



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024

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

for the quarter and six months ended 30 JUNE 2024

	Note	3 months ended			6 months ended		
		30 June		Changes (%)	30 June		Changes (%)
		2024 RM'000	2023 RM'000		2024 RM'000	2023 RM'000	
Revenue	8	294,747	240,456	22.58	570,400	508,952	12.07
Cost of sales		(226,798)	(182,427)	(24.32)	(436,888)	(385,080)	(13.45)
Gross profit		67,949	58,029	17.09	133,512	123,872	7.78
Distribution costs		(31,937)	(31,891)	(0.14)	(64,740)	(64,315)	(0.66)
Administrative expenses		(29,786)	(27,820)	(7.07)	(61,779)	(58,531)	(5.55)
Other income		1,354	2,410	(43.82)	5,035	6,563	(23.28)
Operating profit		7,580	728	941.21	12,028	7,589	58.49
Share of profit/ (loss) of equity accounted associates, net of tax		550	309	77.99	944	(108)	974.07
Profit before interest and tax		8,130	1,037	683.99	12,972	7,481	73.40
Finance costs		(4,959)	(4,574)	(8.42)	(9,916)	(8,825)	(12.36)
Profit/ (Loss) before tax		3,171	(3,537)	189.65	3,056	(1,344)	327.38
Tax expense	18	(2,444)	(3,064)	20.23	(3,775)	(5,330)	29.17
Profit/ (Loss) for the period	19	727	(6,601)	111.01	(719)	(6,674)	89.23
Profit/ (Loss) attributable to:							
Owners of the Company		975	(6,262)	115.57	(361)	(6,504)	94.45
Non-controlling interests		(248)	(339)	26.84	(358)	(170)	(110.59)
Profit/ (Loss) for the period		727	(6,601)	111.01	(719)	(6,674)	89.23
Earnings/ (Loss) per share attributable to owners of the Company (sen)							
- Basic	27	0.83	(5.32)	115.66	(0.31)	(5.53)	94.39
- Diluted	27	0.83	(5.32)	115.66	(0.31)	(5.53)	94.39

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 six months ended 30 JUNE 2024

	Note	3 months ended			6 months ended		
		30 June		Changes	30 June		Changes
		2024	2023		2024	2023	
		RM'000	RM'000	(%)	RM'000	RM'000	(%)
Profit/ (Loss) for the period		727	(6,601)	111.01	(719)	(6,674)	89.23
Other comprehensive (loss)/ income, net of tax							
Foreign currency translation differences for foreign operations		(1,160)	4,572	(125.37)	(808)	5,564	(114.52)
Share of foreign currency translation differences of equity-accounted associate		(1)	-	(100.00)	16	-	100.00
Total other comprehensive (loss)/ income, net of tax		(1,161)	4,572	(125.39)	(792)	5,564	(114.23)
Total comprehensive expense for the period		(434)	(2,029)	78.61	(1,511)	(1,110)	(36.13)
Total comprehensive (expense)/ income attributable to:							
Owners of the Company		(173)	(2,018)	91.43	(1,278)	(1,290)	0.93
Non-controlling interests		(261)	(11)	2,272.73	(233)	180	(229.44)
Total comprehensive expense for the period		(434)	(2,029)	78.61	(1,511)	(1,110)	(36.13)

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.

	30 June 2024 (Unaudited) RM'000	31 December 2023 (Audited) RM'000
ASSETS		
Property, plant and equipment	150,579	150,252
Right-of-use assets	166,219	161,905
Investment in associates	15,985	5,225
Intangible assets		
- Goodwill	34,382	34,382
- Trademarks	21,500	21,500
Deferred tax assets	13,316	13,627
Other receivables	5,348	5,977
Total non-current assets	407,329	392,868
Trade receivables	135,358	111,675
Other receivables	28,743	34,160
Contract assets	2,951	2,237
Inventories	83,903	96,232
Current tax assets	6,914	12,000
Cash and cash equivalents	88,407	89,225
Derivative financial assets	158	1
Total current assets	346,434	345,530
TOTAL ASSETS	753,763	738,398
EQUITY		
Share capital	157,853	157,853
Reserves	18,489	20,050
Total equity attributable to owners of the Company	176,342	177,903
Non-controlling interests	22,397	21,709
TOTAL EQUITY	198,739	199,612
LIABILITIES		
Loans and borrowings	42,243	38,254
Lease liabilities	140,876	134,284
Deferred tax liabilities	6,495	6,548
Deferred liabilities	3,002	3,257
Provision	6,383	6,438
Other payable	9,508	30,000
Total non-current liabilities	208,507	218,781
LIABILITIES		
Trade payables	62,445	66,342
Other payables	83,507	78,903
Contract liabilities	2,105	1,885
Provision	100	11
Loans and borrowings	169,272	142,026
Lease liabilities	26,351	27,684
Current tax liabilities	2,350	2,767
Deferred liabilities	387	387
Total current liabilities	346,517	320,005
TOTAL LIABILITIES	555,024	538,786
TOTAL EQUITY AND LIABILITIES	753,763	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 six months ended 30 JUNE 2024

Note	<-----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 2024	157,853	(13,796)	9,809	22,654	1,383	177,903	21,709	199,612
Other comprehensive (expense)/ income for the period								
- Foreign currency translation differences for foreign operations	-	-	-	(933)	-	(933)	125	(808)
- Share of foreign currency translation differences of equity-accounted associate	-	-	-	16	-	16	-	16
Loss for the period	-	-	-	-	(361)	(361)	(358)	(719)
Total comprehensive expense for the period	-	-	-	(917)	(361)	(1,278)	(233)	(1,511)
Share-based payment transactions	-	-	8	-	-	8	-	8
Dilution of interest in existing subsidiaries	-	-	-	-	(291)	(291)	291	-
Issue of shares to non-controlling interests	-	-	-	-	-	-	630	630
Total transactions with owners of the Company	-	-	8	-	(291)	(283)	921	638
At 30 June 2024	157,853	(13,796)	9,817	21,737	731	176,342	22,397	198,739

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 six months ended 30 JUNE 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 for the period - Foreign currency translation differences for foreign operations	-	-	-	5,214	-	5,214	350	5,564
Loss for the period	-	-	-	-	(6,504)	(6,504)	(170)	(6,674)
Total comprehensive income/ (expense) for the period	-	-	-	5,214	(6,504)	(1,290)	180	(1,110)
Purchase of own shares	-	(3,796)	-	-	-	(3,796)	-	(3,796)
Share-based payment transactions	-	-	1,489	-	-	1,489	-	1,489
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)	1,489	-	(5,855)	(8,162)	(735)	(8,897)
At 30 June 2023	157,853	(13,795)	8,319	23,750	5,725	181,852	22,655	204,507

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 six months ended 30 JUNE 2024

	Note	6 months ended 30 June	
		2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) before tax		3,056	(1,344)
Adjustments for:			
Depreciation of property, plant and equipment		10,787	10,499
Depreciation of right-of-use assets		15,605	15,243
Provision for Directors' retirement/ resignation benefits		254	53
Property, plant and equipment written off		90	306
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		(249)	34
Loss/ (Gain) on termination of lease		98	(138)
Interest income		(394)	(481)
Interest expense		9,916	8,825
Share-based payments		8	1,489
Share of (profit)/ loss of equity accounted associates		(944)	108
		<u>35,073</u>	<u>35,934</u>
Operating profit before changes in working capital		38,129	34,590
Changes in working capital:			
Inventories		12,329	26,903
Trade and other receivables		(20,726)	(963)
Trade and other payables		(4,008)	(16,067)
Contract assets		(714)	(659)
Contract liabilities		221	8
		<u>25,231</u>	<u>43,812</u>
Cash generated from operations		25,231	43,812
Income tax refund/ (paid)		1,047	(6,306)
Directors' retirement/ resignation benefits paid		(508)	(248)
Restoration costs paid		(68)	(235)
		<u>25,702</u>	<u>37,023</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		317	816
Purchase of property, plant and equipment		(7,560)	(8,890)
Interest received		394	481
Subscription of shares in an associate		(9,800)	(147)
Proceeds from disposal of an associate	B	2,894	-
Acquisition of non-controlling interest in a subsidiary	C	(20,000)	(25,000)
		<u>(33,755)</u>	<u>(32,740)</u>
Net cash used in investing activities		(33,755)	(32,740)

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the six months ended 30 JUNE 2024 (Cont'd)

	Note	6 months ended 30 June	
		2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		11,622	14,660
Repayment of term loans		(3,684)	(2,316)
Repayment of hire purchase creditors		(1,913)	(2,330)
Drawdown of other borrowings (net)		24,955	2,216
Repayment of lease liabilities		(14,948)	(14,770)
Interest paid		(9,916)	(8,825)
Dividends paid to owners of the Company		-	(5,855)
Dividends paid to non-controlling interests		-	(735)
Proceeds from issuance of shares to non-controlling interests		630	-
Purchase of own shares		-	(3,796)
Net cash from/ (used in) financing activities		6,746	(21,751)
Net decrease in cash and cash equivalents		(1,307)	(17,468)
Cash and cash equivalents at 1 January		81,156	84,928
Effects of exchange differences on cash and cash equivalents		(136)	2,234
Cash and cash equivalents at 30 June	A	79,713	69,694

Note A: Cash and cash equivalents

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

	30 June 2024 RM'000	30 June 2023 RM'000
Short term deposits	9,835	5,550
Cash and bank balances	78,572	76,469
Bank overdrafts	(8,694)	(12,325)
	<u>79,713</u>	<u>69,694</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 30 June/ 31 December	<u>398</u>	<u>3,292</u>

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the six months ended 30 JUNE 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.

	30 June 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 30 June 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 1 January 2026

Amendments to MFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments
Amendments to MFRS 7	Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments

MFRSs and amendments effective for annual periods beginning on or after 1 January 2027

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures

1. Basis of preparation (Cont'd)**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 six months ended 30 June 2024.

5. Changes in estimates

There were no changes in estimates that have a material effect during the quarter and six months ended 30 June 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 30 June 2024.

7. Dividend paid

The Company did not pay any dividend in the financial period ended 30 June 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
<u>3 months ended</u>																
<u>30 June</u>																
Revenue from external customers	134,687	107,291	56,938	42,102	32,456	27,681	69,628	62,935	677	13	361	434	-	-	294,747	240,456
Inter-segment revenue	2,023	633	415	-	15,847	8,871	397	220	1,177	633	3,052	2,900	(22,911)	(13,257)	-	-
Total revenue	136,710	107,924	57,353	42,102	48,303	36,552	70,025	63,155	1,854	646	3,413	3,334	(22,911)	(13,257)	294,747	240,456
Profit/ (loss) before share of profit/ (loss) of equity accounted associates, net of tax	1,404	1,262	4,520	(753)	(1,092)	435	(420)	(1,535)	(690)	(925)	(1,101)	(2,330)	-	-	2,621	(3,846)
Share of profit/ (loss) of equity accounted associates, net of tax	-	-	-	-	8	491	542	25	-	-	-	(207)	-	-	550	309
Profit/ (loss) before tax	1,404	1,262	4,520	(753)	(1,084)	926	122	(1,510)	(690)	(925)	(1,101)	(2,537)	-	-	3,171	(3,537)

TEXCHEM RESOURCES BHD
PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
8. Operating segments (Cont'd)

	Industrial		Polymer Engineering		Food		Restaurant		Venture Business		Others		Eliminations		Consolidated	
	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
6 months ended																
30 June																
Revenue from external customers	258,773	221,789	106,015	86,375	66,685	70,478	136,614	128,972	1,135	78	1,178	1,260	-	-	570,400	508,952
Inter-segment revenue	3,438	2,357	757	732	32,052	22,223	852	518	2,389	1,997	6,089	5,982	(45,577)	(33,809)	-	-
Total revenue	262,211	224,146	106,772	87,107	98,737	92,701	137,466	129,490	3,524	2,075	7,267	7,242	(45,577)	(33,809)	570,400	508,952
Profit/ (loss) before share of profit/ (loss) of equity accounted associates, net of tax	3,501	2,335	7,482	(1,700)	(1,941)	4,806	(3,347)	(1,180)	(1,381)	(1,824)	(2,202)	(3,673)	-	-	2,112	(1,236)
Share of (loss)/ profit of equity accounted associates, net of tax	-	-	-	-	(7)	491	951	153	-	-	-	(752)	-	-	944	(108)
Profit/ (loss) before tax	3,501	2,335	7,482	(1,700)	(1,948)	5,297	(2,396)	(1,027)	(1,381)	(1,824)	(2,202)	(4,425)	-	-	3,056	(1,344)
Segment assets	160,758	140,839	185,912	174,663	78,527	93,804	284,602	272,782	4,120	6,830	39,844	39,529	-	-	753,763	728,447

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 six months ended 30 June 2024

There were no material changes in the composition of the Group during the current quarter and six months ended 30 June 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

	30 June 2024 RM'000	31 December 2023 RM'000
Property, plant and equipment	2,997	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 30 June			6 months ended 30 June		
	2024 RM'000	2023 RM'000	Changes (%)	2024 RM'000	2023 RM'000	Changes (%)
Revenue	294,747	240,456	22.58	570,400	508,952	12.07
Operating profit	7,580	728	941.21	12,028	7,589	58.49
Profit before interest and tax	8,130	1,037	683.99	12,972	7,481	73.40
Profit/ (Loss) before tax	3,171	(3,537)	189.65	3,056	(1,344)	327.38
Profit/ (Loss) after tax	727	(6,601)	111.01	(719)	(6,674)	89.23
Profit/ (Loss) attributable to owners of the Company	975	(6,262)	115.57	(361)	(6,504)	94.45

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

The Group recorded higher revenue of RM570.4 million in YTD Q2 2024 compared to revenue of RM509.0 million in YTD Q2 2023. The Group recorded pre-tax profit of RM3.1 million in YTD Q2 2024 compared to pre-tax loss of RM1.3 million in YTD Q2 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 30 June 2024, total equity attributable to owners of the Company reduced to RM176.3 million from RM177.9 million as at 31 December 2023 mainly due to loss after tax during the period ended 30 June 2024.

Total borrowings of the Group increased to RM211.5 million as at 30 June 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. and trade financing.

(iii) Statement of Cash Flows

Net cash generated from operating activities was lower at RM25.7 million for YTD Q2 2024 compared YTD Q2 2023 of RM37.0 million mainly due to higher trade receivables balance resulted from higher sales achieved.

The net cash used in investing activities of RM33.8 million for YTD Q2 2024 is higher than YTD Q2 2023 of RM32.7 million mainly due to subscription of additional issued share capital of Otafuku Sauce Malaysia Sdn. Bhd..

The net cash from financing activities was recorded at RM6.7 million for YTD Q2 2024 compared to net cash used in financing activities of RM21.8 million for YTD Q2 2023 mainly attributed to higher drawdown of banking facilities.

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

The global economic situation and inflationary pressure had continued to be challenging to the Group in Q2 2024.

(1) Current quarter compared with previous corresponding quarter

In Q2 2024, the Group registered a higher revenue of RM294.7 million (Q2 2023: RM240.5 million). The Group achieved a pre-tax profit of RM3.2 million (Q2 2023: pre-tax loss of RM3.5 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 RM136.7 million (Q2 2023: RM107.9 million) and higher pre-tax profit of RM1.4 million (Q2 2023: RM1.3 million) in line with its continuous effort to improve sales.

(ii) Polymer Engineering Division

The Polymer Engineering Division registered revenue of RM57.4 million (Q2 2023: RM42.1 million) and a pre-tax profit of RM4.5 million (Q2 2023: pre-tax loss of RM0.8 million) mainly due to improvement in demand from its main business segments ie semiconductor, hard disk drive and medical life sciences as well as improvement in operational efficiencies.

(iii) Food Division

Despite higher revenue of RM48.3 million (Q2 2023: RM36.6 million), the Division recorded a pre-tax loss of RM1.1 million (Q2 2023: pre-tax profit of RM0.9 million) mainly due to higher foreign exchange losses in its Myanmar operations.

(iv) Restaurant Division

The Restaurant Division recorded a higher revenue of RM70.0 million (Q2 2023: RM63.2 million) and a pre-tax profit of RM0.1 million (Q2 2023: pre-tax loss of RM1.5 million) contributed by continuous effort in operational efficiencies, revamped supply chain, innovative menu change, better promotional activities and new operating management.

(v) Venture Business Division

The Venture Business Division registered a higher revenue of RM1.9 million (Q2 2023: RM0.6 million) and a lower pre-tax loss of RM0.7 million (Q2 2023: RM0.9 million) mainly due to improved demand in its conductive sheets and bio-mass polymer sales.

14. Group's Financial Performance Review and Segmental Analysis (Cont'd)**(b) Segmental analysis (Note 8) (Cont'd)****(2) Current six (6) months financial period compared with previous corresponding financial period**

The Group achieved a revenue of RM570.4 million (YTD Q2 2023: RM509.0 million) in YTD Q2 2024. The Group recorded a pre-tax profit of RM3.1 million (YTD Q2 2023: pre-tax loss of RM1.3 million) in YTD Q2 2024 due to the various factors as explained in the respective operating business segments as follows:

(i) Industrial Division

The Industrial Division achieved a higher revenue of RM262.2 million (YTD Q2 2023: RM224.1 million) and higher pre-tax profit of RM3.5 million (YTD Q2 2023: RM2.3 million) in line with its continuous effort to improve sales. The Division is implementing new strategy that adds higher value added product lines with better profit margin, thereby transforming its product portfolio.

(ii) Polymer Engineering Division

The Polymer Engineering Division achieved a higher revenue of RM106.8 million (YTD Q2 2023: RM87.1 million) and pre-tax profit of RM7.5 million (YTD Q2 2023: pre-tax loss RM1.7 million) mainly due to improvement in demand from its main business segments ie semiconductor, hard disk drive and medical life sciences as well as improvement in operational efficiencies.

(iii) Food Division

The Food Division achieved a higher revenue of RM98.7 million (YTD Q2 2023: RM92.7 million) in YTD Q2 2024. However, the higher pre-tax loss of RM1.9 million (YTD Q2 2023: pre-tax profit RM5.3 million) was due to higher foreign exchange losses in Myanmar operations.

(iv) Restaurant Division

The Restaurant Division recorded a revenue of RM137.5 million (YTD Q2 2023: RM129.5 million) and pre-tax loss of RM2.4 million (YTD Q2 2023: RM1.0 million) impacted by the higher input costs from unfavourable foreign exchange movement and also inflationary pressure.

(v) Venture Business Division

The Venture Business Division achieved a higher revenue of RM3.5 million (YTD Q2 2023: RM2.1 million) and a lower pre-tax loss of RM1.4 million (YTD Q2 2023: RM1.8 million) mainly due to improved demand in its conductive sheets and bio-mass polymer sales.

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 2	Quarter 1	Changes
	2024	2024	
	RM'000	RM'000	%
Revenue	294,747	275,653	6.93
Operating profit	7,580	4,448	70.41
Profit before interest and tax	8,130	4,842	67.91
Profit/ (Loss) before tax	3,171	(115)	2,857.39
Profit/ (Loss) after tax	727	(1,446)	150.28
Profit/ (Loss) attributable to owners of the Company	975	(1,336)	172.98

The Group achieved a revenue of RM294.7 million in the current quarter, representing an increase of 6.93% compared to the preceding quarter. The Group achieved a pre-tax profit of RM3.2 million in the current quarter against pre-tax loss of RM0.1 million in the preceding quarter mainly due to improved performance in Polymer Engineering and Restaurant Divisions.

16. Prospects for 2024

Based on the International Monetary Fund (IMF) report dated 19 July 2024, the IMF is projecting steady growth for the global economy over the next 2 years.

The manufacturing sector is showing increased export activities and is expected to strengthen further for the remainder of the year, especially in the electrical and electronics segment.

However, fuel subsidy rationalisation could be the headwind to drive up retail energy prices which will affect consumers across all income segments and be a drag on consumer spending in the near term.

The Group remains committed to its strategic plan, emphasizing improvement in operational efficiencies and advancing key product developments. Building on the momentum achieved in the current quarter, the Board is positive that the Group will continue to 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		6 months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,649	2,045	3,549	4,671
- prior period	(24)	1,172	(36)	1,321
	<u>1,625</u>	<u>3,217</u>	<u>3,513</u>	<u>5,992</u>
Deferred tax (income)/ expense				
- current period	687	281	130	(388)
- prior period	132	(434)	132	(274)
Tax expense	<u>2,444</u>	<u>3,064</u>	<u>3,775</u>	<u>5,330</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. Profit/ (Loss) for the period

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

	3 months ended		6 months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest income	(167)	(279)	(394)	(481)
Interest expense on loans and borrowings	3,066	2,886	6,116	5,633
Interest expense on lease liabilities	1,893	1,688	3,800	3,192
Depreciation of property, plant and equipment	5,252	5,285	10,787	10,499
Depreciation of right-of-use assets	7,770	7,743	15,605	15,243
Reversal of impairment loss on property, plant and equipment	-	-	-	(4)
Reversal of impairment loss on right-of-use assets	-	-	(98)	-
Provision for/ (Reversal of) impairment loss on trade receivables	32	-	123	(2)
Inventories written (back)/ down	(128)	(329)	(395)	64
(Gain)/ Loss on disposal of property, plant and equipment	(146)	21	(249)	34
Loss/ (Gain) on termination of leases	-	(135)	98	(138)
Property, plant and equipment written off	85	159	90	306
Loss/ (Gain) on foreign exchange	514	(1,029)	459	(1,460)
Provision for Directors' retirement/ resignation benefits	<u>68</u>	<u>(9)</u>	<u>254</u>	<u>53</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 18 July 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 30 June 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	-	-	450	2,125	450	2,125
Trade financing	-	-	387	1,825	387	1,825
<u>Denominated in SGD</u>						
Bank overdrafts	-	-	66	230	66	230
<u>Denominated in THB</u>						
Trade financing	-	-	61,160	7,933	61,160	7,933
Hire purchase creditors	-	-	-	-	-	-
Term loans	1,641	213	6,595	855	8,236	1,068
<u>Denominated in VND</u>						
Revolving credits	-	-	8,130,473	1,512	8,130,473	1,512
Trade financing	-	-	32,622,253	6,068	32,622,253	6,068
Term loans	4,480,071	833	867,108	161	5,347,179	995
<u>Denominated in RM</u>						
Bank overdrafts	-	-	-	8,464	-	8,464
Revolving credits	-	13,799	-	61,400	-	75,199
Trade financing	-	-	-	65,608	-	65,608
Term loans	-	23,294	-	10,424	-	33,719
Hire purchase creditors	-	4,104	-	2,665	-	6,768
Total		42,243		169,272		211,515

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 30 June 2024	At 31 December 2023
USD/ RM	4.7220	4.595
THB/ RM	0.1282	0.1345
VND/ RM	0.000186	0.000189
SGD/ RM	3.4769	3.4856

22. Derivative financial instruments

As at 30 June 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 Gain RM'000
Forward exchange contracts - Payables	5,722	5,880	158
			158

For the six months ended 30 June 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 six months ended 30 June 2024.

25. Changes in material litigation

There was no material litigation against the Group as at 18 July 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 30 June 2024.

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

Basic or diluted earnings or 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		6 months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit/ (Loss) for the period attributable to owners of the Company	975	(6,262)	(361)	(6,504)
Weighted average number of ordinary shares for computing basic earnings/ (loss) per share *	117,091	117,653	117,091	117,653
Basic earnings/ (loss) per share (sen)	0.83	(5.32)	(0.31)	(5.53)
Weighted average number of ordinary shares for computing diluted earnings/ (loss) per share*	117,091	117,653	117,091	117,653
Diluted earnings/ (loss) per share (sen)	0.83	(5.32)	(0.31)	(5.53)

27. Basic / Diluted earnings/ (loss) per share (Cont'd)
***Weighted average number of ordinary shares:**

In thousands of shares	30 June 2024	30 June 2023
Issued ordinary shares at 1 January	126,373	126,373
Effect of treasury shares repurchased	(9,282)	(8,720)
Weighted average number of ordinary shares for computing basic earnings/ (loss) per share	117,091	117,653
Effect of exercise of ESOS	**	**
Weighted average number of ordinary shares for computing diluted earnings/ (loss) per share	117,091	117,653

** The Group's diluted earnings or loss per ordinary share is assumed to be the same as basic earnings or 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: 25 July 2024