



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2018**

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
for the quarter and twelve months ended 31 December 2018

	Note	3 months ended 31 December			12 months ended 31 December		
		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>286,448</b>	<b>292,278</b>	<b>(1.99)</b>	<b>1,131,733</b>	<b>1,137,238</b>	<b>(0.48)</b>
Cost of sales		(206,052)	(211,669)	2.65	(819,268)	(839,205)	2.38
<b>Gross profit</b>		<b>80,396</b>	<b>80,609</b>	<b>(0.26)</b>	<b>312,465</b>	<b>298,033</b>	<b>4.84</b>
Distribution costs		(42,904)	(44,728)	4.08	(176,190)	(166,746)	(5.66)
Administrative expenses		(30,502)	(29,874)	(2.10)	(125,220)	(120,155)	(4.22)
Other income		1,322	2,624	(49.62)	6,059	8,485	(28.59)
<b>Operating profit excluding exceptional items</b>		<b>8,312</b>	<b>8,631</b>	<b>(3.70)</b>	<b>17,114</b>	<b>19,617</b>	<b>(12.76)</b>
Unusual expenses		-	(3,156)	100.00	(2,927)	(8,333)	64.87
Exceptional income		-	6,597	(100.00)	2,036	6,597	(69.14)
Share of loss of equity accounted associates, net of tax		(7)	(520)	98.65	(2,045)	(2,173)	5.89
<b>Profit before interest and taxation</b>		<b>8,305</b>	<b>11,552</b>	<b>(28.11)</b>	<b>14,178</b>	<b>15,708</b>	<b>(9.74)</b>
Finance costs		(2,494)	(2,177)	(14.56)	(9,283)	(8,872)	(4.63)
<b>Profit before taxation</b>		<b>5,811</b>	<b>9,375</b>	<b>(38.02)</b>	<b>4,895</b>	<b>6,836</b>	<b>(28.39)</b>
Income tax expense	18	(3,874)	(4,221)	8.22	(11,235)	(12,913)	13.00
<b>Profit/ (loss) for the period/year</b>	19	<b>1,937</b>	<b>5,154</b>	<b>(62.42)</b>	<b>(6,340)</b>	<b>(6,077)</b>	<b>(4.33)</b>
<b>Profit/ (loss) attributable to:</b>							
Owners of the Company		945	4,429	(78.66)	(6,752)	(3,640)	(85.49)
Non-controlling interests		992	725	36.83	412	(2,437)	116.91
<b>Profit/ (loss) for the period/year</b>		<b>1,937</b>	<b>5,154</b>	<b>(62.42)</b>	<b>(6,340)</b>	<b>(6,077)</b>	<b>(4.33)</b>
<b>Basic profit/(loss) per share attributable to owners of the Company (sen)</b>	27	<b>0.78</b>	<b>3.64</b>	<b>(78.57)</b>	<b>(5.56)</b>	<b>(2.99)</b>	<b>(85.95)</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 twelve months ended 31 December 2018

Note	3 months ended 31 December			12 months ended 31 December		
	2018 RM'000	2017 RM'000 (Restated)	Changes (%)	2018 RM'000	2017 RM'000 (Restated)	Changes (%)
<b>Profit/ (loss) for the period/year</b>	<b>1,937</b>	<b>5,154</b>	<b>(62.42)</b>	<b>(6,340)</b>	<b>(6,077)</b>	<b>(4.33)</b>
<b>Other comprehensive income/(expense), net of tax</b>						
Foreign currency translation differences for foreign operations	245	(4,970)	104.93	(52)	(6,679)	99.22
Foreign currency translation differences reversed on deconsolidation of a subsidiary	-	(4,506)	100	-	(4,506)	100
<b>Total comprehensive income/ (expense) for the period/year</b>	<b>2,182</b>	<b>(4,322)</b>	<b>150.49</b>	<b>(6,392)</b>	<b>(17,262)</b>	<b>62.97</b>
<b>Total comprehensive income/ (expense) attributable to:</b>						
Owners of the Company	<b>1,050</b>	<b>(4,997)</b>	<b>121.01</b>	<b>(6,308)</b>	<b>(14,605)</b>	<b>56.81</b>
Non-controlling interests	1,132	675	67.70	(84)	(2,657)	96.84
<b>Total comprehensive income/ (expense) for the period/year</b>	<b>2,182</b>	<b>(4,322)</b>	<b>150.49</b>	<b>(6,392)</b>	<b>(17,262)</b>	<b>62.97</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 31 December 2018

	Note	31 December 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000
<b>ASSETS</b>			
Property, plant and equipment		185,863	174,244
Investment in associates		1,671	2,991
Intangible assets			
- Goodwill		34,382	37,309
- Trademarks		21,500	21,500
Deferred tax assets		911	611
<b>Total non-current assets</b>		<b>244,327</b>	<b>236,655</b>
Trade receivables		133,747	139,571
Other receivables		45,675	56,649
Inventories		115,134	90,439
Current tax assets		1,697	1,525
Cash and cash equivalents		81,148	93,912
Derivative assets	22	8	15
<b>Total current assets</b>		<b>377,409</b>	<b>382,111</b>
<b>TOTAL ASSETS</b>		<b>621,736</b>	<b>618,766</b>
<b>EQUITY</b>			
Share capital		149,667	149,667
Reserves		95,101	108,408
<b>Total equity attributable to owners of the Company</b>		<b>244,768</b>	<b>258,075</b>
Non-controlling interests		37,079	29,125
<b>TOTAL EQUITY</b>		<b>281,847</b>	<b>287,200</b>
<b>LIABILITIES</b>			
Loans and borrowings	21	16,462	23,554
Deferred tax liabilities		2,960	3,056
Deferred liabilities		2,584	2,592
Provision		6,593	6,034
<b>Total non-current liabilities</b>		<b>28,599</b>	<b>35,236</b>

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
 At 31 December 2018 (Cont'd)

	Note	31 December 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000
<b>LIABILITIES</b>			
Trade payables		75,238	71,181
Other payables		72,277	66,304
Provision		73	125
Loans and borrowings	21	160,566	145,148
Current tax liabilities		2,749	3,109
Deferred liabilities		387	387
Dividend payable	7	-	10,076
<b>Total current liabilities</b>		<b>311,290</b>	<b>296,330</b>
<b>TOTAL LIABILITIES</b>		<b>339,889</b>	<b>331,566</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>621,736</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 twelve months ended 31 December 2018

	<-----Attributable to owners of the Company----->						Total equity RM'000
	Non-distributable			Distributable		Non-controlling interests RM'000	
	Share capital RM'000	Treasury shares RM'000	Other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000		
<b>At 1 January 2018</b>	149,667	(4,400)	988	111,820	258,075	29,125	287,200
Other comprehensive income/(expense)	-	-	444	-	444	(496)	(52)
(Loss)/profit for the year	-	-	-	(6,752)	(6,752)	412	(6,340)
<b>Total comprehensive income/(expense) for the year</b>	-	-	<b>444</b>	<b>(6,752)</b>	<b>(6,308)</b>	<b>(84)</b>	<b>(6,392)</b>
Accretion of interest in existing subsidiaries	-	-	-	(6,999)	(6,999)	6,359	(640)
Issuance of shares to non-controlling interests	-	-	-	-	-	1,679	1,679
<b>Total transaction with owners of the Company</b>	-	-	-	<b>(6,999)</b>	<b>(6,999)</b>	<b>8,038</b>	<b>1,039</b>
Transfer of legal reserve	-	-	128	(128)	-	-	-
<b>At 31 December 2018</b>	<b>149,667</b>	<b>(4,400)</b>	<b>1,560</b>	<b>97,941</b>	<b>244,768</b>	<b>37,079</b>	<b>281,847</b>

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

	←----- Attributable to owners of the Company ----->							
	Non-distributable				Distributable			
	Share capital RM'000	Treasury shares 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	(4,167)	25,568	14,247	123,628	283,375	22,176	305,551
Other comprehensive expense	-	-	-	(10,965)	-	(10,965)	(220)	(11,185)
Loss for the year	-	-	-	-	(3,640)	(3,640)	(2,437)	(6,077)
<b>Total comprehensive expense for the year</b>	-	-	-	<b>(10,965)</b>	<b>(3,640)</b>	<b>(14,605)</b>	<b>(2,657)</b>	<b>(17,262)</b>
Deconsolidation of subsidiaries	-	-	-	(2,647)	2,647	-	2,812	2,812
Accretion of interest in existing subsidiaries	-	-	-	-	(120)	(120)	(31)	(151)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	8,595	8,595
Purchase of treasury shares	-	(230)	-	-	-	(230)	-	(230)
Transaction costs of treasury shares	-	(3)	-	-	-	(3)	-	(3)
Dividends	7	-	-	-	(10,076)	(10,076)	-	(10,076)
Dividends of the Company received by non-controlling interests	7	-	-	-	(541)	(541)	541	-
Disposal of Company's shares held by a subsidiary	-	-	-	275	-	275	-	275
Dividends received by non-controlling interests	-	-	-	-	-	-	(2,311)	(2,311)
<b>Total transactions with owners of the Company</b>	-	<b>(233)</b>	-	<b>(2,372)</b>	<b>(8,090)</b>	<b>(10,695)</b>	<b>9,606</b>	<b>(1,089)</b>
Transfer of legal reserve	-	-	-	78	(78)	-	-	-
Transfer to share capital	(a)	-	(25,568)	-	-	-	-	-
<b>At 31 December 2017</b>	<b>149,667</b>	<b>(4,400)</b>	<b>-</b>	<b>988</b>	<b>111,820</b>	<b>258,075</b>	<b>29,125</b>	<b>287,200</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 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 twelve months ended 31 December 2018

	Note	12 months ended 31 December	
		2018	2017
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		4,895	6,836
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment		30,991	30,402
Impairment loss on property, plant and equipment		-	2,119
Provision for Directors' retirement/resignation benefits		180	1,085
Property, plant and equipment written off		1,916	4,223
Amortisation of franchise fee		-	109
Franchise fee written off		-	1,112
Impairment loss on goodwill		2,927	-
Gain on disposal of property, plant and equipment		(579)	(2,423)
Interest income		(769)	(464)
Dividend income from money market funds		-	(497)
Interest expense		9,283	8,872
Share of loss of equity accounted associates		2,045	2,173
Gain on disposal of an associate		(2,036)	-
Gain on deconsolidation of subsidiaries	B	(20)	(4,827)
		43,938	41,884
Operating profit before changes in working capital		48,833	48,720
Changes in working capital:			
Inventories		(24,695)	(11,791)
Trade and other receivables		17,345	(22,889)
Trade and other payables		6,779	4,692
		48,262	18,732
Cash generated from operations		48,262	18,732
Income tax paid		(12,210)	(10,714)
Directors' retirement/resignation benefits paid		(200)	(999)
		35,852	7,019
<b>Net cash generated from operating activities</b>		<b>35,852</b>	<b>7,019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		2,241	3,762
Purchase of property, plant and equipment		(35,481)	(24,501)
Interest received		769	464
Accretion of interest in existing subsidiaries		(640)	(151)
Subscription of shares in associates		(3,980)	(800)
Dividend received from money market funds		-	497
Proceeds from disposal of Company's shares held by a subsidiary		-	275
Deconsolidation of subsidiaries, net of cash and cash equivalents	B	(2)	(123)
Proceeds from disposal of an associate		5,290	-
		(31,803)	(20,577)
<b>Net cash used in investing activities</b>		<b>(31,803)</b>	<b>(20,577)</b>



**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
for the twelve months ended 31 December 2018 (Cont'd)

	Note	12 months ended 31 December	
		2018	2017
		RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of term loans		-	8,805
Repayment of term loans		(11,016)	(10,282)
Repayment of finance lease liabilities		(4,051)	(2,992)
Drawdown of borrowings (net)		16,299	2,779
Proceeds from issuance of shares to non-controlling interests		1,679	8,595
Purchase of treasury shares		-	(233)
Interest paid		(9,283)	(8,872)
Dividend paid	7	(10,076)	(10,055)
Dividend paid to non-controlling interests		-	(2,311)
<b>Net cash used in financing activities</b>		<b>(16,448)</b>	<b>(14,566)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(12,399)</b>	<b>(28,124)</b>
Cash and cash equivalents at 1 January		75,871	106,250
Effects of exchange differences on cash and cash equivalents		154	(2,255)
<b>Cash and cash equivalents at 31 December</b>	A	<b>63,626</b>	<b>75,871</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:

	31 December 2018 RM'000	31 December 2017 RM'000
Cash and bank balances	81,148	93,912
Bank overdrafts	(17,522)	(18,041)
	<b>63,626</b>	<b>75,871</b>

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
for the twelve months ended 31 December 2018 (Cont'd)

**Note B: Deconsolidation of subsidiaries**

During the financial year ended 31 December 2018, the Company lost control over certain of its subsidiaries, namely Texchem-Pack Holdings (S) Pte Ltd and Guardman Security Services Sdn. Bhd. which are under Member's Winding-Up proceedings. Accordingly, the Company deconsolidated the above subsidiaries and derecognised their related assets and liabilities.

The deconsolidation had the following effect on the Group's assets and liabilities.

	<b>31 December 2018 RM'000</b>
<b>Cash and cash equivalents receivable</b>	-
<b>Identifiable assets and liabilities</b>	
Cash and cash equivalents	*
Other receivables	31,790
Other payables	(30)
Net identifiable assets	31,762
Net off with amount due to subsidiary	(31,782)
<b>Gain on deconsolidation of subsidiaries</b>	<u>(20)</u>

\* Net cash outflow arising from deconsolidation of subsidiaries

During the financial year ended 31 December 2017, the Company lost control over certain of its subsidiaries, namely Texchem-Pack (Wuxi) Co. Ltd, and Dim Sum Delight Sdn. Bhd. which are under Member's and Creditors' Winding-Up proceedings respectively. Accordingly, the Company deconsolidated the above subsidiaries and derecognised their related assets, liabilities and non-controlling interests.

The deconsolidation had the following effect on the Group's assets and liabilities.

	<b>31 December 2017 RM'000</b>
<b>Identifiable assets and liabilities</b>	
Plant and equipment	90
Other receivables	444
Current tax assets	180
Cash and cash equivalents	4,689
Other payables	(3,772)
Provision	(198)
Non-controlling interests	2,812
Net identifiable assets	4,245
Less: Cash and cash equivalents receivable	(4,566)
	(321)
Transfer from foreign currency translation reserve	(4,506)
<b>Gain on deconsolidation of subsidiaries</b>	<u>(4,827)</u>

**TEXCHEM RESOURCES BHD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
for the twelve months ended 31 December 2018 (Cont'd)

***Note B: Deconsolidation of subsidiaries (Cont'd)***

	<b>31 December 2018 RM'000</b>
<b>Net cash outflow arising from deconsolidation of subsidiaries</b>	
Cash and cash equivalents receivable	4,566
Cash and cash equivalents deconsolidation	<u>(4,689)</u>
	<u>(123)</u>

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 year and prior year 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 year ended 31 December 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)**

	<b>Condensed Consolidated Income Statement for the</b>		
	<b>MFRS118</b>	<b>Reclassification</b>	<b>MFRS 15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) 3 months ended 31 December 2017</b>			
Revenue	284,283	7,995	292,278
Cost of sales	(210,291)	(1,378)	(211,669)
Other income	7,503	(4,879)	2,624
Distribution expenses	(43,887)	(841)	(44,728)
Administrative expenses	(28,977)	(897)	(29,874)
<b>(ii) 12 months ended 31 December 2017</b>			
Revenue	1,108,584	28,654	1,137,238
Cost of sales	(834,366)	(4,839)	(839,205)
Other income	26,414	(17,929)	8,485
Distribution expenses	(163,903)	(2,843)	(166,746)
Administrative expenses	(117,112)	(3,043)	(120,155)

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 annual periods beginning on or after 1 January 2020**

Amendments to MFRS 3	Business Combination
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

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

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

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

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

**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 cyclical nature 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 twelve months ended 31 December 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 twelve months ended 31 December 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 twelve months ended 31 December 2018.

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

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**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 31</b>																
<b>December</b>																
Revenue from external customers	111,111	109,515	51,833	53,391	36,872	47,148	81,616	78,924	4,792	3,008	224	292	-	-	286,448	292,278
Inter-segment revenue	953	1,164	224	369	120	1,955	266	8	7,949	1,233	2,687	2,618	(12,199)	(7,347)	-	-
<b>Total revenue</b>	<b>112,064</b>	<b>110,679</b>	<b>52,057</b>	<b>53,760</b>	<b>36,992</b>	<b>49,103</b>	<b>81,882</b>	<b>78,932</b>	<b>12,741</b>	<b>4,241</b>	<b>2,911</b>	<b>2,910</b>	<b>(12,199)</b>	<b>(7,347)</b>	<b>286,448</b>	<b>292,278</b>
Profit/(loss) before share of loss of equity accounted associates, net of tax	838	2,546	1,052	6,875	(1,299)	(4,121)	7,145	6,530	(738)	(961)	(1,180)	(974)			5,818	9,895
Share of loss of equity accounted associates, net of tax	-	-	-	-	(7)	(28)	-	(492)	-	-	-	-			(7)	(520)
<b>Profit/(loss) before tax</b>	<b>838</b>	<b>2,546</b>	<b>1,052</b>	<b>6,875</b>	<b>(1,306)</b>	<b>(4,149)</b>	<b>7,145</b>	<b>6,038</b>	<b>(738)</b>	<b>(961)</b>	<b>(1,180)</b>	<b>(974)</b>			<b>5,811</b>	<b>9,375</b>

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



**TEXCHEM RESOURCES BHD**  
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**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>12 months ended 31 December</b>																
Revenue from external customers	438,923	441,482	202,650	194,856	160,995	198,636	311,286	288,252	16,318	11,872	1,561	2,140	-	-	1,131,733	1,137,238
Inter-segment revenue	6,380	3,914	988	692	4,536	6,090	446	30	31,945	4,802	10,728	10,231	(55,023)	(25,759)	-	-
<b>Total revenue</b>	<b>445,303</b>	<b>445,396</b>	<b>203,638</b>	<b>195,548</b>	<b>165,531</b>	<b>204,726</b>	<b>311,732</b>	<b>288,282</b>	<b>48,263</b>	<b>16,674</b>	<b>12,289</b>	<b>12,371</b>	<b>(55,023)</b>	<b>(25,759)</b>	<b>1,131,733</b>	<b>1,137,238</b>
Profit/(loss) before share of loss of equity accounted associates, net of tax	5,396	9,281	4,282	10,257	(6,525)	(8,334)	14,107	6,564	(5,281)	(3,888)	(5,039)	(4,871)			6,940	9,009
Share of loss of equity accounted associates, net of tax	-	-	-	-	(7)	(28)	(2,038)	(2,145)	-	-	-	-			(2,045)	(2,173)
Profit/(loss) before tax	5,396	9,281	4,282	10,257	(6,532)	(8,362)	12,069	4,419	(5,281)	(3,888)	(5,039)	(4,871)			4,895	6,836
<b>Segment assets</b>	<b>145,625</b>	<b>153,287</b>	<b>181,595</b>	<b>175,265</b>	<b>84,132</b>	<b>95,336</b>	<b>154,395</b>	<b>145,623</b>	<b>22,028</b>	<b>10,077</b>	<b>33,961</b>	<b>39,178</b>			<b>621,736</b>	<b>618,766</b>

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

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

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**9. Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 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 twelve months ended 31 December 2018**

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the twelve months ended 31 December 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 31 December 2018.

**13. Commitments**

	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Property, plant and equipment	<u>15,459</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 31 December			12 months ended 31 December		
	2018 RM'000	2017 RM'000	Changes (%)	2018 RM'000	2017 RM'000	Changes (%)
Revenue	286,448	292,278	(1.99)	1,131,733	1,137,238	(0.48)
Operating profit excluding exceptional items	8,312	8,631	(3.70)	17,114	19,617	(12.76)
Profit before interest and taxation	8,305	11,552	(28.11)	14,178	15,708	(9.74)
Profit before taxation	5,811	9,375	(38.02)	4,895	6,836	(28.39)
Profit/(loss) after taxation	1,937	5,154	(62.42)	(6,340)	(6,077)	(4.33)
Profit/(loss) attributable to owners of the Company	945	4,429	(78.66)	(6,752)	(3,640)	(85.49)

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

The Group recorded lower revenue and operating profit of RM286.4 million and RM8.3 million in Q4 2018 compared to RM292.3 million and RM8.6 million in Q4 2017 respectively. The variance in revenue and operating profit will be explained in the respective operating business segments in Note 14(b).

For the twelve months ended 31 December 2018, the Group recorded revenue of RM1,131.7 million and operating profit of RM17.1 million against revenue of RM1,137.2 million and operating profit of RM19.6 million for year 2017.

**(ii) Statement of Financial Position**

As at 31 December 2018, total equity attributable to owners of the Company was reduced to RM244.8 million from RM258.1 million as at 31 December 2017 mainly due to loss after tax and non-controlling interest incurred for the financial year ended 31 December 2018.

Total borrowings of the Group increased to RM177.0 million as at 31 December 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 RM35.9 million for the twelve months ended December 2018 compared to RM7.0 million in corresponding year of 2017 mainly due to better working capital management. Net cash used in investing activities increased to RM31.8 million during the year against RM20.6 million mainly due to purchase of property, plant and equipment of RM35.5 million in 2018 against RM24.5 million in the year 2017. Net cash used in financing activities increased from RM14.6 million in 2017 to RM16.5 million during the year mainly due to drawdown of term loan in 2017. Overall, cash and cash equivalents decreased by RM12.4 million as compared with opening cash and cash equivalents as at 1 January 2018. The cash and cash equivalents of the Group was RM63.6 million as at 31 December 2018.

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

Current quarter compared with previous corresponding quarter

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

The revenue recorded in Q4 2018 was RM112.1 million as compared to RM110.7 million in Q4 2017. The Division achieved lower pre-tax profit of RM0.8 million Q4 2018 as compared to RM2.5 million Q4 2017 mainly due to lower margin on sales mix and losses made by certain subsidiaries.

**(ii) Polymer Engineering Division**

The revenue recorded in Q4 2018 was RM52.1 million against RM53.8 million in Q4 2017. The pre-tax profit achieved in Q4 2018 was RM1.1 million as compared to RM6.9 million in Q4 2017. Higher pre-tax profit achieved in Q4 2017 was mainly due to exceptional gain on deconsolidation of a subsidiary of RM4.6 million. Excluding the exceptional gain of RM4.6 million, the pre-tax profit in Q4 2018 was lower by RM1.2 million as compared to Q4 2017 mainly due to losses made by overseas subsidiaries.

**(iii) Food Division**

The revenue recorded for Q4 2018 was RM37.0 million against RM49.1 million in Q4 2017. The Division incurred lower pre-tax loss of RM1.3 million against the pre-tax loss of RM4.1 million in Q4 2017. Included in the pre-tax loss in Q4 2017 was impairment loss on property, plant and equipment of RM2.1 million, closure costs of RM0.4 million and gain on disposal of property, plant and equipment of RM1.8 million.

Excluding the exceptional items in Q4 2017, the pre-tax loss in Q4 2018 was lower by RM2.1 million as compared to Q4 2017 mainly due to improved performance resulting from cost rationalisation exercise and higher profit margin of marine products.

**(iv) Restaurant Division**

The revenue recorded for Q4 2018 was RM81.9 million against RM78.9 million in Q4 2017. The Division recorded pre-tax profit of RM7.1 million in Q4 2018 as compared to RM6.0 million in Q4 2017. Higher pre-tax profit was achieved for Q4 2018 after disposal of a loss making associate.

**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)**

- (b) Segmental analysis (Note 8)(Cont'd)
- (2) Current twelve (12) months financial year compared with previous corresponding financial year

**Continuing Operations**

The Group recorded revenue of RM1,131.7 million as compared to RM1,137.2 million in YTD Q4 2017. The Group reported pre-tax profit of RM4.9 million in YTD Q4 2018 against pre-tax profit of RM6.8 million in YTD Q4 2017 due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The revenue recorded in YTD Q4 2018 was RM445.3 million as compared to RM445.4 million in YTD Q4 2017. Lower pre-tax profit of RM5.4 million was achieved in YTD Q4 2018 against RM9.3 million in YTD Q4 2017 mainly due to lower margin on sales mix and losses made by certain subsidiaries.

(ii) Polymer Engineering Division

The revenue recorded for YTD Q4 2018 was RM203.6 million against RM195.5 million in YTD Q4 2017. The Division achieved pre-tax profit of RM4.3 million in YTD Q4 2018 against pre-tax profit of RM10.3 million in YTD Q4 2017. Higher pre-tax profit achieved in YTD Q4 2017 mainly due to gain on deconsolidation of a subsidiary of RM4.6 million. Excluding the exceptional gain of RM4.6 million, the pre-tax profit in YTD Q4 2018 was lower by RM1.4 million as compared to YTD Q4 2017 mainly due to losses made by overseas subsidiaries.

(iii) Food Division

The revenue recorded for YTD Q4 2018 was RM165.5 million against RM204.7 million in YTD Q4 2017. The Division incurred lower pre-tax loss of RM6.5 million as compared to RM8.4 million in YTD Q4 2017. Included in the pre-tax loss in YTD Q4 2017 was impairment loss on property, plant and equipment of RM2.1 million, closure costs of RM0.4 million and gain on disposal of property, plant and equipment of RM1.8 million.

Excluding the exceptional items in YTD Q4 2017, the pre-tax loss in YTD Q4 2018 was lower by RM1.2 million as compared to YTD Q4 2017 mainly due to improved performance resulting from cost rationalisation exercise and higher profit margin of marine products.

(iv) Restaurant Division

The revenue recorded for YTD Q4 2018 was RM311.7 million against RM288.3 million in YTD Q4 2017. The Division achieved pre-tax profit of RM12.1 million against pre-tax profit of RM4.4 million in YTD Q4 2017. The lower pre-tax profit for YTD Q4 2017 was mainly due to closure costs of RM5.2 million arising from cessation of business by a subsidiary. Excluding the closure costs of RM5.2 million in YTD Q4 2017, the pre-tax profit of YTD Q4 2018 was higher by RM2.5 million mainly due to profit generated by additional Sushi King outlets and reduction of loss in new concept restaurants.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF  
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**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	286,448	294,992	(2.90)
Operating profit	8,312	3,447	141.14
Profit before interest and taxation	8,305	2,318	258.28
Profit/(loss) before taxation	5,811	(28)	20,853.57
Profit/(loss) after taxation	1,937	(2,628)	173.71
Profit/(loss) attributable to owners of the Company	945	(2,083)	145.37

Lower revenue but higher operating profit of the Group in the current quarter as compared to the preceding quarter mainly due to various factors as explained in Note 14.

**16. Prospects for 2019**

Amid the slower growth of the global economy and pending development of trade negotiations between United States and China, the business environment remains challenging for Industrial and Polymer Engineering Divisions. Nevertheless, both Divisions will remain cautious and focus on executing its key growth strategies.

The semiconductor industry is expected to slow down in 2019 as forecasted by Gartner. Polymer Engineering Division will focus on growing its medical life science business segment to reduce the impact of expected slowdown in hard disk drive industry.

The domestic demand in Malaysia is expected to grow by 4.8% in 2019 according to the Ministry of Finance Economic Outlook 2019 report. This is lower than the estimated domestic demand growth of 5% in 2018. The Restaurant Division will continue to expand its Sushi King restaurants and strengthen its brand.

The Food Division will continue its cost rationalisation exercise and focus on supply chain management.

**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 MAIN MARKET LISTING REQUIREMENTS OF  
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**18. Income tax expense**

The income tax expense for continuing operations comprises:

	3 months ended		12 months ended	
	31 December		31 December	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Income tax expense</b>				
- current period/year	3,523	4,269	10,555	12,685
- prior period/year	672	651	1,073	536
	<u>4,195</u>	<u>4,920</u>	<u>11,628</u>	<u>13,221</u>
<b>Deferred tax expense</b>				
- current period/year	(685)	(1,175)	(754)	(799)
- prior period/year	364	476	361	491
	<u>3,874</u>	<u>4,221</u>	<u>11,235</u>	<u>12,913</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. Profit/(loss) for the period/year**

Profit/(loss) for the period/year is arrived at after charging/(crediting):

	3 months ended		12 months ended	
	31 December		31 December	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(253)	(169)	(769)	(464)
Interest expense	2,494	2,177	9,283	8,872
Depreciation of property, plant and equipment	6,754	6,977	30,991	30,402
Impairment loss on property, plant and equipment	-	2,119	-	2,119
Impairment loss on trade receivables	61	115	90	137
Inventories written down/(written back)	265	119	537	(613)
Gain on disposal of property, plant and equipment	(20)	(2,854)	(579)	(2,423)
Property, plant and equipment written off	464	1,342	1,916	4,223
Loss on foreign exchange	96	92	509	1,670
Amortisation of franchise fee	-	-	-	109
Franchise fee written off	-	1	-	1,112
Impairment loss on goodwill	-	-	2,927	-
(Reversal of)/provision for Directors' retirement/ resignation benefits	(295)	64	180	1,085
Dividend income from money market funds	-	-	-	(497)
Gain on disposal of an associate	-	-	(2,036)	-
Loss/(gain) on deconsolidation of subsidiaries	4	(4,827)	(20)	(4,827)

**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].

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.

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.



**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 8 November 2018, the Company announced that Texcorp had on 8 November 2018 received the letter of approval dated 7 November 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 May 2019.

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. 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.

**C. 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.

**D. 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 Proposed Striking Off was completed on 19 February 2019.

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**21. Loans and borrowings**

At 31 December 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	-	-	2,708	11,214	2,708	11,214
Trade financing	-	-	1,090	4,514	1,090	4,514
Term loans	33	137	36	149	69	286
<b><u>Denominated in THB</u></b>						
Trade financing	-	-	60,844	7,733	60,844	7,733
Finance lease obligation	43	5	318	40	361	45
<b><u>Denominated in SGD</u></b>						
Bank overdrafts	-	-	184	558	184	558
Finance lease obligation	-	-	90	273	90	273
<b><u>Denominated in VND</u></b>						
Trade financing	-	-	43,836,711	7,891	43,836,711	7,891
<b><u>Denominated in RM</u></b>						
Bank overdrafts	-	-	-	16,964	-	16,964
Revolving credits	-	-	-	50,000	-	50,000
Trade financing	-	-	-	48,648	-	48,648
Term loans	-	9,867	-	9,106	-	18,973
Finance lease obligation	-	6,453	-	3,476	-	9,929
<b>Total</b>	-	16,462	-	160,566	-	177,028

**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 (Cont'd)**

At 31 December 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	-	-	2,487	10,107	2,487	10,107
Trade financing	-	-	1,431	5,816	1,431	5,816
Term loans	69	280	36	146	105	426
<b><u>Denominated in THB</u></b>						
Trade financing	-	-	43,997	5,473	43,997	5,473
Finance lease obligation	362	45	318	40	680	85
<b><u>Denominated in SGD</u></b>						
Bank overdrafts	-	-	176	535	176	535
Finance lease obligation	-	-	8	24	8	24
<b><u>Denominated in VND</u></b>						
Trade financing	-	-	52,976,865	9,536	52,976,865	9,536
<b><u>Denominated in RM</u></b>						
Bank overdrafts	-	-	-	17,506	-	17,506
Revolving credits	-	-	-	30,899	-	30,899
Trade financing	-	-	-	51,686	-	51,686
Term loans	-	18,973	-	10,879	-	29,852
Finance lease obligation	-	4,256	-	2,501	-	6,757
<b>Total</b>	-	23,554	-	145,148	-	168,702

**Exchange rates applied**

	<b>At 31 December 2018</b>	<b>At 31 December 2017</b>
<b>USD/RM</b>	4.141	4.064
<b>THB/RM</b>	0.1271	0.1244
<b>SGD/RM</b>	3.0346	3.0412
<b>VND/RM</b>	0.00018	0.00018

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

As at 31 December 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 Gain/(Loss) RM'000</b>
Forward exchange contracts			
- Receivables	1,272	1,258	14
- Payables	406	412	<u>(6)</u>
			<u>8</u>

For twelve months ended 31 December 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 31 December 2018.

**26. Dividends**

No dividend has been proposed or declared for the quarter ended 31 December 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 profit/(loss) per share**

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

	3 months ended 31 December		12 months ended 31 December	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(loss) for the period attributable to owners of the Company	945	4,429	(6,752)	(3,640)
Weighted average number of ordinary shares in issue*	121,508	121,556	121,508	121,544
Basic profit/(loss) per share (sen)	0.78	3.64	(5.56)	(2.99)

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

In thousands of shares	31 December 2018	31 December 2017
Issued ordinary shares at 1 January	124,099	124,099
Effect of treasury shares held	(2,591)	(2,555)
Weighted average number of ordinary shares	121,508	121,544

**BY ORDER OF THE BOARD**
**OOI CHYE KHOON  
CHIEF FINANCIAL OFFICER  
Date: 21 February 2019**