



**TEXCHEM RESOURCES BHD [197301002868 (16318-K)]
(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2021**

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the quarter and three months ended 31 March 2021

	Note	3 months ended 31 March			3 months ended 31 March		
		2021 RM'000	2020 RM'000	Changes (%)	2021 RM'000	2020 RM'000	Changes (%)
Revenue	8	266,737	251,697	5.98	266,737	251,697	5.98
Cost of sales		(206,475)	(190,492)	(8.39)	(206,475)	(190,492)	(8.39)
Gross profit		60,262	61,205	(1.54)	60,262	61,205	(1.54)
Distribution costs		(25,066)	(35,777)	29.94	(25,066)	(35,777)	29.94
Administrative expenses		(25,633)	(30,526)	16.03	(25,633)	(30,526)	16.03
Other income		3,418	1,677	103.82	3,418	1,677	103.82
Operating profit/(loss) excluding exceptional items		12,981	(3,421)	479.45	12,981	(3,421)	479.45
Exceptional expenses		-	(1,232)	100.00	-	(1,232)	100.00
Share of loss of equity accounted associates, net of tax		(223)	(236)	5.51	(223)	(236)	5.51
Profit/(loss) before interest and taxation		12,758	(4,889)	360.95	12,758	(4,889)	360.95
Finance costs	19	(2,634)	(3,160)	16.65	(2,634)	(3,160)	16.65
Profit/(loss) before taxation		10,124	(8,049)	225.78	10,124	(8,049)	225.78
Tax expense	18	(2,671)	(391)	(583.12)	(2,671)	(391)	(583.12)
Profit/(loss) for the period	19	7,453	(8,440)	188.31	7,453	(8,440)	188.31
Profit/(loss) attributable to:							
Owners of the Company		6,635	(6,930)	195.74	6,635	(6,930)	195.74
Non-controlling interests		818	(1,510)	154.17	818	(1,510)	154.17
Profit/(loss) for the period		7,453	(8,440)	188.31	7,453	(8,440)	188.31
Basic profit/(loss) per share attributable to owners of the Company (sen)	27	5.50	(5.75)	195.65	5.50	(5.75)	195.65

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 three months ended 31 March 2021 (Cont'd)

	3 months ended 31 March			3 months ended 31 March		
	2021 RM'000	2020 RM'000	Changes (%)	2021 RM'000	2020 RM'000	Changes (%)
Profit/(loss) for the period	7,453	(8,440)	188.31	7,453	(8,440)	188.31
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	1,020	1,272	(19.81)	1,020	1,272	(19.81)
Total comprehensive income/(expense) for the period	8,473	(7,168)	218.21	8,473	(7,168)	218.21
Total comprehensive income/(expense) attributable to:						
Owners of the Company	7,755	(6,001)	229.23	7,755	(6,001)	229.23
Non-controlling interests	718	(1,167)	161.53	718	(1,167)	161.53
Total comprehensive income/(expense) for the period	8,473	(7,168)	218.21	8,473	(7,168)	218.21

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 At 31 March 2021

	Note	31 March 2021 (Unaudited) RM'000	31 December 2020 (Audited) RM'000
ASSETS			
Property, plant and equipment		157,246	160,699
Right-of-use assets		101,419	107,590
Investment in associates		6,318	6,541
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
Deferred tax assets		7,926	7,919
Other receivables		3,647	4,016
Total non-current assets		332,438	342,647
Trade receivables		139,352	138,474
Other receivables		36,413	38,748
Contract assets		127	115
Inventories		88,317	81,811
Current tax assets		8,016	7,560
Cash and cash equivalents		91,264	87,503
Derivative financial assets	22	159	-
Total current assets		363,648	354,211
TOTAL ASSETS		696,086	696,858
EQUITY			
Share capital		149,667	149,667
Reserves		105,497	94,232
Total equity attributable to owners of the Company		255,164	243,899
Non-controlling interests		28,419	28,672
TOTAL EQUITY		283,583	272,571
LIABILITIES			
Loans and borrowings	21	10,412	12,068
Lease liabilities		76,596	84,115
Deferred tax liabilities		6,040	5,987
Deferred liabilities		2,508	2,475
Provision		5,804	5,906
Total non-current liabilities		101,360	110,551

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 At 31 March 2021 (Cont'd)

	Note	31 March 2021 (Unaudited) RM'000	31 December 2020 (Audited) RM'000
LIABILITIES			
Trade payables		75,314	75,239
Other payables		55,395	63,937
Contract liabilities		429	432
Provision		198	89
Loans and borrowings	21	149,428	144,654
Lease liabilities		25,479	25,190
Current tax liabilities		4,616	3,858
Deferred liabilities		284	284
Derivative financial liabilities		-	53
Total current liabilities		311,143	313,736
TOTAL LIABILITIES		412,503	424,287
TOTAL EQUITY AND LIABILITIES		696,086	696,858

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.



TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the three months ended 31 March 2021

	<-----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		
At 1 January 2021	149,667	(4,900)	16,239	82,893	243,899	28,672	272,571
Other comprehensive income/(expense)	-	-	1,120	-	1,120	(100)	1,020
Profit for the period	-	-	-	6,635	6,635	818	7,453
Total comprehensive income for the period	-	-	1,120	6,635	7,755	718	8,473
Disposal of Company's shares held by a subsidiary	-	-	3,250	260	3,510	92	3,602
Dividends paid by a subsidiary to non-controlling interests	-	-	-	-	-	(1,063)	(1,063)
Total transactions with owners of the Company	-	-	3,250	260	3,510	(971)	2,539
At 31 March 2021	149,667	(4,900)	20,609	89,788	255,164	28,419	283,583

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the three months ended 31 March 2020

	<-----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		
At 1 January 2020	149,667	(4,900)	4,561	85,834	235,162	34,659	269,821
Other comprehensive income	-	-	929	-	929	343	1,272
Loss for the period	-	-	-	(6,930)	(6,930)	(1,510)	(8,440)
Total comprehensive income/(expense) for the period	-	-	929	(6,930)	(6,001)	(1,167)	(7,168)
Disposal of Company's shares held by a subsidiary	-	-	1,449	(722)	727	(254)	473
Total transaction with owners of the Company	-	-	1,449	(722)	727	(254)	473
At 31 March 2020	149,667	(4,900)	6,939	78,182	229,888	33,238	263,126

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the three months ended 31 March 2021

	Note	3 months ended 31 March	
		2021	2020
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		10,124	(8,049)
Adjustments for:			
Depreciation of property, plant and equipment		5,799	7,488
Depreciation of right-of-use assets		6,185	6,799
Provision for Directors' retirement/resignation benefits		245	57
Property, plant and equipment written off		84	17
(Reversal of)/impairment loss on property, plant and equipment		(97)	1,115
Gain on disposal of property, plant and equipment		(324)	(82)
Loss on termination of leases		-	212
Interest income		(61)	(122)
Interest expense		2,634	3,160
Share of loss of equity accounted associates		223	236
		<u>14,688</u>	<u>18,880</u>
Operating profit before changes in working capital		24,812	10,831
Changes in working capital:			
Inventories		(6,506)	(8,697)
Trade and other receivables		2,567	(6,301)
Trade and other payables		(8,865)	(3,380)
Contract assets		(12)	(41)
Contract liabilities		(4)	100
		<u>11,992</u>	<u>(7,488)</u>
Cash generated from/(used in) operations		11,992	(7,488)
Income tax paid		(2,359)	(4,740)
Directors' retirement/resignation benefits paid		(221)	(87)
		<u>(2,580)</u>	<u>(4,827)</u>
Net cash generated from/(used in) operating activities		9,412	(12,315)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		810	280
Purchase of property, plant and equipment		(2,288)	(2,109)
Interest received		61	122
Proceeds from disposal of Company's shares held by a subsidiary		3,602	473
Subscription of shares in an associate		-	(735)
		<u>2,185</u>	<u>(1,969)</u>
Net cash generated from/(used in) investing activities		2,185	(1,969)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the three months ended 31 March 2021 (Cont'd)

	Note	3 months ended 31 March	
		2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loans		(1,833)	(2,786)
Repayment of hire purchase creditors		(1,374)	(1,413)
Drawdown of borrowings (net)		2,885	1,216
Repayment of lease liabilities		(7,289)	(6,788)
Interest paid		(2,634)	(3,160)
Dividend paid to non-controlling interests		(1,063)	-
Net cash used in financing activities		(11,308)	(12,931)
Net increase/(decrease) in cash and cash equivalents		289	(27,215)
Cash and cash equivalents at 1 January		79,028	73,556
Effects of exchange differences on cash and cash Equivalents		729	420
Cash and cash equivalents at 31 March	A	80,046	46,761

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 March 2021 RM'000	31 March 2020 RM'000
Deposits with licensed bank	4,000	1,426
Cash and bank balances	87,264	59,196
Bank overdrafts	(11,218)	(13,861)
	80,046	46,761

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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

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 2020. 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 2020.

The following revised Malaysian Financial Reporting Standards (“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 and Amendments effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9	Financial Instruments – Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 7	Financial Instruments: Disclosures – Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 4	Insurance Contracts – Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Leases – Interest Rate Benchmark Reform – Phase 2

MFRSs and Amendments effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16	Leases – Covid-19-Related Rent Concession beyond 30 June 2021
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MFRSs and Amendments effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations – Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments
Amendments to Illustrative Examples accompanying MFRS 16	Leases
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture

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

1. Basis of preparation (Cont'd)

MFRSs and Amendments effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

MFRSs and Amendments effective for a date yet to be confirmed

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

The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group.

The adoption of the above MFRSs and Amendments to MFRSs are not expected to have any material financial impact to the Group upon their first adoption.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2020 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 three months ended 31 March 2021.

During the quarter and three months ended 31 March 2020, the exceptional item was the impairment loss on property, plant and equipment of RM1.2 million.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2021.

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 three months ended 31 March 2021.

7. Dividend paid

The Company did not pay any dividend in the financial period ended 31 March 2021.

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
8. Operating segments

	Industrial		Polymer Engineering		Food		Restaurant		Venture Business		Others		Eliminations		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 * RM'000	2021 RM'000	2020 * RM'000	2021 RM'000	2020 * RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
3 months ended 31																
March																
Revenue from external customers	135,839	101,973	53,614	47,244	17,940	39,493	58,193	61,978	292	306	859	703	-	-	266,737	251,697
Inter-segment revenue	1,134	1,209	511	190	378	660	294	40	1,901	1,255	3,213	2,948	(7,431)	(6,302)	-	-
Total revenue	136,973	103,182	54,125	47,434	18,318	40,153	58,487	62,018	2,193	1,561	4,072	3,651	(7,431)	(6,302)	266,737	251,697
Profit/(Loss) before share of (loss)/profit of equity accounted associates, net of tax	3,553	36	5,172	(210)	(954)	1,771	3,174	(6,054)	(314)	(2,178)	(284)	(1,178)			10,347	(7,813)
Share of (loss)/profit of equity accounted associates, net of tax	-	-	-	-	-	-	(48)	18	-	-	(175)	(254)			(223)	(236)
Profit/(Loss) before tax	3,553	36	5,172	(210)	(954)	1,771	3,126	(6,036)	(314)	(2,178)	(459)	(1,432)			10,124	(8,049)
Segment assets	159,864	148,765	190,384	178,550	61,949	77,156	231,755	189,992	7,485	6,203	44,649	45,939			696,086	646,605

* 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

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 2020.

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 three months ended 31 March 2021

Other than as disclosed in Note 20 (where relevant) of this condensed consolidated financial statements for the three months ended 31 March 2021, 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 last financial year ended 31 December 2020.

13. Commitments

	31 March 2021 RM'000	31 December 2020 RM'000
Property, plant and equipment	<u>2,695</u>	<u>2,558</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 March			3 months ended 31 March		
	2021 RM'000	2020 RM'000	Changes (%)	2021 RM'000	2020 RM'000	Changes (%)
Revenue	266,737	251,697	5.98	266,737	251,697	5.98
Operating profit/(loss) excluding exceptional items	12,981	(3,421)	479.45	12,981	(3,421)	479.45
Profit/(loss) before interest and taxation	12,758	(4,889)	360.95	12,758	(4,889)	360.95
Profit/(loss) before taxation	10,124	(8,049)	225.78	10,124	(8,049)	225.78
Profit/(loss) after taxation	7,453	(8,440)	188.31	7,453	(8,440)	188.31
Profit/(loss) attributable to owners of the Company	6,635	(6,930)	195.74	6,635	(6,930)	195.74

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

The Group recorded revenue of RM266.7 million and pre-tax profit of RM10.1 million in Q1 2021 against revenue of RM251.7 million and pre-tax loss of RM8.0 million in Q1 2020. The variance in revenue and pre-tax profit or loss will be explained in the respective operating business segments in Note 14(b).

(ii) Statement of Financial Position

As at 31 March 2021, total equity attributable to owners of the Company was increased to RM255.2 million from RM243.9 million as at 31 December 2020 mainly due to profit after tax and the disposal of Company's shares held by a subsidiary for the period ended 31 March 2021.

Total borrowings of the Group increased to RM159.8 million as at 31 March 2021 against RM156.7 million as at 31 December 2020.

(iii) Statement of Cash Flows

The operating profit as well as working capital management efficiency resulted in net cash generated from operating activities of RM9.4 million for Q1 2021. In Q1 2020, the net cash used in operating activities was RM12.3 million. The net cash generated from investing activities of RM2.2 million in Q1 2021 was mainly due to proceeds received from the disposal of the Company's shares held by a subsidiary. The net cash used in financing activities was lower at RM11.3 million in Q1 2021 against RM12.9 million in Q1 2020 due to higher drawdown of loan financing. The cash and cash equivalents of the Group was RM80.0 million as at 31 March 2021, representing an increase of RM0.3 million against RM79.0 million as at 1 January 2021.

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 (Cont'd)**(b) Segmental analysis (Note 8)**

The Covid-19 pandemic adversely impacted the Group in H1 2020. Nevertheless, the Group acted swiftly by closing non-performing restaurants, implementing stringent cost controls across its operations, curtailing discretionary overheads, deferring all non-essential capital expenditure and reinforcing liquidity to meet its operational needs.

These swift actions yielded results as evidenced by the Group's improved performance in H2 2020 and have continued to sustain our financial performance in Q1 2021. These are part of our guiding principles as we managed our funds and operations amidst the on-going Covid-19 pandemic.

Current quarter compared with previous corresponding quarter

In Q1 2021, the Group achieved revenue of RM266.7 million (Q1 2020: RM251.7 million) and pre-tax profit of RM10.1 million (Q1 2020: pre-tax loss of RM8.0 million) due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

Industrial Division achieved revenue of RM137.0 million (Q1 2020: RM103.2 million) and a pre-tax profit of RM3.6 million in Q1 2021 (Q1 2020: RM0.04 million) mainly due to product mix and better margins.

(ii) Polymer Engineering Division

The Division achieved revenue of RM54.1 million (Q1 2020: RM47.4 million) and a pre-tax profit of RM5.2 million (Q1 2020: pre-tax loss of RM0.2 million) mainly due to the better performances from operations in Malaysia and Thailand.

(iii) Food Division

The performance of Food Division was impacted by disruptions in commercial shipping logistics from its Myanmar operations and recorded lower revenue of RM18.3 million (Q1 2020: RM40.2 million) and pre-tax loss of RM1.0 million in Q1 2021 (Q1 2020: pre-tax profit of RM1.8 million).

(iv) Restaurant Division

The Restaurant Division recorded revenue of RM58.5 million (Q1 2020: RM62.0 million) and a pre-tax profit of RM3.1 million (Q1 2020: pre-tax loss of RM6.0 million) in Q1 2021. Although dine-in sales continue to be impacted by restrictive measures from the Covid-19 pandemic, efficient cost management as well as customer engagement through our Sushi King membership apps sustained the performance of the Division.

(v) Venture Business Division

The Division achieved revenue of RM2.2 million (Q1 2020: RM1.6 million) and incurred lower pre-tax loss of RM0.3 million (Q1 2020: pre-tax loss of RM2.2 million) in Q1 2021. The higher revenue was attributed to its extruded sheet business while the lower pre-tax loss was due to better cost management.

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 profit for the current and the preceding quarters are as follows:

	Quarter 1	Quarter 4	Changes
	2021	2020	
	RM'000	RM'000	
Revenue	266,737	270,254	(1.30)
Operating profit excluding exceptional items	12,981	18,658	(30.43)
Profit before interest and tax	12,758	19,791	(35.54)
Profit before tax	10,124	15,429	(34.38)
Profit after tax	7,453	11,126	(33.01)
Profit attributable to owners of the Company	6,635	9,760	(32.02)

The Group achieved revenue of RM266.7 million in the current quarter, representing a slight decrease of 1.30% against the preceding quarter. The Group achieved a pre-tax profit of RM10.1 million in the current quarter, as we continued to drive a recovery momentum building on the guiding principles of efficient cost and fund management as well as the various factors as explained in Note 14.

Included in the pre-tax profit of Q4 2020 is a reduction in depreciation expenses amounting to RM3.5 million which resulted from the change in expected usage of certain items of outlet equipment as the Group conducted an operational review on its restaurant business.

16. Prospects for 2021

The impact of Movement Control Order 2.0 by the Malaysian government to curb the spread of Covid-19 pandemic was mitigated as more business sectors could operate. Even as the Covid-19 pandemic continues to disrupt and pose uncertainties to the Malaysian and global economy, there is a note of positivity from worldwide vaccination programs and government stimulus measures. Nevertheless, the Group had put in place guiding principles to manage liquidity and costs as well as adapting to shifts in business landscapes and we will continue to actively monitor and adapt these to sustain our commitment to deliver long-term value to our stakeholders.

Industrial Division

As a result of the pandemic, the demand for personal protective equipment (PPE) including protective gloves has grown significantly. Industrial Division will continue to drive research and development activities to intensify diversification into latex glove chemicals.

Polymer Engineering Division

The demand remains positive for data storage devices particularly from remote work and travel restrictions from the Covid-19 pandemic. The Division will continue to grow its Hard Disk Drive as well as its Medical Life Sciences business segments.

TEXCHEM RESOURCES BHD
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16. Prospects for 2021 (Cont'd)
Food Division

The Food Division has part of its operations in Myanmar which is in the midst of a political situation since the military coup on 1 February 2021. While our operations in Myanmar continue to operate, there are disruptions in commercial shipping logistics from Yangon port. We are pursuing options to charter barge services to meet the demand from our customers.

Restaurant Division

The Food and Beverage industry remain most susceptible to the impact of movement controls and rise in Covid-19 cases. Our Restaurant Division will continue to engage with our customers through our Sushi King membership apps with targeted marketing and promotion as well as communicating brand refreshing efforts such as new in-store experience leveraging on automation technology.

Venture Business Division

As countries and global corporations formulate their “Net-Zero” futures to achieve carbon neutrality, Venture Business Division have resumed product trials in respect of our biopolymer resin, disrupted in FY 2020 by movement controls, with our customers towards commercialisation.

17. Profit forecast

Not applicable as no profit forecast was published.

18. Tax expense

The tax expense comprises:

	3 months ended		3 months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	2,611	1,175	2,611	1,175
- prior period	5	-	5	-
	<hr/> 2,616	<hr/> 1,175	<hr/> 2,616	<hr/> 1,175
Deferred tax expense/(income)				
- current period	355	(802)	355	(802)
- prior period	(300)	18	(300)	18
Tax expense	<hr/> 2,671	<hr/> 391	<hr/> 2,671	<hr/> 391

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.

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19. Profit/(loss) for the period

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

	3 months ended		3 months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(61)	(122)	(61)	(122)
Interest expense on loans and borrowings	1,516	2,312	1,516	2,312
Interest expense on lease liabilities	1,118	848	1,118	848
Depreciation of property, plant and equipment	5,799	7,488	5,799	7,488
Depreciation of right-of-use assets	6,185	6,799	6,185	6,799
(Reversal of)/impairment loss on property, plant and equipment	(97)	1,115	(97)	1,115
(Reversal of)/impairment loss on trade receivables	(39)	63	(39)	63
Inventories written back	(159)	(73)	(159)	(73)
Gain on disposal of property, plant and equipment	(324)	(82)	(324)	(82)
Loss on termination of leases	-	212	-	212
Property, plant and equipment written off	84	17	84	17
(Gain)/loss on foreign exchange	(194)	594	(194)	594
Provision for Directors' retirement/resignation benefits	245	57	245	57

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 the previous quarterly report dated 24 February 2021, Texcorp held 4,710,700 ordinary shares in the Company, representing 3.91% of the total number of issued shares of the Company [excluding 3,528,400 treasury shares].

Pursuant to Section 22(5)(b) 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 Companies Commission of Malaysia may allow. Pending the disposal of the TRB Shares, Texcorp shall have no right to vote at meetings of the Company or any class of members of the Company.

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20. Status of corporate proposals (Cont'd)

The status of the Group's corporate proposals is as follows (Cont'd):

(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 (Cont'd)

The Company has on 6 May 2014, 12 May 2015, 29 April 2016, 15 May 2017, 9 November 2017, 27 April 2018, 8 November 2018, 10 May 2019, 4 November 2019, 8 May 2020 and 30 October 2020 announced that Texcorp had received approval from the Penang High Court or the Companies Commission of Malaysia, as the case may be, for extension of time to dispose of the TRB Shares held by Texcorp. The new deadline for Texcorp to dispose of the TRB Shares is 15 November 2021.

For the period between 10 March 2021 to 16 March 2021, Texcorp has disposed of its remaining 4,710,700 ordinary shares in the Company, representing 3.91% of the total number of issued shares of the Company [excluding 3,528,400 treasury shares] via open market. Subsequent to the said disposal, Texcorp has ceased to be a shareholder of the Company and is now in compliance with the requirement of Section 22(5)(b) of the Companies Act 2016.

(B) Liquidation of PT. Sushi King Group Indonesia

On 13 November 2020, the Company announced that PT. Sushi King Group Indonesia, a limited liability company established under the laws of the Republic of Indonesia and owned by the following companies, had on 13 November 2020 obtained its shareholders' approval to commence the liquidation process in accordance with the laws of the Republic of Indonesia ("Liquidation"):

- (a) Sushi King Sdn. Bhd. ("SKSB"), a 70.35% owned subsidiary of Sushi King Holdings Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company; and
- (b) Sushi King (East Malaysia) Sdn. Bhd., a wholly-owned subsidiary of SKSB which in turn is a 70.35% owned subsidiary of Sushi King Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company.

The completion of the Liquidation is pending as at todate.

(C) Dissolution of Sushi King (Thailand) Ltd.

On 30 November 2020, the Company announced that Sushi King (Thailand) Ltd. ("SKTL"), a wholly-owned subsidiary of Texchem Corporation Sdn. Bhd., which in turn is a 73.94% owned subsidiary of the Company, had on 30 November 2020 obtained its shareholders' approval to dissolve SKTL in accordance with the Thailand Civil and Commercial Code ("Dissolution").

The completion of the Dissolution is pending as at todate.

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21. Loans and borrowings

At 31 March 2021	Long term		Short term		Total borrowings	
	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Revolving credits	-	-	900	3,745	900	3,745
Trade financing	-	-	1,235	5,139	1,235	5,139
Term loans	90	374	49	204	139	578
<u>Denominated in THB</u>						
Trade financing	-	-	91,987	12,197	91,987	12,197
Hire purchase creditors	700	93	748	99	1,448	192
<u>Denominated in SGD</u>						
Bank overdrafts	-	-	52	161	52	161
<u>Denominated in VND</u>						
Trade financing	-	-	43,338,044	7,801	43,338,044	7,801
<u>Denominated in RM</u>						
Bank overdrafts	-	-	-	11,057	-	11,057
Revolving credits	-	-	-	52,080	-	52,080
Trade financing	-	-	-	49,145	-	49,145
Term loans	-	3,282	-	2,924	-	6,206
Hire purchase creditors	-	6,663	-	4,876	-	11,539
Total	-	10,412	-	149,428	-	159,840

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21. Loans and borrowings (Cont'd)

At 31 December 2020	Long term		Short term		Total borrowings	
	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)
<u>Unsecured</u>						
<u>Denominated in USD</u>						
Revolving credits	-	-	1,000	4,016	1,000	4,016
Trade financing	-	-	1,637	6,574	1,637	6,574
Term loans	103	414	49	197	152	611
<u>Denominated in THB</u>						
Trade financing	-	-	89,968	12,065	89,968	12,065
Hire purchase creditors	1,000	134	662	89	1,662	223
<u>Denominated in VND</u>						
Trade financing	-	-	35,114,765	5,970	35,114,765	5,970
<u>Denominated in RM</u>						
Bank overdrafts	-	-	-	8,475	-	8,475
Revolving credits	-	-	-	59,000	-	59,000
Trade financing	-	-	-	39,098	-	39,098
Term loans	-	3,524	-	4,463	-	7,987
Hire purchase creditors	-	7,996	-	4,707	-	12,703
Total	-	12,068	-	144,654	-	156,722

Exchange rates applied

	At 31 March 2021	At 31 December 2020
USD/RM	4.161	4.016
THB/RM	0.1326	0.1341
SGD/RM	3.0891	3.0383
VND/RM	0.00018	0.00017

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22. Derivative financial instruments

As at 31 March 2021, the Group has the following outstanding derivative financial instrument:

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value-Net Gain RM'000
Forward exchange contracts - Payables	5,966	6,125	159
			<u>159</u>

For three months ended 31 March 2021, 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 23 April 2021, being a date not earlier than 7 days from date of issue of this quarterly report.

26. Dividends

No dividend has been proposed or declared for the quarter ended 31 March 2021.

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27. Basic profit/(loss) per share

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

	3 months ended		3 months ended	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period attributable to owners of the Company	6,635	(6,930)	6,635	(6,930)
Weighted average number of ordinary shares in issue*	120,571	120,571	120,571	120,571
Basic profit/(loss) per share (sen)	5.50	(5.75)	5.50	(5.75)

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

In thousands of shares	31 March 2021	31 March 2020
Issued ordinary shares at 1 January	124,099	124,099
Effect of treasury shares held	(3,528)	(3,528)
Weighted average number of ordinary shares	120,571	120,571

BY ORDER OF THE BOARD

CATHERINE SIEW SEEN WA
GROUP FINANCE DIRECTOR
Date: 30 April 2021