



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2024

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

for the quarter and nine months ended 30 SEPTEMBER 2024

	Note	3 months ended			9 months ended		
		30 September			30 September		
		2024	2023	Changes	2024	2023	Changes
		RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	8	280,787	243,288	15.41	851,187	752,240	13.15
Cost of sales		(209,576)	(181,386)	(15.54)	(646,464)	(566,466)	(14.12)
Gross profit		71,211	61,902	15.04	204,723	185,774	10.20
Distribution costs		(32,488)	(31,717)	(2.43)	(97,228)	(96,032)	(1.25)
Administrative expenses		(31,327)	(28,934)	(8.27)	(93,106)	(87,465)	(6.45)
Other income		1,458	495	194.55	6,493	7,058	(8.01)
Operating profit		8,854	1,746	407.10	20,882	9,335	123.70
Exceptional income	4	-	2,488	(100.00)	-	2,488	(100.00)
Share of profit of equity accounted associates, net of tax		158	1,127	(85.98)	1,102	1,019	8.15
Profit before interest and tax		9,012	5,361	68.10	21,984	12,842	71.19
Finance costs		(5,369)	(4,351)	(23.40)	(15,285)	(13,176)	(16.01)
Profit/ (Loss) before tax		3,643	1,010	260.69	6,699	(334)	2,105.69
Tax expense	18	(2,743)	(1,487)	(84.47)	(6,518)	(6,817)	4.39
Profit/ (Loss) for the period	19	900	(477)	288.68	181	(7,151)	102.53
Profit/ (Loss) attributable to:							
Owners of the Company		1,110	(750)	248.00	749	(7,254)	110.33
Non-controlling interests		(210)	273	(176.92)	(568)	103	(651.46)
Profit/ (Loss) for the period		900	(477)	288.68	181	(7,151)	102.53
Earnings/ (Loss) per share attributable to owners of the Company (sen)							
- Basic	27	0.95	(0.64)	248.44	0.64	(6.18)	110.36
- Diluted	27	0.95	(0.64)	248.44	0.64	(6.18)	110.36

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 nine months ended 30 SEPTEMBER 2024

	Note	3 months ended			9 months ended		
		30 September			30 September		
		2024	2023	Changes	2024	2023	Changes
		RM'000	RM'000	(%)	RM'000	RM'000	(%)
Profit/ (Loss) for the period		900	(477)	288.68	181	(7,151)	102.53
Other comprehensive (loss)/ income, net of tax							
Foreign currency translation differences for foreign operations		(7,583)	(1,457)	(420.45)	(8,391)	4,107	(304.31)
Share of foreign currency translation differences of equity-accounted associate		(76)	-	(100.00)	(60)	-	(100.00)
Total other comprehensive (loss)/ income, net of tax		(7,659)	(1,457)	(425.67)	(8,451)	4,107	(305.77)
Total comprehensive expense for the period		(6,759)	(1,934)	(249.48)	(8,270)	(3,044)	(171.68)
Total comprehensive (expense)/ income attributable to:							
Owners of the Company		(6,062)	(2,213)	(173.93)	(7,340)	(3,503)	(109.53)
Non-controlling interests		(697)	279	(349.82)	(930)	459	(302.61)
Total comprehensive expense for the period		(6,759)	(1,934)	(249.48)	(8,270)	(3,044)	(171.68)

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 30 SEPTEMBER 2024

	Note	30 September 2024 (Unaudited) RM'000	31 December 2023 (Audited) RM'000
ASSETS			
Property, plant and equipment		147,423	150,252
Right-of-use assets		170,908	161,905
Investment in associates		16,067	5,225
Intangible assets			
- Goodwill		34,382	34,382
- Trademarks		21,500	21,500
Deferred tax assets		13,149	13,627
Other receivables		7,032	5,977
Total non-current assets		410,461	392,868
Trade receivables		140,287	111,675
Other receivables		25,817	34,160
Contract assets		2,756	2,237
Inventories		91,830	96,232
Current tax assets		6,715	12,000
Cash and cash equivalents		85,062	89,225
Derivative financial assets	22	-	1
Total current assets		352,467	345,530
TOTAL ASSETS		762,928	738,398
EQUITY			
Share capital		157,853	157,853
Reserves		12,431	20,050
Total equity attributable to owners of the Company		170,284	177,903
Non-controlling interests		21,059	21,709
TOTAL EQUITY		191,343	199,612
LIABILITIES			
Loans and borrowings	21	47,125	38,254
Lease liabilities		146,447	134,284
Deferred tax liabilities		6,563	6,548
Deferred liabilities		2,169	3,257
Provision		6,352	6,438
Other payable		9,508	30,000
Total non-current liabilities		218,164	218,781
LIABILITIES			
Trade payables		57,964	66,342
Other payables		85,065	78,903
Contract liabilities		1,555	1,885
Provision		52	11
Loans and borrowings	21	179,540	142,026
Lease liabilities		26,096	27,684
Current tax liabilities		2,426	2,767
Deferred liabilities		382	387
Derivative financial liabilities	22	341	-
Total current liabilities		353,421	320,005
TOTAL LIABILITIES		571,585	538,786
TOTAL EQUITY AND LIABILITIES		762,928	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 nine months ended 30 SEPTEMBER 2024

	<-----Attributable to owners of the company----->								
	Note	<-----Non-distributable----->				Distributable		Non-controlling interests	Total equity
		Share capital	Treasury shares	Share option reserve	Other capital reserves	Retained earnings	Sub-total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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		-	-	-	(8,029)	-	(8,029)	(362)	(8,391)
- Share of foreign currency translation differences of equity-accounted associate		-	-	-	(60)	-	(60)	-	(60)
Profit/ (Loss) for the period		-	-	-	-	749	749	(568)	181
Total comprehensive (expense)/ income for the period		-	-	-	(8,089)	749	(7,340)	(930)	(8,270)
Share-based payment transactions		-	-	8	-	-	8	-	8
Dilution of interest in existing subsidiaries		-	-	-	-	(287)	(287)	287	-
Issue of shares to non-controlling interests		-	-	-	-	-	-	630	630
Dividends paid to non-controlling interests		-	-	-	-	-	-	(637)	(637)
Total transactions with owners of the Company		-	-	8	-	(287)	(279)	280	1
At 30 September 2024		157,853	(13,796)	9,817	14,565	1,845	170,284	21,059	191,343

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 nine months ended 30 SEPTEMBER 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	-	-	-	3,751	-	3,751	356	4,107
(Loss)/ Profit for the period	-	-	-	-	(7,254)	(7,254)	103	(7,151)
Total comprehensive income/ (expense) for the period	-	-	-	3,751	(7,254)	(3,503)	459	(3,044)
Purchase of own shares	-	(3,796)	-	-	-	(3,796)	-	(3,796)
Share-based payment transactions	-	-	2,234	-	-	2,234	-	2,234
Dividends paid to owners of the Company	-	-	-	-	(5,855)	(5,855)	-	(5,855)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(735)	(735)
Dividends shared to non-controlling interests of a subsidiary	-	-	-	-	236	236	(236)	-
Total transactions with owners of the Company	-	(3,796)	2,234	-	(5,619)	(7,181)	(971)	(8,152)
At 30 September 2023	157,853	(13,795)	9,064	22,287	5,211	180,620	22,698	203,318

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 nine months ended 30 SEPTEMBER 2024

	Note	9 months ended 30 September 2024 RM'000	9 months ended 30 September 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) before tax		6,699	(334)
Adjustments for:			
Depreciation of property, plant and equipment		16,021	16,695
Depreciation of right-of-use assets		23,342	23,069
Provision for Directors' retirement/ resignation benefits		423	402
Property, plant and equipment written off		607	329
Reversal of impairment loss on property, plant and equipment		(3)	(4)
Reversal of impairment loss on right-of-use assets		(98)	-
Gain on disposal of property, plant and equipment		(499)	(27)
Loss/ (Gain) on termination of lease		20	(138)
Gain on disposal of an associate		-	(2,488)
Interest income		(682)	(671)
Interest expense		15,285	13,176
Share-based payments		8	2,234
Share of profit of equity accounted associates		(1,102)	(1,019)
		<u>53,322</u>	<u>51,558</u>
Operating profit before changes in working capital		60,021	51,224
Changes in working capital:			
Inventories		4,402	28,685
Trade and other receivables		(27,462)	2,263
Trade and other payables		(6,357)	(153)
Contract assets		(519)	(934)
Contract liabilities		(329)	17
		<u>29,756</u>	<u>81,102</u>
Cash generated from operations		29,756	81,102
Income tax paid		(1,079)	(9,279)
Directors' retirement/ resignation benefits paid		(1,465)	(388)
Restoration costs paid		(185)	(271)
		<u>27,027</u>	<u>71,164</u>
Net cash from operating activities		27,027	71,164
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		689	245
Purchase of property, plant and equipment		(11,508)	(14,978)
Interest received		682	671
Subscription of shares in an associate		(9,800)	(152)
Proceeds from disposal of an associate	B	2,894	98
Acquisition of non-controlling interest in a subsidiary	C	(20,000)	(25,000)
		<u>(37,043)</u>	<u>(39,116)</u>
Net cash used in investing activities		(37,043)	(39,116)

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

	Note	9 months ended 30 September 2024 RM'000	9 months ended 30 September 2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		12,514	14,999
Repayment of term loans		(6,296)	(3,422)
Repayment of hire purchase creditors		(2,814)	(3,455)
Drawdown of other borrowings (net)		36,647	1,417
Repayment of lease liabilities		(22,111)	(22,559)
Interest paid		(15,285)	(13,176)
Dividends paid to owners of the Company		-	(5,855)
Dividends paid to non-controlling interests		(637)	(971)
Proceeds from issuance of shares to non-controlling interests		630	-
Purchase of own shares		-	(3,796)
Net cash from/ (used in) financing activities		2,648	(36,818)
Net decrease in cash and cash equivalents		(7,368)	(4,770)
Cash and cash equivalents at 1 January		81,156	84,928
Effects of exchange differences on cash and cash equivalents		(3,965)	2,157
Cash and cash equivalents at 30 September	A	69,823	82,315

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 September 2024 RM'000	30 September 2023 RM'000
Short term deposits	8,744	8,232
Cash and bank balances	76,318	85,355
Bank overdrafts	(15,239)	(11,272)
	<u>69,823</u>	<u>82,315</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 October 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 September/ 31 December	<u>398</u>	<u>3,292</u>

TEXCHEM RESOURCES BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the nine months ended 30 SEPTEMBER 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 September 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 September 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
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 107	Statement of Cash Flows

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

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 nine months ended 30 September 2024.

The exceptional income amounting to RM2.5 million during the quarter and nine months ended 30 September 2023 was gain on disposal of 49% equity interest in Merieux Nutrisciences Malaysia Sdn. Bhd..

5. Changes in estimates

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

7. Dividend paid

The Company did not pay any dividend in the financial period ended 30 September 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																
30 September																
Revenue from external customers	124,499	102,335	63,976	47,870	24,353	26,383	67,185	66,128	189	132	585	440	-	-	280,787	243,288
Inter-segment revenue	2,471	1,160	251	303	17,147	12,664	457	198	1,041	1,155	2,975	3,067	(24,342)	(18,547)	-	-
Total revenue	126,970	103,495	64,227	48,173	41,500	39,047	67,642	66,326	1,230	1,287	3,560	3,507	(24,342)	(18,547)	280,787	243,288
Profit/ (loss) before share of profit/ (loss) of equity accounted associates, net of tax	1,636	280	4,529	1,323	(1,056)	(1,370)	140	(323)	(860)	(970)	(904)	943	-	-	3,485	(117)
Share of (loss)/ profit of equity accounted associates, net of tax	-	-	-	-	(7)	(66)	165	313	-	-	-	880	-	-	158	1,127
Profit/ (loss) before tax	1,636	280	4,529	1,323	(1,063)	(1,436)	305	(10)	(860)	(970)	(904)	1,823	-	-	3,643	1,010

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
<u>9 months ended</u>																
<u>30 September</u>																
Revenue from external customers	383,272	324,124	169,991	134,245	91,038	96,861	203,799	195,100	1,324	210	1,763	1,700	-	-	851,187	752,240
Inter-segment revenue	5,909	3,517	1,008	1,035	49,199	34,887	1,309	716	3,430	3,152	9,064	9,049	(69,919)	(52,356)	-	-
Total revenue	389,181	327,641	170,999	135,280	140,237	131,748	205,108	195,816	4,754	3,362	10,827	10,749	(69,919)	(52,356)	851,187	752,240
Profit/ (loss) before share of profit/ (loss) of equity accounted associates, net of tax	5,137	2,615	12,011	(377)	(2,997)	3,436	(3,207)	(1,503)	(2,241)	(2,794)	(3,106)	(2,730)	-	-	5,597	(1,353)
Share of (loss)/ profit of equity accounted associates, net of tax	-	-	-	-	(14)	425	1,116	466	-	-	-	128	-	-	1,102	1,019
Profit/ (loss) before tax	5,137	2,615	12,011	(377)	(3,011)	3,861	(2,091)	(1,037)	(2,241)	(2,794)	(3,106)	(2,602)	-	-	6,699	(334)
Segment assets	160,143	152,528	192,384	172,355	71,730	90,702	294,531	264,077	3,999	7,359	40,141	44,131	-	-	762,928	731,152

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 nine months ended 30 September 2024

There were no material changes in the composition of the Group during the current quarter and nine months ended 30 September 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 September 2024 RM'000	31 December 2023 RM'000
Property, plant and equipment	7,839	9,366

14. Group's Financial Performance Review and Segmental Analysis
(a) Overall review of Group's financial performance

	3 months ended 30 September			9 months ended 30 September		
	2024 RM'000	2023 RM'000	Changes (%)	2024 RM'000	2023 RM'000	Changes (%)
Revenue	280,787	243,288	15.41	851,187	752,240	13.15
Operating profit	8,854	1,746	407.10	20,882	9,335	123.70
Profit before interest and tax	9,012	5,361	68.10	21,984	12,842	71.19
Profit/ (Loss) before tax	3,643	1,010	260.69	6,699	(334)	2,105.69
Profit/ (Loss) after tax	900	(477)	288.68	181	(7,151)	102.53
Profit/ (Loss) attributable to owners of the Company	1,110	(750)	248.00	749	(7,254)	110.33

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

The Group recorded higher revenue of RM851.2 million in YTD Q3 2024 compared to revenue of RM752.2 million in YTD Q3 2023. The Group recorded pre-tax profit of RM6.7 million in YTD Q3 2024 compared to pre-tax loss of RM0.3 million in YTD Q3 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 September 2024, total equity attributable to owners of the Company reduced to RM170.3 million from RM177.9 million as at 31 December 2023 mainly due to foreign currency translation losses for foreign operations for the period ended 30 September 2024.

Total borrowings of the Group increased to RM226.7 million as at 30 September 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 RM27.0 million for YTD Q3 2024 compared YTD Q3 2023 of RM71.2 million mainly due to higher trade receivables balance resulted from higher sales achieved.

The net cash used in investing activities of RM37.0 million for YTD Q3 2024 is lower than YTD Q3 2023 of RM39.1 million mainly due to lower consideration paid to AYI and lower addition of property, plant and equipment. This is offset by subscription of additional issued share capital of Otafuku Sauce Malaysia Sdn. Bhd..

The net cash from financing activities was recorded at RM2.6 million for YTD Q3 2024 compared to net cash used in financing activities of RM36.8 million for YTD Q3 2023 mainly attributed to higher drawdown of banking facilities.

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

14. Group's Financial Performance Review and Segmental Analysis (Cont'd)**(b) Segmental analysis (Note 8)****(1) Current quarter compared with previous corresponding quarter**

In Q3 2024, the Group registered a higher revenue of RM280.8 million (Q3 2023: RM243.3 million). The Group achieved a pre-tax profit of RM3.6 million (Q3 2023: pre-tax profit of RM1.0 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 RM127.0 million (Q3 2023: RM103.5 million) and higher pre-tax profit of RM1.6 million (Q3 2023: RM0.3 million) in line with its continuous effort to improve sales and product mix with better margin.

(ii) Polymer Engineering Division

The Polymer Engineering Division registered revenue of RM64.2 million (Q3 2023: RM48.2 million) and a pre-tax profit of RM4.5 million (Q3 2023: RM1.3 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. However, current quarter earnings were affected by foreign exchange loss against the strengthened MYR.

(iii) Food Division

The Food Division recorded a higher revenue of RM41.5 million (Q3 2023: RM39.0 million) and a lower pre-tax loss of RM1.1 million (Q3 2023: RM1.4 million) mainly due to improvement in demand from food products business segment. Nevertheless, the Division was adversely impacted by foreign exchange loss.

(iv) Restaurant Division

The Restaurant Division recorded a higher revenue of RM67.6 million (Q3 2023: RM66.3 million) and a pre-tax profit of RM0.3 million (Q3 2023: pre-tax loss of RM0.01 million) contributed by continuous effort in operational efficiencies, menu innovation, better promotional activities and cost management.

(v) Venture Business Division

The Venture Business Division registered slightly lower revenue of RM1.2 million (Q3 2023: RM1.3 million) but a marginal lower pre-tax loss of RM0.9 million (Q3 2023: RM1.0 million) mainly due to better cost management.

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

(2) Current nine (9) months financial period compared with previous corresponding financial period

The Group achieved a revenue of RM851.2 million (YTD Q3 2023: RM752.2 million) in YTD Q3 2024. The Group recorded a pre-tax profit of RM6.7 million (YTD Q3 2023: pre-tax loss of RM0.3 million) in YTD Q3 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 RM389.2 million (YTD Q3 2023: RM327.6 million) and higher pre-tax profit of RM5.1 million (YTD Q3 2023: RM2.6 million) in line with its continuous effort to improve sales. The Division is adopting a new strategy aimed at enhancing its product portfolio by introducing higher-value products with improved profit margins.

(ii) Polymer Engineering Division

The Polymer Engineering Division achieved a higher revenue of RM171.0 million (YTD Q3 2023: RM135.3 million) and pre-tax profit of RM12.0 million (YTD Q3 2023: pre-tax loss RM0.4 million) mainly due to improvement in demand from its strategic business domains mainly data memory, semiconductor, data storage, 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 RM140.2 million (YTD Q3 2023: RM131.7 million) in YTD Q3 2024 primarily driven by its food products segment. However, despite this sales growth, the Division recorded a pre-tax loss of RM3.0 million (YTD Q3 2023: pre-tax profit RM3.9 million). This loss was mainly due to higher foreign exchange losses in Myanmar companies.

(iv) Restaurant Division

The Restaurant Division recorded a revenue of RM205.1 million (YTD Q3 2023: RM195.8 million) and pre-tax loss of RM2.1 million (YTD Q3 2023: RM1.0 million) impacted by the higher input costs and also inflationary pressure.

(v) Venture Business Division

The Venture Business Division achieved a higher revenue of RM4.8 million (YTD Q3 2023: RM3.4 million) and a lower pre-tax loss of RM2.2 million (YTD Q3 2023: RM2.8 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 3	Quarter 2	Changes
	2024	2024	
	RM’000	RM’000	%
Revenue	280,787	294,747	(4.74)
Operating profit	8,854	7,580	16.81
Profit before interest and tax	9,012	8,130	10.85
Profit before tax	3,643	3,171	14.88
Profit after tax	900	727	23.80
Profit attributable to owners of the Company	1,110	975	13.85

The Group achieved a revenue of RM280.8 million in the current quarter, representing a slight decrease of 4.74% compared to the preceding quarter. The Group achieved a pre-tax profit of RM3.6 million in the current quarter against RM3.2 million in the preceding quarter mainly due to improved performance in Industrial and Restaurant Divisions.

16. Prospects

Based on the OECD Economic Outlook report in September 2024, global GDP growth is expected to stabilise at 3.2% in both 2024 and 2025, with further disinflation, improving real incomes, and less restrictive monetary policies in many economies helping to underpin demand.

The Government of Malaysia in its recent tabled Budget 2025 stated that the Malaysian economy is projected to grow between 4.5% and 5.5% in 2025, and total trade is forecasted to increase to RM3 trillion supported by global trade recovery and sustained demand.

Against this backdrop and building on the momentum achieved to date, the Board is confident that the Group will remain resilient to sustain our performance in the coming quarter.

17. Profit forecast

Not applicable as no profit forecast was published.

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

The tax expense comprises:

	3 months ended		9 months ended	
	30 September		30 September	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	2,512	2,449	6,061	7,120
- prior period	19	(944)	(17)	377
	<u>2,531</u>	<u>1,505</u>	<u>6,044</u>	<u>7,497</u>
Deferred tax expense/ (income)				
- current period	334	(198)	464	(586)
- prior period	(122)	180	10	(94)
Tax expense	<u>2,743</u>	<u>1,487</u>	<u>6,518</u>	<u>6,817</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		9 months ended	
	30 September		30 September	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest income	(288)	(190)	(682)	(671)
Interest expense on loans and borrowings	3,259	2,661	9,375	8,294
Interest expense on lease liabilities	2,110	1,690	5,910	4,882
Depreciation of property, plant and equipment	5,234	6,196	16,021	16,695
Depreciation of right-of-use assets	7,737	7,826	23,342	23,069
Reversal of impairment loss on property, plant and equipment	(3)	-	(3)	(4)
Reversal of impairment loss on right-of-use assets	-	-	(98)	-
Provision for impairment loss on trade receivables	10	60	133	58
Inventories written down/ (back)	114	161	(281)	225
Gain on disposal of property, plant and equipment	(250)	(61)	(499)	(27)
(Gain)/ Loss on termination of leases	(78)	-	20	(138)
Property, plant and equipment written off	517	23	607	329
Loss/ (Gain) on foreign exchange	3,060	1,406	3,519	(54)
Provision for Directors' retirement/ resignation benefits	169	349	423	402
Gain on disposal of an associate	-	(2,488)	-	(2,488)

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 17 October 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 September 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	-	-	400	1,644	400	1,644
Trade financing	-	-	839	3,448	839	3,448
<u>Denominated in SGD</u>						
Bank overdrafts	-	-	117	375	117	375
<u>Denominated in THB</u>						
Trade financing	-	-	86,068	10,965	86,068	10,965
Term loans	-	-	6,620	843	6,620	843
<u>Denominated in VND</u>						
Revolving credits			16,549,563	2,764	16,549,563	2,764
Trade financing	-	-	41,328,719	6,902	41,328,719	6,902
Term loans	4,480,719	748	433,557	72	4,914,276	820
<u>Denominated in RM</u>						
Bank overdrafts	-	-	-	14,864	-	14,864
Revolving credits	-	20,574	-	61,775	-	82,349
Trade financing	-	-	-	62,617	-	62,617
Term loans	-	21,726	-	10,585	-	32,311
Hire purchase creditors	-	4,077	-	2,686	-	6,763
Total		47,125		179,540		226,665

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

USD/ RM
THB/ RM
VND/ RM
SGD/ RM

At 30 September 2024

4.110
 0.1274
 0.000167
 3.2094

At 31 December 2023

4.595
 0.1345
 0.000189
 3.4856

22. Derivative financial instruments

As at 30 September 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/(loss) RM'000
Forward exchange contracts			
- Receivables	1,268	1,233	35
- Payables	(9,283)	(8,907)	(376)
			<u>(341)</u>

For the nine months ended 30 September 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 nine months ended 30 September 2024.

25. Changes in material litigation

There was no material litigation against the Group as at 17 October 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 September 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		9 months ended	
	30 September		30 September	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit/ (Loss) for the period attributable to owners of the Company	1,110	(750)	749	(7,254)
Weighted average number of ordinary shares for computing basic earnings/ (loss) per share *	117,091	117,463	117,091	117,463
Basic earnings/ (loss) per share (sen)	0.95	(0.64)	0.64	(6.18)
Weighted average number of ordinary shares for computing diluted earnings/ (loss) per share*	117,091	117,463	117,091	117,463
Diluted earnings/ (loss) per share (sen)	0.95	(0.64)	0.64	(6.18)

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

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

In thousands of shares	30 September 2024	30 September 2023
Issued ordinary shares at 1 January	126,373	126,373
Effect of treasury shares repurchased	(9,282)	(8,920)
Weighted average number of ordinary shares for computing basic earnings/ (loss) per share	117,091	117,453
Effect of exercise of ESOS	**	**
Weighted average number of ordinary shares for computing diluted earnings/ (loss) per share	117,091	117,453

** 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: 24 October 2024