



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2024

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

for the quarter and three months ended 31 MARCH 2024

	Note	3 months ended			3 months ended		
		31 March		Changes (%)	31 March		Changes (%)
		2024 RM'000	2023 RM'000		2024 RM'000	2023 RM'000	
Revenue	8	275,653	268,496	2.67	275,653	268,496	2.67
Cost of sales		(210,090)	(202,653)	(3.67)	(210,090)	(202,653)	(3.67)
Gross profit		65,563	65,843	(0.43)	65,563	65,843	(0.43)
Distribution costs		(32,803)	(32,424)	(1.17)	(32,803)	(32,424)	(1.17)
Administrative expenses		(31,993)	(30,711)	(4.17)	(31,993)	(30,711)	(4.17)
Other income		3,681	4,153	(11.37)	3,681	4,153	(11.37)
Operating profit		4,448	6,861	(35.17)	4,448	6,861	(35.17)
Share of profit/ (loss) of equity accounted associates, net of tax		394	(417)	194.48	394	(417)	194.48
Profit before interest and tax		4,842	6,444	(24.86)	4,842	6,444	(24.86)
Finance costs		(4,957)	(4,251)	(16.61)	(4,957)	(4,251)	(16.61)
(Loss)/ Profit before tax		(115)	2,193	(105.24)	(115)	2,193	(105.24)
Tax expense	18	(1,331)	(2,266)	41.26	(1,331)	(2,266)	41.26
Loss for the period	19	(1,446)	(73)	(1,880.82)	(1,446)	(73)	(1,880.82)
(Loss)/ Profit attributable to:							
Owners of the Company		(1,336)	(242)	(452.07)	(1,336)	(242)	(452.07)
Non-controlling interests		(110)	169	(165.09)	(110)	169	(165.09)
Loss for the period		(1,446)	(73)	(1,880.82)	(1,446)	(73)	(1,880.82)
Loss per share attributable to owners of the Company (sen)							
- Basic	27	(1.14)	(0.20)	(470.00)	(1.14)	(0.20)	(470.00)
- Diluted	27	(1.14)	(0.20)	(470.00)	(1.14)	(0.20)	(470.00)

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024

	Note	3 months ended			3 months ended		
		31 March		Changes	31 March		Changes
		2024	2023		2024	2023	
		RM'000	RM'000	(%)	RM'000	RM'000	(%)
Loss for the period		(1,446)	(73)	(1,880.82)	(1,446)	(73)	(1,880.82)
Other comprehensive income, net of tax							
Foreign currency translation differences for foreign operations		352	992	(64.52)	352	992	(64.52)
Share of foreign currency translation differences of equity-accounted associate		17	-	100.00	17	-	100.00
Total other comprehensive income, net of tax		369	992	(62.80)	369	992	(62.80)
Total comprehensive (expense)/ income for the period		(1,077)	919	(217.19)	(1,077)	919	(217.19)
Total comprehensive (expense)/ income attributable to:							
Owners of the Company		(1,105)	728	(251.79)	(1,105)	728	(251.79)
Non-controlling interests		28	191	(85.34)	28	191	(85.34)
Total comprehensive (expense)/ income for the period		(1,077)	919	(217.19)	(1,077)	919	(217.19)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 At 31 MARCH 2024



	31 March 2024 (Unaudited) RM'000	31 December 2023 (Audited) RM'000
ASSETS		
Property, plant and equipment	147,641	150,252
Right-of-use assets	163,150	161,905
Investment in associates	10,535	5,225
Intangible assets		
- Goodwill	34,382	34,382
- Trademarks	21,500	21,500
Deferred tax assets	14,100	13,627
Other receivables	5,773	5,977
Total non-current assets	397,081	392,868
Trade receivables	128,008	111,675
Other receivables	29,186	34,160
Contract assets	2,393	2,237
Inventories	98,087	96,232
Current tax assets	10,987	12,000
Cash and cash equivalents	82,307	89,225
Derivative financial assets	210	1
Total current assets	351,178	345,530
TOTAL ASSETS	748,259	738,398
EQUITY		
Share capital	157,853	157,853
Reserves	18,953	20,050
Total equity attributable to owners of the Company	176,806	177,903
Non-controlling interests	21,737	21,709
TOTAL EQUITY	198,543	199,612
LIABILITIES		
Loans and borrowings	40,024	38,254
Lease liabilities	136,496	134,284
Deferred tax liabilities	6,459	6,548
Deferred liabilities	3,026	3,257
Provision	6,438	6,438
Other payable	9,203	30,000
Total non-current liabilities	201,646	218,781
LIABILITIES		
Trade payables	73,959	66,342
Other payables	76,717	78,903
Contract liabilities	1,946	1,885
Provision	-	11
Loans and borrowings	165,687	142,026
Lease liabilities	27,026	27,684
Current tax liabilities	2,347	2,767
Deferred liabilities	388	387
Total current liabilities	348,070	320,005
TOTAL LIABILITIES	549,716	538,786
TOTAL EQUITY AND LIABILITIES	748,259	738,398

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024

Note	<-----Attributable to owners of the company----->							
	<-----Non-distributable----->				Distributable			
	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	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2024	157,853	(13,796)	9,809	22,654	1,383	177,903	21,709	199,612
Other comprehensive income/ (expense) for the period								
- Foreign currency translation differences for foreign operations	-	-	-	214	-	214	138	352
- Share of foreign currency translation differences of equity-accounted associate	-	-	-	17	-	17	-	17
Loss for the period	-	-	-	-	(1,336)	(1,336)	(110)	(1,446)
Total comprehensive income/ (expense) for the period	-	-	-	231	(1,336)	(1,105)	28	(1,077)
Share-based payment transactions	-	-	8	-	-	8	-	8
Total transactions with owners of the Company	-	-	8	-	-	8	-	8
At 31 March 2024	157,853	(13,796)	9,817	22,885	47	176,806	21,737	198,543

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024 (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	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/ (expense) for the period								
- Foreign currency translation differences for foreign operations	-	-	-	970	-	970	22	992
(Loss)/ Profit 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 payment transactions	-	-	745	-	-	745	-	745
Dividends paid to owners of the Company	-	-	-	-	(5,855)	(5,855)	-	(5,855)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(735)	(735)
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 2023 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 2024

	Note	3 months ended	
		31 March	
		2024	2023
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ Profit before tax		(115)	2,193
Adjustments for:			
Depreciation of property, plant and equipment		5,535	5,214
Depreciation of right-of-use assets		7,835	7,500
Provision for Directors' retirement/ resignation benefits		186	62
Property, plant and equipment written off		5	147
Reversal of impairment loss on property, plant and equipment		-	(4)
Reversal of impairment loss on right-of-use assets		(98)	-
(Gain)/ Loss on disposal of property, plant and equipment		(103)	13
Loss/ (Gain) on termination of lease		98	(3)
Interest income		(227)	(202)
Interest expense		4,957	4,251
Share-based payments		8	745
Share of (profit)/ loss of equity accounted associates		(394)	417
		<u>17,802</u>	<u>18,140</u>
Operating profit before changes in working capital		17,687	20,333
Changes in working capital:			
Inventories		(1,855)	7,858
Trade and other receivables		(14,181)	(15,824)
Trade and other payables		4,513	(11,521)
Contract assets		(156)	-
Contract liabilities		62	5
		<u>6,070</u>	<u>851</u>
Cash generated from operations		6,070	851
Income tax paid		(1,374)	(3,155)
Directors' retirement/ resignation benefits paid		(420)	(146)
Restoration costs paid		(11)	(33)
		<u>4,265</u>	<u>(2,483)</u>
Net cash from/ (used in) operating activities		4,265	(2,483)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		108	395
Purchase of property, plant and equipment		(3,085)	(2,982)
Interest received		227	202
Subscription of shares in an associate		(4,900)	-
Proceeds from disposal of an associate	B	2,894	-
Acquisition of non-controlling interest in a subsidiary	C	(20,000)	(25,000)
		<u>(24,756)</u>	<u>(27,385)</u>
Net cash used in investing activities		(24,756)	(27,385)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the three months ended 31 MARCH 2024 (Cont'd)

	Note	3 months ended 31 March	
		2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		7,215	8,132
Repayment of term loans		(1,332)	(1,187)
Repayment of hire purchase creditors		(998)	(1,152)
Drawdown of other borrowings (net)		18,586	17,314
Repayment of lease liabilities		(7,514)	(7,322)
Interest paid		(4,957)	(4,251)
Dividends paid to owners of the Company		-	(5,855)
Dividends paid to non-controlling interests		-	(735)
Purchase of own shares		-	(3,796)
Net cash from financing activities		11,000	1,148
Net decrease in cash and cash equivalents		(9,491)	(28,720)
Cash and cash equivalents at 1 January		81,156	84,928
Effects of exchange differences on cash and cash equivalents		381	309
Cash and cash equivalents at 31 December	A	72,046	56,517

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 2024 RM'000	31 March 2023 RM'000
Short term deposits	2,700	2,200
Cash and bank balances	79,607	69,325
Bank overdrafts	(10,261)	(15,008)
	<u>72,046</u>	<u>56,517</u>

Note B: Proceeds from disposal of an associate

On 29 September 2023, the Company had entered into a Share Sale Agreement with ALS Technichem (Malaysia) Sdn. Bhd. ("ALS") to dispose of 49% equity interest in Merieux Nutrisciences Malaysia Sdn. Bhd. ("MNM") for a total consideration of RM3.4 million.

On the completion date, ALS has paid RM98,000 being part of the consideration to the Company. The balance of the consideration of RM2,894,000 has been paid in January 2024 subject to a 5% retention sum to be released in September 2024.

	2024 RM'000	2023 RM'000
As at 1 January	3,292	-
Total consideration for disposal of an associate	-	3,390
Proceed of consideration received	(2,894)	(98)
As at 31 March/ 31 December	<u>398</u>	<u>3,292</u>

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the three months ended 31 MARCH 2024 (Cont'd)

Note C: Acquisition of non-controlling interests in a subsidiary

On 19 January 2022, Sushi King Holdings Sdn. Bhd. ("SKHSB"), a wholly-owned subsidiary of the Company had entered into a Share Transfer Agreement with Asia Yoshinoya International Sdn. Bhd. ("AYI") to acquire an additional 28% equity interest in Sushi King Sdn. Bhd. ("SKSB") for a total purchase consideration of RM102.20 million to be paid over a period of five (5) years.

	31 March 2024 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 December 2023	<u>50,000</u>
Third consideration paid to AYI	(20,000)
As at 31 March 2024	<u><u>30,000</u></u>

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

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 2023 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 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
Amendments to MFRS 107	Statement of Cash Flows – Supplier Finance Arrangements
Amendments to MFRS 7	Finance Instruments: Disclosures – Supplier Finance Arrangements

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 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability
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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 Group plans to apply the abovementioned amendments to MFRSs, where applicable in the respective financial year, when the abovementioned amendments to MFRSs become effective.

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 2023 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 2024.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and three months ended 31 March 2024.

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 ended 31 March 2024.

7. Dividend paid

The Company did not pay any dividend in the financial period ended 31 March 2024.

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

	Industrial		Polymer Engineering		Food		Restaurant		Venture Business		Others		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	124,086	114,498	49,077	44,273	34,229	42,797	66,986	66,037	458	65	817	826	-	-	275,653	268,496
Inter-segment revenue	1,415	1,724	342	732	16,205	13,352	455	298	1,212	1,364	3,037	3,082	(22,666)	(20,552)	-	-
Total revenue	125,501	116,222	49,419	45,005	50,434	56,149	67,441	66,335	1,670	1,429	3,854	3,908	(22,666)	(20,552)	275,653	268,496
Profit/ (loss) before share of profit/ (loss) of equity accounted associates, net of tax	2,097	1,073	2,962	(947)	(849)	4,371	(2,927)	355	(691)	(899)	(1,101)	(1,343)	-	-	(509)	2,610
Share of (loss)/ profit of equity accounted associates, net of tax	-	-	-	-	(15)	-	409	128	-	-	-	(545)	-	-	394	(417)
Profit/ (loss) before tax	2,097	1,073	2,962	(947)	(864)	4,371	(2,518)	483	(691)	(899)	(1,101)	(1,888)	-	-	(115)	2,193
Segment assets	162,882	148,663	173,725	178,642	91,698	100,772	272,447	246,495	6,730	6,488	40,777	43,011	-	-	748,259	724,071

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 2023.

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 2024

There were no material changes in the composition of the Group during the current quarter and three months ended 31 March 2024.

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 2023.

13. Commitments

	31 March 2024 RM'000	31 December 2023 RM'000
Property, plant and equipment	7,647	9,366

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		
	2024 RM'000	2023 RM'000	Changes (%)	2024 RM'000	2023 RM'000	Changes (%)
Revenue	275,653	268,496	2.67	275,653	268,496	2.67
Operating profit	4,448	6,861	(35.17)	4,448	6,861	(35.17)
Profit before interest and tax	4,842	6,444	(24.86)	4,842	6,444	(24.86)
(Loss)/ Profit before tax	(115)	2,193	(105.24)	(115)	2,193	(105.24)
Loss after tax	(1,446)	(73)	(1,880.82)	(1,446)	(73)	(1,880.82)
Loss attributable to owners of the Company	(1,336)	(242)	(452.07)	(1,336)	(242)	(452.07)

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

The Group recorded higher revenue of RM275.7 million in YTD Q1 2024 compared to revenue of RM268.5 million in YTD Q1 2023. The Group recorded pre-tax loss of RM0.1 million in YTD Q1 2024 compared to pre-tax profit of RM2.2 million in YTD Q1 2023. 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 2024, total equity attributable to owners of the Company reduced to RM176.8 million from RM177.9 million as at 31 December 2023 mainly due to loss after tax during the period ended 31 March 2024.

Total borrowings of the Group increased to RM205.7 million as at 31 March 2024 against RM180.3 million as at 31 December 2023 mainly due to drawdown of borrowings to part finance the third consideration for the acquisition of 28% of the issued share capital of Sushi King Sdn. Bhd..

(iii) Statement of Cash Flows

Net cash generated from operating activities was recorded at RM4.3 million for YTD Q1 2024 compared to net cash used in operating activities of RM2.5 million for YTD Q1 2023 mainly due to improvement in working capital.

The net cash used in investing activities of RM24.8 million for YTD Q1 2024 is less than YTD Q1 2023 of RM27.4 million mainly due to lower consideration paid to Asia Yoshinoya International Sdn. Bhd. in YTD Q1 2024 for the acquisition of 28% of the issued share capital of Sushi King Sdn. Bhd..

The net cash from financing activities was higher at RM11.0 million for YTD Q1 2024 compared to RM1.2 million for YTD Q1 2023 mainly attributed to dividend paid of RM5.9 million and purchase of own shares of RM3.8 million in YTD Q1 2023.

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

The global economic challenges and global inflationary pressure had affected the Group's performance in Q1 2024.

(1) Current quarter compared with previous corresponding quarter

In Q1 2024, the Group registered a higher revenue of RM275.7 million (Q1 2023: RM268.5 million). The Group recorded a pre-tax loss of RM0.1 million (Q1 2023: pre-tax profit of RM2.2 million) due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The Industrial Division registered a higher revenue of RM125.5 million (Q1 2023: RM116.2 million) and higher pre-tax profit of RM2.1 million (Q1 2023: RM1.1 million) in Q1 2024 mainly due to improved market demand and better margins.

(ii) Polymer Engineering Division

The Polymer Engineering Division registered revenue of RM49.4 million (Q1 2023: RM45.0 million) and a pre-tax profit of RM3.0 million (Q1 2023: pre-tax loss of RM1.0 million) in Q1 2024 mainly due to improvement in semiconductor, hard disk drive and medical life sciences sectors coupled with improvement in margins.

(iii) Food Division

In Q1 2024, the Food Division recorded a lower revenue of RM50.4 million (Q1 2023: RM56.1 million) and a pre-tax loss of RM0.9 million (Q1 2023: pre-tax profit of RM4.4 million) mainly due to lower demand of fishmeal and soft shell crab and foreign exchange losses.

(iv) Restaurant Division

The Restaurant Division recorded a higher revenue of RM67.4 million (Q1 2023: RM66.3 million) and a pre-tax loss of RM2.5 million (Q1 2023: pre-tax profit of RM0.5 million) in Q1 2024 mainly impacted by higher input costs.

(v) Venture Business Division

The Venture Business Division registered a higher revenue of RM1.7 million (Q1 2023: RM1.4 million) and a lower pre-tax loss of RM0.7 million (Q1 2023: RM0.9 million) in Q1 2024 mainly due to higher sales achieved.

15. Financial review for current quarter compared with immediate preceding quarter

The comparison of the Group's revenue and loss for the current and the immediate preceding quarter are as follows:

	Quarter 1	Quarter 4	Changes
	2024	2023	
	RM'000	RM'000	%
Revenue	275,653	241,285	14.24
Operating profit	4,448	3,212	38.48
Profit before interest and tax	4,842	3,172	52.65
Loss before tax	(115)	(2,410)	95.23
Loss after tax	(1,446)	(3,735)	61.29
Loss attributable to owners of the Company	(1,336)	(3,592)	62.81

The Group achieved a revenue of RM275.7 million in the current quarter, representing an increase of 14.24% compared to the preceding quarter. The Group recorded a pre-tax loss of RM0.1 million in the current quarter against pre-tax loss of RM2.4 million in the preceding quarter mainly due to improved market demand coupled with better margins for Industrial and Polymer Engineering Divisions.

16. Prospects for 2024

In 2024, the global economy is expected to grow at a steady pace with the hope of easing interest rate and gradual decline in inflation although international geopolitical tensions continue to pose uncertainties.

The outlook on Malaysia remains optimistic benefiting from steady key interest rate maintained by Bank Negara Malaysia which is supportive to the economy. First quarter 2024 manufacturing sector rebounded as compared to final quarter 2023.

The Group will continue with its strategic plan focusing on operational efficiency and key product developments. The Board remains positive that the Group will continue be resilient towards improving its performance in 2024.

17. Profit forecast

Not applicable as no profit forecast was published.

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

The tax expense comprises:

	3 months ended		3 months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,900	2,626	1,900	2,626
- prior period	(12)	149	(12)	149
	<u>1,888</u>	<u>2,775</u>	<u>1,888</u>	<u>2,775</u>
Deferred tax (income)/ expense				
- current period	(557)	(669)	(557)	(669)
- prior period	-	160	-	160
Tax expense	<u>1,331</u>	<u>2,266</u>	<u>1,331</u>	<u>2,266</u>

The effective tax rates were higher than the statutory tax rate mainly due to certain expenses or losses being disallowed for tax purposes as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

19. Loss for the period

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

	3 months ended		3 months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest income	(227)	(202)	(227)	(202)
Interest expense on loans and borrowings	3,050	2,747	3,050	2,747
Interest expense on lease liabilities	1,907	1,504	1,907	1,504
Depreciation of property, plant and equipment	5,535	5,214	5,535	5,214
Depreciation of right-of-use assets	7,835	7,500	7,835	7,500
Reversal of impairment loss on property, plant and equipment	-	(4)	-	(4)
Reversal of impairment loss on right-of-use assets	(98)	-	(98)	-
Provision for/ (Reversal of) impairment loss on trade receivables	91	(2)	91	(2)
Inventories written (back)/ down	(267)	393	(267)	393
(Gain)/ Loss on disposal of property, plant and equipment	(103)	13	(103)	13
Loss/ (Gain) on termination of leases	98	(3)	98	(3)
Property, plant and equipment written off	5	147	5	147
Gain on foreign exchange	(55)	(431)	(55)	(431)
Provision for Directors' retirement/ resignation benefits	<u>186</u>	<u>62</u>	<u>186</u>	<u>62</u>

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

As at 23 April 2024, 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 2024	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	-	-	650	3,075	650	3,075
Trade financing	-	-	627	2,966	627	2,966
<u>Denominated in SGD</u>						
Bank overdrafts	-	-	81	284	81	284
<u>Denominated in THB</u>						
Trade financing	-	-	64,869	8,414	64,869	8,414
Hire purchase creditors	-	-	62	8	62	8
Term loans	3,328	432	6,672	865	10,000	1,297
<u>Denominated in VND</u>						
Revolving credits	-	-	5,739,906	1,096	5,739,906	1,096
Trade financing	-	-	32,042,188	6,120	32,042,188	6,120
Term loans	3,171,025	606	920,620	176	4,091,645	782
<u>Denominated in RM</u>						
Bank overdrafts	-	-	-	9,977	-	9,977
Revolving credits	-	12,600	-	59,300	-	71,900
Trade financing	-	-	-	60,438	-	60,438
Term loans	-	21,710	-	9,969	-	31,679
Hire purchase creditors	-	4,676	-	2,999	-	7,675
Total		40,024		165,687		205,711

21. Loans and borrowings (Cont'd)

At 31 December 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	3,217	700	3,217
Trade financing	-	-	194	891	194	891
<u>Denominated in SGD</u>						
Bank overdrafts	-	-	131	457	131	457
<u>Denominated in THB</u>						
Trade financing	-	-	53,379	7,179	53,379	7,179
Hire purchase creditors	-	-	155	21	155	21
Term loans	4,996	672	5,004	673	10,000	1,345
<u>Denominated in VND</u>						
Trade financing	-	-	30,532,054	5,771	30,532,054	5,771
Term loans	1,985,264	375	768,490	145	2,753,754	520
<u>Denominated in RM</u>						
Bank overdrafts	-	-	-	7,612	-	7,612
Revolving credits	-	12,133	-	56,900	-	69,033
Trade financing	-	-	-	49,517	-	49,517
Term loans	-	19,714	-	6,342	-	26,056
Hire purchase creditors	-	5,360	-	3,301	-	8,661
Total		38,254		142,026		180,280

Exchange rates applied

	At 31 March 2024	At 31 December 2023
USD/ RM	4.7310	4.595
THB/ RM	0.1297	0.1345
VND/ RM	0.000191	0.000189
SGD/ RM	3.5057	3.4856

22. Derivative financial instruments

As at 31 March 2024, the Group has the following outstanding derivative financial instruments:

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value-Net (Loss)/ Gain RM'000
Forward exchange contracts			
- Receivables	703	709	(6)
- Payables	7,608	7,824	216
			210

For the three months ended 31 March 2024, 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 2024.

25. Changes in material litigation

There was no material litigation against the Group as at 23 April 2024, 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 2024.

27. Basic / Diluted loss per share

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

	3 months ended 31 March		3 months ended 31 March	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loss for the period attributable to owners of the Company	(1,336)	(242)	(1,336)	(242)
Weighted average number of ordinary shares for computing basic loss per share *	117,091	118,221	117,091	118,221
Basic loss per share (sen)	(1.14)	(0.20)	(1.14)	(0.20)
Weighted average number of ordinary shares for computing diluted loss per share*	117,091	118,221	117,091	118,221
Diluted loss per share (sen)	(1.14)	(0.20)	(1.14)	(0.20)

27. Basic / Diluted loss per share (Cont'd)

*Weighted average number of ordinary shares:

In thousands of shares	31 March 2024	31 March 2023
Issued ordinary shares at 1 January	126,373	126,373
Effect of treasury shares repurchased	(9,282)	(8,152)
Weighted average number of ordinary shares for computing basic loss per share	117,091	118,221
Effect of exercise of ESOS	**	**
Weighted average number of ordinary shares for computing diluted loss per share	117,091	118,221

** The Group's diluted loss per ordinary share is assumed to be the same as basic loss per ordinary share as the potential new ordinary shares are deemed to be anti-dilutive since the market share price is lower than the ESOS's exercise price.

BY ORDER OF THE BOARD

LOH SAU MUN
GROUP CHIEF FINANCIAL OFFICER
Date: 30 April 2024