



TEXCHEM RESOURCES BERHAD (16318-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2008

TEXCHEM RESOURCES BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and six months ended 30 June 2008

	Note	3 months ended 30 June		6 months ended 30 June	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	8	386,371	306,076	733,439	611,153
Cost of sales		(328,061)	(244,815)	(613,356)	(490,480)
Gross profit		58,310	61,261	120,083	120,673
Distribution costs		(26,419)	(28,969)	(54,286)	(56,644)
Administrative and other operating expenses		(26,714)	(27,070)	(53,640)	(55,070)
Other operating income		5,292	4,222	6,326	6,759
Operating profit	8	10,469	9,444	18,483	15,718
Gain on disposal of a subsidiary		-	6,204	-	6,204
Finance costs		(4,430)	(4,654)	(8,348)	(9,090)
Share of loss after tax and minority interest of equity accounted associates		(2,975)	(1,239)	(3,093)	(1,711)
Profit before taxation		3,064	9,755	7,042	11,121
Tax expense	18	(2,582)	(2,516)	(4,765)	(4,578)
Profit for the period		482	7,239	2,277	6,543
Attributable to:					
Shareholders of the Company		468	6,566	1,527	5,677
Minority interest		14	673	750	866
Profit for the period		482	7,239	2,277	6,543
Basic earnings per share attributable to shareholders of the Company (sen)	26	0.38	5.29	1.23	4.57

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2008

	Note	30 June 2008 (Unaudited) RM'000	31 December 2007 (Audited) RM'000
ASSETS			
Property, plant and equipment		196,930	185,673
Prepaid land lease payments		17,989	14,846
Investments in associates		19,170	30,697
Other investments		3,500	3,508
Intangible assets		54,538	51,367
Deferred tax assets		1,331	93
Total non-current assets		293,458	286,184
Receivables, deposits and prepayments		285,327	268,076
Inventories		85,355	69,648
Current tax assets		5,218	8,713
Cash and cash equivalents		56,070	51,541
Total current assets		431,970	397,978
TOTAL ASSETS		725,428	684,162
EQUITY			
Share capital		124,099	124,099
Reserves		50,376	53,563
Total equity attributable to shareholders of the Company		174,475	177,662
Minority interest		53,237	44,878
TOTAL EQUITY		227,712	222,540
LIABILITIES			
Borrowings	22	120,818	124,991
Deferred tax liabilities		7,922	8,113
Deferred liability		4,467	4,276
Total non-current liabilities		133,207	137,380
Payables, accruals and provision		184,329	183,578
Borrowings	22	176,722	132,476
Current tax liabilities		3,458	2,678
Dividend payable		-	5,510
Total current liabilities		364,509	324,242
TOTAL LIABILITIES		497,716	461,622
TOTAL EQUITY AND LIABILITIES		725,428	684,162

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.



TEXCHEM RESOURCES BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the six months ended 30 June 2008

	<----- Attributable to shareholders of the Company ----->					
	<----- Non-distributable ----->		<- Distributable ->			
	Share Capital RM'000	Share premium & other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2008	124,099	29,704	23,859	177,662	44,878	222,540
Foreign exchange translation differences	-	(4,714)	-	(4,714)	(1,152)	(5,866)
Profit for the period	-	-	1,527	1,527	750	2,277
Acquisition of subsidiaries	-	-	-	-	9,541	9,541
Dividends paid to minority shareholders	-	-	-	-	(780)	(780)
At 30 June 2008	124,099	24,990	25,386	174,475	53,237	227,712

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.



TEXCHEM RESOURCES BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the six months ended 30 June 2007

	<----- Attributable to shareholders of the Company ----->					
	<----- Non-distributable ----->	Share premium & other capital reserves	Retained earnings	Sub-total	Minority interest	Total equity
	Share Capital RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	124,099	39,951	7,792	171,842	42,595	214,437
Foreign exchange translation differences	-	4,178	-	4,178	1,184	5,362
Profit for the period	-	-	5,677	5,677	866	6,543
Disposal of a subsidiary	-	(9,524)	9,524	-	-	-
Dividends paid to minority shareholders	-	-	-	-	(1,305)	(1,305)
Accretion arising from additional shares issued by a subsidiary	-	-	(22)	(22)	22	-
Dilution arising from additional shares issued by a subsidiary	-	-	159	159	1,375	1,534
At 30 June 2007	124,099	34,605	23,130	181,834	44,737	226,571

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the six months ended 30 June 2008

	6 months ended 30 June	
	2008	2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,042	11,121
Adjustments for:		
Non-cash items	18,559	10,995
Operating profit before working capital changes	25,601	22,116
Net change in current assets	(24,183)	(13,552)
Net change in current liabilities	(4,709)	15,790
Cash (used in)/generated from operations	(3,291)	24,354
Non-operating items	6,041	4,338
Net cash generated from operating activities	2,750	28,692
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(21,940)	(15,462)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from/(used in) financing activities	16,633	(18,341)
Net decrease in cash and cash equivalents	(2,557)	(5,111)
Effects of exchange differences on cash and cash equivalents	(669)	(925)
Cash and cash equivalents at 1 January	46,001	53,534
Cash and cash equivalents at 30 June	42,775	47,498

TEXCHEM RESOURCES BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
for the six months ended 30 June 2008 (Cont'd)

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

	Note	6 months ended 30 June	
		2008	2007
		RM'000	RM'000
Short term deposits with licensed banks (excluding deposits pledged)		2,071	602
Cash and bank balances		52,828	49,004
Bank overdrafts	22	<u>(12,124)</u>	<u>(2,108)</u>
		<u>42,775</u>	<u>47,498</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BERHAD
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 2007. 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards (FRSs) and new Interpretations effective for financial periods beginning on or after 1 January 2008:

FRS 107, Cash Flow Statements

FRS 111, Construction Contracts

FRS 112, Income Taxes

FRS 118, Revenue

FRS 120, Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

FRS 134, Interim Financial Reporting

FRS 137, Provisions, Contingent Liabilities and Contingent Assets

IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2, Member’s Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies

IC Interpretation 8, Scope of FRS 2

FRS 111, FRS 120 and the Interpretations listed above are not applicable to the Group. FRS 139, Financial Instruments: Recognition and Measurement has been deferred and has not been adopted by the Group.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

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

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

The auditors’ report on the financial statements for the year ended 31 December 2007 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 six months ended 30 June 2008.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect during the quarter and six months ended 30 June 2008.

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 six months ended 30 June 2008 save as disclosed in Note 21 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements.

7. **Dividend paid**

During the six months ended 30 June 2008, the Company had paid the second interim dividend of 6 sen per share less 26% tax, amounting to approximately RM5,510,000 in respect of the financial year ended 31 December 2007 on 10 January 2008.

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

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 June		6 months ended 30 June	
	2008	2007	2008	2007
	RM’000	RM’000	RM’000	RM’000
Industrial	210,319	137,511	395,390	274,325
Packaging	57,711	51,946	115,668	107,341
Family Care	38,843	44,096	66,635	98,785
Food	80,464	77,533	157,695	141,289
	<u>387,337</u>	<u>311,086</u>	<u>735,388</u>	<u>621,740</u>
Eliminations	(966)	(5,010)	(1,949)	(10,587)
Group revenue	<u>386,371</u>	<u>306,076</u>	<u>733,439</u>	<u>611,153</u>

Segment results

Industrial	6,307	3,125	8,881	6,531
Packaging	2,829	2,578	5,661	5,281
Family Care	1,447	4,142	3,592	5,733
Food	1,463	813	3,324	456
Investment Holding	(1,577)	(1,214)	(2,975)	(2,283)
Operating profit	<u>10,469</u>	<u>9,444</u>	<u>18,483</u>	<u>15,718</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 2007.

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.

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

11. Changes in composition of the Group for the six month ended 30 June 2008

Save as disclosed in Note 21 of the Additional Information required by Bursa Malaysia Securities Berhad Listing Requirements, since the last quarter, Texchem Resources Berhad (“TRB”) had

- a) On 17 April 2008, announced that Texchem-Pack Holdings (S) Ltd (“TXPHS”), a subsidiary of TRB had acquired 1,012,500 ordinary shares of RM1.00 each, representing 9% of the issued and paid-up capital of Texchem-Pack (Bangli) Sdn Bhd (“TXPB”). Following the completion of the acquisition, TXPHS now owns 100% of the issued and paid-up capital of TXPB.
- b) On 22 February 2008, announced the proposed acquisition of 310 shares of USD5,000 each in PT. Technopia Jakarta (“PTTJ”) representing approximately 21% of the issued and paid-up share capital of PTTJ by TRB from Texchem Corporation Sdn. Bhd. (“Texcorp”) at a total cash purchase consideration of RM5,903,588. On 10 March 2008, TRB had announced that the approval of the shareholders of Texcorp in relation to the above proposed acquisition has been obtained. On 18 April 2008, TRB had announced that the proposed acquisition has been completed.
- c) On 10 June 2008, acquired New Material (Hong Kong) Limited [formerly known as Alpha Crown International Limited] as a wholly-owned subsidiary by New Material (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Texchem Materials Sdn Bhd, which in turn is a wholly-owned subsidiary of TRB.

12. Changes in contingent liabilities

As at 30 June 2008, the Company has issued corporate guarantees amounting to RM264.1 million (31.12.07 : RM262.8 million) as security for banking facilities granted to its subsidiaries of which RM72.7 million were utilised as at 30 June 2008 (31.12.07 : RM68.6 million).

The Group have issued corporate guarantees to certain suppliers for an amount of RM12.3 million (31.12.07: RM9.6 million).

13. Commitments

	30 June 2008 RM’000	31 December 2007 RM’000
Investment		
Contracted but not provided for in the financial statements	13,733	5,904
Property, plant and equipment		
Contracted but not provided for in the financial statements	10,163	5,117
Approved but not contracted for	1,644	951
	<u>25,540</u>	<u>11,972</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 RM386.4 million as compared to RM306.1 million reported in corresponding quarter last year. The increase in revenue of 26% was mainly contributed by higher revenue from Industrial, Packaging and Food Divisions. The major contributors in Industrial Division were Texchem Materials Sdn Bhd and New Material (Malaysia) Sdn Bhd, a subsidiary acquired on 25 October 2007. However, Family Care Division reported a decrease in revenue of RM5.3 million as compared to the corresponding quarter mainly due to the disposal of Texchem Consumers Sdn Bhd ("TCSB") on 31 May 2007.

Despite the increase in revenue, pre-tax profit decreased to RM3.1 million from RM9.8 million recorded for the same quarter last year. The lower pre-tax profit was mainly attributed to the gain on disposal of TCSB in second quarter of 2007, amounting to RM6.2 million. Excluding the exceptional gain, the pre-tax profit for the current quarter was marginally lower by RM0.5 million as compared to the corresponding quarter last year.

For the six months ended 30 June 2008, the Group recorded revenue of RM733.4 million and pre-tax profit of RM7.0 million against the revenue of RM611.2 million and pre-tax profit of RM11.1 million recorded for the same period last year. The higher revenue of RM122.2 million was mainly due to the increase in revenue generated by Industrial, Packaging and Food Divisions which was partially offset by the lower sales volume in Family Care Division as explained above. Similarly, excluding the exceptional gain on disposal of TCSB, the current year-to-date pre-tax profit was higher than the same period last year by RM2.1 million. Most of the companies within the respective divisions have contributed to the higher pre-tax profit despite the increase in share of net loss of an associate.

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:

	<-----2008----->			
	Quarter 2	Quarter 1	Variance	
	RM'000	RM'000	RM'000	%
Revenue	386,371	347,068	39,303	11.3
Profit before taxation	3,064	3,978	(914)	(23.0)

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

15. **Variation of results against preceding quarter (Cont'd)**

The revenue increased by 11.3% mainly attributed to higher sales recorded by Texchem Material Sdn Bhd in Industrial Division and the acquisition of a new subsidiary, PT. Technopia Jakarta in the second quarter of the year. The lower pre-tax profit is mainly due to our share of net loss of an associate.

16. **Prospects for 2008**

The Board is mindful of a potential slowdown in the global economy in the current year amidst high oil prices, a weak US dollar and inflationary cost pressures. Nevertheless, the Group's operating performance for the remaining quarters of 2008 is expected to remain favourable.

17. **Profit forecast**

Not applicable as no profit forecast was published.

18. **Tax expense**

	3 months ended 30 June		6 months ended 30 June	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	2,217	746	4,125	2,166
- prior period	41	-	41	-
Overseas				
- current period	679	342	946	673
- prior period	(90)	-	(49)	-
	2,847	1,088	5,063	2,839
Deferred tax expense	(265)	1,428	(298)	1,739
	2,582	2,516	4,765	4,578

The effective tax rates for the current quarter and six months period were higher than the statutory tax rate principally due to losses which cannot be set-off against taxable profits made by subsidiaries and certain expenses which are not tax deductible. The effective tax rates for the comparative quarter was lower than the statutory tax rate principally due to the capital gain on disposal of a subsidiary which is not taxable.

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

19. **Unquoted investments and properties**

There were no disposals of unquoted investments and properties during the quarter and six months ended 30 June 2008, 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 under review.

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

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)**

- 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).
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. On 2 June 2008, TRB had announced that TRB had recently made an additional issuance of Commercial Papers of RM10 million under the Proposed Commercial Papers and/or Medium Term Notes Programme.

Todate, the balance of unissued Commercial Papers and/or Medium Term Notes is RM5 million after taking into account the latest maximum limit of RM85 million with effect from 31 March 2008.

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 had on 8 August 2006 announced that Zenith Enterprises Sdn Berhad, 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 todate.

C. Negotiations on the proposed extension of the expiry date of the Option Period to exercise Call and/or Put Options as set out in the Shareholders' Agreement and Call and Put Options dated 29 January 2003 amongst TRB, Mr. Ng Bak Hwa, Mr. Ng Bak Kuang, Mr. Chan Tung Lion and Mr. Khor Cheng Thong ("SACPO") as announced on 29 January 2003

On 23 April 2008, TRB had announced that TRB was negotiating with Mr. Ng Bak Hwa, Mr. Ng Bak Kuang, Mr. Chan Tung Lion and Mr. Khor Cheng Thong (collectively referred to as "the Other Shareholders of Texchem Food Sdn. Bhd.") on the extension of the expiry date of the Option Period as defined in the announcement dated 29 January 2003.

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)**

It was further announced that should the negotiations on the extension of the expiry date of the Option Period as defined in the announcement dated 29 January 2003 not be resolved latest by 22 May 2008, the Call Option as defined in the announcement dated 29 January 2003 shall be automatically deemed to be exercised on 23 April 2008 in accordance with the SACPO. Thereafter, TRB will proceed accordingly in accordance with the SACPO.

On 22 May 2008, it was further announced that TRB and the Other Shareholders of Texchem Food Sdn. Bhd. have agreed on 22 May 2008 via a letter to extend the Option Period as defined in the announcement dated 29 January 2003 for approximately another five (5) years from 22 April 2008 (“Extended Option Period”) and the Extended Option Period will expire on 23 April 2013 (“Extension Letter”). Save for the Extended Option Period, all other terms and conditions of the SACPO shall remain unchanged.

In addition, TRB had received on 22 May 2008 from each of the Other Shareholders of Texchem Food Sdn. Bhd. a letter exercising the Put Option in accordance with the SACPO read with the Extension Letter, for all the ordinary shares of RM1.00 each in Texchem Food Sdn. Bhd. held by them which totalled 5,824,171 shares. As such, the payment of the purchase price for the 5,824,171 ordinary shares of RM1.00 each in Texchem Food Sdn. Bhd. is to be made by 21 August 2008 in accordance with the SACPO read with the Extension Letter.

Todate, the completion of the exercise of the Put Option as mentioned above is still pending.

D. Proposed Acquisition of 721 shares of USD5,000 each in PT. Technopia Jakarta

On 27 May 2008, TRB had announced that TRB had on 27 May 2008, entered into a conditional Share Sale Agreement with Texchem Corporation Sdn Bhd (“Texcorp”), to acquire approximately 49% of the issued and paid-up share capital of PT. Technopia Jakarta (“PTTJ”) comprising 721 shares of USD5,000 each from Texcorp for a total cash purchase consideration of RM13,732,537.

On 3 July 2008, TRB had announced that the approval of the shareholders of Texcorp in relation to the above proposed acquisition has been obtained on 3 July 2008.

On 4 July 2008, TRB had announced that the approval of the shareholders of TRB for the proposed acquisition has been obtained and the proposed acquisition, in accordance with the conditional Share Sale Agreement with Texcorp, has also been completed. As such, PTTJ is now a wholly-owned subsidiary of TRB.

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

22. **Borrowings**

	30 June 2008 RM'000	31 December 2007 RM'000
Current:		
Unsecured		
Bank overdrafts	12,124	4,547
Bankers' acceptances	70,955	62,463
Revolving credit	63,266	46,240
Term loans	10,350	13,332
Commercial papers *	10,000	-
Trust receipts	8,852	4,201
Promissory notes	-	436
Finance lease liabilities	1,175	1,257
Total	176,722	132,476
Non-current:		
Unsecured		
Commercial papers *	70,000	70,000
Term loans	14,358	18,371
Collateralised loan obligations	35,000	35,000
Finance lease liabilities	1,460	1,620
Total	120,818	124,991

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

Borrowings denominated in foreign currencies are as follows:

	30 June 2008 RM'000	31 December 2007 RM'000
Current:		
Unsecured		
Thai Baht	3,175	3,058
Singapore Dollar	10,894	4,660
United States Dollar	7,676	3,838
Euro Dollar	34	-
Indonesian Rupiah	875	-
Vietnamese Dong	2,039	678
	24,693	12,234
Non-current:		
Unsecured		
Thai Baht	5,170	6,481
Singapore Dollar	3,384	11
Euro Dollar	11	-
United States Dollar	144	963
	8,709	7,455

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

23. **Off balance sheet financial instruments**

There was no off balance sheet financial instrument not recognised in the balance sheet as at 30 June 2008.

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 26% tax in respect of the financial year ending 31 December 2008 (2007: 6 sen less 27% tax) has been declared on 31 July 2008 and is payable on 21 August 2008. The entitlement date has been fixed on 14 August 2008.

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 June		6 months ended 30 June	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to shareholders of the Company	468	6,566	1,527	5,677
Weighted average number of ordinary shares in issue	124,099	124,099	124,099	124,099
Basic earnings per share (sen)	0.38	5.29	1.23	4.57

BY ORDER OF THE BOARD

JONY RAW
CHIEF FINANCIAL OFFICER
Date: 31 July 2008