

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 30 SEP 2013

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 30 Sep 2013.

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 (9 months)	
	Current Quarter Ended 30-Sep-13 RM'000	Preceding Year Corresponding Quarter Ended 30-Sep-12 RM'000	Current Year Ended 30-Sep-13 RM'000	Preceding Year Corresponding Quarter Ended 30-Sep-12 RM'000
	Revenue	122,283	112,019	396,075
Cost of sales	(111,987)	(103,143)	(366,493)	(343,076)
Gross profit	10,296	8,876	29,582	31,967
Other operating income	927	572	4,026	2,242
Selling and distribution costs	(1,126)	(1,104)	(3,411)	(3,385)
Administrative expenses	(3,233)	(2,137)	(8,909)	(6,999)
Other operating expenses	(576)	(238)	(1,164)	(491)
Operating profit	6,289	5,969	20,124	23,334
Finance costs	(591)	(640)	(1,820)	(1,911)
Profit before Tax	5,697	5,329	18,304	21,423
Taxation	(1,593)	(1,341)	(4,722)	(5,419)
Profit for the period	4,105	3,988	13,583	16,004
Exchange gain/(loss) on translation of foreign operations	6	(56)	8	(66)
Gain on revaluation of available-for-sale investments	80	20	200	96
Total other comprehensive income	86	(36)	208	30
Total comprehensive income for the period	4,191	3,952	13,791	16,034
Profit attributable to:				
-Owners of the parent	4,285	4,029	13,773	16,057
-Non controlling interest	(180)	(41)	(191)	(52)
Total comprehensive income attributable to:				
-Owners of the parent	4,380	3,993	13,990	16,087
-Non controlling interest	(190)	(41)	(200)	(52)
Earnings per share - Basic (Sen)	3.30	3.10	10.59	12.35

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this quarterly financial report.

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NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEP 13

	Current Quarter Ended 30-Sep-13 RM'000	Current Year to date Ended 30-Sep-13 RM'000
Interest Income	334	1,041
Other income including investment income	593	2,984
Interest Expense	591	1,820
Depreciation & amortisation	180	773
Write back of receivable	(19)	(303)
Foreign exchange (Gain)/Loss - realised	203	(1,364)
Foreign exchange (Gain)/Loss - unrealised	(33)	153
(Gain)/loss on derivatives	85	(63)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30-Sep-13 RM'000	Audited As at 31-Dec-12 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	19,454	19,387
Investment properties	123	125
Intangible assets	378	317
Other investments	770	570
Deferred tax assets	54	61
	<u>20,779</u>	<u>20,460</u>
Current Assets		
Inventories	36,465	31,506
Trade and other receivables	97,316	98,259
Derivative financial assets	31	26
Tax recoverable	990	653
Deposits, cash and bank balances	81,773	96,670
	<u>216,575</u>	<u>227,114</u>
Total Assets	<u>237,354</u>	<u>247,574</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	65,000	65,000
Share premium	9,743	9,743
Other reserves	567	350
Retained profits	63,498	60,775
Total equity attributable to owners of the Company	<u>138,808</u>	<u>135,868</u>
Non-controlling interests	52	252
Total Equity	<u>138,860</u>	<u>136,120</u>
Non-current Liabilities		
Hire purchase	82	260
Retirement benefits	46	51
Deferred tax liabilities	451	479
	<u>579</u>	<u>790</u>
Current Liabilities		
Trade and other payables	27,625	31,383
Hire purchase payables	159	216
Bankers' acceptances	69,634	78,770
Derivative financial liabilities	(58)	-
Taxation	555	295
	<u>97,915</u>	<u>110,664</u>
Total Liabilities	<u>98,493</u>	<u>111,454</u>
Total Equity and Liabilities	<u>237,354</u>	<u>247,574</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	1.07	1.05

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this quarterly financial report.

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QUARTERLY FINANCIAL REPORT AS AT 30 SEP 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 30-Sep-13 RM'000	Preceding Year Corresponding Period Ended 31-Dec-12 RM'000
Cash flows from operating activities		
Profit before taxation	18,304	29,243
Adjustments for :-	-	-
Amortisation of intangible assets	58	2
Depreciation of property, plant and equipment	712	1,075
Depreciation of investment property	2	3
Defined benefit obligation	-	53
Dividend income	(13)	(202)
Loss from change in fair value of investment property	-	(28)
Loss/(Gain) from change in fair value of forward exchange contracts	(63)	-
Gain on disposal of investment property	-	-
Gain on disposal of other investment	-	-
Gain on disposal of property, plant and equipment	(1)	(192)
Impairment loss on trade receivables	1,143	841
Interest income	(1,041)	(1,442)
Interest expense	1,820	2,277
Property, plant and equipment written off	4	2
Unrealised (gain)/loss on foreign exchange	153	(127)
Reversal of impairment loss on trade receivables	(303)	(900)
Write down in value of inventories	-	1,072
Operating profit before working capital changes	20,775	31,677
(Increase)/Decrease in inventories	(5,141)	(2,003)
(Increase)/Decrease in trade and other receivables	445	14,423
Increase/(Decrease) in trade and other payables	(4,042)	(24,741)
Cash generated from operations	12,037	19,356
Tax paid	(4,831)	(8,214)
Interest received	1,041	1,442
Interest paid	(1,820)	(2,277)
Net cash (used in)/from operating activities	6,427	10,307
Cash flows from investing activities		
Purchase of other investments	-	-
Purchase of property, plant and equipment	(832)	(879)
Purchase of intangible assets	(119)	(318)
Proceeds from disposal of investment property	-	-
Proceeds from disposal of property, plant and equipment	1	211
Proceeds from disposal of other investments	-	-
Dividend received	13	202
Net cash used in investing activities	(937)	(784)
Cash flows from financing activities		
Bankers' acceptances obtained, net of repayment	(8,898)	10,311
Hire purchase instalments paid	(219)	(258)
Dividend paid	(11,050)	(11,700)
Equity contributions from non-controlling interests	-	-
Net cash from/(used in)/ financing activities	(20,167)	(1,647)
Net (decrease)/increase in cash and cash equivalents	(14,677)	7,876
Cash and cash equivalents at beginning of year	96,670	88,835
Foreign exchange difference	(220)	(41)
Cash and cash equivalent at end of the period	81,773	96,670

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2012 and the accompanying explanatory notes attached to this quarterly financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 Sep 2013

	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 2013:	65,000	9,743	76	274	60,775	135,868	252	136,120
Profit for the period	-	-	-	-	13,773	13,773	(191)	13,582
Other comprehensive income	-	-	8	200	-	208	-	208
Total comprehensive income for the period	-	-	8	200	13,773	13,981	(191)	13,790
Final dividend of 5.5 sen per share in respect of the financial year ended 31 December 2012					(7,150)	(7,150)		(7,150)
Interim dividend of 3 sen per share in respect of the financial year ended 31 December 2013					(3,900)	(3,900)		(3,900)
Balance at 30 Sep 13	65,000	9,743	84	474	63,498	138,799	61	138,860

For the nine months ended 30 Sep 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	-	-	-	-	16,057	16,057	(52)	16,005
Other comprehensive income	-	-	(66)	95	-	29		29
Total comprehensive income for the period	-	-	(66)	95	16,057	16,086	(52)	16,034
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 30 Sep 2012	65,000	9,743	47	252	54,797	129,839	307	130,146

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year 31 December 2012 and the accompanying explanatory notes attached to this quarterly financial report.

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QUARTERLY FINANCIAL REPORT AS AT 30 SEP 2013

PART A	NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING
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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 and available-for-sale investments which have been stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the MFRS 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 2012. 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 2012.

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 2012.

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.

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QUARTERLY FINANCIAL REPORT AS AT 30 SEP 2013

PART A	NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING
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A7. Segmental Information

Segmental results by business activities:-

	Current Quarter Ended 30 Sep 13 (3 months)		Current Year To Date Ended 30 Sep 13 (9 months)	
	Revenue RM'000	Profit/ (loss) Before Tax RM'000	Revenue RM'000	Profit/ (loss) Before Tax RM'000
Business Activities:				
Investment Holding	3,900	3,856	11,400	11,253
Trading	100,706	2,226	339,876	13,564
Manufacturing	35,792	3,506	97,096	4,799
Total	140,398	9,588	448,372	29,617
Consolidation Adjustments	(18,115)	(3,890)	(52,298)	(11,312)
	122,283	5,697	396,075	18,304

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

There was no capital commitment which was approved but not contracted for as at 30 Sep 13

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.

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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B1. Review of performance of the Company and its principal subsidiaries

Current Quarter

Comparison of results for current quarter and corresponding quarter in preceding year

The Group achieved revenue of RM122.28 million for the current quarter, an increase of RM10.26 million or 9.16% compared to the RM112.02 million achieved during the corresponding quarter in the preceding year. This increase was mainly due to higher sales from the manufacturing segment.

For the current quarter, the Group recorded lower profit before tax of RM5.70 million, an increase of RM0.37 million compared against the profit before tax of RM5.33 million achieved during the corresponding quarter in the preceding year. This increase was mainly due to higher contribution from the manufacturing segment.

Year-to-date

Comparison of results for current financial year-to-date and previous financial year-to-date

The Group achieved revenue of RM396.08 million for the current financial year-to-date, an increase of RM21.04 million or 5.61% compared to the RM375.04 million achieved during the previous financial year-to-date. This increase was mainly contributed by the trading segment.

For current financial year-to-date, the Group achieved profit before tax of RM18.30 million, a decrease of RM3.12 million or 14.57% compared to the profit before tax of RM21.42 million achieved during the previous financial year-to-date. This drop was mainly due to lower profits from the trading segment.

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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B3. Prospects for the current financial year

Fluctuations in exchange rates and raw material prices will continue to be a challenge to the Group. However, 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 30-Sep-13 RM'000	Current Year Ended 30-Sep-13 RM'000
Current tax expenses	(1,593)	(4,722)
Deferred Taxation	-	-
	<u>(1,593)</u>	<u>(4,722)</u>

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

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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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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	4,375	Within 24 months
(iii) Expansion of business and markets	2,500	2,500	Within 24 months
(iv) Working capital	3,000	3,000	Within 24 months
(v) Estimated listing expenses	2,500	2,500	Immediate
	<u>22,000</u>	<u>19,375</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 have commenced our expansion project and we expect our capacity expansion will be ready by end 2013.

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

The Group's borrowings as at 30 Sep 13 as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowing:-</u>			
	-	69,634	69,634
	159	-	159
	<u>159</u>	<u>69,634</u>	<u>69,793</u>
<u>Long Term borrowings:-</u>			
	82	-	82
	<u>82</u>	<u>-</u>	<u>82</u>
Total	<u>241</u>	<u>69,634</u>	<u>69,875</u>

B8. Realised and Unrealised Profit

	Current financial year ended 30 Sep 13 RM RM'000	As at 31 Dec 2012 RM RM'000
Total retained profits of LCB and its subsidiaries		
- Realised Profit	141,182	128,493
- Unrealised Profit	(83)	(561)
	<u>141,099</u>	<u>127,932</u>
- Consolidation adjustments	(77,601)	(67,157)
Retained profits as per financial statements	<u>63,498</u>	<u>60,775</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 30 Sep 13, the amount of bank borrowings of its subsidiaries amounted to RM69.63 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 30 Sep 2013, the amount of Corporate Guarantee to suppliers amounted to RM11.08 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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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B10. Material Litigation

As at 30 Sep 2013, 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

There were no dividends proposed or declared for the current quarter.

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 RM4.29 million for the current quarter and RM 13.80 million for current financial year-to-date as at 30 Sep 2013 and on the number of shares in issue of 130,000,000 as at 30 Sep 2013.

(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: 31 October 2013