



TEXCHEM RESOURCES BHD
(Registration No. 197301002868 (16318-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2023

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
for the quarter and three months ended 31 March 2023



	Note	3 months ended			3 months ended		
		31 March		Changes	31 March		Changes
		2023	2022		2023	2022	
		RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	8	268,496	307,492	(12.68)	268,496	307,492	(12.68)
Cost of sales		(202,653)	(233,490)	13.21	(202,653)	(233,490)	13.21
Gross profit		65,843	74,002	(11.03)	65,843	74,002	(11.03)
Distribution costs		(32,424)	(30,395)	(6.68)	(32,424)	(30,395)	(6.68)
Administrative expenses		(30,711)	(26,320)	(16.68)	(30,711)	(26,320)	(16.68)
Other income		4,153	4,922	(15.62)	4,153	4,922	(15.62)
Operating profit		6,861	22,209	(69.11)	6,861	22,209	(69.11)
Share of loss of equity accounted associates, net of tax		(417)	(194)	(114.95)	(417)	(194)	(114.95)
Profit before interest and tax		6,444	22,015	(70.73)	6,444	22,015	(70.73)
Finance costs		(4,251)	(3,165)	(34.31)	(4,251)	(3,165)	(34.31)
Profit before tax		2,193	18,850	(88.37)	2,193	18,850	(88.37)
Tax expense	18	(2,266)	(4,125)	45.07	(2,266)	(4,125)	45.07
(Loss)/ Profit for the period	19	(73)	14,725	(100.50)	(73)	14,725	(100.50)
(Loss)/ Profit attributable to:							
Owners of the Company		(242)	13,083	(101.85)	(242)	13,083	(101.85)
Non-controlling interests		169	1,642	(89.71)	169	1,642	(89.71)
(Loss)/ Profit for the period		(73)	14,725	(100.50)	(73)	14,725	(100.50)
(Loss)/ Earnings per share attributable to owners of the Company (sen)							
- Basic	27	(0.20)	11.01	(101.86)	(0.20)	11.01	(101.86)
- Diluted	27	(0.20)	11.01	(101.86)	(0.20)	11.01	(101.86)

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the quarter and three months ended 31 March 2023

	Note	3 months ended			3 months ended		
		31 March		Changes	31 March		Changes
		2023	2022		2023	2022	
		RM'000	RM'000	(%)	RM'000	RM'000	(%)
(Loss)/Profit for the period		(73)	14,725	(100.50)	(73)	14,725	(100.50)
Other comprehensive income, net of tax							
Foreign currency translation differences for foreign operations		992	580	71.03	992	580	(71.03)
Total other comprehensive income for the period		919	15,305	(94.00)	919	15,305	(94.00)
Total comprehensive income attributable to:							
Owners of the Company		728	13,636	(94.66)	728	13,636	(94.66)
Non-controlling interests		191	1,669	(88.56)	191	1,669	(88.56)
Total comprehensive income for the period		919	15,305	(94.00)	919	15,305	(94.00)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 At 31 March 2023



	Note	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
ASSETS			
Property, plant and equipment		146,696	149,455
Right-of-use assets		142,311	147,207
Investment in associates		4,552	4,969
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
Deferred tax assets		13,693	13,196
Other receivables		8,748	8,957
Total non-current assets		371,882	379,666
Trade receivables		123,313	114,007
Other receivables		40,063	32,870
Contract assets		1,054	1,054
Inventories		104,960	112,819
Current tax assets		11,229	10,675
Cash and cash equivalents		71,525	96,048
Derivative financial assets	22	45	-
Total current assets		352,189	367,473
TOTAL ASSETS		724,071	747,139
EQUITY			
Share capital		157,853	157,853
Reserves		25,273	33,451
Total equity attributable to owners of the Company		183,126	191,304
Non-controlling interests		22,666	23,210
TOTAL EQUITY		205,792	214,514
LIABILITIES			
Loans and borrowings	21	36,174	22,026
Lease liabilities		112,597	117,144
Deferred tax liabilities		6,975	6,989
Deferred liabilities		2,933	3,012
Provision		6,436	6,328
Other payable		30,000	50,000
Total non-current liabilities		195,115	205,499
LIABILITIES			
Trade payables		58,824	52,318
Other payables		73,751	99,960
Contract liabilities		1,500	1,495
Provision		46	46
Loans and borrowings	21	153,910	138,074
Lease liabilities		29,275	29,452
Current tax liabilities		5,312	5,147
Deferred liabilities		546	546
Derivative financial liabilities	22	-	88
Total current liabilities		323,164	327,126
TOTAL LIABILITIES		518,279	532,625
TOTAL EQUITY AND LIABILITIES		724,071	747,139

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

	-----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	Share option reserve RM'000	Other capital reserves RM'000	Retained earnings RM'000	Sub-total RM'000		
At 1 January 2023	157,853	(9,999)	6,830	18,536	18,084	191,304	23,210	214,514
Other comprehensive income for the period	-	-	-	970	-	970	22	992
Loss for the period	-	-	-	-	(242)	(242)	169	(73)
Total comprehensive income for the period	-	-	-	970	- 242	728	191	919
Purchase of own shares	-	(3,796)	-	-	-	(3,796)	-	(3,796)
Share-based payments	-	-	745	-	-	745	-	745
Dividends paid to owners of the Company	-	-	-	-	(5,855)	(5,855)	-	(5,855)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(735)	(735)
	-	(3,796)	745	-	(5,855)	(8,906)	(735)	(9,641)
Total transactions with owners of the Company	-	(3,796)	745	-	(5,855)	(8,906)	(735)	(9,641)
At 31 March 2023	157,853	(13,795)	7,575	19,506	11,987	183,126	22,666	205,792

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023 (cont'd)

	<-----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 2022	149,667	(4,900)	17,573	108,483	270,823	28,956	299,779
Other comprehensive income for the period	-	-	553	-	553	27	580
Profit for the period	-	-	-	13,083	13,083	1,642	14,725
Total comprehensive income for the period	-	-	553	13,083	13,636	1,669	15,305
Purchase of own shares	-	(5,099)	-	-	(5,099)	-	(5,099)
Total transaction with owners of the Company	-	(5,099)	-	-	(5,099)	-	(5,099)
At 31 March 2022	149,667	(9,999)	18,126	121,566	279,360	30,625	309,985

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

	Note	3 months ended 31	
		March	
		2023	2022
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,193	18,850
Adjustments for:			
Depreciation of property, plant and equipment		5,214	5,450
Depreciation of right-of-use assets		7,500	7,079
Provision for Directors' retirement/ resignation benefits		62	228
Property, plant and equipment written off		147	72
Reversal of impairment loss on property, plant and equipment		(4)	-
Loss/(Gain) on disposal of property, plant and equipment		13	(101)
Gain on termination of lease		(3)	(14)
Interest income		(202)	(164)
Interest expense		4,251	3,165
Share-based payments		745	-
Share of loss of equity accounted associates		417	194
		<u>18,140</u>	<u>15,909</u>
Operating profit before changes in working capital		20,333	34,759
Changes in working capital:			
Inventories		7,858	13,482
Trade and other receivables		(15,824)	(9,496)
Trade and other payables		(11,521)	(30,363)
Contract assets		-	(45)
Contract liabilities		5	65
		<u>851</u>	<u>8,402</u>
Cash generated from operations		851	8,402
Income tax paid		(3,155)	(2,105)
Directors' retirement/ resignation benefits paid		(146)	(34)
Restoration costs paid		(33)	-
		<u>(2,483)</u>	<u>6,263</u>
Net cash (used in)/ from operating activities		(2,483)	6,263
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		395	297
Purchase of property, plant and equipment		(2,982)	(5,610)
Interest received		202	164
		<u>(2,385)</u>	<u>(5,149)</u>
Net cash used in investing activities		(2,385)	(5,149)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the three months ended 31 March 2023 (Cont'd)

	Note	3 months ended 31 March	
		2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		8,132	-
Repayment of term loans		(1,187)	(658)
Repayment of hire purchase creditors		(1,152)	(1,501)
Drawdown of other borrowings (net)		17,314	11,065
Repayment of lease liabilities		(7,322)	(6,505)
Repayment of other payable	B	(25,000)	-
Interest paid		(4,251)	(3,165)
Dividends paid to owners of the Company	7	(5,855)	-
Dividends paid to non-controlling interests		(735)	-
Purchase of own shares		(3,796)	(5,099)
Net cash used in financing activities		(23,852)	(5,863)
Net decrease in cash and cash equivalents		(28,720)	(4,749)
Cash and cash equivalents at 1 January		84,928	95,387
Effects of exchange differences on cash and cash equivalents		309	183
Cash and cash equivalents at 31 March	A	56,517	90,821

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 2023 RM'000	31 March 2022 RM'000
Short term deposits	2,200	7,750
Cash and bank balances	69,325	92,031
Bank overdrafts	(15,008)	(8,960)
	<u>56,517</u>	<u>90,821</u>

Note B: Repayment of other payable

On 18 April 2022, the Group completed the proposed acquisition of 1.40 million ordinary shares in Sushi King Sdn. Bhd. ("SKSB"), representing 28% of the issued share capital of SKSB by Sushi King Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company, from Asia Yoshinoya International Sdn. Bhd. ("AYI") for a total cash consideration of RM102.20 million to be paid over a period of five (5) years.

	31 March 2023 RM'000
Total purchase consideration	102,200
First consideration paid to AYI	(27,200)
As at 31 December 2022	<u>75,000</u>
Second consideration paid to AYI	(25,000)
As at 31 March 2023	<u>50,000</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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 2022. 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 2022.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 December 2022 except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) issued by the MASB:

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - Comparative Information
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
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The above amendments to MFRSs are either not relevant or do not have material impacts on the Group’s financial statements for the current financial period.

The following are MFRSs and amendment to MFRSs that have been issued by the Malaysia Accounting Standard Board but are not yet effective to the Group’s current financial period:

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases – Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

MFRSs and amendments effective for annual periods beginning on or after 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 of Assets between an Investor and its Associate or Joint Venture

The initial application of the amendments to MFRSs is not expected to have any material financial impacts to the Group’s financial statements.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2022 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 2023.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2023.

6. Debt and equity securities

There were no issuances, cancellations, resale and repayments of debt and equity securities by the Company during the three months ended 31 March 2023 other than 2,053,400 of the issued ordinary shares that were repurchased by the Company from the open market at an average cost of RM1.849 per share for the three months ended 31 March 2023.

7. Dividend paid

On 24 March 2023, the Company paid a second interim single tier dividend of RM5.0 sen per share amounting to RM5,855,000 for the financial year ended 31 December 2022.

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

	Industrial		Polymer Engineering		Food *		Restaurant *		Venture Business		Others		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March																
Revenue from external customers	114,498	131,699	44,273	66,282	42,797	42,570	66,037	65,815	65	292	826	834	-	-	268,496	307,492
Inter-segment revenue	1,724	2,327	732	529	13,352	20,522	298	364	1,364	1,817	3,082	3,022	(20,552)	(28,581)	-	-
Total revenue	116,222	134,026	45,005	66,811	56,149	63,092	66,335	66,179	1,429	2,109	3,908	3,856	(20,552)	(28,581)	268,496	307,492
Profit/ (loss) before share of profit/ (loss) of equity accounted associates, net of tax	1,073	4,349	(947)	4,324	4,371	6,971	355	4,345	(899)	(537)	(1,343)	(408)	-	-	2,610	19,044
Share of profit/ (loss) of equity accounted associates, net of tax	-	-	-	-	-	-	128	142	-	-	(545)	(336)	-	-	(417)	(194)
Profit/ (loss) before tax	1,073	4,349	(947)	4,324	4,371	6,971	483	4,487	(899)	(537)	(1,888)	(744)	-	-	2,193	18,850
Segment assets	148,663	166,243	178,642	207,765	100,772	91,520	246,495	271,619	6,488	6,737	43,011	42,637	-	-	724,071	786,521

* With effect from 1 January 2023, the results of Wilpack Food Services Sdn. Bhd. ("WFS") and Sea Master Food Sdn. Bhd. ("SMF") were reported under the Food Division segment to reflect similar operational and marketing strategies in that strategic business unit.

The comparative figures for same reporting period in FY 2022 have been reclassified accordingly.

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

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 financial year ended 31 December 2022.

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

There 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 2023

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 2022.

13. Commitments

	31 March 2023 RM'000	31 December 2022 RM'000
Property, plant and equipment	9,933	7,762

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		
	2023 RM’000	2022 RM’000	Changes (%)	2023 RM’000	2022 RM’000	Changes (%)
Revenue	268,496	307,492	(12.68)	268,496	307,492	(12.68)
Operating profit	6,861	22,209	(69.11)	6,861	22,209	(69.11)
Profit before interest and tax	6,444	22,015	(70.73)	6,444	22,015	(70.73)
Profit before tax	2,193	18,850	(88.37)	2,193	18,850	(88.37)
(Loss)/ Profit after tax	(73)	14,725	(100.50)	(73)	14,725	(100.50)
(Loss)/ Profit attributable to owners of the Company	(242)	13,083	(101.85)	(242)	13,083	(101.85)

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

The Group recorded lower revenue of RM268.5 million and pre-tax profit of RM2.2 million in YTD Q1 2023 compared to revenue of RM307.5 million and pre-tax profit of RM18.9 million in YTD Q1 2022. The variance in revenue and pre-tax profit will be explained in the respective operating business segments in Note 14(b).

(ii) Statement of Financial Position

As at 31 March 2023, total equity attributable to owners of the Company reduced to RM183.1 million from RM191.3 million as at 31 December 2022 mainly due to purchase of own shares and dividends paid during the period ended 31 March 2023.

Total borrowings of the Group increased to RM190.1 million as at 31 March 2023 against RM160.1 million as at 31 December 2022 mainly due to drawdown of loans and borrowings to part finance the second consideration for the acquisition of 28% of the issued share capital of Sushi King Sdn. Bhd. and for working capital purpose.

(iii) Statement of Cash Flows

There was a net cash used in operating activities of RM2.5 million for YTD Q1 2023 against a net cash generated from operating activities of RM6.3 million for YTD Q1 2022 mainly due to lower operating profit.

The net cash used in investing activities was lower at RM2.4 million for YTD Q1 2023 compared to RM5.1 million for YTD Q1 2022 mainly due to lower purchase of property, plant and equipment

The net cash used in financing activities was higher at RM23.9 million for YTD Q1 2023 compared to RM5.9 million for YTD Q1 2022 mainly due to dividend paid to owners of the Company of RM5.9 million and payment of second consideration of RM25.0 million to Asia Yoshinoya International Sdn. Bhd. for the acquisition of 28% of the issued share capital of Sushi King Sdn. Bhd. as indicated in Note B to the Condensed Consolidated Statement of Cash Flows for the period ended 31 March 2023.

The cash and cash equivalents of the Group was RM71.5 million as at 31 March 2023, representing a decrease of RM24.5 million against RM96.0 million as at 31 December 2022.

14. Group's Financial Performance Review and Segmental Analysis (Cont'd)**(b) Segmental analysis (Note 8)**

The global economic challenges and high global inflation had affected the Group's performance in Q1 2023.

(1) Current quarter compared with previous corresponding quarter

In Q1 2023, the Group achieved a lower revenue of RM268.5 million (Q1 2022: RM307.5 million). Excluding the share-based payments of RM0.7 million, the Group generated a lower pre-tax profit of RM2.9 million (Q1 2022: RM18.9 million) due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The Industrial Division achieved a lower revenue of RM116.2 million (Q1 2022: RM134.0 million) in Q1 2023. Excluding the share-based payments of RM0.1 million, the Industrial Division achieved a lower pre-tax profit of RM1.2 million (Q1 2022: RM4.3 million) in Q1 2023 mainly due to weak market demand in electrical & electronic, latex glove and textile sectors.

(ii) Polymer Engineering Division

The Polymer Engineering Division achieved a lower revenue of RM45.0 million (Q1 2022: RM66.8 million) in Q1 2023. Excluding the share-based payments of RM0.2 million, the Polymer Engineering Division recorded a pre-tax loss of RM0.7 million (Q1 2022: pre-tax profit of RM4.3 million) in Q1 2023 mainly due to sluggish global market demand in the hard disk drive and semiconductor sectors.

(iii) Food Division

The Food Division recorded a lower revenue of RM56.1 million (Q1 2022: RM63.1 million) in Q1 2023. Excluding the share-based payments of RM0.1 million, the Food Division recorded a lower pre-tax profit of RM4.5 million (Q1 2022: RM7.0 million) in Q1 2023 mainly due to weaker consumer demand and higher operating costs.

(iv) Restaurant Division

The Restaurant Division recorded a revenue of RM66.3 million (Q1 2022: RM66.2 million) in Q1 2023. Excluding the share-based payments of RM0.1 million, the Restaurant Division recorded a lower pre-tax profit of RM0.6 million (Q1 2022: RM4.5 million) in Q1 2023 mainly due to higher labour costs and higher interest expense.

(v) Venture Business Division

The Venture Business Division achieved a lower revenue of RM1.4 million (Q1 2022: RM2.1 million) and a pre-tax loss of RM0.90 million (Q1 2022: RM0.54 million) in Q1 2023 mainly due to weaker market demand for conductive sheet business.

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 immediate preceding quarter are as follows:

	Quarter 1	Quarter 4	Changes
	2023	2022	
	RM'000	RM'000	%
Revenue	268,496	251,764	6.65
Operating profit	6,861	5,729	19.76
Profit before interest and tax	6,444	5,340	20.67
Profit before tax	2,193	1,678	30.69
Loss after tax	(73)	(627)	(88.36)
Loss attributable to owners of the Company	(242)	(254)	(4.72)

The Group achieved a revenue of RM268.5 million in the current quarter, representing an increase of 6.65% compared to the preceding quarter. The Group's pre-tax profit was higher at RM2.2 million in the current quarter mainly due to improved contribution from Food Division.

16. Prospects for 2023

The global economy remains weak due to rising inflation, higher interest rates and supply disruptions caused by the Ukraine war.

The Group has implemented cost reduction and cash flows management strategies to weather through the current difficult operating environment. The Group is confident of the long-term growth prospect due to the diversified business and solid fundamentals built across the core business divisions.

17. Profit forecast

Not applicable as no profit forecast was published.

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18. Tax expense

The tax expense comprises:

	3 months ended		3 months ended	
	31 March		31 March	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	2,626	3,383	2,626	3,383
- prior period	149	1	149	1
	<u>2,775</u>	<u>3,384</u>	<u>2,775</u>	<u>3,384</u>
Deferred tax (income)/ expense				
- current period	(669)	741	(669)	741
- prior period	160	-	160	-
Tax expense	<u>2,266</u>	<u>4,125</u>	<u>2,266</u>	<u>4,125</u>

The effective tax rates were higher than the statutory tax rate mainly due to certain expenses which are not tax deductible.

19. (Loss)/ Profit for the period

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

	3 months ended		3 months ended	
	31 December		31 March	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(202)	(164)	(202)	(164)
Interest expense on loans and borrowings	2,747	1,645	2,747	1,645
Interest expense on lease liabilities	1,504	1,520	1,504	1,520
Depreciation of property, plant and equipment	5,214	5,450	5,214	5,450
Depreciation of right-of-use assets	7,500	7,079	7,500	7,079
Reversal of impairment loss on property, plant and equipment	(4)	-	(4)	-
Reversal of impairment loss on trade receivables	(2)	(4)	(2)	(4)
Inventories written down	393	278	393	278
Loss/ (Gain) on disposal of property, plant and equipment	13	(101)	13	(101)
Gain on termination of leases	(3)	(14)	(3)	(14)
Property, plant and equipment written off	147	72	147	72
Gain on foreign exchange	(431)	(2,026)	(431)	(2,026)
Provision for Directors' retirement/ resignation benefits	62	228	62	228

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20. Status of corporate proposals

As at 12 May 2023, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, there were no corporate proposals announced and pending completion.

21. Loans and borrowings

At 31 March 2023	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	-	-	700	3,088	700	3,088
Trade financing	-	-	456	2,011	456	2,011
Term loans	-	-	34	151	34	151
<u>Denominated in THB</u>						
Hire purchase creditors	8	1	481	62	489	63
Term loans	-	-	62,697	8,113	62,697	8,113
<u>Denominated in VND</u>						
Trade financing	-	-	23,072,229	4,338	23,072,229	4,338
Term loans	-	-	152,101	29	152,101	29
<u>Denominated in RM</u>						
Bank overdrafts	-	-	-	15,008	-	15,008
Revolving credits	-	15,433	-	50,900	-	66,333
Trade financing	-	-	-	61,503	-	61,503
Term loans	-	14,439	-	4,292	-	18,731
Hire purchase creditors	-	6,301	-	4,415	-	10,716
Total		36,174		153,910		190,084

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21. **Loans and borrowings (Cont'd)**

At 31 December 2022	Long term		Short term		Total borrowings	
	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)	Foreign currency ('000)	RM Equivalent ('000)
Unsecured						
Denominated in USD						
Revolving credits	-	-	700	3,073	700	3,073
Trade financing	-	-	1,276	5,599	1,276	5,599
Term loans	3	15	41	181	44	196
Denominated in THB						
Trade financing	-	-	71,778	9,130	71,778	9,130
Hire purchase creditors	161	19	468	60	629	79
Term loans	-	-	1,500	191	1,500	191
Denominated in VND						
Trade financing	-	-	19,756,316	3,675	19,756,316	3,675
Term loans	15,210	3	182,516	34	197,726	37
Denominated in RM						
Bank overdrafts	-	-	-	11,120	-	11,120
Revolving credits	-	8,200	-	48,400	-	56,600
Trade financing	-	-	-	49,793	-	49,793
Term loans	-	8,846	-	2,692	-	11,538
Hire purchase creditors	-	4,946	-	4,123	-	9,069
Total	-	22,029	-	138,071	-	160,100

Exchange rates applied

USD/ RM
THB/ RM
VND/ RM

At 31 March 2023

4.4110
0.1294
0.000188

At 31 December 2022

4.3900
0.1272
0.000186

22. Derivative financial instruments

As at 31 March 2023, the Group has the following outstanding derivative financial instruments:

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value-Net Gain RM'000
Forward exchange contracts - Payables	6,295	6,340	45
			45

For the three months ended 31 March 2023, 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 the 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 three months ended 31 March 2023.

25. Changes in material litigation

There was no material litigation against the Group as at 12 May 2023, 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 2023.

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27. Basic / Diluted (loss)/ earnings per share

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

	3 months ended 31 March		3 months ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit for the period attributable to owners of the Company	(242)	13,083	(242)	13,083
Weighted average number of ordinary shares for computing basic (loss)/earnings per share*	118,221	118,849	118,221	118,849
Basic (loss)/earnings per share (sen)	(0.20)	11.01	(0.20)	11.01
Weighted average number of ordinary shares for computing diluted (loss)/earnings per share*	118,221	118,849	118,220	118,849
Diluted (loss)/ earnings per share (sen)	(0.20)	11.01	(0.20)	11.01

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

In thousands of shares	31 March 2023	31 March 2022
Issued ordinary shares at 1 January	126,373	124,099
Effect of treasury shares repurchased	(8,152)	(5,250)
Weighted average number of ordinary shares for computing basic (loss)/ earnings per share	118,221	118,849
Effect of exercise of ESOS	**	-
Weighted average number of ordinary shares for computing diluted (loss)/ earnings per share	118,221	118,849

** The Group's diluted loss per share is assumed to be the same as basic loss per share as the assumed potential new ordinary shares are anti-dilutive since the market share price is lower than the ESOS's exercise price. The Group has no dilution in its earnings per share in the period ended 31 March 2022 as there were no dilutive potential ordinary shares.

BY ORDER OF THE BOARD

YEOH SAW GAIK
GROUP CHIEF FINANCIAL OFFICER
Date: 19 May 2023