

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the nine months ended 30 September 2007

		3 months ended 30 September		9 months ended 30 September	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	8	320,222	336,038	931,375	965,625
Cost of sales		(263,736)	(272,247)	(754,216)	(781,634)
Gross profit		56,486	63,791	177,159	183,991
Distribution costs		(23,910)	(26,371)	(80,554)	(78,380)
Administrative and other operating expenses		(25,535)	(27,781)	(80,605)	(79,837)
Other operating income		3,234	1,942	9,993	6,480
Operating profit	8	10,275	11,581	25,993	32,254
Gain on disposal of a subsidiary		-	-	6,204	-
Interest expense		(4,067)	(4,325)	(13,157)	(12,105)
Share of profit/(loss) after tax and minority interest of equity accounted associates		484	99	(1,227)	(410)
Profit before taxation		6,692	7,355	17,813	19,739
Tax expense	18	(1,930)	(2,921)	(6,508)	(7,630)
Profit for the period		4,762	4,434	11,305	12,109
Attributable to:					
Shareholders of the Company		3,637	4,615	9,314	12,247
Minority interest		1,125	(181)	1,991	(138)
Profit for the period		4,762	4,434	11,305	12,109
Basic earnings per share attributable to shareholders of the Company (sen)	26	2.93	3.72	7.51	9.87

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 30 September 2007

	Note	30 September 2007 (Unaudited) RM'000	31 December 2006 (Restated) RM'000
ASSETS			
Property, plant and equipment		189,188	187,707
Prepaid land lease payments	1	14,918	15,135
Investments in associates		32,561	18,294
Other investments		3,511	3,515
Intangible assets		51,367	50,116
Deferred tax assets		51	171
Total non-current assets		291,596	274,938
Receivables, deposits and prepayments		243,880	254,400
Inventories		56,167	95,796
Current tax assets		7,450	7,053
Cash and cash equivalents		46,229	65,569
Total current assets		353,726	422,818
TOTAL ASSETS		645,322	697,756
EQUITY			
Share capital		124,099	124,099
Reserves		52,248	47,743
Total equity attributable to shareholders of the Company		176,347	171,842
Minority interest		43,361	42,595
TOTAL EQUITY		219,708	214,437
LIABILITIES			
Borrowings	22	123,365	119,979
Deferred tax liabilities		8,564	7,605
Deferred liability		4,105	3,906
Total non-current liabilities		136,034	131,490
Payables, accruals and provision		167,162	157,936
Borrowings	22	120,434	186,611
Current tax liabilities		1,984	2,752
Dividend payable		-	4,530
Total current liabilities		289,580	351,829
TOTAL LIABILITIES		425,614	483,319
TOTAL EQUITY AND LIABILITIES		645,322	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 nine months ended 30 September 2007

	<----- Attributable to shareholders of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->		Minority interest RM'000	Total equity RM'000
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000		
At 1 January 2007	124,099	39,951	7,792	171,842	42,595	214,437
Foreign exchange translation differences	-	490	-	490	352	842
Profit for the period	-	-	9,314	9,314	1,991	11,305
Disposal of a subsidiary	-	(9,524)	9,524	-	-	-
Dividends	-	-	(5,436)	(5,436)	(2,974)	(8,410)
Transfer to capital reserves	-	112	(112)	-	-	-
Effects of acquiring additional interest in subsidiaries	-	-	137	137	1,397	1,534
At 30 September 2007	124,099	31,029	21,219	176,347	43,361	219,708

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 nine months ended 30 September 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	-	881	-	-	881	(450)	431
Effects of adopting FRS 3	-	-	-	3,253	3,253	-	3,253
Profit for the period	-	-	-	12,247	12,247	(138)	12,109
Dividends	-	-	-	(4,468)	(4,468)	-	(4,468)
Transfer to capital reserves	-	42	-	(42)	-	-	-
At 30 September 2006	124,099	41,921	-	11,317	177,337	20,751	198,088

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 nine months ended 30 September 2007

	9 months ended 30 September	
	2007	2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,813	19,739
Adjustments for:		
Non-cash items	18,457	24,723
Operating profit before working capital changes	36,270	44,462
Net change in current assets	(32,928)	(42,489)
Net change in current liabilities	52,621	15,435
Cash generated from operations	55,963	17,408
Non-operating items	4,968	2,963
Net cash generated from operating activities	60,931	20,371
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(25,276)	(26,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	(43,778)	(21,135)
Net decrease in cash and cash equivalents	(8,123)	(27,558)
Effects of exchange differences on cash and cash equivalents	(806)	(315)
Cash and cash equivalents at 1 January	53,534	50,933
Cash and cash equivalents at 30 September	44,605	23,060

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the nine months ended 30 September 2007 (Cont'd)

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

	Note	9 months ended 30 September	
		2007 RM'000	2006 RM'000
Short term deposits with licensed banks (excluding deposits pledged)		117	750
Cash and bank balances		45,133	39,795
Bank overdrafts	22	(645)	(17,485)
		<u>44,605</u>	<u>23,060</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 nine months ended 30 September 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).

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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 and nine months ended 30 September 2007, save for the gain on disposal of a subsidiary company, Texchem Consumers Sdn. Bhd. and recognition of unrealised net profit of inventories amounting to RM6.2 million and RM2.7 million respectively on 31 May 2007.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect during the quarter and nine months ended 30 September 2007.

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

6. **Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter and nine months ended 30 September 2007 save as disclosed in Notes 21 and 22 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements.

7. **Dividend paid**

During the nine months ended 30 September 2007, the Company had paid the following dividends:-

- i. the second interim dividend of 5 sen per share less 27% tax, amounting to RM4,529,616 in respect of the financial year ended 31 December 2006 on 17 January 2007; and
- ii. an interim dividend of 6 sen per share less 27% tax, amounting to RM5,435,547 in respect of the financial year ending 31 December 2007 on 29 August 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 30		9 months ended 30	
	2007	2006	2007	2006
	RM’000	RM’000	RM’000	RM’000
Industrial	155,616	149,659	429,941	441,402
Packaging	58,461	66,166	165,802	191,299
Family Care	29,494	56,292	128,279	168,791
Food	85,259	75,376	226,548	196,291
	<u>328,830</u>	<u>347,493</u>	<u>950,570</u>	<u>997,783</u>
Eliminations	(8,608)	(11,455)	(19,195)	(32,158)
Group revenue	<u>320,222</u>	<u>336,038</u>	<u>931,375</u>	<u>965,625</u>

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
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8. **Segmental information (Con’td)**

Segment results	3 months ended 30		9 months ended 30	
	September		September	
	2007	2006	2007	2006
	RM’000	RM’000	RM’000	RM’000
Industrial	3,905	3,992	10,436	10,758
Packaging	3,698	6,436	8,979	18,650
Family Care	2,955	3,359	8,688	7,921
Food	1,271	(860)	1,727	(1,408)
Investment Holding	(1,554)	(1,346)	(3,837)	(3,667)
Operating profit	10,275	11,581	25,993	32,254

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.

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 2007**

Save as disclosed in Note 21 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements, since the last quarter, Texchem Homey Sdn. Bhd. had been incorporated as a wholly-owned subsidiary of Texchem Food Sdn. Bhd. on 3 August 2007.

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PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
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12. **Changes in contingent liabilities**

As at 30 September 2007, the Company has issued corporate guarantees amounting to RM301.3 million (31.12.06 : RM335.6 million) as security for banking facilities granted to its subsidiaries of which RM82.5 million were utilised at 30 September 2007 (31.12.06 : RM116.5 million).

The subsidiaries have issued corporate guarantees to certain suppliers for an amount of RM7.8 million (31.12.06: RM6.1 million).

13. **Commitments**

	30 September 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	1,734	5,840
Contracted but not provided for in the financial statements	7,206	4,033
	<u>8,940</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**

On the quarter-on-quarter basis, the Group's revenue was RM320.2 million as compared to RM336.0 million reported in the previous year's corresponding quarter. Revenue dropped by 4.7% mainly due to the disposal of a subsidiary, Texchem Consumers Sdn Bhd ("TCSB") on 31 May 2007 and lower sales volume achieved by Family Care and Packaging Divisions, but was mitigated by the higher sales of Food and Industrial Divisions. The pre-tax profit for the current quarter has slightly decreased by RM0.7 million arising from the reduction in sales.

For the nine months ended 30 September 2007, the Group recorded revenue of RM931.4 million and pre-tax profit of RM17.8 million against the revenue of RM965.6 million and pre-tax profit of RM19.7 million recorded for the same period last year.

Included in the pre-tax profit of RM17.8 million for the nine months ended 30 September 2007 was an exceptional gain of RM6.2 million arising from the disposal of TCSB. Excluding the exceptional gain, the current year-to-date pre-tax profit would be lower than the corresponding period last year due to the lower sales achieved by Family Care, Packaging and Industrial Divisions. However, this was mitigated by the increased sales volume of the Food Division.

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 3	Quarter 2	Variance	
	RM'000	RM'000	RM'000	%
Revenue	320,222	306,076	14,146	4.6
Profit before taxation	6,692	9,755	(3,063)	(31.4)

The revenue increased by 4.6% mainly due to the higher sales recorded by all the divisions. Pre-tax profit was lower mainly due to the exceptional gain on disposal of TCSB in the preceding quarter.

16. **Prospects for 2007**

Barring unforeseen circumstances, the Group's operating performance for the 4th quarter of 2007 is expected to remain positive.

17. **Profit forecast**

Not applicable as no profit forecast was published.

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

18. **Tax expense**

	3 months ended 30 September		9 months ended 30 September	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,585	2,109	3,751	5,845
- prior period	348	219	348	349
Overseas				
- current period	198	306	871	681
- prior period	82	-	82	-
	2,213	2,634	5,052	6,875
Deferred tax expense	(283)	287	1,456	755
	1,930	2,921	6,508	7,630

The effective tax rates were 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 during the quarter and nine months ended 30 September 2007, save as disclosed in Note 21 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements.

20. **Quoted investments**

There were no purchases and disposals of quoted securities during the quarter and nine months ended 30 September 2007.

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).

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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 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.

- C. (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

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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)**

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”).

- 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 approvals 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.

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 25 May 2007, TRB had announced that the allotment and issuance of the new TXPHS Shares and the Proposals have been successfully completed and that the new TXPHS Shares will be listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited with effect from 9 a.m., 28 May 2007.
7. On 28 August 2007, TRB had announced that the MITI approval of the Proposals had been obtained.

D. Proposed Acquisition of 442 shares of USD5,000 each in PT. Technopia Jakarta (“PTTJ”) Representing Approximately 30% of the Issued and Paid-Up Share Capital of PTTJ by Texchem Resources Bhd. (“TRB”) from Texchem Corporation Sdn. Bhd. (“Texcorp”) at a Cash Purchase Consideration of RM8,415,470

1. On 13 June 2007, TRB had announced that TRB had entered into a conditional Share Sale Agreement with Texcorp to acquire approximately 30% of the issued and paid-up share capital of PTTJ comprising 442 shares of USD5,000 each from Texcorp for a total purchase consideration of RM8,415,470 (“Proposed Acquisition of PTTJ”).
2. On 5 July 2007, TRB had announced that the approval of the shareholders of Texcorp in relation to the Proposed Acquisition of PTTJ has been obtained.
3. On 19 July 2007, TRB had announced that an Extraordinary General Meeting of TRB will be held on 6 August 2007 at 11.00 a.m. for the purpose of seeking the TRB shareholders’ approval of the Proposed Acquisition of PTTJ. On 6 August 2007, TRB had announced that the approval of the shareholders of TRB for the Proposed Acquisition of PTTJ has been obtained.
4. On 7 August 2007, TRB had announced that the Proposed Acquisition of PTTJ has been completed in accordance with the Share Sale Agreement with Texcorp.
5. On 26 September 2007, TRB had announced that the application to Badan Koordinasi Penanaman Modal (Investment Coordinating Board) of Indonesia for the Proposed Acquisition of PTTJ has been submitted.
6. On 28 September 2007, TRB had announced that the approval letter from the Badan Koordinasi Penanaman Modal (Investment Coordinating Board) of Indonesia for the Proposed Acquisition of PTTJ has been received.

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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)**

E. Proposed Acquisition of 100% equity interest in New Material (Malaysia) Sdn. Bhd. (“NM”) comprising 920,000 ordinary shares of RM1.00 each from Mitsui Bussan Frontier Co., Ltd. (formerly known as New Material Service Inc.) by Texchem Materials Sdn. Bhd., a subsidiary of Texchem Resources Bhd. (“TRB”) at a total cash purchase consideration of RM3,000,000 (“Proposed Acquisition of NM”)

1. On 6 September 2007, TRB had announced that Texchem Materials Sdn. Bhd., a wholly owned subsidiary of TRB, had entered into a conditional Share Purchase Agreement with Mitsui Bussan Frontier Co., Ltd (formerly known as New Material Service Inc.) to acquire 100% equity interest in NM comprising 920,000 ordinary shares of RM1.00 each for a total cash purchase consideration of RM3,000,000.
2. On 25 October 2007, TRB had, inter alia, announced that the Proposed Acquisition of NM has been completed.

22. **Borrowings**

	30 September 2007 RM'000	31 December 2006 RM'000
Current:		
Unsecured		
Bank overdrafts	645	11,164
Bankers' acceptances	59,320	109,908
Revolving credit	45,950	48,433
Term loans	13,368	15,700
Finance lease liabilities	1,151	1,406
Total	120,434	186,611
Non-current:		
Unsecured		
Commercial papers *	70,000	60,000
Term loans	16,505	23,013
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,860	1,966
Total	123,365	119,979

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

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

Borrowings denominated in foreign currencies are as follows:

	30 September 2007 RM'000	31 December 2006 RM'000
Current:		
Unsecured		
Thai Baht	3,448	4,350
Singapore Dollar	23	96
United States Dollar	4,035	5,371
Vietnamese Dong	640	635
	<u>8,146</u>	<u>10,452</u>
Non-current:		
Unsecured		
Thai Baht	6,982	1,074
Singapore Dollar	82	16
United States Dollar	1,435	2,892
	<u>8,499</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 30 September 2007.

24. **Changes in material litigation**

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

25. **Dividend**

A first interim dividend of 6 sen less 27% tax in respect of the financial year ending 31 December 2007 (2006: 5 sen less 28% tax) was declared on 8 August 2007 and was paid on 29 August 2007. The entitlement date was on 22 August 2007.

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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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit for the period attributable to shareholders of the Company	3,637	4,615	9,314	12,247
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings per share (sen)	2.93	3.72	7.51	9.87

BY ORDER OF THE BOARD

TAN PENG LAM
GROUP FINANCE DIRECTOR
Date: 2 November 2007