

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the year ended 31 March 2007

	Note	3 months ended 31 March		3 months ended 31 March	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue		305,077	306,560	305,077	306,560
Cost of sales		(245,665)	(246,666)	(245,665)	(246,666)
Gross profit		59,412	59,894	59,412	59,894
Distribution costs		(27,675)	(25,364)	(27,675)	(25,364)
Administrative and other operating expenses		(28,000)	(25,539)	(28,000)	(25,539)
Other operating income		2,537	1,623	2,537	1,623
Operating profit		6,274	10,614	6,274	10,614
Interest expense		(4,436)	(3,867)	(4,436)	(3,867)
Share of (loss)/profit after tax and minority interest of equity accounted associate		(472)	99	(472)	99
Profit before taxation		1,366	6,846	1,366	6,846
Tax expense	18	(2,062)	(2,394)	(2,062)	(2,394)
(Loss)/Profit for the period		(696)	4,452	(696)	4,452
Attributable to:					
Shareholders of the Company		(889)	4,412	(889)	4,412
Minority interest		193	40	193	40
(Loss)/Profit for the period		(696)	4,452	(696)	4,452
Basic (loss)/earnings per share attributable to shareholders of the Company (sen)	26	(0.72)	3.56	(0.72)	3.56

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
 At 31 March 2007

	Note	31 March 2007 (Unaudited) RM'000	31 December 2006 (Restated) RM'000
ASSETS			
Property, plant and equipment		187,120	187,707
Prepaid land lease payments	1	15,063	15,135
Investments in associates		24,901	18,294
Other investments		3,515	3,515
Intangible assets		51,680	50,116
Deferred tax assets		43	171
Total non-current assets		282,322	274,938
Receivables, deposits and prepayments		262,425	254,400
Inventories		88,274	95,796
Current tax assets		7,155	7,053
Cash and cash equivalents		48,457	65,569
Total current assets		406,311	422,818
TOTAL ASSETS		688,633	697,756
EQUITY			
Share capital		124,099	124,099
Reserves		48,109	47,743
Total equity attributable to shareholders of the Company		172,208	171,842
Minority interest		44,886	42,595
TOTAL EQUITY		217,094	214,437
LIABILITIES			
Borrowings	22	117,375	119,979
Deferred tax liabilities		7,907	7,605
Deferred liability		4,180	3,906
Total non-current liabilities		129,462	131,490
Payables, accruals and provision		152,556	157,936
Borrowings	22	187,088	186,611
Current tax liabilities		2,433	2,752
Dividend payable		-	4,530
Total current liabilities		342,077	351,829
TOTAL LIABILITIES		471,539	483,319
TOTAL EQUITY AND LIABILITIES		688,633	697,756

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the period ended 31 March 2007

	<----- Attributable to shareholders of the Company ----->						
	<----- Non-distributable ----->		<----- Distributable ----->				
	Share Capital RM'000	Share premium & other capital reserves RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2007	124,099	39,951	-	7,792	171,842	42,595	214,437
Foreign exchange translation differences	-	1,255	-	-	1,255	537	1,792
Loss for the period	-	-	-	(889)	(889)	193	(696)
Subscription of shares by minority shareholders	-	-	-	-	-	3,526	3,526
Dilution in share of net assets of a subsidiary	-	-	-	-	-	(1,963)	(1,963)
Accretion arising from additional shares issued by a subsidiary	-	-	-	-	-	(2)	(2)
At 31 March 2007	124,099	41,206	-	6,903	172,208	44,886	217,094

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the period ended 31 March 2006

	<----- Attributable to shareholders of the Company ----->						
	<----- Non-distributable ----->		<----- Distributable ----->			Sub-total RM'000	Minority interest RM'000
	Share capital RM'000	Share premium & other capital reserves RM'000	Revaluation reserve RM'000	(Accumulated losses)/ Retained earnings RM'000			
At 1 January 2006	124,099	40,998	881	(554)	165,424	21,339	186,763
Transfer	-	-	(881)	881	-	-	-
	124,099	40,998	-	327	165,424	21,339	186,763
Foreign exchange translation differences	-	(598)	-	-	(598)	(69)	(667)
Effects of adopting FRS 3	-	-	-	3,253	3,253	-	3,253
Profit for the period	-	-	-	4,412	4,412	40	4,452
At 31 March 2006	124,099	40,400	-	7,992	172,491	21,310	193,801

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the period ended 31 March 2007

	3 months ended 31 March	
	2007	2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,366	6,846
Adjustments for:		
Non-cash items	8,669	7,428
Operating profit before working capital changes	10,035	14,274
Net change in current assets	1,259	(14,848)
Net change in current liabilities	(5,380)	(5,609)
Cash generated from/(used in) operations	5,914	(6,183)
Non-operating items	2,318	1,241
Net cash generated from/(used in) operating activities	8,232	(4,942)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(12,661)	(5,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	(21,774)	(12,179)
Net decrease in cash and cash equivalents	(26,203)	(22,994)
Effects of exchange differences on cash and cash equivalents	(587)	(37)
Cash and cash equivalents at 1 January	53,534	50,933
Cash and cash equivalents at 31 March	26,744	27,902

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the year ended 31 December 2007 (Cont'd)

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

	3 months ended 31 March	
	2007	2006
	RM'000	RM'000
Short term deposits with licensed banks (excluding deposits pledged)	5,137	725
Cash and bank balances	42,442	40,058
Bank overdrafts	<u>(20,835)</u>	<u>(12,881)</u>
	<u>26,744</u>	<u>27,902</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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

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 2006. 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 2006.

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 2006 except for the adoption of revised FRS 117 Leases and FRS 124 Related Party Disclosures issued by MASB that is effective for the Group’s annual reporting date, 31 December 2007.

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

(a) FRS 117: Leases

Prior to 1 January 2007, lease of land and buildings held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively.

There were no effects on the income statements of the Group for the 1st quarter ended 31 March 2007. Certain comparatives of the balance sheet of the Group as at 31 December 2006 have been restated as set out in Note 1(b).

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

1. **Basis of preparation (Cont’d)**

(b) Comparative Figures

The following comparative figures of the Consolidated Balance Sheet as at 31 December 2006 have been restated for the effects of adopting the above changes in accounting policies:

	As restated RM’000	As previously reported RM’000
Prepaid land lease payments	15,135	-
Property, plant and equipment	187,707	202,842

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

The auditors’ report on the financial statements for the year ended 31 December 2006 was not qualified.

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

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

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 31 March 2007.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect during the quarter ended 31 March 2007.

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 ended 31 March 2007 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

7. **Dividend paid**

During the quarter ended 31 March 2007, the Company had paid the second interim dividend of 5 sen per share less 27% tax, amounting to RM4,530,000 in respect of the financial year ended 31 December 2006 on 17 January 2007.

8. **Segmental information**

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.

Segment revenue

	3 months ended 31 March		3 months ended 31 March	
	2007	2006	2007	2006
	RM’000	RM’000	RM’000	RM’000
Industrial	136,814	147,127	136,814	147,127
Packaging	55,395	62,054	55,395	62,054
Family Care	54,689	51,755	54,689	51,755
Food	63,756	56,691	63,756	56,691
	<u>310,654</u>	<u>317,627</u>	<u>310,654</u>	<u>317,627</u>
Eliminations	(5,577)	(11,067)	(5,577)	(11,067)
Group revenue	<u>305,077</u>	<u>306,560</u>	<u>305,077</u>	<u>306,560</u>

Segment results

Industrial	3,406	3,291	3,406	3,291
Packaging	2,703	6,189	2,703	6,189
Family Care	1,591	1,806	1,591	1,806
Food	(357)	124	(357)	124
Investment holding	(1,069)	(796)	(1,069)	(796)
Operating profit	<u>6,274</u>	<u>10,614</u>	<u>6,274</u>	<u>10,614</u>

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 2006.

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

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 quarter ended 31 March 2007**

Since the last quarter,

- i. Eye Graphic Sdn. Bhd. (“EGSB”), together with EGSB’s wholly-owned subsidiary, Eye Graphic (Vietnam) Co., Ltd., had become a wholly-owned subsidiary of Texchem-Pack Holdings (S) Ltd. (“TXPHS”), which in turn is a 72.18% owned subsidiary of the Company.
- ii. TXPHS, a 72.18% owned subsidiary of the Company, had acquired 30% equity interest in M.A.C. Technology (Malaysia) Sdn. Bhd.

12. **Changes in contingent liabilities**

As at 31 March 2007, the Company has issued corporate guarantees amounting to RM337.5 million (31.12.06 : RM335.6 million) as security for banking facilities granted to its subsidiaries of which RM120.0 million were utilised at 31 March 2007 (31.12.06 : RM116.5 million).

13. **Commitments**

	31 March 2007 RM’000	31 December 2006 RM’000
Investment		
Contracted but not provided for in the financial statements	-	3,539
Property, plant and equipment		
Approved but not contracted for	7,324	5,840
Contracted but not provided for in the financial statements	4,068	4,033
	<u>11,392</u>	<u>9,873</u>

TEXCHEM RESOURCES BHD
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 period ended 31 March 2007, the Group recorded a drop of 0.5% in revenue from RM306.6 million to RM305.1 million for the same period last year.

Profit before taxation for the period ended 31 March 2007 was RM1.4 million which is lower than the same period of last year of RM6.8 million mainly due to lower profitability of the Packaging Division, and higher operating expenses.

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:

	2007 Quarter 1 RM'000	2006 Quarter 4 RM'000	Variance RM'000	%
Revenue	305,077	301,386	3,691	1.2
Profit before taxation	1,366	2,281	(915)	(40.1)

The increase in revenue was mainly due to the higher revenue recorded by the Industrial Division. However, profit before taxation had decreased by 40.1% mainly due to higher operating expenses and lower profitability of the Packaging and Family Care Divisions, although it was mitigated by the improvement in the Food Division's performance.

16. **Prospects for 2007**

Barring unforeseen circumstances, the Group's operating performance for the remaining quarters in 2007 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

18. **Tax expense**

	3 months ended 31 March		3 months ended 31 March	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,420	1,708	1,420	1,708
- prior period	-	175	-	175
Overseas				
- current period	331	181	331	181
	<hr/>	<hr/>	<hr/>	<hr/>
	1,751	2,064	1,751	2,064
Deferred tax expense	<hr/>	<hr/>	<hr/>	<hr/>
	311	330	311	330
	<hr/>	<hr/>	<hr/>	<hr/>
	2,062	2,394	2,062	2,394

The effective tax rates presented above are higher than the statutory tax rate principally due to the losses which cannot be set-off against taxable profits made by subsidiaries, tax incentives previously enjoyed by certain subsidiaries have been fully utilised and certain expenses which are not deductible for tax purposes.

19. **Unquoted investments and properties**

There were no disposals of unquoted investments and properties during the quarter ended 31 March 2007.

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

21. **Status of corporate proposals announced**

Status of Corporate Proposals

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

1. On 11 October 2004, Texchem Resources Bhd. (“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 up to RM100 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.
2. On 13 May 2005, TRB had completed the issuance of Commercial Papers of RM60 million under the Proposed PDS Programme.
3. 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.
4. On 13 November 2006, TRB had announced that TRB had on 13 November 2006 received the approval of the SC vide its letter dated 10 November 2006 for the proposed change of Commercial Papers’ sub-limit from RM60 million to RM100 million.
5. On 18 January 2007, TRB had announced that TRB had on 18 January 2007, entered into the following agreements:-
 - i. Supplemental Commercial Papers and/or Medium Term Notes Programme Agreement executed amongst
 - a. TRB (as Issuer),
 - b. RHB Investment Bank Bhd [formerly known as RHB Sakura Merchant Bankers Bhd] (as Lead Arranger, Facility Agent, Issue Agent, Paying Agent and Underwriter), and
 - c. CIMB Bank Berhad (formerly known as Bumiputra-Commerce Bank Berhad), EON Bank Berhad, OCBC Bank (Malaysia) Berhad and Maybank Berhad (all as Underwriters); and
 - ii. Supplemental Trust Deed executed between TRB (as Issuer) and Malaysian Trustees Berhad (as Trustee and Security Trustee).

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

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

6. On 3 April 2007, TRB had announced that TRB had on 3 April 2007 made an additional issuance of Commercial Papers of RM10 million under the Proposed Commercial Papers and/or Medium Term Notes Programme.
7. To date, the Commercial Papers and/or Medium Term Notes of up to RM30 million to be issued under the PDS Programme has not been issued and is still pending.

B. 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")

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 to date.

C. 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")

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

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

- D. **Proposed acquisition of 30% equity interest in M.A.C. Technology (M) Sdn. Bhd. (“MAC”) [upon conversion of 11,250,000 non-cumulative redeemable preference shares in MAC into 11,250,000 ordinary shares of RM1.00 each in MAC] comprising 9,124,500 ordinary shares of RM1.00 each from Daiichi Kasei Co., Ltd. (“DK”) by Texchem-Pack Holdings (S) Ltd. (“TXPHS”), a subsidiary of Texchem Resources Bhd. (“TRB”) at a total cash purchase consideration of RM7,078,476 subject to a Call Option granted by DK and Daiichi Kasei Holdings Co., Ltd. (DKH) (“Proposed Acquisition”)**

On 28 December 2006, TRB had announced that TXPHS, a subsidiary of TRB had on 28 December 2006, entered into a conditional Share Purchase Agreement (“SPA”) and Call Option with DK and DKH to acquire 30% equity interest in MAC [upon conversion of 11,250,000 non-cumulative redeemable preference shares in MAC into 11,250,000 ordinary shares of RM1.00 each in MAC] comprising 9,124,500 ordinary shares of RM1.00 each [or approximately 47.6% of the existing issued and paid-up capital of MAC prior to the conversion of the said non-cumulative redeemable preference shares in MAC] from DK subject to the following Call Option for a total cash purchase consideration of RM7,078,476:

- a. DK and DKH have agreed to grant to TXPHS, upon the completion of the SPA, the option and the right of first refusal to acquire from DK and/or DKH at any time (hereinafter referred to as “the Call Option”) all or any part of the remaining ordinary shares of RM1.00 each not owned by TXPHS within 5 years from the completion date of the SPA, free from all charges or liens or any other encumbrances thereto and with all rights now or hereafter attaching thereto including, but without limitation, all bonuses rights dividends and distributions declared paid or made in respect thereof after the respective exercise dates of the Call Option (hereinafter referred to as “the Option Shares”). Such Call Option can only be exercised with the prior approval or consent of Sumitomo Wiring Systems, Ltd. and of other three major customers of MAC with which MAC makes the highest sales revenue during the previous fiscal year before the time when TXPHS exercises the Call Option (“the Approval”); and

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

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

- b. Upon the exercise of the Call Option after obtaining the Approval, DK and/or DKH as the case may be, shall be bound to sell the Option Shares to TXPHS or its nominee at the purchase price to be agreed upon mutually and if the purchase price cannot be agreed upon within one month from the respective exercise dates of the Call Option (“the Period”), the parties herein agree to appoint an international accounting firm to be agreed upon, to act as independent valuer to determine the purchase price of the Option Shares, within 2 months from the expiry date of the Period. Such valuation shall be final and binding on both parties, provided however that such purchase price per share of the Option Shares shall not be less than the net asset value per share of MAC.

On 28 February 2007, TRB had announced that the Proposed Acquisition in accordance with the SPA and Call Option with DK and DKH has been completed on 28 February 2007.

On 4 April 2007, TRB had announced that the Ministry of International Trade and Industry via its letter dated 4 April 2007 has no objections to the Proposed Acquisition.

- E. Proposed acquisition of 49% equity interest in Eye Graphic Sdn. Bhd. (“EGSB”) comprising 980,000 ordinary shares of RM1.00 each from Eye Corporate Planning Co., Ltd. (“Eyecorp”) by Texchem-Pack Holdings (S) Ltd. (“TXPHS”), a subsidiary of Texchem Resources Bhd. (“TRB”) for a total consideration of RM3,526,000 or approximately RM3.60 per share to be satisfied by the issuance of such number of new ordinary shares in TXPHS (“TXPHS Shares”) based on a 5-day weighted average market price of TXPHS Shares immediately preceding the date of the Share Sale Agreement dated 26 January 2007 i.e. S\$0.332 per TXPHS Share (equivalent to approximately RM0.76 based on an exchange rate of S\$1 = RM2.28 as at 25 January 2007) (“Proposed Acquisition”)**

TRB had on 26 January 2007 announced that its subsidiary, TXPHS had on 26 January 2007 entered into a conditional Share Sale Agreement (“the SSA”) with Eyecorp to acquire 49% equity interest in EGSB comprising 980,000 ordinary shares of RM1.00 each (“EGSB Shares”) from Eyecorp for a total consideration of RM3,526,000 or approximately RM3.60 per share to be satisfied by the issuance of such number of new TXPHS Shares based on a 5-day weighted average market price of TXPHS Shares immediately preceding the date of the SSA i.e. S\$0.332 per TXPHS share (“the Price per TXPHS Share”) [equivalent to approximately RM0.76 based on an exchange rate of S\$1 = RM2.28 as at 25 January 2007]. Based on the Price per TXPHS Share, the number of TXPHS Shares to be issued to complete the Proposed Acquisition is 4,658,106 shares.

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

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

TRB had on 31 January 2007 announced that TXPHS, had on 31 January 2007 through its agent, submitted the Additional Listing Application (“ALA”) of TXPHS dated 30 January 2007 to the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the listing of the new TXPHS Shares to be issued for the Proposed Acquisition.

On 14 February 2007, TRB had announced that TXPHS had received SGX-ST’s letter dated 13 February 2007 granting its in-principle approval for the listing and quotation of the new TXPHS Shares on the Official List of the SGX-ST subject to the conditions stated therein.

On 16 February 2007, TRB had announced that the Proposed Acquisition has been completed on 16 February 2007 and the new TXPHS Shares will be listed and quoted on the official list of the SGX-ST with effect from 9.00a.m., 21 February 2007.

F. Proposed acquisition of the freehold land held under title deed Nos 33596 to 33599, Lot Nos 641 to 644, Survey Nos 1959 to 1962, Bang Pa-in Industrial Estate, Bang Pa-in, Ayutthaya, 13160 Thailand (“The Assets”) by Texchem-Pack (Thailand) Co., Ltd. (“TXPT”) from EA Power Co., Ltd. (“EAP”), a subsidiary of Texchem Resources Bhd. (“TRB”) for a total cash consideration of Ninety Nine Million Baht (THB99,000,000) [equivalent to approximately Ringgit Malaysia Ten Million Five Hundred and Ninety Three Thousand (RM10,593,000) based on an exchange rate of THB1 = RM0.107 as at 8 March 2007]

1. TRB had on 8 March 2007 announced that Texchem-Pack (Thailand) Co., Ltd. (“TXPT”), a wholly-owned subsidiary of Texchem-Pack Holdings (S) Ltd. (“TXPHS”) which is in turn a subsidiary of TRB had entered into a Sale and Purchase Agreement (“the SPA”) with EA Power Co., Ltd., (“EAP”) for the acquisition of the assets consisting of land and buildings (comprising factories and a staff canteen and all facilities and utilities inside and outside the factories within the area of such land) (“the Assets”) from EAP (the “Proposed Acquisition”) for a total cash consideration of THB99,000,000 [equivalent to approximately Ringgit Malaysia Ten Million Five Hundred and Ninety Three Thousand (RM10,593,000) based on an exchange rate of THB1 = RM0.107 as at 8 March 2007].
2. Subsequently, on 10 April 2007, TRB had announced that TXPT had submitted to the Industrial Estate Authority of Thailand (“IEAT”) on 10 April 2007, an application to obtain its approval to use the Assets for TXPT’s business operations.

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

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

3. On 11 April 2007, TRB had announced that TXPT had submitted to the Industrial Estate Authority of Thailand on 11 April 2007, an application to obtain its approval to allow TXPT to own the Assets.
4. On 24 April 2007, TRB had announced that IEAT had on 24 April 2007 granted its approval to TXPT to :
 - a) use the Assets for TXPT's business operations; and
 - b) own the Assets for TXPT's business operations subject to inter alia the condition that TXPT will have to inform IEAT on the results of the transfer of ownership of the Assets within 30 days from the date of the said transfer.
5. On 3 May 2007, TRB had announced that the Proposed Acquisition has been completed on 3 May 2007.

- G. (1) Proposed disposal of 5,737,500 ordinary shares of RM1.00 each in Sanko Kasei (M) Sdn. Bhd. ("Sanko") representing 51% of the issued and paid-up share capital of Sanko by Texchem Resources Bhd. ("TRB") to Texchem-Pack Holdings (S) Ltd. ("TXPHS") at a total consideration of RM5,737,500 to be satisfied by the issuance of 8,214,618 ordinary shares in TXPHS ("TXPHS Shares") ["Proposed Disposal"]**
- (2) Proposed acquisition of 4,500,000 ordinary shares of RM1.00 each in Sanko representing 40% of the issued and paid-up share capital of Sanko from Sanko Kasei Co., Ltd. ("Sanko Japan") by TXPHS at a total consideration of RM4,500,000 to be satisfied by the issuance of 6,442,838 new TXPHS shares ["Proposed Acquisition"]**

(collectively referred to as "the Proposals")

1. On 12 March 2007, TRB had announced that TRB had:
 - a) entered into a conditional Share Sale Agreement with Texchem-Pack Holdings (S) Ltd. ("TXPHS"), a subsidiary of TRB to dispose of 5,737,500 ordinary shares of RM1.00 each in Sanko Kasei (M) Sdn. Bhd. ("Sanko") representing 51% of the issued and paid-up share capital of Sanko to TXPHS at a total consideration of RM5,737,500 which is to be satisfied by the issuance of 8,214,618 ordinary shares in TXPHS ("TXPHS Shares") based on a 5-day weighted average market price of TXPHS Shares immediately preceding the date of the said conditional Share Sale Agreement dated 12 March 2007 i.e. S\$0.305 per TXPHS Share ("the Price per TXPHS Share") [equivalent to approximately RM0.70 based on exchange rate of S\$1 = RM2.29 as at 12 March 2007] ("Proposed Disposal").

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

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

- b) entered into a conditional Share Sale Agreement with Sanko Kasei Co., Ltd. to acquire 4,500,000 ordinary shares of 1.00 each in Sanko being 40% of the issued and paid-up share capital of Sanko at a total consideration of RM4,500,000 which is to be satisfied by the issuance of 6,442,838 TXPHS Shares based on a 5-day weighted average market price of TXPHS Shares immediately preceding the date of the said conditional Share Sale Agreement dated 12 March 2007 i.e. the Price per TXPHS Share (“Proposed Acquisition”).
2. Subsequently on 14 March 2007, TRB had inter alia announced that TXPHS, a subsidiary of TRB, had through its agent, submitted on 14 March 2007 to the Singapore Exchange Securities Trading Limited (“SGX-ST”) the Additional Listing Application dated 13 March 2007 for the listing and quotation of the new ordinary shares in the capital of TXPHS to be issued in connection with the Proposals.
3. TRB had on 16 April 2007 announced that SGX-ST had granted inter alia its in-principle approval for the listing and quotation of the new TXPHS Shares to be issued in connection with the Proposals, on the Official List of the SGX-ST.
4. On 24 April 2007, TRB had announced that an application has been made to the Ministry of International Trade and Industry (“MITI”) on 24 April 2007 for its approval of the Proposals.
5. On 30 April 2007, TRB has obtained the approval of:
 - i. the independent shareholders of TXPHS (other than TRB) for the Proposed Disposal and for the issuance of the new TXPHS Shares in relation to the Proposed Disposal; and
 - ii. the shareholders of TXPHS for issuance of the new TXPHS Shares in relation to the Proposed Acquisition.
6. The approval of MITI for the Proposals are still pending. As such, the Proposals have not been completed yet and further appropriate announcement(/s) will be made in due course.

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

H. Proposed disposal of 16,000,000 ordinary shares of RM1.00 each in Texchem Consumers Sdn. Bhd. (“TCSB”) representing 100% of the issued and paid-up share capital of the Company by Texchem Resources Bhd. (“TRB”) to DKSH Holdings (Malaysia) Berhad [formerly known as Diethelm Holdings (Malaysia) Berhad] (“the Purchaser”) at a total cash purchase consideration of RM16,000,000

1. TRB had on 20 April 2007 announced that TRB had entered into a conditional Share Sale Agreement (“SSA”) with DKSH Holdings (Malaysia) Berhad [formerly known as Diethelm Holdings (Malaysia) Berhad] (“the Purchaser”) to dispose of 16,000,000 ordinary shares of RM1.00 each (“the Shares”) in Texchem Consumers Sdn. Bhd. (“TCSB”) representing 100% of the issued and paid-up share capital of TCSB to the Purchaser at a total cash purchase consideration of RM16,000,000 (“Proposed Disposal”).
2. The Proposed Disposal has not been completed to date and further appropriate announcement(s) will be made in due course.

22. Borrowings

	31 March 2007 RM’000	31 December 2006 RM’000
Current:		
Unsecured		
Bank overdrafts	20,835	11,164
Bankers’ acceptances	99,699	109,908
Revolving credit	49,641	48,433
Term loans	15,424	15,700
Finance lease liabilities	1,489	1,406
Total	187,088	186,611
Non-current:		
Unsecured		
Commercial papers *	60,000	60,000
Term loans	20,236	23,013
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	2,139	1,966
Bank borrowings	117,375	119,979

* The Commercial papers were issued under a 7-year underwriting programme and the amount will be fully redeemed upon maturity.

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

22. **Borrowings (Cont'd)**

Borrowings denominated in foreign currencies are as follows:

	31 March 2007 RM'000	31 December 2006 RM'000
Current:		
Unsecured		
Thai Baht	5,990	4,350
Singapore Dollar	87	96
United States Dollar	4,943	5,371
Vietnamese Dong	874	635
	<u>11,894</u>	<u>10,452</u>
Non-current:		
Unsecured		
Thai Baht	938	1,074
Singapore Dollar	-	16
United States Dollar	2,789	2,892
	<u>3,727</u>	<u>3,982</u>

23. **Off balance sheet financial instruments**

There was no off balance sheet financial instrument not recognised in the balance sheet as at 31 December 2006.

24. **Changes in material litigation**

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

25. **Dividend**

No dividend has not been proposed or declared for the quarter ended 31 March 2007.

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

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

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

	3 months ended 31 March		3 months ended 31 March	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period attributable to shareholders of the Company	(889)	4,412	(889)	4,412
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic (loss)/earnings per share (sen)	(0.72)	3.56	(0.72)	3.56

BY ORDER OF THE BOARD

TAN PENG LAM
GROUP FINANCE DIRECTOR
Date: 4 May 2007