

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 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 31 Dec 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 (12 months)	
	Current Quarter Ended 31-Dec-13 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-12 RM'000	Current Year Ended 31-Dec-13 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-12 RM'000
Revenue	128,862	121,875	524,937	496,918
Cost of sales	(117,232)	(110,521)	(483,725)	(453,597)
Gross profit	11,630	11,354	41,212	43,321
Other operating income	1,218	1,755	5,243	3,997
Selling and distribution costs	(1,220)	(1,312)	(4,631)	(4,697)
Administrative expenses	(1,908)	(3,212)	(10,817)	(10,211)
Other operating expenses	(1,178)	(400)	(2,341)	(891)
Operating profit	8,542	8,185	28,666	31,519
Finance costs	(546)	(366)	(2,366)	(2,277)
Profit before Tax	7,996	7,819	26,300	29,242
Taxation	(2,079)	(1,866)	(6,801)	(7,285)
Profit for the period	5,917	5,953	19,499	21,957
Exchange gain/ (loss) on translation of foreign operations	(7)	2	1	(64)
Gain on revaluation of available-for-sale investments	(7)	22	193	118
Total other comprehensive income	(14)	24	194	54
Total comprehensive income for the period	5,903	5,977	19,693	22,011
Profit attributable to:				
-Owners of the parent	5,964	5,981	19,737	22,037
-Non controlling interest	(47)	(28)	(238)	(80)
Total comprehensive income attributable to:				
-Owners of the parent	5,951	6,031	19,941	22,118
-Non controlling interest	(48)	(55)	(248)	(107)
Earnings per share - Basic (Sen)	4.59	4.60	15.18	16.95

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

	Current Quarter Ended 31-Dec-13 RM'000	Current Year to date Ended 31-Dec-13 RM'000
Interest Income	432	1,473
Other income including investment income	786	3,770
Interest Expense	546	2,366
Depreciation & amortisation	178	949
Write back of receivable	98	204
Write back of inventories	913	913
(Gain)/loss on disposal of quoted investments	-	-
Gain or (loss) on disposal of unquoted investmen	-	-
Gain or (loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange (Gain)/Loss - realised	(436)	(1,800)
Foreign exchange (Gain)/Loss - unrealised	72	225
(Gain)/loss on derivatives	70	8
Exceptional items	-	-

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31-Dec-13 RM'000	Audited As at 31-Dec-12 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	22,323	19,387
Investment properties	122	125
Intangible assets	356	317
Other investments	763	570
Deferred tax assets	52	61
	<u>23,616</u>	<u>20,460</u>
Current Assets		
Inventories	35,835	31,506
Trade and other receivables	105,682	98,259
Derivative financial assets	19	26
Tax recoverable	751	653
Deposits, cash and bank balances	86,876	96,670
	<u>229,163</u>	<u>227,114</u>
Total Assets	<u>252,779</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	554	350
Retained profits	69,462	60,775
Total equity attributable to owners of the Company	<u>144,759</u>	<u>135,868</u>
Non-controlling interests	4	252
Total Equity	<u>144,763</u>	<u>136,120</u>
Non-current Liabilities		
Hire purchase	45	260
Retirement benefits	75	51
Deferred tax liabilities	456	479
	<u>576</u>	<u>790</u>
Current Liabilities		
Trade and other payables	33,642	31,383
Hire purchase payables	154	216
Bankers' acceptances	73,146	78,770
Derivative financial liabilities	-	-
Taxation	498	295
	<u>107,440</u>	<u>110,664</u>
Total Liabilities	<u>108,016</u>	<u>111,454</u>
Total Equity and Liabilities	<u>252,779</u>	<u>247,574</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	1.11	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 31 DEC 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 31-Dec-13 RM'000	Preceding Year Corresponding Period Ended 31-Dec-12 RM'000
Cash flows from operating activities		
Profit before taxation	26,301	29,243
Adjustments for :-	-	-
Amortisation of intangible assets	80	2
Depreciation of property, plant and equipment	866	1,075
Depreciation of investment property	3	3
Defined benefit obligation	34	53
Dividend income	(15)	(202)
Loss from change in fair value of investment property	-	(28)
Loss/(Gain) from change in fair value of forward excha	8	-
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	1,295	841
Interest income	(1,473)	(1,442)
Interest expense	(2,366)	2,277
Property, plant and equipment written off	4	2
Unrealised (gain)/loss on foreign exchange	225	(127)
Reversal of impairment loss on trade receivables	(204)	(900)
Write down in value of inventories	308	1,072
	<hr/>	<hr/>
Operating profit before working capital changes	25,065	31,677
(Increase)/Decrease in inventories	(4,880)	(2,003)
(Increase)/Decrease in trade and other receivables	(7,951)	14,423
Increase/(Decrease) in trade and other payables	1,751	(24,741)
	<hr/>	<hr/>
Cash generated from operations	13,986	19,356
Tax paid	(6,799)	(8,214)
Interest received	1,473	1,442
Interest paid	2,366	(2,277)
Net cash (used in)/from operating activities	<hr/>	<hr/>
	11,026	10,307
Cash flows from investing activities		
Purchase of other investments	-	-
Purchase of property, plant and equipment	(3,890)	(879)
Purchase of intangible assets	(119)	(318)
Proceeds from disposal of investment property	-	-
Proceeds from disposal of property, plant and equipm	1	211
Proceeds from disposal of other investments	-	-
Dividend received	15	202
Net cash used in investing activities	<hr/>	<hr/>
	(3,993)	(784)
Cash flows from financing activities		
Bankers' acceptances obtained, net of repayment	(5,306)	10,311
Hire purchase instalments paid	(257)	(258)
Dividend paid	(11,050)	(11,700)
Equity contributions from no-controlling interests	-	-
Net cash from/(used in)/ financing activities	<hr/>	<hr/>
	(16,613)	(1,647)
Net (decrease)/increase in cash and cash equivalents	(9,580)	7,876
Cash and cash equivalents at beginning of year	96,670	88,835
Foreign exchange difference	(214)	(41)
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Cash and cash equivalent at end of the period	86,876	96,670

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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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 31 Dec 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	-	-	-	-	19,737	19,737	(238)	19,499
Other comprehensive income	-	-	11	193	-	204	(10)	194
Total comprehensive income for the period	-	-	11	193	19,737	19,941	(248)	19,693
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 31 Dec 2013	65,000	9,743	87	467	69,462	144,759	4	144,763

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	112	157	50,438	125,450	359	125,809
Profit for the period	-	-	-	-	22,037	22,037	(80)	21,957
Other comprehensive income	-	-	(36)	117	-	81	(27)	54
Total comprehensive income for the period	-	-	(36)	117	22,037	22,118	(107)	22,011
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	76	274	60,775	135,868	252	136,120

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 31 DEC 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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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 31 Dec 13 (3 months)		Current Year To Date Ended 31 Dec 13 (12 months)	
	Revenue	Profit/ (loss)	Revenue	Profit/ (loss)
	Before Tax		Before Tax	
	RM'000	RM'000	RM'000	RM'000
Business Activities:				
Investment Holding	-	101	11,400	11,355
Trading	109,548	4,489	449,424	18,053
Manufacturing	36,143	3,620	133,240	8,419
Total	145,691	8,211	594,064	37,827
Consolidation Adjustments	(16,829)	(214)	(69,127)	(11,527)
	128,862	7,996	524,937	26,301

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 31 Dec 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 RM128.86 million for the current quarter, an increase of RM6.98 million or 5.73% compared to the RM121.88 million achieved during the corresponding quarter in the preceding year. This increase was mainly due to higher sales from both the trading and manufacturing segments.

For the current quarter, the Group recorded higher profit before tax of RM8 million, an increase of RM0.18 million compared against the profit before tax of RM7.82 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 RM524.94 million for the current financial year-to-date, an increase of RM28.02 million or 5.64% compared to the RM496.92 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 RM26.30 million, a decrease of RM2.94 million or 10.05% compared to the profit before tax of RM29.24 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

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 31-Dec-13 RM'000	Current Year Ended 31-Dec-13 RM'000
Current tax expenses	(2,080)	(6,802)
Deferred Taxation	-	-
	<u>(2,080)</u>	<u>(6,802)</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

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	7,000	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>22,000</u>	

B7. Group borrowings and debt securities

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowing:-</u>			
Bankers' Acceptance	-	73,146	73,146
Hire Purchase Payables	154	-	154
	<u>154</u>	<u>73,146</u>	<u>73,300</u>
<u>Long Term borrowings:-</u>			
Hire Purchase Payables	45	-	45
	<u>45</u>	<u>-</u>	<u>45</u>
Total	<u>199</u>	<u>73,146</u>	<u>73,345</u>

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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B8. Realised and Unrealised Profit

	Current financial year ended 31 Dec 13 RM	As at 31 Dec 2012 RM
Total retained profits of LCB and its subsidiaries		
- Realised Profit	147,246	128,493
- Unrealised Profit	(10)	(561)
	<hr/>	<hr/>
	147,235	127,932
- Consolidation adjustments	(77,774)	(67,157)
Retained profits as per financial statements	<hr/>	<hr/>
	69,461	60,775

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 13, the amount of bank borrowings of its subsidiaries amounted to RM73.14 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 31 Dec 2013, the amount of Corporate Guarantee to suppliers amounted to RM12.61 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 Dec 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.

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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B11. Proposed Dividend

The Board of Directors proposed a single tier final dividend of 5 sen per ordinary share for the financial year ended 31 December 2013.

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 RM5.92 million for the current quarter and RM 19.50 million for current financial year-to-date as at 31 Dec 2013 and on the number of shares in issue of 130,000,000 as at 31 Dec 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: 19 February 2014