

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 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 quarter ended 31 Dec 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 (12 months)	
	Current Quarter Ended 31-Dec-12 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-11 RM'000	Current Year Ended 31-Dec-12 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-11 RM'000
Revenue	121,834	130,944	496,877	498,933
Cost of sales	(110,179)	(120,704)	(453,255)	(455,365)
<b>Gross profit</b>	11,655	10,240	43,622	43,568
Other operating income	1,378	1,282	3,620	3,360
Selling and distribution costs	(1,624)	(1,462)	(5,009)	(4,363)
Administrative expenses	(2,671)	(2,325)	(9,670)	(9,280)
Other operating expenses	(339)	(367)	(830)	(711)
<b>Operating profit</b>	8,399	7,368	31,733	32,574
Finance costs	(455)	(553)	(2,366)	(2,357)
<b>Profit before Tax</b>	7,944	6,815	29,367	30,217
Taxation	(1,997)	(1,487)	(7,416)	(7,526)
<b>Profit for the period</b>	<b>5,947</b>	<b>5,328</b>	<b>21,951</b>	<b>22,691</b>
Exchange gain/ (loss) on translation of foreign operations	(8)	(36)	(74)	(6)
Gain on revaluation of available-for-sale investments	22	29	118	24
Reclassification adjustment for gain on disposal of available-for-sale investments included in profit or loss	-	(10)	-	(10)
Taxation	-	-	-	-
<b>Total other comprehensive income</b>	14	(17)	44	8
<b>Total comprehensive income for the period</b>	<b>5,961</b>	<b>5,311</b>	<b>21,995</b>	<b>22,699</b>
Profit attributable to:				
-Owners of the parent	5,984	5,345	22,041	22,708
-Non controlling interest	(37)	(17)	(89)	(17)
Total comprehensive income attributable to:				
-Owners of the parent	5,998	5,328	22,085	22,716
-Non controlling interest	(37)	(17)	(89)	(17)
Earnings per share - Basic (Sen)	4.57	4.10	16.89	17.45
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 DEC 2012

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DEC 2012		
	Current Quarter Ended 31-Dec-12 RM'000	Current Year to date Ended 31-Dec-12 RM'000
Interest Income	185	1,139
Other income including investment income	1,193	2,481
Interest Expense	454	2,366
Depreciation & amortisation	289	1,061
Write back of receivable	554	112
Write back of inventories	1,000	1,000
(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	89	50
Foreign exchange (Gain)/Loss - unrealised	178	(66)
(Gain)/loss on derivatives	47	26
Exceptional items	-	-

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
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	<b>Unaudited As at 31-Dec-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	19,690	19,087
Investment properties	125	130
Intangible assets	15	-
Other investments	570	452
Deferred tax assets	11	13
	<u>20,411</u>	<u>19,682</u>
<b>Current Assets</b>		
Inventories	31,506	30,597
Trade and other receivables	88,443	112,654
Amount owing by Related company	-	-
Derivative financial assets	27	-
Tax recoverable	-	-
Deposits, cash and bank balances	96,670	88,835
	<u>216,646</u>	<u>232,086</u>
<b>Total Assets</b>	<b>237,057</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	314	270
Retained profits	60,777	50,440
<b>Total equity attributable to owners of the Company</b>	<u>135,834</u>	<u>125,453</u>
Non-controlling interests	270	359
<b>Total Equity</b>	<u>136,104</u>	<u>125,812</u>
<b>Non-current Liabilities</b>		
Hire purchase	244	92
Deferred tax liabilities	365	347
	<u>609</u>	<u>439</u>
<b>Current Liabilities</b>		
Trade and other payables	21,205	56,287
Hire purchase payables	231	117
Bankers' acceptances	78,759	68,458
Derivative financial liabilities	1	1
Taxation	148	654
	<u>100,344</u>	<u>125,517</u>
<b>Total Liabilities</b>	<u>100,953</u>	<u>125,956</u>
<b>Total Equity and Liabilities</b>	<b>237,057</b>	<b>251,768</b>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	1.05	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

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## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Current Year to date Ended 31-Dec-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	29,367	30,216
Adjustments for :-	-	-
Amortisation of intangible assets	-	-
Depreciation of property, plant and equipment	1,061	939
Dividend income	(202)	(13)
Loss from change in fair value of investment property	-	-
Loss/(Gain) from change in fair value of forward exchange contracts	(28)	32
Gain on disposal of investment property	-	-
Gain on disposal of other investment	-	(6)
Gain on disposal of property, plant and equipment	(186)	(120)
Impairment loss on trade receivables	791	644
Interest income	(1,139)	(1,490)
Interest expense	2,366	2,358
Property, plant and equipment written off	13	24
Unrealised (gain)/loss on foreign exchange	(136)	(184)
Reversal of impairment loss on trade receivables	(902)	(514)
Write down in value of inventories	(1,070)	2,357
Operating profit before working capital changes	29,935	34,243
(Increase)/Decrease in inventories	139	(8,531)
(Increase)/Decrease in trade and other receivables	24,289	(14,162)
Increase/(Decrease) in trade and other payables	(34,911)	12,591
Cash generated from operations	19,452	24,141
Tax paid	(7,903)	(8,138)
Interest received	1,139	1,490
Interest paid	(2,366)	(2,358)
Net cash (used in)/from operating activities	10,322	15,135
<b>Cash flows from investing activities</b>		
Purchase of other investments	-	-
Purchase of property, plant and equipment	(1,726)	(663)
Proceeds from disposal of investment property	-	-
Proceeds from disposal of property, plant and equipment	212	121
Proceeds from disposal of other investments	-	19
Dividend received	202	13
Net cash used in investing activities	(1,312)	(510)
<b>Cash flows from financing activities</b>		
Bankers' acceptances obtained, net of repayment	10,300	7,726
Hire purchase instalments paid	277	(142)
Dividend paid	(11,700)	(10,400)
Equity contributions from no-controlling interests	-	376
Net cash from/(used in)/ financing activities	(1,123)	(2,440)
<b>Net (decrease)/increase in cash and cash equivalents</b>	7,887	12,185
Cash and cash equivalents at beginning of year	88,835	76,639
Foreign exchange difference on opening balance	(52)	11
<b>Cash and cash equivalent at end of the period</b>	96,670	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

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## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### For the twelve months ended 31 Dec 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	-	-	-	-	22,041	22,041	(89)	21,952
Other comprehensive income	-	-	(74)	115	-	41	-	41
Total comprehensive income for the period	-	-	(74)	115	22,041	22,081	(89)	21,993
Final dividend of 6 sen per share in respect of the financial year ended 31 December 2011					(7,800)	(7,800)		(7,800)
Interim dividend of 3 sen per share in respect of the financial year ended 31 December 2012					(3,900)	(3,900)		(3,900)
Balance at 31 Dec 2012	65,000	9,743	39	272	60,781	135,834	270	136,105

#### For the twelve months ended 31 December 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'001	
Balance at 1 January 2011:	65,000	9,743	118	143	38,132	113,136	-	113,136
Adjustment on acquisition of subsidiary							376	376
Profit for the period	-	-	-	-	22,707	22,707	(17)	22,690
Other comprehensive income	-	-	(5)	14	-	9	-	9
Total comprehensive income for the period	-	-	(5)	14	22,707	22,716	(17)	22,699
Final dividend of 5 sen per share in respect of the financial year ended 31 December 2010					(6,500)	(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)	-	(3,900)
Balance at 31 Dec 2011	65,000	9,743	113	157	50,439	125,452	359	125,811

*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)

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## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

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

### **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.

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

### 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 12 (3 months)		Current Year To Date Ended 31 Dec 12 (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	-	94	11,900	11,877
Trading	102,489	5,616	428,524	23,263
Manufacturing	32,078	2,105	123,617	6,011
Total	134,567	7,815	564,041	41,151
Consolidation Adjustments	(12,733)	128	(67,163)	(11,784)
	121,834	7,943	496,877	29,367

#### 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-Dec-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

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## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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**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 RM29.37 million.

The Group achieved revenue of RM496.88 million for the financial year to date.

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

For the current quarter, the Group reported Profit After Tax of RM5.95 million.

**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-Dec-12 RM'000	Current Year Ended 31-Dec-12 RM'000
Current tax expenses	(1,997)	(7,416)
Deferred Taxation	-	-
	<u>(1,997)</u>	<u>(7,416)</u>

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



## LUXCHEM CORPORATION BERHAD

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### QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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#### 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	987	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>16,423</u>	

#### Expansion of existing operations

As stated in the Prospectus dated 10 Sep 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. We are currently preparing necessary reports to apply for regulatory approval to expand the production capacity. We expect our capacity expansion will be ready by end 2013.

#### Expansion of business and markets

As disclosed in our Prospectus dated 10 Sep 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 company has set up a subsidiary in Indonesia in Oct 2011.

The setting up of the Representative office in Vietnam was originally scheduled to be completed by Q3 2012. The company has decided that it will not proceed with the setting up of the Representative office during this financial year. The company will focus on its growth locally, as well as in Indonesia.

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## QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2012

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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### B7. Group borrowings and debt securities

The Group's borrowings as at 31 Dec 12 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<u>Short term borrowing:-</u>			
	-	78,759	78,759
	231	-	231
	<u>231</u>	<u>78,759</u>	<u>78,990</u>
<u>Long Term borrowings:-</u>			
	244	-	244
	<u>244</u>	<u>-</u>	<u>244</u>
Total	<u>475</u>	<u>78,759</u>	<u>79,234</u>

### B8. Realised and Unrealised Profit

	<b>Current financial year ended 31 Dec 2012</b>	<b>As at 31 Dec 2011</b>
	<b>RM</b>	<b>RM</b>
Total retained profits of LCB and its subsidiaries		
- Realised Profit	128,380	106,209
- Unrealised Profit	(457)	(136)
	<u>127,923</u>	<u>106,073</u>
- Consolidation adjustments	(67,146)	(55,634)
Retained profits as per financial statements	<u>60,777</u>	<u>50,440</u>

### 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 12, the amount of bank borrowings of its subsidiaries amounted to RM78.76 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 31 Dec 2012, the amount of Corporate Guarantee to suppliers amounted to RM21.10 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.

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<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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#### **B10. Material Litigation**

As at 31 Dec 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 proposed a single tier final dividend of 5.5 sen per ordinary share for the financial year ended 31 December 2012.

The proposed dividend is subject to the Shareholders' approval at the forthcoming Annual General Meeting. The dates of entitlement and payment 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 RM5.94 million for the current quarter and RM21.95 million for the current financial year-to-date as at 31 Dec 2012 and on the number of shares in issue of 130,000,000 as at 31 Dec 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: 19 February 2013