

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

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 June 2016.

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 (6 months)	
	Current Quarter Ended 30-Jun-16 RM	Preceding Year Corresponding Quarter Ended 30-Jun-15 RM	Current Year Ended 30-Jun-16 RM	Preceding Year Ended 30-Jun-15 RM
Revenue	175,848,534	161,033,861	335,818,130	333,573,690
Cost of sales	(154,893,489)	(143,546,337)	(296,162,513)	(300,009,579)
<b>Gross profit</b>	<b>20,955,045</b>	<b>17,487,524</b>	<b>39,655,618</b>	<b>33,564,111</b>
Other operating income	1,501,193	860,822	3,328,655	4,039,213
Selling and distribution costs	(1,344,042)	(1,327,136)	(2,743,102)	(2,610,980)
Administrative expenses	(2,763,904)	(3,056,588)	(10,658,304)	(6,989,878)
Administrative expenses - Share Option Expense	(426,990)	(242,928)	(1,241,739)	(8,719,218)
Other operating expenses	80,397	(11,930)	(122,908)	(41,584)
<b>Operating profit</b>	<b>18,001,699</b>	<b>13,709,765</b>	<b>28,218,219</b>	<b>19,241,664</b>
Finance costs	(566,743)	(518,898)	(1,212,556)	(1,174,850)
<b>Profit before Tax</b>	<b>17,434,956</b>	<b>13,190,867</b>	<b>27,005,663</b>	<b>18,066,814</b>
Taxation	(4,267,543)	(3,381,654)	(6,767,178)	(6,751,847)
<b>Profit for the period</b>	<b>13,167,413</b>	<b>9,809,213</b>	<b>20,238,484</b>	<b>11,314,967</b>
Re-measurement of defined benefit obligations	-	-	-	-
Exchange gain/ (loss) on translation of foreign operations	6,262	(395,665)	(1,963)	(759,631)
Gain/(loss) on revaluation of available-for-sale investments	(90,913)	33,015	(260,733)	165,462
<b>Total other comprehensive income</b>	<b>(84,651)</b>	<b>(362,650)</b>	<b>(262,696)</b>	<b>(594,169)</b>
<b>Total comprehensive income for the period</b>	<b>13,082,762</b>	<b>9,446,563</b>	<b>19,975,789</b>	<b>10,720,797</b>
Profit attributable to:				
-Owners of the parent	13,031,589	9,805,810	20,033,874	11,358,126
-Non controlling interest	135,824	3,403	204,611	(43,160)
Total comprehensive income attributable to:				
-Owners of the parent	12,939,633	9,563,884	19,813,542	10,994,742
-Non controlling interest	143,130	(117,321)	162,247	(273,944)
Earnings per share - Basic (Sen)	4.86	3.75	7.47	4.35
Earnings per share - Fully Diluted (Sen)	4.64	3.60	7.14	4.18

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 30 JUNE 2016

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Current Quarter Ended 30-Jun-16 RM</b>	<b>Current Year to date Ended 30-Jun-16 RM</b>
Interest Income	602,735	884,791
Other income including investment income	898,459	2,443,864
Interest Expense	566,743	1,212,556
Depreciation & amortisation	385,587	794,861
Foreign exchange (Gain)/Loss - realised	(1,436,072)	1,588,317
Foreign exchange (Gain)/Loss - unrealised	(1,216,405)	(968,099)
(Gain)/loss on derivatives	(128,869)	(25,619)

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Unaudited As at 30-Jun-16 RM</b>	<b>Audited As at 31-Dec-15 RM</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	36,786,770	27,699,521
Investment properties	115,676	116,979
Intangible assets	364,228	376,351
Other investments	899,288	1,160,021
Goodwill	35,802,888	-
Deferred tax assets	231,546	236,101
	<b>74,200,396</b>	<b>29,588,973</b>
<b>Current Assets</b>		
Inventories	42,839,972	51,207,773
Trade and other receivables	120,174,528	127,650,410
Amount owing by related company	-	-
Derivative financial assets	3,867	-
Tax recoverable	1,575,795	1,206,810
Deposits, cash and bank balances	100,953,050	113,253,287
	<b>265,547,212</b>	<b>293,318,280</b>
<b>Total Assets</b>	<b>339,747,608</b>	<b>322,907,253</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	137,095,775	132,537,200
Share premium	11,186,508	2,689,578
Other reserves	3,787,107	4,081,393
Retained profits	59,684,043	51,977,659
<b>Total equity attributable to owners of the Company</b>	<b>211,753,433</b>	<b>191,285,830</b>
Non-controlling interests	320,017	(294,780)
<b>Total Equity</b>	<b>212,073,449</b>	<b>190,991,050</b>
<b>Non-current Liabilities</b>		
Term Loan	636,290	-
Hire purchase	648,613	177,229
Retirement benefits	217,759	222,043
Deferred tax liabilities	1,109,002	689,850
	<b>2,611,664</b>	<b>1,089,122</b>
<b>Current Liabilities</b>		
Trade and other payables	44,475,878	61,402,920
Hire purchase payables	310,616	62,306
Term loan	173,712	-
Bankers' acceptances	72,744,282	61,733,393
Derivative financial liabilities	-	21,752
Taxation	7,358,007	7,606,710
	<b>125,062,495</b>	<b>130,827,081</b>
<b>Total Liabilities</b>	<b>127,674,159</b>	<b>131,916,203</b>
<b>Total Equity and Liabilities</b>	<b>339,747,608</b>	<b>322,907,253</b>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.77	0.73

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 30 JUNE 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Current Year to date Ended 30-Jun-16 RM</b>	<b>Preceding Year Corresponding Period Ended 31-Dec-15 RM</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	27,005,663	54,396,582
Adjustments for :-		
Amortisation of intangible assets	47,188	104,978
Depreciation of property, plant and equipment	746,370	1,566,704
Amortisation of investment property	1,303	2,607
Defined benefit obligations	-	70,049
Dividend income	(121,497)	(12,286)
Loss of disposal of an investment	-	16,325
Net gain on changes in fair value of forward exchan	(25,619)	50,432
Net gain on disposal of property, plant and equipm	(32,767)	-
Impairment losses on trade receivables	-	551,501
Interest income	(884,791)	(1,812,442)
Interest expense	1,212,556	2,391,878
Inventories written off	-	691,806
Write down in value of inventories	-	527,369
Property, plant and equipment written off	111,347	3,362
Unrealised loss on foreign exchange	(968,099)	(334,807)
Reversal of impairment losses on trade receivables	-	(938,743)
Share options expense	1,241,739	4,432,101
<b>Operating profit before working capital changes</b>	<b>28,333,394</b>	<b>61,707,416</b>
Increase in inventories	12,086,992	(16,683,991)
Increase in trade and other receivables	13,063,369	(10,919,331)
Increase in trade and other payables	(19,416,044)	21,462,596
<b>Cash generated from operations</b>	<b>34,067,711</b>	<b>55,566,690</b>
Tax paid	(7,781,118)	(9,380,237)
Interest received	884,791	1,812,442
Interest paid	(1,212,556)	(2,391,878)
Retirement benefit paid	-	(681)
<b>Net cash (used in)/from operating activities</b>	<b>25,958,828</b>	<b>45,606,336</b>
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary	(34,938,968)	-
Purchase of property, plant and equipment	(4,227,475)	(3,051,361)
Purchase of intangible assets	(35,065)	(212,873)
Purchase of an investment	-	(24,840)
Additional injection of capital from Non-controlling	452,550	-
Proceeds from disposal of an investment	-	8,675
Proceeds from disposal of property, plant and equi	34,689	-
Dividend received	121,497	12,286
Net cash used in investing activities	(38,592,773)	(3,268,113)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares under ESOS	2,823,243	3,644,674
Term Loan repayment	(28,952)	-
Bankers' acceptances obtained, net of repayment	9,526,861	6,194,633
Hire purchase instalments paid	527,598	(102,881)
Dividend paid	(12,338,170)	(13,196,700)
<b>Net cash from/(used in)/ financing activities</b>	<b>510,581</b>	<b>(3,460,274)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(12,123,364)</b>	<b>38,877,949</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>113,253,287</b>	<b>74,157,347</b>
<b>Foreign exchange difference</b>	<b>(176,873)</b>	<b>217,991</b>
<b>Cash and cash equivalent at end of the period</b>	<b>100,953,050</b>	<b>113,253,287</b>
<b>Cash and cash equivalents at end of year comprised:-</b>		
<b>Deposits with financial institutions</b>	<b>35,873,325</b>	<b>52,994,934</b>
<b>Cash and bank balances</b>	<b>65,079,725</b>	<b>60,258,353</b>
	<b>100,953,050</b>	<b>113,253,287</b>

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2015 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 30 JUNE 2016

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

##### **Acquisition of a subsidiary**

The Company completed its acquisition of Transform Master Sdn Bhd on 29 April 2016.

The fair value of net assets of Transform Master Sdn Bhd were as follows:-

	<b>Current Year to date Ended 30-Jun-16 RM</b>
Property, plant and equipment	5,730,745
Inventories	3,844,448
Trade and other receivables	6,044,094
Cash and bank balances	1,361,032
Borrowings	(2,612,726)
Trade and other payables	(3,896,411)
Current and deferred taxation	(774,070)
Total net assets at fair value	<u>9,697,112</u>
Goodwill arising from acquisition	35,802,888
Total purchase consideration	<u><b>45,500,000</b></u>
 <b>Satisfied by:</b>	
Shares allotted (5,184,851 x RM1.7744)	9,200,000
Cash	36,300,000
	<u><b>45,500,000</b></u>
Acquisition price satisfied by cash	36,300,000
Less: Cash and bank balances acquired	(1,361,032)
Cash flow on acquisition	<u><b>34,938,968</b></u>

# LUXCHEM CORPORATION BERHAD

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(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2016

	Attributable to Owners of the Company						Total RM	Non-controlling interests RM	Total RM
	Non-distributable			Distributable					
	Share capital RM	Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM			
<b>2016</b>									
<b>Balance at 1 January 2016</b>	132,537,200	2,689,578	121,430	864,679	3,095,284	51,977,659	191,285,830	(294,779)	190,991,050
Profit/(Loss) for the year	-	-	-	-	-	20,036,074	20,036,074	204,613	20,240,687
Exchange gain/(loss) on translation of foreign operations	-	-	(234,552)	-	-	-	(234,552)	(42,364)	(276,915)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	(260,732)	-	-	(260,732)	-	(260,732)
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	-
Additional injection of capital	-	-	-	-	-	-	-	452,550	452,550
<b>Total comprehensive income/(loss) for the year</b>			(234,552)	(260,732)	-	20,036,074	19,540,790	614,799	20,155,589
Shares issued for acquisition of subsidiary	2,592,426						2,592,426		2,592,426
<i>Transactions with owners of the Company</i>									
Share options granted under ESOS					1,241,739		1,241,739		1,241,739
Issuance of shares pursuant to ESOS	1,966,150	8,496,930			(1,032,263)		9,430,818		9,430,818
Cancellation of Share options	-	-	-	-	(8,480)	8,480	-	-	-
Dividends paid	-	-	-	-	-	(12,338,170)	(12,338,170)	-	(12,338,170)
<b>Balance at 30 Jun 2016</b>	<b>137,095,776</b>	<b>11,186,508</b>	<b>(113,121)</b>	<b>603,947</b>	<b>3,296,281</b>	<b>59,684,043</b>	<b>211,753,433</b>	<b>320,019</b>	<b>212,073,451</b>

For the six months ended 30 Jun 15

	Attributable to Owners of the Company						Total RM	Non-controlling interests RM	Total RM
	Non-distributable			Distributable					
	Share capital RM	Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM			
<b>2015</b>									
<b>Balance at 1 January 2015</b>	130,000,000	250,483	232,554	431,536	-	25,429,399	156,343,972	(98,775)	156,245,197
Profit/(Loss) for the year	-	-	-	-	-	11,358,125	11,358,125	(43,160)	11,314,965
Exchange gain/(loss) on translation of foreign operations	-	-	(528,842)	-	-	-	(528,842)	(230,785)	(759,627)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	164,508	-	-	164,508	-	164,508
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>			(528,842)	164,508		11,358,125	10,993,791	(273,945)	10,719,846
<i>Transactions with owners of the Company</i>									
Share options granted under ESOS	-	-	-	-	8,719,218	-	8,719,218	-	8,719,218
Issuance of shares pursuant to ESOS	1,744,500	1,657,275	-	-	(924,585)	-	2,477,190	-	2,477,190
Cancellation of share options	-	-	-	-	(112,360)	112,360	-	-	-
Final dividend of 5 sen per share in respect of the financial year ended 31 December 2013	-	-	-	-	-	(7,903,680)	(7,903,680)	-	(7,903,680)
<b>Balance at 30 Jun 2015</b>	<b>131,744,500</b>	<b>1,907,758</b>	<b>(296,288)</b>	<b>596,044</b>	<b>7,682,273</b>	<b>28,996,204</b>	<b>170,630,491</b>	<b>(372,720)</b>	<b>170,257,771</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2015 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 30 JUNE 2016

<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 unaudited interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and Chapter 9 Part K of the Bursa Securities Listing Requirements. Unless otherwise described below, the accounting policies and method of computation adopted for the interim financial statements were consistent with those adopted for the audited financial statements for the year ended 31 December 2015.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2015 other than the application of a new MFRS and amendments to MFRSs which became effective for annual period beginning on 1 January 2016. The initial application of these new MFRS and amendments to MFRSs has no material impact on this interim financial reporting.

### **A2. Auditors' Report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2015.

### **A3. Seasonal or cyclical factors**

The business operations of the Group were not significantly affected by seasonal or cyclical factors during the period under review

### **A4. 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.

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

### PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING

#### A5. Issuance, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities

On 1 December 2014, the Company established an Employees' Share Option Scheme that entitles eligible directors and employees of the Group ("Eligible Persons") to participate in the ordinary share capital of the Company. The share option scheme has a tenure of five (5) years which expires on 30 November 2019.

The following shows the status of the options granted:

Date of grant	No. of options granted	No. of options vested As at 31-Dec-15	No. of options vested YTD Q2 2016	No. of options vested As at 30-Jun-16	Exercise price/ option Note 1	Fair Value /option Note 2	No. of options exercised				Vested Options cancelled As at 30 Jun 16	Balance of vested & exercisable options as at 30-Jun-16
							YTD Dec 15	Q1 2016	Q2 2016	YTD Jun 16		
							No	No	No	No		
22-Jan-15	31,986,000	6,397,200	6,264,200	12,661,400	0.71	0.265	4,939,400	727,800	3,103,500	3,831,300	44,000	3,846,700
22-Jun-15	1,446,000	289,200	277,200	566,400	1.02	0.168	135,000	32,000	69,000	101,000	12,000	318,400
22-Jun-16	2,540,000	-	-	-	1.47	-	-	-	-	-	-	-
	<b>35,972,000</b>	<b>6,686,400</b>	<b>6,541,400</b>	<b>13,227,800</b>			<b>5,074,400</b>	<b>759,800</b>	<b>3,172,500</b>	<b>3,932,300</b>	<b>56,000</b>	<b>4,165,100</b>

Note 1 : The respective exercise price of the share options as above, was determined based on the volume weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer with a 10% discount.

Note 2 : The fair value of the share options granted was measured using the Trinomial Option Pricing model.  
The fair value of share options granted on 22 Jun 16 has not been included yet, as the options will vest only from 1 July 16

#### A6. Segmental Information

Segmental results by business activities:-

Business Activities:	Current Quarter Ended 30 Jun 16 (3 months)		Current Year To Date Ended 30 Jun 16 (6 months)	
	Revenue	Profit/ (loss)	Revenue	Profit/ (loss)
	Before Tax			
	RM	RM	RM	RM
Investment Holding	13,000,000	12,030,660	13,000,000	11,094,841
Trading	139,114,086	11,455,795	273,615,236	17,891,889
Manufacturing	52,903,045	6,984,558	92,204,108	11,144,979
Total	205,017,131	30,471,014	378,819,344	40,131,709
Consolidation Adjustments	(29,168,598)	(13,036,059)	(43,001,214)	(13,126,048)
	<b>175,848,534</b>	<b>17,434,955</b>	<b>335,818,130</b>	<b>27,005,662</b>



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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

<b>PART A</b>	<b>NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING</b>
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### A7. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current period under review.

### A8. Capital commitments

Capital commitments as at 30 Jun 16	Amount RM
Capital expenditure in respect of purchase of property, plant and equipment - authorised and contracted for	9,251,201

### A9. 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 other than as disclosed below:

The Company, had on 29 April 2016, announced that the Acquisition of Transform Master Sdn Bhd (TMSB) has been completed in accordance with the terms of the Share Sale Agreement. Accordingly, TMSB is now a wholly-owned subsidiary of the Company.

For further detail, please refer to the announcements made on 27 January 2016, 28 January 2016, 25 March 2016, 8 April 2016, 15 April 2016 and 29 April 2016 in relation to the Acquisition.

The Company has consolidated TMSB into its group accounts with effect from 2<sup>nd</sup> quarter 2016.

## LUXCHEM CORPORATION BERHAD

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### QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

<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

	<b>Current Quarter Ended 30-Jun-16 RM</b>	<b>Preceding Year Corresponding Quarter Ended 30-Jun-15 RM</b>	<b>Variance RM</b>
Revenue	175,848,534	161,033,861	14,814,672
Profit Before Tax	17,434,956	13,190,867	4,244,089

Revenue and Profit Before Tax for the current quarter are higher than the preceding year corresponding quarter. This is due to contribution from both manufacturing and trading segments.

	<b>Current Quarter Ended 30-Jun-16 RM</b>	<b>Previous Quarter Ended 31-Mar-16 RM</b>	<b>Variance RM</b>
Revenue	175,848,534	159,969,596	15,878,937
Profit Before Tax	17,434,956	9,570,707	7,864,249

Revenue and Profit Before Tax for the current quarter are higher than the previous quarter. This is mainly due to higher contribution from the manufacturing segment.

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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### **B2. 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.

### **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 30-Jun-16 RM	Current Year Ended 30-Jun-16 RM
Current tax expenses	(4,267,543)	(6,767,178)
Deferred Taxation	-	-
	<u>(4,267,543)</u>	<u>(6,767,178)</u>

The effective tax rate of the Group is approximately the statutory tax rate.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

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

The Group's borrowings as at 30 June 2016 as follows:-

	Secured RM	Unsecured RM	Total RM
<u>Short term borrowing:-</u>			
Bankers' Acceptance	-	72,744,282	72,744,282
Hire Purchase Payable	310,616	-	310,616
Term Loan	173,712	-	173,712
	<u>484,328</u>	<u>72,744,282</u>	<u>73,228,610</u>
<u>Long Term borrowings:-</u>			
Hire Purchase Payable	648,613	-	648,613
Term Loan	636,290	-	636,290
	<u>1,284,903</u>	<u>-</u>	<u>1,284,903</u>
Total	<u>1,769,231</u>	<u>72,744,282</u>	<u>74,513,513</u>

### B6. Realised and Unrealised Profit

	Current financial year ended 30 Jun 16 RM	31-Dec-15 RM
Total retained profits of LCB and its subsidiaries		
- Realised Profit	127,914,380	120,719,267
- Unrealised Profit/ (loss)	74,375	(140,694)
	<u>127,988,754</u>	<u>120,578,573</u>
- Consolidation adjustments	(68,304,712)	(68,600,914)
Retained profits as per financial statements	<u>59,684,043</u>	<u>51,977,659</u>

## **LUXCHEM CORPORATION BERHAD**

(Company No: 224414-D)

(Incorporated in Malaysia)

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#### **B7. 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 June 2016, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM 71.55 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 30 June 2016, the amount of Corporate Guarantee to suppliers amounted to RM12.70 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 30 June 2016, 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.

#### **B9. Proposed Dividend**

The Board of Directors declared a single tier interim dividend of 2.5 sen per ordinary share for the financial year ending 31 December 2016. The interim dividend shall be paid on 30 September 2016.

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2016

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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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 RM13.03 million for the current quarter and RM20.03 million for the current financial year-to-date as at 30 June 2016 and on the weighted average number of shares in issue of 268,263,964 as at 30 June 2016.

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company of RM13.03 million for the current quarter and RM20.03 million for the current financial year-to-date as at 30 June 2016 and the adjusted weighted average number of ordinary shares in issue of 280,686,359 as at 30 June 2016.

By order of the Board,

Chen Moi Kew  
Director / Chief Financial Officer  
Date: 29 July 2016