



**TEXCHEM RESOURCES BHD (16318-K)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the quarter and nine months ended 30 September 2018

	Note	3 months ended 30 September			9 months ended 30 September		
		2018 RM'000	2017 RM'000 (Restated)	Changes (%)	2018 RM'000	2017 RM'000 (Restated)	Changes (%)
<b>Continuing Operations</b>							
<b>Revenue</b>	1 & 8	<b>294,992</b>	<b>289,486</b>	<b>1.90</b>	<b>845,285</b>	<b>844,960</b>	<b>0.04</b>
Cost of sales		(215,004)	(214,816)	(0.09)	(613,216)	(627,536)	2.28
<b>Gross profit</b>		<b>79,988</b>	<b>74,670</b>	<b>7.12</b>	<b>232,069</b>	<b>217,424</b>	<b>6.74</b>
Distribution costs		(45,011)	(40,494)	(11.15)	(133,286)	(122,018)	(9.23)
Administrative expenses		(33,233)	(29,830)	(11.41)	(94,718)	(90,281)	(4.91)
Other income		1,703	1,049	62.35	4,737	5,861	(19.18)
<b>Operating profit excluding exceptional items</b>		<b>3,447</b>	<b>5,395</b>	<b>(36.11)</b>	<b>8,802</b>	<b>10,986</b>	<b>(19.88)</b>
Unusual expenses		(2,927)	147	(2,091.15)	(2,927)	(5,177)	43.46
Exceptional income		2,036	-	-	2,036	-	-
Share of loss of equity accounted associates, net of tax		(238)	(441)	46.03	(2,038)	(1,653)	(23.29)
<b>Profit before interest and taxation</b>		<b>2,318</b>	<b>5,101</b>	<b>(54.56)</b>	<b>5,873</b>	<b>4,156</b>	<b>41.31</b>
Finance costs		(2,346)	(2,273)	(3.21)	(6,789)	(6,695)	(1.40)
<b>(Loss)/profit before taxation</b>		<b>(28)</b>	<b>2,828</b>	<b>(100.99)</b>	<b>(916)</b>	<b>(2,539)</b>	<b>63.92</b>
Income tax expense	18	(2,600)	(3,582)	27.41	(7,361)	(8,692)	15.31
<b>Loss for the period</b>	19	<b>(2,628)</b>	<b>(754)</b>	<b>(248.54)</b>	<b>(8,277)</b>	<b>(11,231)</b>	<b>26.30</b>
<b>(Loss)/profit attributable to:</b>							
Owners of the Company		(2,083)	(1,383)	(50.61)	(7,697)	(8,069)	4.61
Non-controlling interests		(545)	629	(186.65)	(580)	(3,162)	81.66
<b>Loss for the period</b>		<b>(2,628)</b>	<b>(754)</b>	<b>(248.54)</b>	<b>(8,277)</b>	<b>(11,231)</b>	<b>26.30</b>
<b>Basic loss per share attributable to owners of the Company (sen)</b>	27	<b>(1.71)</b>	<b>(1.14)</b>	<b>(50.00)</b>	<b>(6.33)</b>	<b>(6.64)</b>	<b>4.67</b>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

for the quarter and nine months ended 30 September 2018

Note	3 months ended 30 September			9 months ended 30 September		
	2018 RM'000	2017 RM'000 (Restated)	Changes (%)	2018 RM'000	2017 RM'000 (Restated)	Changes (%)
<b>Loss for the period</b>	<b>(2,628)</b>	<b>(754)</b>	<b>248.54</b>	<b>(8,277)</b>	<b>(11,231)</b>	<b>26.30</b>
<b>Other comprehensive income/(expense), net of tax</b>						
Foreign currency translation differences for foreign operations	1,435	(499)	387.58	(297)	(1,709)	82.62
<b>Total comprehensive expense for the period</b>	<b>(1,193)</b>	<b>(1,253)</b>	<b>4.79</b>	<b>(8,574)</b>	<b>(12,940)</b>	<b>33.74</b>
<b>Total comprehensive (expense)/income attributable to:</b>						
Owners of the Company	(218)	(1,816)	88.00	(7,358)	(9,608)	23.42
Non-controlling interests	(975)	563	(273.18)	(1,216)	(3,332)	63.51
<b>Total comprehensive expense for the period</b>	<b>(1,193)</b>	<b>(1,253)</b>	<b>4.79</b>	<b>(8,574)</b>	<b>(12,940)</b>	<b>33.74</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

At 30 September 2018

	Note	30 September 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000
<b>ASSETS</b>			
Property, plant and equipment		172,939	174,244
Investment in associates		1,678	2,991
Intangible assets			
- Goodwill		34,382	37,309
- Trademarks		21,500	21,500
Deferred tax assets		765	611
<b>Total non-current assets</b>		<b>231,264</b>	<b>236,655</b>
Trade receivables		146,904	139,571
Other receivables		47,128	56,649
Inventories		100,408	90,439
Current tax assets		1,757	1,525
Cash and cash equivalents		62,034	93,912
Derivative assets		-	15
<b>Total current assets</b>		<b>358,231</b>	<b>382,111</b>
<b>TOTAL ASSETS</b>		<b>589,495</b>	<b>618,766</b>
<b>EQUITY</b>			
Share capital		149,667	149,667
Reserves		94,237	108,408
<b>Total equity attributable to owners of the Company</b>		<b>243,904</b>	<b>258,075</b>
Non-controlling interests		34,782	29,125
<b>TOTAL EQUITY</b>		<b>278,686</b>	<b>287,200</b>
<b>LIABILITIES</b>			
Loans and borrowings	21	22,525	23,554
Deferred tax liabilities		3,139	3,056
Deferred liabilities		2,930	2,592
Provision		6,421	6,034
<b>Total non-current liabilities</b>		<b>35,015</b>	<b>35,236</b>

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
 At 30 September 2018 (Cont'd)

		<b>30 September 2018 (Unaudited) RM'000</b>	<b>31 December 2017 (Audited) RM'000</b>
	<b>Note</b>		
<b>LIABILITIES</b>			
Trade payables		66,679	71,181
Other payables		60,341	66,304
Provision		68	125
Loans and borrowings	21	145,897	145,148
Current tax liabilities		2,394	3,109
Deferred liabilities		387	387
Derivative liabilities	22	28	-
Dividend payable	7	-	10,076
<b>Total current liabilities</b>		<b>275,794</b>	<b>296,330</b>
<b>TOTAL LIABILITIES</b>		<b>310,809</b>	<b>331,566</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>589,495</b>	<b>618,766</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

	<-----Attributable to owners of the Company ----->					Total equity RM'000
	Share capital RM'000	Other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	
<b>At 1 January 2018</b>	149,667	(3,412)	111,820	258,075	29,125	287,200
Other comprehensive income/(expense)	-	339	-	339	(636)	(297)
Loss for the period	-	-	(7,697)	(7,697)	(580)	(8,277)
<b>Total comprehensive income/(expense) for the period</b>	-	<b>339</b>	<b>(7,697)</b>	<b>(7,358)</b>	<b>(1,216)</b>	<b>(8,574)</b>
Accretion of interest in existing subsidiaries	-	-	(6,813)	(6,813)	6,173	(640)
Issuance of shares to non-controlling interests	-	-	-	-	700	700
<b>Total transaction with owners of the Company</b>	-	-	<b>(6,813)</b>	<b>(6,813)</b>	<b>6,873</b>	<b>60</b>
<b>At 30 September 2018</b>	149,667	(3,073)	97,310	243,904	34,782	278,686

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2017

	<--- Attributable to owners of the Company --->							
	<-----Non-distributable----->			Distributable				
Note	Share capital RM'000	Share premium RM'000	Other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000	
<b>At 1 January 2017</b>	124,099	25,568	10,080	123,628	283,375	22,176	305,551	
Other comprehensive expense	-	-	(1,539)	-	(1,539)	(170)	(1,709)	
Loss for the period	-	-	-	(8,069)	(8,069)	(3,162)	(11,231)	
<b>Total comprehensive expense for the period</b>	-	-	<b>(1,539)</b>	<b>(8,069)</b>	<b>(9,608)</b>	<b>(3,332)</b>	<b>(12,940)</b>	
Accretion of interest in existing subsidiaries	-	-	-	(120)	(120)	(32)	(152)	
Issuance of shares to non-controlling interests	-	-	-	-	-	2,610	2,610	
Purchase of treasury shares	-	-	(231)	-	(231)	-	(231)	
Transaction costs of treasury shares	-	-	(3)	-	(3)	-	(3)	
Dividend received by non-controlling interests	-	-	-	-	-	(1,779)	(1,779)	
Transfer to share capital	25,568	(25,568)	-	-	-	-	-	
<b>Total transactions with owners of the Company</b>	<b>25,568</b>	<b>(25,568)</b>	<b>(234)</b>	<b>(120)</b>	<b>(354)</b>	<b>799</b>	<b>445</b>	
<b>At 30 September 2017</b>	<b>149,667</b>	<b>-</b>	<b>8,307</b>	<b>115,439</b>	<b>273,413</b>	<b>19,643</b>	<b>293,056</b>	

Note (a)

The new Companies Act 2016 ("CA 2016"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the CA 2016. Pursuant to subsection 618(3) of the CA 2016, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
for the nine months ended 30 September 2018

	Note	9 months ended 30 September	
		2018	2017
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before taxation</b>		(916)	(2,539)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment		24,237	23,425
Provision for Directors' retirement/resignation benefits		475	1,021
Property, plant and equipment written off		1,452	2,881
Amortisation of franchise fee		-	109
Franchise fee written off		-	1,111
Impairment loss on goodwill		2,927	-
(Gain)/loss on disposal of property, plant and equipment		(559)	431
Interest income		(516)	(295)
Dividend income from money market funds		-	(497)
Interest expense		6,789	6,695
Share of loss of equity accounted associates		2,038	1,653
Gain on disposal of an associate		(2,036)	-
Gain on winding up of a subsidiary	B	(24)	-
		34,783	36,534
Operating profit before changes in working capital		33,867	33,995
Changes in working capital:			
Inventories		(9,969)	(13,004)
Trade and other receivables		2,754	(11,518)
Trade and other payables		(10,923)	(13,978)
		15,729	(4,505)
Cash generated from/(used in) operations			
Income tax paid		(8,398)	(7,371)
Directors' retirement/resignation benefits paid		(152)	(806)
		7,179	(12,682)
<b>Net cash generated from/(used in) operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		972	1,082
Purchase of property, plant and equipment		(18,766)	(15,191)
Interest received		516	295
Accretion of interest in existing subsidiaries		(640)	(152)
Subscription of shares in associates		(3,980)	(800)
Dividend received from money market funds		-	497
Winding up of a subsidiary, net of cash and cash equivalents	B	(2)	-
Proceeds from disposal of an associate		5,290	-
<b>Net cash used in investing activities</b>		(16,610)	(14,269)



**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
for the nine months ended 30 September 2018 (Cont'd)

	Note	9 months ended 30 September	
		2018	2017
		RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of term loans		-	8,323
Repayment of term loans		(8,563)	(10,406)
Repayment of finance lease liabilities		(2,733)	(2,023)
Drawdown of borrowings (net)		6,655	8,734
Proceeds from issuance of shares to non-controlling interests		700	2,610
Purchase of treasury shares		-	(234)
Interest paid		(6,789)	(6,695)
Dividend paid	7	(10,076)	(10,055)
Dividend paid to non-controlling interests		-	(1,779)
<b>Net cash used in financing activities</b>		<b>(20,806)</b>	<b>(11,525)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(30,237)</b>	<b>(38,476)</b>
Cash and cash equivalents at 1 January		75,871	106,250
Effects of exchange differences on cash and cash equivalents		(129)	(724)
<b>Cash and cash equivalents at 30 September</b>	A	<b>45,505</b>	<b>67,050</b>

**Note A: Cash and cash equivalents**

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following condensed consolidated statement of financial position amounts:

	30 September	30 September
	2018	2017
	RM'000	RM'000
Money market funds	-	17,232
Cash and bank balances	62,034	65,271
Bank overdrafts	(16,529)	(15,453)
	<b>45,505</b>	<b>67,050</b>

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
for the nine months ended 30 September 2018 (Cont'd)

**Note B: Winding up of a subsidiary**

During the financial period ended 30 September 2018, the Company had completed the winding up of its subsidiary, Texchem-Pack Holdings (S) Pte Ltd as disclosed in Note 20 (B).

The winding up had the following effect on the Group's assets and liabilities on winding up date.

	<b>30 September 2018 RM'000</b>
<b>Cash and cash equivalents receivable</b>	-
<b>Identifiable assets and liabilities</b>	
Cash and cash equivalents	*
Other receivables	31,738
Other payables	(30)
Net identifiable assets	31,710
Net off with amount due to subsidiary	(31,734)
<b>Gain on winding up of a subsidiary</b>	<b>(24)</b>

\* Net cash outflow arising from winding up of a subsidiary

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

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**1. Basis of preparation**

The condensed consolidated interim financial statements have been prepared on the historical cost basis, unless otherwise stated.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. 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 2017.

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2018.

The Group has adopted MFRS 15 *Revenue from Contracts with Customers* with effect from 1 January 2018 as mentioned below:

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 does not have any material financial impact to the current period and prior period financial statements of the Group apart from the reclassification of certain components from costs of sales, other income, distribution expenses and administrative expenses to revenue. Certain comparatives for the quarter and financial period ended 30 September 2017 have been reclassified and restated to conform to the current year’s presentation under MFRS 15.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of preparation (Cont'd)**

**MFRS 15 Revenue from Contracts with Customers (Cont'd)**

	Condensed Consolidated Income Statement for the		
	MFRS118	Reclassification	MFRS 15
	RM'000	RM'000	RM'000
<b>(i) 3 months ended 30 September 2017</b>			
Revenue	282,391	7,095	289,486
Cost of sales	(213,678)	(1,138)	(214,816)
Other income	5,180	(4,131)	1,049
Distribution expenses	(39,611)	(883)	(40,494)
Administrative expenses	(28,887)	(943)	(29,830)
<b>(ii) 9 months ended 30 September 2017</b>			
Revenue	824,301	20,659	844,960
Cost of sales	(624,075)	(3,461)	(627,536)
Other income	18,911	(13,050)	5,861
Distribution expenses	(120,016)	(2,002)	(122,018)
Administrative expenses	(88,135)	(2,146)	(90,281)

The adoption of other new standards are not expected to have any material financial impact to the Group upon their adoption with effect from 1 January 2018.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments – Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements
Amendments to MFRS 112	Income Taxes
Amendments to MFRS 123	Borrowings Costs
Amendments to MFRS 128	Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Employee Benefits

**MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

Amendments to MFRS 10	Consolidated Financial Statements
MFRS 128	Investment in Associates and Joint Ventures – Sale or Contribution by Assets between an Investor and its Associate or Joint Venture

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption other than MFRS 16, Leases which the Group is currently assessing the financial impact.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

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

The auditors’ report on the financial statements for the year ended 31 December 2017 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 2018, other than impairment loss on goodwill of RM2.9 million and gain on disposal of 49% equity interests in Yoshinoya Hanamaru Malaysia Sdn Bhd amounting to RM2.0 million.

**5. Changes in estimates**

There were no changes in estimates that have a material effect during the quarter and nine months ended 30 September 2018.

**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 2018.

**7. Dividend paid**

The Company had declared and paid the following dividend:-

	<b>Sen per share (Single tier)</b>	<b>Amount RM’000</b>	<b>Date of declaration</b>	<b>Date of payment</b>
First interim 2018	10.0	12,151	14 December 2017	15 January 2018
Less: Dividend received by a subsidiary		<u>(2,075)</u>		
		<u><b>10,076</b></u>		

As Texcorp is a 73.91% owned subsidiary of the Company, the dividend shared by the non-controlling interests of Texcorp amounted to RM541,000.

The net dividend paid in 2018 was amounted to RM10,076,000 as disclosed in the Condensed Consolidated Statement of Financial Position and Condensed Consolidated Statement of Cash Flows.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**8. Operating segments**

	Industrial		Polymer Engineering		Food		Restaurant		Venture Business		Others		Eliminations		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000
<b>3 months ended 30</b>																
<b>September</b>																
Revenue from external customers	114,266	115,286	54,503	48,778	42,703	49,970	80,041	72,228	3,149	2,752	330	472	-	-	294,992	289,486
Inter-segment revenue	1,908	1,138	466	80	80	1,441	140	8	8,979	1,037	2,806	2,571	(14,379)	(6,275)	-	-
<b>Total revenue</b>	<b>116,174</b>	<b>116,424</b>	<b>54,969</b>	<b>48,858</b>	<b>42,783</b>	<b>51,411</b>	<b>80,181</b>	<b>72,236</b>	<b>12,128</b>	<b>3,789</b>	<b>3,136</b>	<b>3,043</b>	<b>(14,379)</b>	<b>(6,275)</b>	<b>294,992</b>	<b>289,486</b>
Profit/(loss) before share of loss of equity accounted associates, net of tax	1,066	2,360	1,832	1,596	(2,488)	(1,913)	2,945	3,565	(1,480)	(1,000)	(1,665)	(1,339)			210	3,269
Share of loss of equity accounted associates, net of tax	-	-	-	-	-	-	(238)	(441)	-	-	-	-			(238)	(441)
Profit/(loss) before tax	1,066	2,360	1,832	1,596	(2,488)	(1,913)	2,707	3,124	(1,480)	(1,000)	(1,665)	(1,339)			(28)	2,828

\* The comparative figures have been reclassified and restated to conform with the presentation of current quarter.

**TEXCHEM RESOURCES BHD**  
**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**8. Operating segments (Cont'd)**

	Industrial		Polymer Engineering		Food		Restaurant		Venture Business		Others		Eliminations		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000 (Restated)*	2018 RM'000	2017 RM'000
<b>9 months ended 30</b>																
<b>September</b>																
Revenue from external customers	327,812	331,967	150,817	141,465	124,123	151,488	229,670	209,328	11,526	8,864	1,337	1,848	-	-	845,285	844,960
Inter-segment revenue	5,427	2,750	764	323	4,416	4,135	180	22	23,996	3,569	8,041	7,613	(42,824)	(18,412)	-	-
<b>Total revenue</b>	<b>333,239</b>	<b>334,717</b>	<b>151,581</b>	<b>141,788</b>	<b>128,539</b>	<b>155,623</b>	<b>229,850</b>	<b>209,350</b>	<b>35,522</b>	<b>12,433</b>	<b>9,378</b>	<b>9,461</b>	<b>(42,824)</b>	<b>(18,412)</b>	<b>845,285</b>	<b>844,960</b>
Profit/(loss) before share of loss of equity accounted associates, net of tax	4,558	6,735	3,230	3,382	(5,226)	(4,213)	6,962	34	(4,543)	(2,927)	(3,859)	(3,897)			1,122	(886)
Share of loss of equity accounted associates, net of tax	-	-	-	-	-	-	(2,038)	(1,653)	-	-	-	-			(2,038)	(1,653)
Profit/(loss) before tax	4,558	6,735	3,230	3,382	(5,226)	(4,213)	4,924	(1,619)	(4,543)	(2,927)	(3,859)	(3,897)			(916)	(2,539)
<b>Segment assets</b>	<b>148,417</b>	<b>158,420</b>	<b>176,280</b>	<b>164,862</b>	<b>72,364</b>	<b>99,723</b>	<b>142,082</b>	<b>128,639</b>	<b>18,260</b>	<b>10,060</b>	<b>32,092</b>	<b>45,484</b>			<b>589,495</b>	<b>607,188</b>

\* The comparative figures have been reclassified and restated to conform with the presentation of current quarter.

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**9. Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2017.

**10. Material events subsequent to the end of the reporting period**

There were no material events which occurred subsequent to the end of the reporting period until the date of this announcement.

**11. Changes in composition of the Group for the nine months ended 30 September 2018**

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the nine months ended 30 September 2018, there are no changes to the composition of the Group since the last quarter.

**12. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 30 September 2018.

**13. Commitments**

	<b>30 September 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Property, plant and equipment	<u>13,916</u>	<u>8,455</u>



**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**
**14. Group's Financial Performance Review and Segmental Analysis**
**(a) Overall review of Group's financial performance**

	3 months ended 30 September			9 months ended 30 September		
	2018 RM'000	2017 RM'000	Changes (%)	2018 RM'000	2017 RM'000	Changes (%)
Revenue	294,992	289,486	1.90	845,285	844,960	0.04
Operating profit excluding exceptional items	3,447	5,395	(36.11)	8,802	10,986	(19.88)
Profit before interest and taxation	2,318	5,101	(54.56)	5,873	4,156	41.31
(Loss)/profit before taxation	(28)	2,828	(100.99)	(916)	(2,539)	63.92
Loss after taxation	(2,628)	(754)	(248.54)	(8,277)	(11,231)	26.30
Loss attributable to owners of the Company	(2,083)	(1,383)	(50.61)	(7,697)	(8,069)	4.61

**(i) Statement of Profit or Loss and Other Comprehensive Income**

The Group recorded higher revenue of RM295.0 million in Q3 2018 compared to RM289.5 million in Q3 2017. However, operating profit excluding exceptional items for Q3 2018 was RM3.4 million, lower than RM5.4 million achieved in Q3 2017. The variance in revenue and operating profit will be explained in the respective operating business segments in Note 14(b).

For the nine months ended 30 September 2018, the Group recorded revenue of RM845.3 million and operating profit excluding exceptional items of RM8.8 million against revenue of RM845.0 million and operating profit excluding exceptional items of RM11.0 million for the corresponding period in 2017.

**(ii) Statement of Financial Position**

As at 30 September 2018, total equity attributable to owners of the Company was reduced to RM243.9 million from RM258.1 million as at 31 December 2017 mainly due to loss after tax and non-controlling interest incurred for the period ended 30 September 2018.

Total borrowings of the Group decreased marginally to RM168.4 million as at 30 September 2018 against RM168.7 million as at 31 December 2017.

**TEXCHEM RESOURCES BHD****PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
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**14. Group's Financial Performance Review and Segmental Analysis (Cont'd)****(a) Overall review of Group's financial performance (Cont'd)****(iii) Statement of Cash Flows**

The net cash generated from operating activities of the Group was RM7.2 million for the nine months ended September 2018 against net cash used in operating activities of RM12.7 million in corresponding period of 2017 mainly due to decrease in the working capital requirements. Net cash used in investing activities increased to RM16.6 million during the period against RM14.3 million mainly due to purchase of property, plant and equipment of RM18.8 million in 2018 against RM15.2 million in the corresponding period of 2017 and RM3.2 million increase in subscription of shares in associates. Net cash used in financing activities increased from RM11.5 million for the corresponding period in 2017 to RM20.8 million during the period mainly due to drawdown of term loan in 2017. Overall, cash and cash equivalents decreased by RM30.2 million as compared with opening cash and cash equivalents as at 1 January 2018. The cash and cash equivalents of the Group was RM45.5 million as at 30 September 2018.

**(b) Segmental analysis (Note 8)**

Current quarter compared with previous corresponding quarter

**Continuing Operations****(i) Industrial Division**

The revenue recorded in Q3 2018 was RM116.2 million as compared to RM116.4 million in Q3 2017. The Division achieved lower pre-tax profit of RM1.1 million Q3 2018 as compared to RM2.4 million Q3 2017 mainly due to lower margin on sales mix and losses made by certain subsidiaries.

**(ii) Polymer Engineering Division**

The revenue recorded in Q3 2018 was RM55.0 million against RM48.9 million in Q3 2017. The pre-tax profit achieved in Q3 2018 was RM1.8 million as compared to RM1.6 million in Q3 2017. Higher revenue has contributed to higher pre-tax profit.

**(iii) Food Division**

The revenue recorded for Q3 2018 was RM42.8 million against RM51.4 million in Q3 2017. The Division incurred higher pre-tax loss of RM2.5 million against the pre-tax loss of RM1.9 million in Q3 2017. The lower revenue was mainly due to lower landing of raw materials which resulted in higher loss.

**(iv) Restaurant Division**

The revenue recorded for Q3 2018 was RM80.2 million against RM72.2 million in Q3 2017. The Division recorded pre-tax profit of RM2.7 million in Q3 2018 as compared to RM3.1 million in Q3 2017. The lower profit in Q3 2018 was mainly due to impairment of goodwill amounting to RM2.9 million, mitigated by gain on disposal of an associate amounting to RM2.0 million.

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**14. Group's Financial Performance Review and Segmental Analysis (Cont'd)**

- (b) Segmental analysis (Note 8)(Cont'd)
- (2) Current nine (9) months financial period compared with previous corresponding financial period

**Continuing Operations**

The Group recorded revenue of RM845.3 million as compared to RM845.0 million in YTD Q3 2017. The Group reported pre-tax loss of RM0.9 million in YTD Q3 2018 against pre-tax loss of RM2.5 million in YTD Q3 2017 due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The revenue recorded in YTD Q3 2018 was RM333.2 million as compared to RM334.7 million in YTD Q3 2017. Lower pre-tax profit of RM4.6 million was achieved in YTD Q3 2018 against RM6.7 million in YTD Q3 2017 mainly due to lower margin on sales mix and losses made by certain subsidiaries.

(ii) Polymer Engineering Division

The revenue recorded for YTD Q3 2018 was RM151.6 million against RM141.8 million in YTD Q3 2017. The Division achieved pre-tax profit of RM3.2 million in YTD Q3 2018 against pre-tax profit of RM3.4 million in YTD Q3 2017. Despite higher revenue achieved, pre-tax profit was lower due to losses made by certain subsidiaries.

(iii) Food Division

The revenue recorded for YTD Q3 2018 was RM128.5 million against RM155.6 million in YTD Q3 2017. The Division incurred higher pre-tax loss of RM5.2 million as compared to RM4.2 million in YTD Q3 2017. The lower revenue was mainly due to lower landing of raw materials which resulted in higher loss.

(iv) Restaurant Division

The revenue recorded for YTD Q3 2018 was RM229.9 million against RM209.4 million in YTD Q3 2017. The Division achieved pre-tax profit of RM4.9 million against pre-tax loss of RM1.6 million in YTD Q3 2017. The pre-tax loss for YTD Q3 2017 was mainly due to closure costs of RM5.2 million arising from cessation of business by a subsidiary.

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**
**15. Financial review for current quarter compared with immediate preceding quarter**

The comparison of the Group's revenue and operating profit for the current and the preceding quarters are as follows:

	Current Quarter	Preceding Quarter	Changes
	2018	2018	
	RM'000	RM'000	%
Revenue	294,992	274,400	7.50
Operating profit	3,447	558	517.74
Profit/(loss) before interest and taxation	2,318	(179)	1,394.97
Loss before taxation	(28)	(2,445)	98.85
Loss after taxation	(2,628)	(4,198)	37.40
Loss attributable to owners of the Company	(2,083)	(3,609)	42.28

The revenue and operating profit of the Group has increased in the current quarter as compared to the preceding quarter mainly due to various factors as explained in Note 14.

**16. Prospects for 2018**

The Group's performance is expected to improve in the remaining quarter of 2018 as Restaurant Division continues to expand its Sushi King restaurants. Revenue growth in Hard Disk Drive business segment is expected to drive the performance of Polymer Engineering Division. Industrial Division will be impacted by softer global growth while Food Division faces the challenge of unpredictable raw material landing.

**17. Profit forecast**

Not applicable as no profit forecast was published.

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
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**18. Income tax expense**

The income tax expense for continuing operations comprises:

	3 months ended 30 September		9 months ended 30 September	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Income tax expense</b>				
- current period	2,640	3,553	7,032	8,416
- prior period	59	(110)	401	(115)
	<u>2,699</u>	<u>3,443</u>	<u>7,433</u>	<u>8,301</u>
<b>Deferred tax expense</b>				
- current period	(96)	139	(69)	376
- prior period	(3)	-	(3)	15
	<u>2,600</u>	<u>3,582</u>	<u>7,361</u>	<u>8,692</u>

The effective tax rates were higher than the statutory tax rate mainly due to the losses which cannot be set-off against taxable profits made by subsidiaries and certain expenses which are not tax deductible.

**19. Loss for the period**

Loss for the period is arrived at after charging/(crediting):

	3 months ended 30 September		9 months ended 30 September	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income	(112)	(100)	(516)	(295)
Interest expense	2,346	2,273	6,789	6,695
Depreciation of property, plant and equipment	7,597	7,290	24,237	23,425
Impairment loss on/(reversal of) trade receivables	16	35	29	22
Inventories written down/(written back)	192	44	272	(732)
(Gain)/loss on disposal of property, plant and equipment	(281)	888	(559)	431
Property, plant and equipment written off	773	2,444	1,452	2,881
Loss on foreign exchange	47	146	413	1,578
Amortisation of franchise fee	-	-	-	109
Franchise fee written off	-	-	-	1,111
Impairment loss on goodwill	2,927	-	2,927	-
Provision for Directors' retirement/ resignation benefits	150	178	475	1,021
Dividend income from money market funds	-	(134)	-	(497)
Gain on disposal of an associate	(2,036)	-	(2,036)	-
Gain on winding up of a subsidiary	(24)	-	(24)	-

**TEXCHEM RESOURCES BHD****PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
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**20. Status of corporate proposals**

The status of the Group's corporate proposals is as follows:

**A. An extension of time granted by the Companies Commission of Malaysia to Texchem Corporation Sdn. Bhd. ("Texcorp"), a 73.94% owned subsidiary of the Company, in order to comply with the requirement of Section 22 of the Companies Act 2016**

Texcorp is a 73.94% owned subsidiary of the Company and has been a subsidiary of the Company since 17 May 2013.

As at to-date, Texcorp holds 20,753,109 ordinary shares in the Company, representing 17.08% of the total issued and paid-up share capital in the Company [excluding 2,591,100 treasury shares] after disposing of 400,000 ordinary shares in TRB to Texchem Holdings Sdn. Bhd. for a total cash consideration of RM408,000.00 on 10 October 2017.

Pursuant to Section 17 of the Companies Act 1965 (now under Section 22 of the Companies Act 2016), Texcorp is required to dispose of all its shareholding in the Company ("TRB Shares") within twelve (12) months or such longer period as the High Court of Malaya may allow after Texcorp became a subsidiary of the Company.

On 6 May 2014, the Company announced that Texcorp had been granted an Order by the Penang High Court for an extension of time of twelve (12) months from 17 May 2014 to 16 May 2015 to dispose of the TRB Shares in order to comply with the requirement of the Companies Act 1965.

On 12 May 2015, the Company announced that Texcorp had been granted an Order by the Penang High Court for an extension of time of twelve (12) months from 17 May 2015 to 16 May 2016 to dispose of the TRB Shares in order to comply with the requirement of the Companies Act 1965.

On 29 April 2016, the Company announced that Texcorp had been granted an Order by the Penang High Court for a further extension of time of twelve (12) months from 17 May 2016 to dispose of the TRB Shares in order to comply with the requirement of the Companies Act 1965, namely the new deadline for Texcorp to dispose of the TRB Shares is 16 May 2017.

On 31 January 2017, the Companies Act 1965 was repealed and replaced by Companies Act 2016. Accordingly, Section 17 of the Companies Act 1965 has been replaced with Section 22 of the Companies Act 2016.

Pursuant to Section 22(5)(b) of the Companies Act 2016, Texcorp had on 18 April 2017 submitted to the Companies Commission of Malaysia an application for extension of time to dispose of the TRB Shares.

On 15 May 2017, the Company announced that Texcorp has been granted an approval by the Companies Commission of Malaysia for a further extension of time of six (6) months to comply with Section 22(5)(b) of the Companies Act 2016, namely the new deadline for Texcorp to dispose of the TRB Shares is 15 November 2017.

On 9 November 2017, the Company announced that Texcorp had on 9 November 2017 received the letter of approval dated 8 November 2017 from the Companies Commission of Malaysia for a further extension of time of six (6) months to comply with Section 22(5)(b) of the Companies Act 2016, namely the new deadline for Texcorp to dispose of the TRB Shares is 15 May 2018.

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

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**20. Status of corporate proposals (Cont'd)****A. An extension of time granted by the Companies Commission of Malaysia to Texchem Corporation Sdn. Bhd. (“Texcorp”), a 73.91% owned subsidiary of the Company, in order to comply with the requirement of Section 22 of the Companies Act 2016 (Cont'd)**

On 27 April 2018, the Company announced that Texcorp had on 27 April 2018 received the letter of approval dated 26 April 2018 from the Companies Commission of Malaysia for a further extension of time of six (6) months to comply with Section 22(5)(b) of the Companies Act 2016, namely the new deadline for Texcorp to dispose of the TRB Shares is 15 November 2018.

On 12 October 2018, Texcorp has submitted to the Companies Commission of Malaysia an application for extension of time to dispose of the TRB Shares. Texcorp’s application is being considered by Companies Commission of Malaysia. The outcome of the application will be announced in due course.

Pending the disposal of the TRB Shares, Texcorp shall have no right to vote at meetings of the Company or any class of the Company’s members.

**B. Member’s Voluntary Winding Up of Texchem-Pack Holdings (S) Pte. Ltd. (“TXPHS”)**

On 30 March 2017, the Company announced that TXPHS, a wholly-owned subsidiary of the Company, had on 30 March 2017 commenced winding up proceedings voluntarily in accordance with Section 290 of the Singapore Companies Act, (Cap 50) [“Member’s Voluntary Winding Up”].

TXPHS had its Final Meeting on 28 September 2018 and on 28 September 2018, the Company announced that a return relating to final meeting as required by Section 308 of the Singapore Companies Act (Chapter 50) [“Act”] has been duly lodged with the Accounting and Corporate Regulatory Authority, Singapore and the Official Receiver.

TXPHS will be dissolved on 28 December 2018 pursuant to Section 308(5) of the Act.

**C. Cessation of Business Operations and Creditors’ Voluntary Winding Up of Dim Sum Delight Sdn. Bhd.**

(a) On 3 July 2017, the Company announced that Dim Sum Delight Sdn. Bhd. (“Dim Sum Delight”), a 51% owned subsidiary of the Company, had ceased business operations in the sales of food and beverages with effect from 3 July 2017.

(b) On 17 July 2017, the Company announced that Dim Sum Delight had on 17 July 2017 appointed an Interim Liquidator to commence creditors’ voluntary winding up proceedings of Dim Sum Delight in accordance with Section 440(1) of the Companies Act 2016. The Member and Creditors’ meetings of Dim Sum Delight were held on 10 August 2017.

(c) On 10 August 2017, the Company announced that Dim Sum Delight had on 10 August 2017 held its Meeting of Members and Meeting of Creditors and appointed Mr Wong Soon Fong of 221B, Jalan Mahkota, Taman Maluri, 55100 Kuala Lumpur as the Liquidator for purposes of the Creditors’ Voluntary Winding Up of Dim Sum Delight.

The Creditors’ Voluntary Winding Up is pending as at todate.

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**20. Status of corporate proposals (Cont'd)****D. Member's Voluntary Winding Up of Guardman Security Services Sdn. Bhd.**

On 28 December 2017, the Company announced that Guardman Security Services Sdn. Bhd., a wholly-owned subsidiary of Texchem Corporation Sdn. Bhd., a 73.94% owned subsidiary of the Company, had on 28 December 2017 commenced winding up proceedings voluntarily in accordance with Section 439 of the Companies Act 2016 ["Member's Voluntary Winding Up"].

The completion of the Member's Voluntary Winding Up is pending as at todate.

**E. Application to Strike Off a Dormant Sub-Subsidiary, Texchem Food Services Sdn. Bhd.**

On 3 May 2018, the Company announced that Texchem Food Services Sdn. Bhd. ("TFSSB"), a wholly-owned subsidiary of Texchem Food Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company, had on 2 May 2018 submitted its application to the Companies Commission of Malaysia ("CCM") to strike off its name from the register of CCM pursuant to Section 550 of the Companies Act 2016 ("Proposed Striking Off").

The completion of the Proposed Striking Off is pending as at todate.

**F. Acquisition of 55.90% of the Total Issued and Paid-Up Share Capital of D&N Coffee and Restaurant Malaysia Sdn. Bhd.**

On 8 August 2018, the Company announced that the Company had on 8 August 2018 entered into a Share Sale Agreement with Texchem Restaurant Systems Sdn. Bhd. ("TRSSB"), a wholly owned subsidiary of the Company, to acquire from TRSSB 8,385,015 ordinary shares representing 55.90% of the total issued and paid-up share capital of D&N Coffee and Restaurant Malaysia Sdn. Bhd. ("D&N Coffee") at a total cash consideration of Ringgit Malaysia Four Million One Hundred and Seventy Five Thousand Seven Hundred and Thirty Seven (RM4,175,737) only ("Internal Re-organisation").

The Internal Re-organisation was completed on 8 August 2018 and D&N Coffee is now a 55.90% subsidiary of the Company.

**G. Disposal of 49% of the Total Issued and Paid-Up Share Capital of Yoshinoya Hanamaru Malaysia Sdn. Bhd. by Texchem Restaurant Systems Sdn. Bhd.**

On 26 September 2018, the Company announced that Texchem Restaurant Systems Sdn. Bhd. ("TRSSB"), a wholly-owned subsidiary of the Company, had on 26 September 2018 entered into a Share Sale Agreement with Asia Yoshinoya International Sdn. Bhd. ("AYI") and Yoshinoya Hanamaru Malaysia Sdn. Bhd. ("YHM") for TRSSB to dispose of its entire shareholding of 9,800,000 ordinary shares representing 49% of the total issued and paid-up share capital of YHM to AYI at a total cash consideration of Ringgit Malaysia Five Million Two Hundred and Ninety Thousand Four Hundred and Twelve and Sen Forty (RM5,290,412.40) only ("Disposal").

Subsequent to the Disposal, YHM ceased to be an associate Company of the Company.



**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
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**21. Loans and borrowings**

At 30 September 2018	Long term		Short term		Total borrowings	
	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)
<b><u>Unsecured</u></b>						
<b><u>Denominated in USD</u></b>						
Revolving credits	-	-	2,214	9,173	2,214	9,173
Trade financing	-	-	1,454	6,024	1,454	6,024
Term loans	69	286	9	37	78	323
<b><u>Denominated in THB</u></b>						
Bank overdrafts	-	-	2,162	277	2,162	277
Trade financing	-	-	51,968	6,657	51,968	6,657
Finance lease obligation	80	10	318	41	398	51
<b><u>Denominated in SGD</u></b>						
Bank overdrafts	-	-	138	418	138	418
Finance lease obligation	-	-	108	327	108	327
<b><u>Denominated in VND</u></b>						
Trade financing	-	-	36,138,501	6,505	36,138,501	6,505
<b><u>Denominated in RM</u></b>						
Bank overdrafts	-	-	-	15,834	-	15,834
Revolving credits	-	-	-	40,500	-	40,500
Trade financing	-	-	-	51,431	-	51,431
Term loans	-	15,963	-	5,424	-	21,387
Finance lease obligation	-	6,266	-	3,249	-	9,515
<b>Total</b>	-	22,525	-	145,897	-	168,422

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**
**21. Loans and borrowings (Cont'd)**

At 30 September 2017	Long term		Short term		Total borrowings	
	Foreign currency (‘000)	RM Equivalent (‘000)	Foreign currency (‘000)	RM Equivalent (‘000)	Foreign currency (‘000)	RM Equivalent (‘000)
<b><u>Unsecured</u></b>						
<b><u>Denominated in USD</u></b>						
Revolving credits	-	-	2,480	10,488	2,480	10,488
Trade financing	-	-	2,316	9,794	2,316	9,794
Term loans	81	343	32	135	113	478
<b><u>Denominated in THB</u></b>						
Trade financing	-	-	42,627	5,405	42,627	5,405
Finance lease obligation	333	42	485	61	818	103
<b><u>Denominated in SGD</u></b>						
Bank overdrafts	-	-	152	473	152	473
Finance lease obligation	-	-	25	78	25	78
<b><u>Denominated in VND</u></b>						
Trade financing	-	-	51,374,700	9,761	51,374,700	9,761
<b><u>Denominated in RM</u></b>						
Bank overdrafts	-	-	-	14,980	-	14,980
Revolving credits	-	-	-	33,900	-	33,900
Trade financing	-	-	-	51,298	-	51,298
Term loans	-	21,513	-	7,693	-	29,206
Finance lease obligation	-	4,896	-	2,477	-	7,373
<b>Total</b>	-	26,794	-	146,543	-	173,337

**Exchange rates applied**

	<b>At 30 September 2018</b>	<b>At 30 September 2017</b>
<b>USD/RM</b>	4.1430	4.2290
<b>THB/RM</b>	0.1281	0.1268
<b>SGD/RM</b>	3.0318	3.1141
<b>VND/RM</b>	0.00018	0.00019

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
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**22. Derivative financial instruments**

As at 30 September 2018, the Group has the following outstanding derivative financial instrument:

<b>Type of Derivative</b>	<b>Contract/ Notional Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Fair Value-Net Loss RM'000</b>
Forward exchange contracts			
- Payables	2,717	2,745	28
			<u>28</u>

For nine months ended 30 September 2018, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the end of the last reporting period.

**23. Gains and losses arising from fair value changes of financial liabilities**

There are no material gains and losses arising from changes on the fair values of financial liabilities as all financial liabilities are measured at the amortised cost using the effective interest method.

**24. Material impairment of assets**

There was no material impairment of assets during the quarter under review and financial year to date.

**25. Changes in material litigation**

There was no material litigation against the Group as at 30 September 2018.

**26. Dividends**

No dividend has been proposed or declared for the quarter ended 30 September 2018.

**TEXCHEM RESOURCES BHD**
**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**
**27. Basic loss per share**

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

	3 months ended		9 months ended	
	30 September		30 September	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Loss for the period attributable to owners of the Company	(2,083)	(1,383)	(7,697)	(8,069)
Weighted average number of ordinary shares in issue*	121,508	121,556	121,508	121,556
Basic loss per share (sen)	(1.71)	(1.14)	(6.33)	(6.64)

**\*Weighted average number of ordinary shares:**

In thousands of shares	30 September 2018	30 September 2017
Issued ordinary shares at 1 January	124,099	124,099
Effect of treasury shares held	(2,591)	(2,543)
Weighted average number of ordinary shares	121,508	121,556

**BY ORDER OF THE BOARD**

**TAN PENG LAM**  
**GROUP CHIEF FINANCIAL OFFICER**  
**Date: 25 October 2018**