

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012

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 first quarter ended 31 March 2012.

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 (3 months)	
	Current Quarter Ended 31-Mar-12 RM'000	Preceding Year Corresponding Quarter Ended 31-Mar-11 RM'000	Current Year Ended 31-Mar-12 RM'000	Preceding Year Corresponding Quarter Ended 31-Mar-11 RM'000
Revenue	129,067	107,401	129,067	107,401
Cost of sales	(116,417)	(96,336)	(116,417)	(96,336)
<b>Gross profit</b>	<b>12,650</b>	<b>11,065</b>	<b>12,650</b>	<b>11,065</b>
Other operating income	229	637	229	637
Selling and distribution costs	(1,181)	(1,005)	(1,181)	(1,005)
Administrative expenses	(2,484)	(2,279)	(2,484)	(2,279)
Other operating expenses	(64)	(137)	(64)	(137)
<b>Operating profit</b>	<b>9,150</b>	<b>8,281</b>	<b>9,150</b>	<b>8,281</b>
Finance costs	(642)	(502)	(642)	(502)
<b>Profit before Tax</b>	<b>8,508</b>	<b>7,779</b>	<b>8,508</b>	<b>7,779</b>
Taxation	(2,153)	(1,964)	(2,153)	(1,964)
<b>Profit for the period</b>	<b>6,355</b>	<b>5,815</b>	<b>6,355</b>	<b>5,815</b>
Exchange gain/ (loss) on translation of foreign operations	(42)	6	(42)	6
Gain on revaluation of available-for-sale investments	76	30	76	30
Reclassification adjustment for gain on disposal of available-for-sale investments included in profit or loss	-	-	-	-
Taxation	-	-	-	-
<b>Total other comprehensive income</b>	<b>34</b>	<b>36</b>	<b>34</b>	<b>36</b>
<b>Total comprehensive income for the period</b>	<b>6,389</b>	<b>5,851</b>	<b>6,389</b>	<b>5,851</b>
Profit attributable to:				
-Owners of the parent	6,353	5,815	6,353	5,815
-Non controlling interest	2	-	2	-
Total comprehensive income attributable to:				
-Owners of the parent	6,387	5,851	6,387	5,851
-Non controlling interest	2	-	2	-
Earnings per share - Basic (Sen)	4.89	4.47	4.89	4.47
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 2011 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 MARCH 2012

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 31-Mar-12 RM'000	Current Year to date Ended 31-Mar-12 RM'000
Interest Income	323	323
Other income including investment income	(95)	(95)
Interest Expense	642	642
Depreciation & amortisation	244	244
Provision for and write off of receivables	59	59
Provision for and write off of inventories	-	-
(Gain)/loss on disposal of quoted investments	-	-
Gain or (loss) on disposal of unquoted investments	-	-
Gain or (loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange (Gain)/Loss - realised	336	336
Foreign exchange (Gain)/Loss - unrealised	(107)	(107)
(Gain)/loss on derivatives	(40)	(40)
Exceptional items	-	-

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012

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

	<b>Unaudited As at 31-Mar-12 RM'000</b>	<b>Audited As at 31-Dec-11 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	18,981	19,087
Investment properties	130	130
Intangible assets	-	-
Other investments	528	452
Deferred tax assets	12	13
	19,651	19,682
<b>Current Assets</b>		
Inventories	35,398	30,597
Trade and other receivables	101,396	112,654
Amount owing by Related company	-	-
Derivative financial assets	40	-
Tax recoverable	-	-
Deposits, cash and bank balances	95,519	88,835
	232,353	232,086
<b>Total Assets</b>	<b>252,004</b>	<b>251,768</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	305	270
Retained profits	56,792	50,440
<b>Total equity attributable to owners of the Company</b>	131,840	125,453
Non-controlling interests	361	359
<b>Total Equity</b>	132,201	125,812
<b>Non-current Liabilities</b>		
Hire purchase	118	92
Deferred tax liabilities	356	347
	474	439
<b>Current Liabilities</b>		
Trade and other payables	34,598	56,287
Hire purchase payables	88	117
Bankers' acceptances	84,026	68,458
Derivative financial liabilities	-	1
Taxation	617	654
	119,329	125,517
<b>Total Liabilities</b>	119,803	125,956
<b>Total Equity and Liabilities</b>	<b>252,004</b>	<b>251,768</b>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	1.02	0.97

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 MARCH 2012

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Current Year to date Ended 31-Mar-12 RM'000</b>	<b>Preceding Year Corresponding Period Ended 31-Dec-11 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	8,508	30,216
Adjustments for :-	-	-
Amortisation of intangible assets	-	-
Depreciation of property, plant and equipment	244	939
Dividend income	(1)	(13)
Loss from change in fair value of investment property	-	-
Loss/(Gain) from change in fair value of forward exchange contracts	(41)	32
Gain on disposal of investment property	-	-
Gain on disposal of other investment	-	(6)
Gain on disposal of property, plant and equipment	(14)	(120)
Impairment loss on trade receivables	59	644
Interest income	(323)	(1,490)
Interest expense	642	2,358
Property, plant and equipment written off	-	24
Unrealised (gain)/loss on foreign exchange	(107)	(184)
Reversal of impairment loss on trade receivables	-	(514)
Write down in value of inventories	-	2,357
Operating profit before working capital changes	8,967	34,243
(Increase)/Decrease in inventories	(4,810)	(8,531)
(Increase)/Decrease in trade and other receivables	11,030	(14,162)
Increase/(Decrease) in trade and other payables	(21,413)	12,591
Cash generated from operations	(6,226)	24,141
Tax paid	(2,179)	(8,138)
Interest received	323	1,490
Interest paid	(642)	(2,358)
Net cash (used in)/from operating activities	(8,724)	15,135
<b>Cash flows from investing activities</b>		
Purchase of other investments	-	-
Purchase of property, plant and equipment	(143)	(663)
Proceeds from disposal of investment property	-	-
Proceeds from disposal of property, plant and equipment	14	121
Proceeds from disposal of other investments	-	19
Dividend received	1	13
Net cash used in investing activities	(128)	(510)
<b>Cash flows from financing activities</b>		
Bankers' acceptances obtained, net of repayment	15,568	7,726
Hire purchase instalments paid	2	(142)
Dividend paid	-	(10,400)
Equity contributions from no-controlling interests	-	376
Net cash from/(used in)/ financing activities	15,570	(2,440)
<b>Net (decrease)/increase in cash and cash equivalents</b>	6,718	12,185
Cash and cash equivalents at beginning of year	88,835	76,639
Foreign exchange difference on opening balance	(34)	11
<b>Cash and cash equivalent at end of the period</b>	95,519	88,835

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2011 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 MARCH 2012

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 Mar 2012

	Attributable to owners of the Parent							Total RM'000
	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	Non Controlling Interests RM'000	
Balance at 1 January 2012:	65,000	9,743	113	157	50,440	125,453	359	125,812
Profit for the period	-	-	-	-	6,353	6,353	2	6,355
Other comprehensive income	-	-	(42)	76	-	34	-	34
Total comprehensive income for the period	-	-	(42)	76	6,353	6,386	2	6,389
Balance at 31 Mar 2012	65,000	9,743	71	233	56,793	131,839	361	132,201

For the three months ended 31 March 2011

	Attributable to owners of the Parent							Total RM'000
	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	Non Controlling Interests RM'000	
Balance at 1 January 2011:	65,000	9,743	118	143	38,132	113,136	-	113,136
Profit for the period	-	-	-	-	5,815	5,815	-	5,815
Other comprehensive income	-	-	6	30	-	36	-	36
Total comprehensive income for the period	-	-	6	30	5,815	5,851	-	5,851
Balance at 31 Mar 2011	65,000	9,743	124	173	43,947	118,987	-	118,987

*The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year 31 December 2011 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 MARCH 2012

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

### **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 2011. 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 2011.

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

The Group has adopted MFRSs with effective from current period. There is no significant financial effects arising from the adoption of MFRSs

### **A3. Auditors' Report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2011

### **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

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012

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

### 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. Issuance, 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.

### A7. Segmental Information

Segmental results by business activities:-

	Current Quarter Ended 31 Mar 2012 (3 months)		Current Year To Date Ended 31 Mar 2012 (3 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	-	(35)	-	(35)
Trading	112,342	7,075	112,342	7,075
Manufacturing	31,061	1,487	31,061	1,487
Total	143,403	8,528	143,403	8,527
Consolidation Adjustments	(14,336)	(20)	(14,336)	(19)
	129,067	8,508	129,067	8,508

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012

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

**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 and financial year to date are as follows:-	31-Mar-12
	RM'000
Approved but not contracted for:-	3,075

**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.



# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

**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 RM8.51 million.

The Group achieved revenue of RM129.07 million for the current quarter, an increase of RM21.67 million or 20% as compared to the preceding year corresponding quarter. The increase was mainly attributable to the manufacturing segment, where sales increased 30%, mainly due to higher exports.

**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.

**B3. Prospects for the current financial year**

Barring any unforeseen circumstances, the Directors remain positive with the Group's prospects.

**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-Mar-12 RM'000	Current Year Ended 31-Mar-12 RM'000
Current tax expenses	(2,153)	(2,153)
Deferred Taxation	-	-
	<u>(2,153)</u>	<u>(2,153)</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 MARCH 2012

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

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

The Public Issue has raised gross proceeds of RM22.0 million, which has been 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 utilise 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 tones per annum. In addition, we intended to utilise approximately RM500,000 of the proceeds to increase our warehouse storage capacity by installing improved rack systems at our manufacturing plant.

#### **Expansion of business and markets**

As disclosed in our Prospectus dated 10 June 2008, we intended to utilise 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 Q3 2012.

## LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

### QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012

**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 March 2012 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowing:-</u>	-	84,026	84,026
	88	-	88
	88	84,026	84,114
 <u>Long Term borrowings:-</u>			
	118	-	118
	118	-	118
 Total	206	84,026	84,232

**B8.      Realised and Unrealised Profit**

	Current financial year ended 31 Mar 2012	As at 31 Dec 2011
	RM'000	RM'000
Total retained profits of LCB and its subsidiaries		
- Realised Profit	112,656	106,209
- Unrealised Profit	(200)	(136)
	112,456	106,073
- Consolidation adjustments	(55,664)	(55,634)
Retained profits as per financial statements	56,792	50,440

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

### **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 March 2012, the amount of bank borrowings of its subsidiaries amounted to RM84.03 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 31 March 2012, the amount of Corporate Guarantee to suppliers amounted to RM10.11 million.

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 March 2012, 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 any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company our subsidiaries.

### **B11. Proposed Dividend**

The Board of Directors recommends the following in respect of the financial year ended 31 December 2011 for the Shareholders' approval at the forthcoming Annual General Meeting:

- (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

If the proposed dividend is approved by the shareholders, it will be payable on 29 June 2012 to the shareholders whose names appear in the Record of Depositors on 11 June 2012.

**LUXCHEM CORPORATION BERHAD**

(Company No: 224414-D)

(Incorporated in Malaysia)

**QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2012**

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

**B12. Earning 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 RM6.36 million for the current quarter and 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 Mar 2012.

(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: 30 April 2012