

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

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 2014.

	Individual Quarter (3 months)		Cumulative Quarters (12 months)	
	Current Quarter Ended 31-Dec-14 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-13 RM'000	Current Year Ended 31-Dec-14 RM'000	Preceding Year Ended 31-Dec-13 RM'000
	Revenue	147,122	128,862	603,522
Cost of sales	(134,612)	(117,321)	(558,523)	(483,814)
Gross profit	12,509	11,542	45,000	41,124
Other operating income	2,967	1,260	6,699	5,285
Selling and distribution costs	(1,499)	(1,220)	(5,344)	(4,631)
Administrative expenses	(3,799)	(3,083)	(12,238)	(11,992)
Other operating expenses	(991)	(77)	(1,803)	(1,240)
Operating profit	9,187	8,422	32,313	28,545
Finance costs	(567)	(557)	(2,727)	(2,377)
Profit before Tax	8,620	7,866	29,586	26,170
Taxation	(2,366)	(2,053)	(7,676)	(6,775)
Profit for the period	6,254	5,811	21,910	19,394
Re-measurement of defined benefit obligations	(29)	27	(29)	27
Exchange gain/ (loss) on translation of foreign operations	3	179	(3)	187
Gain/(loss) on revaluation of available-for-sale investments	(28)	(7)	(36)	192
Total other comprehensive income	(53)	199	(68)	406
Total comprehensive income for the period	6,200	6,010	21,842	19,800
Profit attributable to:				
-Owners of the parent	6,384	5,874	22,057	19,648
-Non controlling interest	(130)	(63)	(148)	(254)
Total comprehensive income attributable to:				
-Owners of the parent	6,346	6,018	22,006	20,008
-Non controlling interest	(146)	(8)	(164)	(208)
Earnings per share - Basic (Sen)	2.46	2.26	8.48	7.56

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 31-Dec-14 RM'000	Current Year to date Ended 31-Dec-14 RM'000
Interest Income	326	1,312
Other income including investment income	2,635	5,382
Interest Expense	567	2,727
Depreciation & amortisation	581	1,517
Write back of receivable	173	293
Write back of inventories	333	333
(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	(1,909)	(3,967)
Foreign exchange (Gain)/Loss - unrealised	(50)	55
(Gain)/loss on derivatives	(3)	(10)

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(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31-Dec-14 RM'000	Audited As at 31-Dec-13 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	23,240	22,399
Investment properties	120	122
Intangible assets	268	356
Other investments	727	763
Deferred tax assets	103	99
	<u>24,458</u>	<u>23,739</u>
Current Assets		
Inventories	35,552	35,859
Trade and other receivables	118,636	108,332
Derivative financial assets	29	19
Tax recoverable	625	818
Deposits, cash and bank balances	74,157	86,875
	<u>228,998</u>	<u>231,903</u>
Total Assets	<u>253,456</u>	<u>255,642</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	130,000	65,000
Share premium	250	9,743
Other reserves	661	693
Retained profits	25,522	69,391
Total equity attributable to owners of the Company	<u>156,433</u>	<u>144,827</u>
Non-controlling interests	(120)	44
Total Equity	<u>156,313</u>	<u>144,871</u>
Non-current Liabilities		
Hire purchase	158	45
Retirement benefits	142	53
Deferred tax liabilities	497	515
	<u>797</u>	<u>613</u>
Current Liabilities		
Trade and other payables	39,569	36,220
Hire purchase payables	113	154
Bankers' acceptances	54,945	73,243
Derivative financial liabilities	-	-
Taxation	1,719	541
	<u>96,346</u>	<u>110,158</u>
Total Liabilities	<u>97,143</u>	<u>110,771</u>
Total Equity and Liabilities	<u>253,456</u>	<u>255,642</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.60	1.11

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly financial report.

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QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 31-Dec-14 RM'000	Preceding Year Corresponding Period Ended 31-Dec-13 RM'000
Cash flows from operating activities		
Profit before taxation	29,586	26,169
Adjustments for :-		
Amortisation of intangible assets	87	80
Depreciation of property, plant and equipment	1,426	1,125
Depreciation of investment property	3	3
Defined benefit obligation	80	46
Dividend income	(124)	(136)
Loss/(Gain) from change in fair value of forward exchange	(10)	(20)
Gain on disposal of property, plant and equipment	(184)	(1)
Impairment loss on trade receivables	1,580	1,195
Interest income	(1,312)	(1,485)
Interest expense	2,727	2,377
Property, plant and equipment written off	2	20
Unrealised (gain)/loss on foreign exchange	55	313
Reversal of impairment loss on trade receivables	(293)	(305)
Write down in value of inventories	461	325
Operating profit before working capital changes	34,084	29,706
(Increase)/Decrease in inventories	(13)	(4,920)
(Increase)/Decrease in trade and other receivables	(11,310)	(10,902)
Increase/(Decrease) in trade and other payables	2,913	4,317
Cash generated from operations	25,674	18,201
Tax paid	(6,237)	(6,851)
Interest received	1,312	1,485
Interest paid	(2,727)	(2,377)
Net cash (used in)/from operating activities	18,022	10,458
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,260)	(4,234)
Purchase of intangible assets	-	(119)
Proceeds from disposal of property, plant and equipment	202	1
Dividend received	124	136
Net cash used in investing activities	(1,934)	(4,216)
Cash flows from financing activities		
Bankers' acceptances obtained, net of repayment	(18,563)	(5,209)
Hire purchase obtained, net of repayment	72	(257)
Dividend paid	(10,400)	(11,050)
Net cash from/(used in)/ financing activities	(28,891)	(16,516)
Net (decrease)/increase in cash and cash equivalents	(12,803)	(10,274)
Cash and cash equivalents at beginning of year	86,875	96,670
Foreign exchange difference	86	(21)
Cash and cash equivalent at end of the period	74,158	86,375
Cash and cash equivalents at end of year comprised:-		
Deposits with financial institutions	31,454	37,270
Cash and bank balances	42,703	49,605
Less: Deposits held as collateral	-	(500)
	74,157	86,375

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2013 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 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 31 Dec 2014

	Attributable to owners of the Parent					Non Controlling		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	Interests RM'000	
Balance at 1 January 2014:	65,000	9,743	225	467	69,392	144,827	44	144,871
Profit for the period	-	-	-	-	22,057	22,057	(148)	21,910
Other comprehensive income	-	-	5	(36)	(20)	(51)	(16)	(67)
Total comprehensive income for the period	-	-	5	(36)	22,037	22,007	(164)	21,843
Bonus issue of shares	65,000	(9,493)			(55,507)	-		-
Final dividend of 5 sen per share in respect of the financial year ended 31 December 2013					(6,500)	(6,500)		(6,500)
Interim dividend of 3 sen per share in respect of the financial year ended 31 December 2014					(3,900)	(3,900)		(3,900)
Balance at 31 Dec 2014	130,000	250	230	431	81,029	156,434	(120)	156,313

For the twelve months ended 31 Dec 2013

	Attributable to owners of the Parent					Non Controlling		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	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	-	-	-	-	19,648	19,648	(254)	19,394
Other comprehensive income	-	-	149	193	19	361	46	407
Total comprehensive income for the period	-	-	149	193	19,666	20,008	(208)	19,801
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	225	467	69,391	144,826	44	144,871

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year 31 December 2013 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 2014

PART A	NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 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 2013. 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 2013.

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 2013.

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, other than shares issued pursuant to the Bonus issue.

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(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

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

Segmental results by business activities:

	Current Quarter Ended 31 Dec 14 (3 months)		Current Year To Date Ended 31 Dec 14 (12 months)	
	Revenue	Profit/ (loss) Before Tax	Revenue	Profit/ (loss) Before Tax
	RM'000	RM'000	RM'000	RM'000
Business Activities:				
Investment Holding	55,894	55,486	66,594	65,981
Trading	122,203	3,867	505,151	17,766
Manufacturing	40,598	5,180	155,166	12,490
Total	218,696	64,533	726,911	96,237
Consolidation Adjustments	(71,574)	(55,909)	(123,389)	(66,651)
	147,122	8,624	603,522	29,586

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 commitments As at 31 Dec 2014	Amount RM'000
Capital expenditure in respect of purchase of property, plant and equipment	
- authorised and contracted for	11,967
- approved but not contracted for	-

On 29 January 2014, a subsidiary of the Company, namely, Luxchem Trading Sdn Bhd entered into a sale and purchase agreement to acquire an industrial lot for a total cash consideration of RM14,671,008. The acquisition is expected to be completed within thirty six (36) months from the date of the sale and purchase agreement upon the completion of the construction of basic infrastructure by the vendor and full payment of the total purchase consideration.

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(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

A10. 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 DEC 2014

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

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

The Group achieved revenue of RM147.12 million for the current quarter, an increase of RM18.26 million or 14.17% compared to the RM128.86 million achieved during the corresponding quarter in the preceding year. This increase was mainly due to higher sales from trading segments.

For current quarter, the Group has also recorded higher profit before tax of RM8.62 million, an increase of RM0.75 million compared against the profit before tax of RM7.87 million achieved during the corresponding quarter in the preceding year. This increase was mainly due to higher contribution from the manufacturing segment.

Comparison of results for current quarter and previous quarter

The Group achieved revenue of RM147.12 million for the current quarter, a decrease of RM12.32 million or 7.72% compared to the RM159.44 million achieved during the previous quarter. This decrease was mainly due to lower sales from trading segments.

The Group has recorded higher profit before tax of RM8.62 million, an increase of RM0.64 million compared against the profit before tax of RM7.98 million achieved during the previous quarter. This increase was due to the higher profit before tax in the manufacturing segment.

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B2. Prospects for the following 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.

B3. Variance between Actual Profit and Forecast Profit

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

B4. Taxation

	Current Quarter Ended 31-Dec-14 RM'000	Current Year Ended 31-Dec-14 RM'000
Current tax expenses	(2,366)	(7,676)
Deferred Taxation	-	-
	<u>(2,366)</u>	<u>(7,676)</u>

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

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(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B5. Group borrowings and debt securities

The Group's borrowings as at 31 Dec 14 as follows:-

For Bursa Reporting

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowing:-</u>			
	-	54,945	54,945
	113	-	113
	<u>113</u>	<u>54,945</u>	<u>55,058</u>
<u>Long Term borrowings:-</u>			
	158	-	158
	<u>158</u>	<u>-</u>	<u>158</u>
Total	<u>271</u>	<u>54,945</u>	<u>55,216</u>

B6. Realised and Unrealised Profit

	Current financial year ended 31 Dec 2014 RM	As at 31 Dec 2013 RM
Total retained profits of LCB and its subsidiaries		
- Realised Profit	158,160	147,049
- Unrealised Profit/ (loss)	(438)	100
	<u>157,721</u>	<u>147,149</u>
- Consolidation adjustments	(132,200)	(77,758)
Retained profits as per financial statements	<u>25,522</u>	<u>69,391</u>

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QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B7. Financial Guarantee

The Company has provided various financial guarantees to banks to secure credit facilities extended to its subsidiaries. As at 31 Dec 2014, the amount of bank borrowings of its subsidiaries amounted to RM54.95 million.

In addition, the Company has also provided corporate guarantee to suppliers in respect of credit facilities granted to subsidiaries. As at 31 Dec 2014, the amount of corporate guarantee to suppliers amounted to RM13.46 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.

B8. Material Litigation

As at 31 Dec 2014, 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 or our subsidiaries.

B9. Proposed Dividend

The Board of Directors proposed a single tier final dividend of 3 sen per ordinary share for the financial year ended 31 December 2014.

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.

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DEC 2014

PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B10. 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 RM6.38 million for the current quarter and RM22.06 million for current financial year-to-date as at 31 Dec 2014 and on the number of shares in issue of 260,000,000 as at 31 Dec 2014

By order of the Board,

Tang Ying See
Chief Executive Officer / Managing Director
Date: 17 Feb 2015