

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the nine months ended 30 September 2006

	Note	3 months ended 30 September		9 months ended 30 September	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Revenue</b>		<b>336,038</b>	<b>311,096</b>	<b>965,625</b>	<b>897,396</b>
Cost of sales		(272,247)	(255,075)	(781,634)	(728,453)
<b>Gross profit</b>		<b>63,791</b>	<b>56,021</b>	<b>183,991</b>	<b>168,943</b>
Distribution costs		(26,371)	(23,507)	(78,380)	(71,808)
Administrative and other operating expenses		(27,781)	(24,850)	(79,837)	(74,263)
Other operating income		1,942	1,182	6,480	3,941
<b>Operating profit</b>		<b>11,581</b>	<b>8,846</b>	<b>32,254</b>	<b>26,813</b>
Interest expense		(4,325)	(3,094)	(12,105)	(10,311)
Share of results of associates		99	1,206	(410)	(424)
<b>Profit before taxation</b>		<b>7,355</b>	<b>6,958</b>	<b>19,739</b>	<b>16,078</b>
Tax expense	18	(2,921)	(2,664)	(7,630)	(7,242)
<b>Profit for the period</b>		<b>4,434</b>	<b>4,294</b>	<b>12,109</b>	<b>8,836</b>
Attributable to:					
Shareholders of the Company		4,615	3,990	12,247	8,709
Minority interests		(181)	304	(138)	127
<b>Profit for the period</b>		<b>4,434</b>	<b>4,294</b>	<b>12,109</b>	<b>8,836</b>
<b>Basic earnings per share attributable to shareholders of the Company (sen)</b>	26	<b>3.72</b>	<b>3.22</b>	<b>9.87</b>	<b>7.02</b>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**

At 30 September 2006

	Note	30 September 2006 (Unaudited) RM'000	31 December 2005 (Audited) RM'000
<b>ASSETS</b>			
Property, plant and equipment		206,437	206,614
Investments in associates		19,655	15,290
Other investments		15	15
Goodwill on consolidation		49,750	46,521
Trademarks, at cost		366	366
Deferred tax assets		537	1,035
<b>Non-current assets</b>		<u>276,760</u>	<u>269,841</u>
Inventories		92,608	87,561
Trade and other receivables		279,392	240,365
Tax refundable		4,057	4,264
Cash and cash equivalents		41,395	57,971
<b>Current assets</b>		<u>417,452</u>	<u>390,161</u>
<b>TOTAL ASSETS</b>		<u>694,212</u>	<u>660,002</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		124,099	124,099
Reserves		53,238	41,325
<b>Equity attributable to shareholders of the Company</b>		<u>177,337</u>	<u>165,424</u>
Minority interests		20,751	21,339
<b>TOTAL EQUITY</b>		<u>198,088</u>	<u>186,763</u>
<b>LIABILITIES</b>			
Borrowings	22	88,581	109,232
Deferred taxation		8,319	8,062
Deferred liabilities		3,861	3,912
<b>Non-current liabilities</b>		<u>100,761</u>	<u>121,206</u>
Trade and other payables		177,810	162,375
Bills payable	22	108,170	99,002
Borrowings	22	106,483	80,744
Taxation		2,900	4,551
Dividend payable		-	5,361
<b>Current liabilities</b>		<u>395,363</u>	<u>352,033</u>
<b>TOTAL LIABILITIES</b>		<u>496,124</u>	<u>473,239</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>694,212</u>	<u>660,002</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
for the nine months ended 30 September 2006

	Note	<----- Attributable to shareholders of the Company ----->				Sub-total RM'000	Minority interests RM'000	Total equity RM'000
		Share capital RM'000	Non-distributable Share premium & other capital reserves RM'000	Revenue reserves RM'000	Distributable (Accumulated losses)/ Retained profits RM'000			
<b>At 1 January 2006</b>		124,099	40,998	881	(554)	165,424	21,339	186,763
Translation of the opening net investment in foreign subsidiaries at period end exchange rate		-	881	-	-	881	(450)	431
Effects of adopting FRS 3	1(a)	-	-	-	3,253	3,253	-	3,253
Profit for the period		-	-	-	12,247	12,247	(138)	12,109
Dividends	7(b)	-	-	-	(4,468)	(4,468)	-	(4,468)
Transfer to capital reserves		-	42	-	(42)	-	-	-
<b>At 30 September 2006</b>		<b>124,099</b>	<b>41,921</b>	<b>881</b>	<b>10,436</b>	<b>177,337</b>	<b>20,751</b>	<b>198,088</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 2005 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
for the nine months ended 30 September 2005

	<----- Attributable to shareholders of the Company ----->						Total equity RM'000
	Share capital RM'000	Non-distributable Share premium & other capital reserves RM'000	Revenue reserves RM'000	<----- Distributable -----> (Accumulated losses) RM'000	Sub-total RM'000	Minority interests RM'000	
<b>At 1 January 2005</b>	124,099	43,926	881	(9,729)	159,177	21,855	181,032
Translation of the opening net investment in foreign subsidiaries at period end exchange rate	-	(3,988)	-	-	(3,988)	(287)	(4,275)
Profit for the period	-	-	-	8,709	8,709	127	8,836
Dividends	-	-	-	(3,574)	(3,574)	-	(3,574)
Transfer to capital reserves	-	37	-	(37)	-	-	-
<b>At 30 September 2005</b>	<u>124,099</u>	<u>39,975</u>	<u>881</u>	<u>(4,631)</u>	<u>160,324</u>	<u>21,695</u>	<u>182,019</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
for the nine months ended 30 September 2006

	<b>9 months ended 30 September</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	19,739	16,078
<b>Adjustments for:</b>		
Non-cash items	24,723	24,722
Operating profit before working capital changes	44,462	40,800
Net change in current assets	(42,489)	(36,460)
Net change in current liabilities	15,435	13,123
Cash generated from operations	17,408	17,463
Non-operating items	2,963	3,881
Net cash generated from operating activities	20,371	21,344
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	(26,794)	(16,697)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities	(21,135)	(4,695)
<b>Net decrease in cash and cash equivalents</b>	(27,558)	(48)
Effects of exchange differences on cash and cash equivalents	(315)	(453)
<b>Cash and cash equivalents at 1 January</b>	50,933	27,745
<b>Cash and cash equivalents at 30 September</b>	23,060	27,244

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
for the nine months ended 30 September 2006 (Cont'd)

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

	<b>9 months ended 30</b>	
	<b>September</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term deposits with licensed banks (excluding deposits pledged)	750	705
Cash and bank balances	39,795	35,918
Bank overdrafts	(17,485)	(9,379)
	<u>23,060</u>	<u>27,244</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING**  
**STANDARDS (“FRS”) 134**

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1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005. 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 2005.

The significant 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 2005 except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) issued by MASB that are effective for the Group’s first FRS annual reporting date, 31 December 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above standards does not have significant financial impact on the Group except for the following:

(a) FRS 3: Business Combinations

Under FRS 3, negative goodwill which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition, is now recognised immediately to the income statement. Prior to 1 January 2006, negative goodwill was used to reduce the goodwill in the balance sheet. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM3,253,000 was derecognised with a corresponding increase in retained profits.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING**  
**STANDARDS (“FRS”) 134**

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1. **Basis of preparation (Cont’d)**

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. Minority interests are now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movement of minority interests is now presented in the consolidated statement of changes in equity.

The presentation of the comparative financial statements of the Group have been restated to conform with the current period’s presentation.

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

The auditors’ report on the financial statements for the year ended 31 December 2005 was not qualified.

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

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

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the nine months ended 30 September 2006.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect during the nine months ended 30 September 2006.

6. **Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the nine months ended 30 September 2006 save as disclosed in Notes 21 and 22 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements.



**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING**  
**STANDARDS (“FRS”) 134**

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7. **Dividend paid**

During the nine months ended 30 September 2006, the Company had paid the following dividends:

- (a) a second interim dividend of 6 sen per share less 28% tax, amounting to RM5,361,000 in respect of the financial year ended 31 December 2005 was paid on 20 January 2006.
- (b) a first interim dividend of 5 sen per share less 28% tax, amounting to RM4,468,000 in respect of the financial year ending 31 December 2006 was paid on 25 August 2006.

8. **Segment information**

Segment information is presented in respect of the Group’s business segments which is the enterprise’s primary basis of segment reporting. Inter-segment pricing is determined based on negotiated terms.

**Segment revenue**

	3 months ended 30 September		9 months ended 30 September	
	2006 RM’000	2005 RM’000	2006 RM’000	2005 RM’000
Industrial	149,659	145,949	441,402	448,947
Manufacturing	154,148	132,257	429,262	370,474
Consumer Products & Food Services	62,068	57,399	179,264	165,193
	<u>365,875</u>	<u>335,605</u>	<u>1,049,928</u>	<u>984,614</u>
Eliminations	(29,837)	(24,509)	(84,303)	(87,218)
Group revenue	<u>336,038</u>	<u>311,096</u>	<u>965,625</u>	<u>897,396</u>

**Segment results**

Industrial	6,501	5,688	13,152	12,580
Manufacturing	7,652	5,347	21,811	16,623
Consumer Products & Food Services	1,766	1,402	4,014	3,293
Investment holding	14,239	9,609	13,431	8,568
	<u>30,158</u>	<u>22,046</u>	<u>52,408</u>	<u>41,064</u>
Operating profit before eliminations	30,158	22,046	52,408	41,064
Eliminations	(18,577)	(13,200)	(20,154)	(14,251)
Operating profit	<u>11,581</u>	<u>8,846</u>	<u>32,254</u>	<u>26,813</u>

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING**  
**STANDARDS (“FRS”) 134**

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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 2005.

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 Listing Requirements.

11. **Changes in composition of the Group for the nine months ended 30 September 2006**

There were no changes in the composition of the Group for the nine months ended 30 September 2006.

12. **Changes in contingent liabilities**

As at 30 September 2006, the Company has issued corporate guarantees amounting to RM301.4 million (31.12.05 : RM323.8 million) as security for banking facilities granted to its subsidiaries of which RM121.3 million were utilised at 30 September 2006 (31.12.05 : RM119.1 million).

13. **Commitments**

**Capital commitments**

	<b>30 September 2006 RM'000</b>	<b>31 December 2005 RM'000</b>
Investment		
Approved but not contracted for	-	5,590
Property, plant and equipment		
Approved but not contracted for	593	8,235
Contracted but not provided for in the financial statements	3,811	2,759
	<u>4,404</u>	<u>10,994</u>

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

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

For the nine months ended 30 September 2006, the Group recorded a revenue of RM965.6 million as compared to RM897.4 million for the same period last year. The 7.6% growth in revenue or RM68.2 million increase as compared to the first nine months of 2005 is mainly due to the higher sales in the Manufacturing and Consumer Products & Food Services segments. The profit before taxation recorded for the nine months ended 30 September 2006 was RM19.7 million, up from RM16.1 million achieved in the previous period.

On a quarter-on-quarter basis, the Group revenue and profit before taxation have increased by 8.0% and 5.7% respectively.

15. **Variation of results against preceding quarter**

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

	<----- 2006 ----->			
	Quarter 3	Quarter 2	Variance	
	RM'000	RM'000	RM'000	%
Revenue	336,038	323,028	13,010	4.0
Profit before taxation	7,355	5,538	1,817	32.8

All business segments have contributed to the increase in the Group revenue and pre-tax profit recorded for the quarter under review.

16. **Prospects for 2006**

Barring unforeseen circumstances, the Group's operating performance for the remaining quarter in 2006 is expected to remain positive.

17. **Profit forecast**

Not applicable as no profit forecast was published.

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

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18. **Tax expense**

	3 months ended 30 September		9 months ended 30 September	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	2,109	1,747	5,845	5,797
- prior period	219	61	349	61
Overseas				
- current period	306	765	681	1,095
- prior period	-	-	-	4
	<u>2,634</u>	<u>2,573</u>	<u>6,875</u>	<u>6,957</u>
Deferred tax expense	<u>287</u>	<u>91</u>	<u>755</u>	<u>285</u>
	<u>2,921</u>	<u>2,664</u>	<u>7,630</u>	<u>7,242</u>

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 disposals of unquoted investments and properties in the current quarter ended 30 September 2006.

20. **Quoted investments**

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

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

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21. **Status of corporate proposal announced**

**Status of Corporate Proposals**

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

1. On 18 August 2004, Texchem Resources Bhd (“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”). The ETL is valid for 3 calendar months from 17 August 2004.
2. 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 plan to 2005.
3. On 26 May 2005, TRB had announced that due to the current unfavourable equity market conditions, the Board of Directors of TRB has decided to further postpone the Proposed Listing to 2006.
4. On 29 December 2005, TRB announced that TRB had disposed of 1,020,000 ordinary shares of RM1.00 each in Eye Graphic Sdn. Bhd. (“EGSB”) representing 51% of the total issued and paid-up share capital of EGSB to TXPHS, the disposal of which would include TRB’s effective equity interest in Eye Graphic (Vietnam) Co., Ltd (“EGV”), a wholly-owned subsidiary of EGSB. The said exercise was undertaken pursuant to an internal reorganisation of the corporate structure of TRB Group whereby EGSB and EGV became subsidiaries of TXPHS and part of the group of companies involved in the Proposed Listing.
5. On 31 March 2006, TRB announced that TXPHS through its agent, had re-submitted on 31 March 2006 its application for the admission of TXPHS to the official list of the SGX-ST Mainboard, and for permission to deal in, and for the quotation of all the ordinary shares in the capital of TXPHS already issued and the new ordinary shares to be issued.
6. On 21 August 2006, TRB had announced that TXPHS had received Singapore Exchange Limited’s letter dated 18 August 2006 granting an ETL to TXPHS. The ETL is valid for 3 calendar months from 18 August 2006.

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

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21. **Status of corporate proposal announced (Cont'd)**

7. On 28 September 2006, TRB had announced that TXPHS had on 28 September 2006 lodged its preliminary Prospectus relating to the Proposed Listing with the Monetary Authority of Singapore (“MAS”).
8. On 26 October 2006, TRB had announced that MAS has given consent to the amendments to the preliminary Prospectus of TXPHS dated 28 September 2006 and that the final Prospectus of TXPHS has been registered by the MAS on 25 October 2006.

Further appropriate announcement(/s) would be made in due course.

**B. 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”) comprising RM60 million of Commercial Papers and RM40 million of Medium Term Notes. 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.

On 13 May 2005, TRB had completed the issuance of Commercial Papers of RM60 million under the Proposed PDS Programme.

On 16 October 2006, TRB had announced that an application to the Securities Commission (“SC”) has been submitted on 16 October 2006 for the approval to change the Commercial Papers’ sub-limit from RM60 million to RM100 million.

Todate, the approval from the SC is still pending and the Medium Term Notes of up to RM40 million to be issued under the PDS Programme has not been issued and is still pending.

**C. Member’s Voluntary Winding-up of Texchem Consumers (East Malaysia) Sdn. Bhd., a wholly-owned subsidiary of Texchem Consumers Sdn. Bhd. which in turn is a wholly-owned subsidiary of Texchem Resources Bhd**

TRB had on 7 February 2006 announced that Texchem Consumers (East Malaysia) Sdn. Bhd., a wholly-owned subsidiary of Texchem Consumers Sdn. Bhd. which in turn is a wholly-owned subsidiary of Texchem Resources Bhd had on 7 February 2006 commenced voluntary winding-up proceedings in accordance with Section 254 of the Companies Act, 1965. The voluntary winding-up proceedings have not been completed todate.

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

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21. **Status of corporate proposal announced (Cont'd)**

**D. Proposed Investment in a company to be incorporated in the People's Republic of China to be known as Texchem Trading (Wuxi) Co., Ltd. or such name as may be approved by the relevant authorities**

TRB had on 4 April 2006 announced that its wholly-owned subsidiary, Texchem Materials Sdn. Bhd. ("Texmat") had recently received a Certificate of Approval for the proposed incorporation of a wholly-owned subsidiary in Wuxi, the People's Republic of China to be known as Texchem Trading (Wuxi) Co., Ltd. or such other name as may be approved by the relevant authorities in the People's Republic of China ("Proposed Investment").

On 8 September 2006, TRB announced that TRB had on 8 September 2006 received the business licence from the Jiangsu Wuxi Industrial and Commerce Administration Bureau for the incorporation of Texchem Trading (Wuxi) Co., Ltd. ("TTW").

As such, TTW is incorporated and registered under the laws of the People's Republic of China on 7 September 2006, with the registered capital of RMB500,000 (approximately equivalent to RM230,950 as at 8 September 2006).

**E. Members' Voluntary Winding-up of Zenith Enterprises Sdn Berhad, a wholly-owned subsidiary of Fumakilla Malaysia Berhad which in turn is a subsidiary of Texchem Resources Bhd**

TRB had on 8 August 2006 announced that Zenith Enterprises Sdn Berhad ("Zenith"), a wholly-owned subsidiary of Fumakilla Malaysia Berhad which in turn is a subsidiary of TRB had on 8 August 2006 commenced voluntary winding-up proceedings in accordance with Section 254 of the Companies Act, 1965. The voluntary winding-up proceedings have not been completed to date.

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

22. **Bills payable and borrowings**

	<b>30 September 2006 RM'000</b>	<b>31 December 2005 RM'000</b>
<b>Current:</b>		
Unsecured		
Bills payable	108,170	99,002
Bank overdrafts	17,485	6,291
Revolving credit	53,320	52,242
Term loans	34,185	21,166
Hire purchase obligations	1,493	1,045
Bank borrowings	106,483	80,744
<b>Non-current:</b>		
Unsecured		
Commercial papers *	60,000	60,000
Term loans	26,403	47,098
Hire purchase obligations	2,178	2,134
Bank borrowings	88,581	109,232

\* The Commercial papers were issued under 7 years underwriting programme and will be reissued every 3 months upon maturity until the amounts are fully redeemed.

Bills payable and borrowings denominated in foreign currencies are as follows:

	<b>30 September 2006 RM'000</b>	<b>31 December 2005 RM'000</b>
<b>Current:</b>		
Unsecured		
Thai Baht	5,480	4,325
Singapore Dollar	137	-
United States Dollar	25,752	12,272
Vietnamese Dong	759	-
	32,128	16,597
<b>Non-current:</b>		
Unsecured		
Thai Baht	1,377	2,087
United States Dollar	3,399	24,531
	4,776	26,618



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

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23. **Off balance sheet financial instruments**

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 30 September 2006 are:

	<b>Fair Value RM'000</b>	<b>Contracted Amount RM'000</b>
Forward foreign exchange contracts	<u>1,381</u>	<u>1,374</u>

The related accounting policies for the off balance sheet financial instruments are as disclosed in the financial statements for the year ended 31 December 2005.

24. **Changes in material litigation**

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

25. **Dividend**

A first interim dividend of 5 sen per share less 28% tax in respect of the financial year ending 31 December 2006 (2005: 4 sen per share less 28% tax) has been declared on 27 July 2006 and was paid on 25 August 2006.

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26. **Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding.

	3 months ended 30 September		9 months ended 30 September	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit for the period attributable to shareholders of the Company	4,615	3,990	12,247	8,709
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings per share (sen)	3.72	3.22	9.87	7.02

**BY ORDER OF THE BOARD**

**TAN PENG LAM**  
**GROUP FINANCE DIRECTOR**  
**Date: 31 October 2006**