

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

The Board of Directors of Luxchem Corporation Berhad (“LCB” or “the Company”) is pleased to announce the following unaudited consolidated results of LCB and its subsidiaries (collectively known as “the Group”) for the fourth quarter ended 31 Dec 2011.

The Company is principally involved in investment holding while the subsidiaries of the Company are principally involved in the marketing and distribution of industrial chemicals and materials and the manufacture of Unsaturated Polyester Resins.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter (3 months)		Cumulative Quarters (12 months)	
	Current Quarter Ended 31-Dec-11 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-10 RM'000	Current Year Ended 31-Dec-11 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-10 RM'000
	Revenue	130,944	109,206	498,933
Cost of sales	(121,136)	(97,755)	(455,797)	(359,137)
<b>Gross profit</b>	<b>9,808</b>	<b>11,451</b>	<b>43,136</b>	<b>40,686</b>
Other operating income	1,236	1,836	3,314	3,201
Selling and distribution costs	(1,194)	(1,169)	(4,095)	(3,677)
Administrative expenses	(2,176)	(3,191)	(9,131)	(9,724)
Other operating expenses	(339)	(536)	(683)	(1,033)
<b>Operating profit</b>	<b>7,335</b>	<b>8,391</b>	<b>32,541</b>	<b>29,453</b>
Finance costs	(553)	(454)	(2,357)	(1,594)
<b>Profit before Tax</b>	<b>6,782</b>	<b>7,937</b>	<b>30,184</b>	<b>27,859</b>
Taxation	(1,619)	(2,283)	(7,658)	(7,382)
<b>Profit for the period</b>	<b>5,163</b>	<b>5,654</b>	<b>22,526</b>	<b>20,477</b>
Exchange gain/ (loss) on translation of foreign operations	(9)	17	21	(17)
Gain on revaluation of available-for-sale investments	29	38	24	62
Reclassification adjustment for gain on disposal of available-for-sale investments included in profit or loss	-	-	-	(4)
Taxation	-	-	-	-
<b>Total other comprehensive income</b>	<b>20</b>	<b>55</b>	<b>45</b>	<b>41</b>
<b>Total comprehensive income for the period</b>	<b>5,183</b>	<b>5,709</b>	<b>22,571</b>	<b>20,518</b>
Profit attributable to:				
-Owners of the parent	5,178	5,654	22,476	20,477
-Non controlling interest	(15)	-	(15)	-
Total comprehensive income attributable to:				
-Owners of the parent	5,183	5,709	22,571	20,518
-Non controlling interest	-	-	-	-
Earnings per share - Basic (Sen)	3.97	4.35	17.33	15.75
Earnings per share - Diluted (Sen)	-	-	-	-

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this quarterly financial report.*

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 31-Dec-11 RM	Current Year to date Ended 31-Dec-11 RM
Interest Income	594,771	1,490,392
Other income including investment income	641,693	1,823,843
Interest Expense	553,064	2,357,453
Depreciation & amortisation	244,822	938,640
Provision for and write off of receivables	292,023	558,800
Provision for and write off of inventories	2,796	1,274,329
(Gain)/loss on disposal of quoted investments	-	3,655
Gain or (loss) on disposal of unquoted investments	-	-
Gain or (loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange (Gain)/Loss - realised	(15,902)	34,641
Foreign exchange (Gain)/Loss - unrealised	(98,689)	(98,689)
Gain or (loss) on derivatives	(1,176)	(1,176)
Exceptional items	-	-

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

((Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
---

	<b>Unaudited As at 31-Dec-11 RM'000</b>	<b>Audited As at 31-Dec-10 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	19,087	19,245
Investment properties	130	130
Intangible assets	-	-
Other investments	452	451
Deferred tax assets	10	
	19,679	19,826
<b>Current Assets</b>		
Inventories	30,831	24,423
Trade and other receivables	109,187	98,627
Derivative financial assets	(5)	31
Tax recoverable	-	47
Deposits, cash and bank balances	88,835	76,639
	228,848	199,767
<b>Total Assets</b>	<b>248,527</b>	<b>219,593</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	65,000	65,000
Share premium	9,743	9,743
Other reserves	279	261
Retained profits	50,273	38,132
Minority Interest	361	-
<b>Total Equity</b>	125,656	113,136
<b>Non-current Liabilities</b>		
Hire purchase	92	104
Deferred tax liabilities	283	484
	375	588
<b>Current Liabilities</b>		
Trade and other payables	53,059	43,868
Hire purchase creditors	116	104
Bankers' acceptances	68,458	60,733
Taxation	863	1,164
	122,496	105,869
<b>Total Liabilities</b>	122,871	106,457
<b>Total Equity and Liabilities</b>	<b>248,527</b>	<b>219,593</b>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.97	0.87

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this quarterly financial report.*

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

<b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>
---

	Current Year to date Ended 31-Dec-11 RM'000	Preceding Year Corresponding Period Ended 31-Dec-10 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	30,184	27,860
Adjustments for :-		
Impairment loss on trade receivables	559	862
Amortisation of intangible assets	-	86
Depreciation of property, plant and equipment	939	956
Dividend income	(4)	(83)
Loss from change in fair value of investment property	-	77
Gain from change in fair value of forward exchange contracts	36	(15)
Gain on disposal of investment property	-	(431)
Gain on disposal of other investment	4	(22)
Gain on disposal of property, plant and equipment	(120)	(104)
Interest income	(1,490)	(1,079)
Interest expense	2,357	1,594
Property, plant and equipment written off	25	23
Unrealised gain on foreign exchange	168	(50)
Reversal of impairment loss on trade receivables	(517)	(824)
Write down in value of inventories	2,357	1,082
Operating profit before working capital changes	34,498	29,932
(Increase)/Decrease in inventories	(8,766)	(1,251)
(Increase)/Decrease in trade and other receivables	(10,550)	(23,548)
Increase/(Decrease) in trade and other payables	8,953	14,114
Cash generated from operations	24,135	19,247
Tax paid	(8,123)	(7,276)
Interest received	1,490	1,079
Interest paid	(2,357)	(1,593)
Net cash (used in)/from operating activities	15,145	11,457
<b>Cash flows from investing activities</b>		
Purchase of other investments	-	(112)
Purchase of property, plant and equipment	(805)	(3,710)
Proceeds from disposal of investment property	-	1,438
Proceeds from disposal of property, plant and equipment	121	108
Proceeds from disposal of other investments	19	32
Dividend received	4	83
Net cash used in investing activities	(661)	(2,161)
<b>Cash flows from financing activities</b>		
Issuance of shares	349	-
Net bankers' acceptances obtained/(repaid)	7,725	17,157
Hire purchase instalments paid	-	(187)
Dividend paid	(10,400)	(10,400)
Net cash from/(used in)/ financing activities	(2,326)	6,570
<b>Net (decrease)/increase in cash and cash equivalents</b>	12,158	15,866
Cash and cash equivalents at beginning of year	76,639	60,803
Foreign exchange difference on opening balance	38	(30)
<b>Cash and cash equivalent at end of the period</b>	88,835	76,639

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this quarterly financial report.*

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

##### For the twelve months ended 31 December 2011

	Attributable to owners of the Parent					
	Share Capital RM'000	Share Premium RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000
Balance at 1 January 2011:	65,000	9,743	118	143	38,132	113,136
Profit for the period	-	-	-	-	22,541	22,541
Other comprehensive income	-	-	(6)	24	-	18
Total comprehensive income for the period	-	-	(6)	24	22,541	22,559
Final dividend of 5 sen per share in respect of the financial year ended 31 December 2010					(6,500)	(6,500)
Interim dividend of 3 sen per share in respect of the financial year ended 31 December 2011					(3,900)	(3,900)
Minority Interest						361
Balance at 31 Dec 2011	65,000	9,743	112	167	50,273	125,656

##### For the twelve months ended 31 December 2010

	Attributable to owners of the Parent					
	Share Capital RM'000	Share Premium RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000
Balance at 1 January 2010						
- Before the adoption of FRS 139	65,000	9,743	135	-	28,039	102,917
- Effects on the adoption of FRS 139	-	-	-	85	16	101
- After the adoption of FRS 139	65,000	9,743	135	85	28,055	103,018
Profit for the period	-	-	-	-	20,478	20,478
Other comprehensive income	-	-	(17)	57	-	40
Total comprehensive income for the period	-	-	(17)	57	20,478	20,518
Final dividend of 3 sen per share in respect of the financial year ended 31 December 2009					(3,900)	(3,900)
Special dividend of 2 sen per share in respect of the financial year ended 31 December 2009					(2,600)	(2,600)
Interim dividend of 3 sen per share in respect of the financial year ended 31 December 2010					(3,900)	(3,900)
Balance at 30 September 2010	65,000	9,743	118	142	38,133	113,136

*The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this quarterly financial report.*

## **LUXCHEM CORPORATION BERHAD**

(Company No: 224414-D)

(Incorporated in Malaysia)

### **QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011**

<b>PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (“FRS 134”), INTERIM FINANCIAL REPORTING</b>
---

**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

**A1. Basis of Preparation**

The interim financial statements have been prepared under the historical cost convention except for derivatives financial instruments, available-for-sale investments and investment property which have been stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the FRS 134 issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. The 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 2010.

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

**PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"),  
INTERIM FINANCIAL REPORTING**

#### **A2. Changes in Accounting Policies**

The Group has adopted the new and revised Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB"), as set out in Note A2 (a) below, which are effective from the beginning of the current financial year.

#### **(a) New and Revised FRSs, IC Interpretations and Amendments to FRSs Adopted by the Group**

The accounting policies adopted by the Group are consistent with those applied in the previous financial year other than the adoption of the following new and revised FRSs, IC Interpretations and amendments to FRSs that are relevant to the Group's operations and effective from the beginning of the current financial year:-

		<b>Effective for financial period beginning on or after</b>
FRS 1	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters - Additional Exemptions for First-time Adopters	1 January 2011 1 January 2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary	1 July 2010
Amendments to FRS 7	Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132	Financial Instruments : Presentation - Classification of Rights Issues	1 March 2010
Amendments to FRS 138	Intangible Assets - Additional consequential amendments arising from revised FRS 3	1 July 2010
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives - Scope of IC Interpretation 9 and revised FRS 3	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distribution of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to FRSs Classified as "Improvement to FRSs (2010)"		1 January 2011

The adoption of the new and revised FRSs and IC Interpretations and amendments to FRSs did not result in any significant effect on the results and financial position of the Group and of the Company nor any significant changes in the presentation and disclosure of amounts in the financial statements.

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### **PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (“FRS 134”), INTERIM FINANCIAL REPORTING**

##### **A2. Changes in Accounting Policies (cont'd)**

###### **(a) New and Revised FRSs, IC Interpretations and Amendments to FRSs Adopted by the Group (cont'd)**

The other new and revised FRSs and IC Interpretations issued by the MASB that are effective from the beginning of the current financial year but which are not applicable to the Group's operations are as follows:

Amendments to FRS 2	Share-based Payment - Scope of FRS 2 and revised FRS 3 - Group Cash-settled Share-based Payment Transactions	1 July 2010 1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010

###### **(b) New and Revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations That Are Not Yet Effective and Have Not Been Early Adopted**

The Group has not early adopted the following new and revised FRSs and IC Interpretations and amendments to FRSs and IC Interpretations which have been issued but are not yet effective:

FRS 124	Related Party Disclosures	1 January 2012
Amendments to IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction - Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011



## **LUXCHEM CORPORATION BERHAD**

(Company No: 224414-D)

(Incorporated in Malaysia)

### **QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011**

<b>PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (“FRS 134”), INTERIM FINANCIAL REPORTING</b>
---

**A3. Auditors’ Report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2010.

**A4. Seasonal or cyclical factors**

The business operations of the Group were not significantly affected by seasonal or cyclical factors during the period under review.

**A5. Items of Unusual nature and Amount**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the quarterly financial reports.

**A6. Issuances, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities**

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current period and year to date

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

**PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING**

**A7. Segmental Information**

Segmental results by business activities:-

	Current Quarter Ended 31 Dec 11 (3 months)		Current Year To Date Ended 31 Dec 2011 (12 months)	
	Revenue	Profit/ (loss) Before Tax	Revenue	Profit/ (loss) Before Tax
	RM'000	RM'000	RM'000	RM'000
<b>Business Activities:</b>				
Investment Holding	-	130	10,900	10,868
Trading	113,719	4,434	444,118	24,974
Manufacturing	28,673	2,280	98,440	5,436
Total	142,392	6,844	553,458	41,278
Consolidation Adjustments	(11,448)	(62)	(54,525)	(11,094)
	130,944	6,782	498,933	30,184

**A8. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current period under review.

**A9. Capital commitments**

Capital commitment as at end of the current quarter	31-Dec-11
and financial year to date are as follows:-	
	RM'000
Approved but not contracted for:-	3,500

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (“FRS 134”), INTERIM FINANCIAL REPORTING

##### A10. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the period that have not been reflected in the financial statements for the period.

##### A11. Changes in the Composition of the Group

There were no changes in the composition of the group during the current period and year to date.

##### A12. Related Party Transactions

The Company has the following transactions with the related parties during the financial quarter.

Transacting Parties	Potential/ Actual Areas of Conflict of Interest and / or Related-Party Transaction	Nature of Transaction	Current Quarter Ended 31-Dec-11	Current Year Ended 31-Dec-11
			RM'000	RM'000
Our Group and Kossan Holdings (M) Sdn Bhd (“KHMSB”), its subsidiaries and associated company	Chow Cheng Moey, our substantial shareholder, is the spouse of Lim Kuang Sia, a Director and substantial shareholder of KHMSB	Sale & purchase of industrial chemicals and UPRs by our Group	2,827	9,899
			<b>Total</b>	<b>2,827</b>

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favourable than those transacted with unrelated parties.

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### PART B NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

##### B1. Review of performance of the Company and its principal subsidiaries

For the financial year to date, the Group recorded a pre-tax profit of RM30.18 mil.

The Group achieved revenue of RM130.94 mil for the current quarter, an increase of RM21.74mil as compared to the preceding year corresponding quarter. This increase was contributed mainly by the trading segment.

For financial year to date, the Group recorded a revenue of RM498.93 million, an increase of RM99.11 million or 25% compared to the preceding year. Of this increase, 89% was contributed by increase in revenue of the trading segment.

The increase in the revenue of the trading segment was attributable to both increases in quantity as well as raw material prices. During FYE 2011, quantity under the trading segment increased by 11%. The increase was mainly due to higher sales of nitrile latex to the glove industry.

On average, raw material prices of trading segment increased by about 15% in FYE 2011 compared to FYE 2010.

The manufacturing segment registered revenue increase of 8%. Higher sales quantities to export markets (mainly Vietnam) contributed to the higher revenue.

Gross profit margins for the group drop from 10.1% in FYE 2010 to 8.6% in FYE 2011. Under the trading segment, the group trades in about 600 items, where margins differ depending on the item. The drop in margins was due to the product mix. In FYE 2011, our sales of commodity items increased. As commodity items have a low margin, this has brought down over average margins. Our sales of commodity items are as below:-

Sales	Sales	Sales	Increase in FYE 2011	
	FYE 2011	FYE 2010	RM	% increase
Commodity Items	RM 183,275,553	RM 133,910,834	49,364,719	37%

In the opinion of the Directors, the result for the current quarter and financial year to date have not been affected by any transactions or events of a material nature which has arisen between 31 Dec 2011 and the date of this report.

##### B2. Material changes in the quarterly results compared to the results of the preceding quarter

There are no material changes in the results for the current quarter compared to the results in the preceding quarter.

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### PART B NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

##### B3. Prospects for FYE 2012

Barring any unforeseen circumstances and the Eurozone uncertainties, the Directors remain positive with the Group's prospects for the financial year 2012.

##### B4. Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast in a public document during the current financial period.

##### B5. Taxation

	Current Quarter Ended 31-Dec-11 RM'000	Current Year Ended 31-Dec-11 RM'000
Current tax expenses	(1,778)	(7,817)
Deferred Taxation	159	159
	<u>(1,619)</u>	<u>(7,658)</u>

The effective tax rate of the Group approximates the statutory tax rate.

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)  
(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### PART B NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

##### B6. Status of Utilisation of IPO Proceeds

The Public Issue was expected to raise gross proceeds of RM22.0 million, which will be utilised as follows:-

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation
	RM'000	RM'000	
(i) Repayment of bank borrowings	7,000	7,000	Within 12 months
(ii) Expansion of existing operations	7,000	3,179	Within 24 months
(iii) Expansion of business and markets	2,500	898	Within 24 months
(iv) Working capital	3,000	3,000	Within 24 months
(v) Estimated listing expenses	2,500	2,257	Immediate
	<u>22,000</u>	<u>16,334</u>	

##### Expansion of existing operations

As stated in the Prospectus dated 10 June 2008, we have intended to utilize approximately RM3.0 million of the proceeds to purchase and install a new reactor and related equipment at our Unsaturated Polyester Plant in Melaka, to increase production capacity by another 50% in order to reach an output of 30,000 metric tonnes per annum. In addition, we intended to utilize approximately RM500,000 of the proceeds to increase our warehouse storage capacity by installing improved rack systems at our manufacturing plant.

During the financial year, we have invested about RM400,000 for our plant expansion.

##### Expansion of business and markets

As disclosed in our Prospectus dated 10 June 2008, we intended to utilize RM2.5 million of the proceeds to set up sales and marketing offices in Indonesia, Vietnam and China to improve our services to customers in the region.

The setting up of the Representative office in Vietnam should be completed by Q1 2012.

On 18 July 2011, LCB has incorporated a subsidiary in Indonesia (PT. Luxchem Indonesia). PT. Luxchem Indonesia officially started operations on 3 Oct 2011.

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### PART B NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

#### B7. Group borrowings and debt securities

The Group's borrowings as at 31 Dec 2011 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowing:-</u>			
	-	68,458	68,458
	116	-	116
	<u>116</u>	<u>68,458</u>	<u>68,574</u>
<u>Long Term borrowings:-</u>			
	92	-	92
	<u>92</u>	<u>-</u>	<u>92</u>
Total	<u>208</u>	<u>68,458</u>	<u>68,666</u>

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### PART B NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

##### B8. Realised and Unrealised Profits

	Current financial year ended 30 Dec 2011	As at 31 Dec 2010
	RM'000	RM'000
Total retained profits of LCB and its subsidiaries		
- Realised Profit	128,022	94,403
- Unrealised Profit	(611)	(560)
	127,411	93,843
- Consolidation adjustments	(77,137)	(55,711)
Retained profits as per financial statements	50,273	38,132

##### B9. Financial Guarantee

The Company has provided various financial guarantees to banks for the guarantee of credit facilities granted to its various subsidiaries. As at 31 Dec 2011, the amount of bank borrowings of its subsidiaries amounted to RM68.46mil.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 31 Dec 2011, the amount of Corporate Guarantee to Suppliers amounted to RM4.28 mil.

The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognised the value of the obligation under the Financial Guarantee in its books.

##### B10. Material Litigation

As at 31 Dec 2011, neither our Company nor any of our subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company or our subsidiaries.



## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2011

#### **B11. Proposed Dividend**

The Board of Directors recommends the following for the financial year ended 31 December 2011:

- (a) a proposed single tier final dividend of 5 sen per ordinary share
- (b) a proposed single tier special dividend of 1 sen per ordinary share

The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date to the final dividend shall be determined by the Board of Directors at the subsequent stage.

#### **B12. Earnings per share**

- (a) Basic earnings per share

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company of RM5.16 million for the current quarter and RM22.53 million for current financial year-to-date as at 31 Dec 2011 and on the number of shares in issue of 130,000,000 as at 31 Dec 2011.

- (b) Fully diluted earnings per share

Fully diluted earnings per share were not computed as there were no outstanding potential ordinary shares to be issued as at the end of the reporting period.

By order of the Board,

Tang Ying See  
Chief Executive Officer/ Managing Director  
Date: 17 Feb 2012