TRB had inter-alia entered into the following agreements:

- (i) A conditional share sale agreement (“Texpack Penang SSA”) between Texchem-Pack (M) Bhd (“Texpack”) and TRB for the proposed acquisition by TRB of the entire equity interest in Texchem-Pack (Penang) Sdn Bhd (“Texpack Penang”) comprising 10,000 ordinary shares of RM1.00 each (“Texpack Penang Shares”) for a total cash consideration of RM15,035 (“Proposed Acquisition”); and
- (ii) A conditional reorganization agreement (“RA”) for the proposed transfer of TRB’s entire enlarged equity interest in Texpack after the issuance of 10,000,000 new ordinary shares of RM1.00 each in Texpack as a result of a proposed capitalisation of a loan amounting to RM10,000,000 (“Proposed Capitalisation”) owed to TRB by Texpack, to Texchem-Pack Holdings (S) Pte Ltd (“Texpack Holdings”) by way of a share exchange ratio of 28 Texpack Shares to 9 Texpack Holdings Shares resulting in a no gain no loss position for TRB under the merger accounting adopted. TRB’s entire enlarged equity interest in Texpack after the Proposed Capitalisation will comprise of 28,000,000 ordinary shares of RM1.00 each in Texpack instead of 18,000,000 ordinary shares of RM1.00 each as announced earlier.

Texpack Shares means ordinary shares of RM1.00 each in the share capital of Texpack.

Texpack Holdings Shares means ordinary shares of S\$1.00 each in the share capital of Texpack Holdings.

And TRB also proposes to undertake the Proposed Texpack Holdings Share Split, Proposed Texpack Holdings Issue and Proposed Listing, all as defined in the announcement made on 8 September 2003.

The above Proposals are inter-conditional and is conditional upon the following:

- (i) the approval of the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the Proposed Listing;
- (ii) the approval of the shareholders of TRB which is to be obtained prior to the relevant application to the SGX-ST for the Proposed Listing; and



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(iii) the approval of any other relevant authorities or other persons (if required)

The Proposed Listing is further conditional upon the approval of the Monetary Authority of Singapore.

The approval from TRB shareholders had been obtained at an Extraordinary General Meeting held on 25 September 2003.

Subsequent to the above announcement made on 8th September 2003, TRB had on 20th October 2003 made a further announcement that:

- (a) the Proposed Restructuring as announced earlier has been revised ("Revised Proposed Restructuring"); and
- (b) TRB had entered into a Supplemental Reorganisation Agreement ("SRA") to reflect the said revision.

Details of the Revised Proposed Restructuring and the salient terms of the SRA are as follows :

- (i) After the completion of the Proposed Acquisition, Texpack will issue 7,000,000 new Texpack Shares to settle the loan of RM7,000,000 due and owing by Texpack to TRB ("Revised Proposed Capitalisation") instead of 10,000,000 new Texpack Shares as announced earlier. As a result the share capital of Texpack will increase from RM18,000,000 to RM25,000,000.
 - (ii) The 7,000,000 new Texpack Shares will, upon issue and allotment, rank *pari passu* in all respects with the then existing ordinary shares of RM1.00 each in Texpack in issue except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the Entitlement Date of which is prior to the date of allotment of the said new Texpack Shares.
 - (iii) 'Entitlement Date' wherever it appears in this announcement means the date at the close of business on which shareholders must be registered members in order to participate in any dividends, rights, allotment and/or other distributions.
2. Thereafter, TRB will transfer TRB's entire enlarged equity interest in Texpack after the Revised Proposed Capitalisation to Texpack Holdings by way of a share exchange of 25,000,000 Texpack Shares to 7,499,998 Texpack Holdings Shares resulting in a no gain no loss position for TRB under the merger accounting adopted ('Proposed Reorganisation'). TRB's entire enlarged equity interest in Texpack after the Revised Proposed Capitalisation will comprise 25,000,000 ordinary shares of RM1.00 each in Texpack ('Texpack Transfer Shares') instead of 28,000,000 ordinary shares of RM1.00 each in Texpack as announced on 8 September 2003.



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3. Apart from the above, all the proposals and information relating to the Proposed Restructuring and Proposed Listing as announced on 8 September 2003 remain unchanged.

On 18 August 2004, TRB had announced that Singapore Exchange Limited had via their letter dated 17 August 2004 granted a conditional eligibility-to-list ("ETL") on the Singapore Exchange Securities Trading Limited ("SGX-ST"), subject to inter alia the following conditions:

- a. written confirmation by Texpack Holdings that TRB has completed the special issue of the outstanding 4,000,000 ordinary shares of RM1.00 each in TRB, in accordance with the condition imposed by the Malaysian Ministry of International Trade and Industry (MITI) (unless otherwise waived by MITI), prior to the admission of Texpack Holdings to the Official List of SGX-ST; and
 - b. the ETL is valid for 3 calendar months from 17 August 2004.
4. Thereafter on 6 September 2004, TRB had announced that the Proposed Acquisition and Proposed Reorganisation as announced earlier on 8 September 2003 and 20 October 2003 have been completed on 6 September 2004.
 5. Subsequently on 14 September 2004, TRB had announced that due to unfavourable market conditions, the Board of Directors of TRB has decided to postpone the Proposed Listing to 2005.

B. Proposed Acquisitions of Fresh Choice Seafood Trading Sdn Bhd and Edisi Gemilang (M) Sdn Bhd ("Proposed Acquisitions of Fresh Choice & Edisi Gemilang")

On 27 February 2004, Texchem Food Sdn Bhd ("TFSB"), a subsidiary of TRB had entered into a Memorandum of Understanding with Datuk Kong Fook Sang and Chua Hock Joo (collectively called "the Vendors"), both being the shareholders of Fresh Choice Seafood Trading Sdn Bhd ("FCST") and Edisi Gemilang (M) Sdn Bhd ("Edisi"), to acquire from the Vendors all the shares in FCST and Edisi respectively for a total purchase consideration of RM9 million which may be adjusted accordingly after a due diligence exercise and/or as mutually agreed upon. The purchase consideration will be satisfied via cash of RM3 million and issuance of 6,000,000 new ordinary shares of RM1.00 each in TFSB and/or as mutually agreed upon otherwise by TFSB and the Vendors.

The Proposed Acquisitions of Fresh Choice and Edisi Gemilang are still pending.



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C. Proposed acquisition of up to 1,836,000 ordinary shares of RM1.00 each in Texchem Corporation Sdn. Bhd. ("Texcorp") from Texchem Holdings Sdn. Bhd. ("THSB") and/or Introplus Sdn Bhd [In Member's Voluntary Liquidation] ("ISB")

On 9 June 2004, it was announced that TRB proposes to acquire up to 1,836,000 ordinary shares of RM1.00 each in Texcorp from THSB and/or ISB at a purchase consideration per share which is equivalent to the Texcorp Group's net tangible assets ("NTA") per share based on Texcorp's latest available consolidated audited accounts at the time of acquisition ("Proposed Acquisition of Texcorp"). Based on Texcorp's latest consolidated audited accounts for the financial year ended 31 December 2003, Texcorp Group's NTA per share was RM2.91.

It was then further announced that the approvals of the shareholders of TRB, THSB and ISB with regards to the Proposed Acquisition of Texcorp were obtained on 17 August 2004. The Proposed Acquisition of Texcorp is subject to the approvals of Foreign Investment Committee (if required) and all other relevant authorities or other persons (if required).

Subsequent and pursuant to the above announcements, on 4 November 2004, it was announced that TRB had entered into a conditional Share Sale Agreement with ISB to acquire 350,000 ordinary shares of RM1.00 each in Texcorp at a cash purchase consideration of RM1,018,500 ("said Acquisition"). The said Acquisition has been completed on 5 November 2004.

On 20 December 2004, it was further announced that TRB had entered into a conditional Share Sale Agreement with ISB to acquire the remaining 1,486,000 ordinary shares of RM1.00 each in Texcorp at a cash purchase consideration of RM4,324,260. It was further announced that the approvals of the Foreign Investment Committee for the Proposed Acquisition of Texcorp were obtained on 29 December 2004 and 18 January 2005 respectively. On 30 December 2004, the Proposed Acquisition of Texcorp was fully completed.

D. Proposed Issuance of Private Debt Securities of up to RM100 million

On 11 October 2004, TRB had announced that it proposes to undertake an issuance of private debt securities of up to RM100 million ("Proposed PDS Programme"). The proceeds from the issuance of the Proposed PDS Programme will be utilised to refinance existing bank borrowings, finance acquisition of assets to be identified and for working capital.

It was announced that an application to the Securities Commission in relation to the Proposed PDS Programme had been submitted to the Securities Commission ("SC") on 31 December 2004. Approval from SC has been obtained via its letter dated 3 February 2005.

The Proposed PDS Programme is pending implementation.



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E. Proposed acquisition of Sanko Kasei (M) Sdn Bhd ("SKSB"), Eye Graphic Sdn Bhd ("EGSB") and Texchem Malaysia Sdn Bhd ("TMSB") from Texchem Corporation Sdn Bhd ("TexCorp")

On 11 October 2004, TRB had announced the proposed acquisition of the following companies from Texcorp:

- (i) 5,737,500 ordinary shares of RM1.00 each in SKSB, representing 51% of the issued and paid-up share capital of SKSB for a total cash consideration of RM7.214 million ("Proposed Acquisition of SKSB");
- (ii) 1,020,000 ordinary shares of RM1.00 each in EGSB, representing 51% of the issued and paid-up share capital of EGSB, for a total cash consideration of RM3.274 million ("Proposed Acquisition of EGSB"); and
- (iii) 1,000,000 ordinary shares of RM1.00 each in TMSB, representing the entire issued and paid-up capital of TMSB for a total cash consideration of RM2.730 million by Texchem Materials Sdn Bhd, a wholly-owned subsidiary of TRB ("Proposed Acquisition of TMSB")

(collectively called the "Proposed Acquisitions").

The approvals of the shareholders of Texcorp and TRB for the Proposed Acquisitions have been obtained on 6 December 2004 and 13 December 2004 respectively.

On 28 December 2004, it was announced that TRB had received the approvals of the Ministry of International Trade and Industry for the Proposed Acquisition of TMSB and Proposed Acquisition of SKSB.

On 29 December 2004, it was further announced that the Foreign Investment Committee has no objections to the Proposed Acquisition of EGSB subject to direct shareholdings by foreign shareholders in EGSB being not more than 49% at all times.

On 30 December 2004, it was announced that TRB has completed the Proposed Acquisitions.



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22. Borrowings

	31 December 2004 RM'000
Current:	
Unsecured	
Bank overdrafts	11,794
Bankers' acceptances	108,442
Revolving credit	42,399
Term loans	37,957
Promissory notes	1,426
Hire purchase obligations	984
	<hr/>
	203,002
Non-current:	
Unsecured	
Term loans	77,103
Hire purchase obligations	2,096
	<hr/>
	79,199
	<hr/>
Total	<hr/> 282,201 <hr/>

The above borrowings are denominated in Ringgit Malaysia, Thai Baht, United States Dollar and Chinese Renminbi.

The breakdown of the borrowings denominated in each currency are highlighted as follows:

Current	RM'000
<u>Unsecured</u>	
Ringgit Malaysia	169,998
Thai Baht	21,095
United States Dollar	8,599
Chinese Renminbi	3,310
	<hr/>
	203,002
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22. Borrowings (Cont'd)

Non-current	RM'000
<u>Unsecured</u>	
Ringgit Malaysia	32,045
Thai Baht	22,947
United States Dollar	24,207
	<hr/>
	79,199
	<hr/>

23. Off balance sheet financial instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December 2004 are:

	Fair Value RM'000	Contracted Amount RM'000
Forward foreign exchange contracts	19,189	19,080

The related accounting policies for the off balance sheet financial instruments are as disclosed in the financial statements for the year ended 31 December 2003.

24. Changes in material litigation

There is no material litigation by the Company or its subsidiaries.

25. Dividend

A second interim dividend of 5% per share less tax, totaling RM4,468,000 in respect of the financial year ending 31 December 2004 has been declared on 14 December 2004 and was paid on 24 January 2005.



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26. **Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the net profit for the period/year by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue for the comparatives has been adjusted for the issuance of ordinary shares pursuant to the bonus issue undertaken by the Company during the year.

	3 months ended 31 December		12 months ended 31 December	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Net profit for the period/year	1,920	3,144	3,730	4,425
Weighted average number of ordinary shares in issue	124,099	120,099	121,432	120,099
Basic earnings per share (sen)	1.55	2.62	3.07	3.68

BY ORDER OF THE BOARD

TAN PENG LAM
GROUP FINANCE DIRECTOR
Date: 23 February 2005