

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

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 December 2017.

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, the manufacture of Unsaturated Polyester Resins and manufacture of latex chemical dispersion and related products for the latex industry.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial review for current quarter and financial year to date

	Individual Period (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31-Dec-17 RM	Preceding Year Corresponding Quarter 31-Dec-16 RM	RM	%	Current Year-to-date 31-Dec-17 RM	Preceding year Corresponding Period 31-Dec-16 RM	RM	%
Revenue	197,202,903	186,372,650	10,830,252	6%	806,683,408	701,549,200	105,134,208	15%
Cost of sales	(175,874,193)	(162,372,327)	(13,501,866)	8%	(720,266,810)	(618,348,223)	(101,918,587)	16%
Gross profit	21,328,710	24,000,323	(2,671,613)	-11%	86,416,599	83,200,977	3,215,622	4%
Other operating income	1,518,452	1,358,195	160,257	12%	3,724,464	5,455,934	(1,731,470)	-32%
Selling and distribution costs	(1,824,734)	(1,917,854)	93,121	-5%	(6,158,016)	(6,049,512)	(108,504)	2%
Administrative exp	(6,011,693)	(3,104,034)	(2,907,659)	94%	(21,118,816)	(18,082,640)	(3,036,176)	17%
Administrative exp - Share Option Exp	(560,012)	(547,048)	(12,964)	2%	(2,657,953)	(2,145,845)	(512,108)	24%
Other operating expenses	(373,122)	(594,597)	221,475	-37%	(1,423,457)	(745,414)	(678,043)	91%
Operating profit	14,077,602	19,194,986	(5,117,384)	-27%	58,782,822	61,633,500	(2,850,678)	-5%
Finance costs	(733,514)	(557,078)	(176,436)	32%	(3,008,726)	(2,555,362)	(453,364)	18%
Profit before Tax	13,344,088	18,637,908	(5,293,820)	-28%	55,774,096	59,078,138	(3,304,042)	-6%
Taxation	(4,036,766)	(5,220,822)	1,184,055	-23%	(14,789,767)	(15,392,362)	602,595	-4%
Profit after Tax	9,307,321	13,417,086	(4,109,765)	-31%	40,984,329	43,685,776	(2,701,447)	-6%
Re-measurement of defined benefit obligations	(66,543)	(12,911)	(53,632)	415%	(66,543)	(12,911)	(53,632)	415%
Exchange gain/ (loss) on translation of foreign operations	(113,155)	(31,945)	(81,209)	254%	(343,658)	(30,628)	(313,030)	1022%
Gain/(loss) on revaluation of available-for-sale investments	499,638	17,624	482,015	2735%	824,763	(202,843)	1,027,606	-507%
Total other comprehensive income	319,941	(27,233)	347,174	-1275%	414,562	(246,382)	660,944	-268%
Total comprehensive income for the period	<b>9,627,262</b>	<b>13,389,854</b>	<b>(3,762,591)</b>	<b>-28%</b>	<b>41,398,891</b>	<b>43,439,394</b>	<b>(2,040,503)</b>	<b>-5%</b>
Profit attributable to:								
-Owners of the Company	9,492,418	13,508,706	(4,016,287)	-30%	40,747,291	43,498,730	(2,751,439)	-6%
-Non controlling interests	(185,097)	(91,619)	(93,478)	102%	237,039	187,046	49,993	27%
	<b>9,307,321</b>	<b>13,417,086</b>	<b>(4,109,765)</b>	<b>-31%</b>	<b>40,984,329</b>	<b>43,685,776</b>	<b>(2,701,447)</b>	<b>-6%</b>
Total comprehensive income attributable to:								
-Owners of the Company	9,845,545	13,476,018	(3,630,473)	-27%	41,231,209	43,275,200	(2,043,991)	-5%
-Non controlling interests	(218,283)	(86,164)	(132,118)	153%	167,682	164,194	3,488	2%
	<b>9,627,262</b>	<b>13,389,854</b>	<b>(3,762,591)</b>	<b>-28%</b>	<b>41,398,891</b>	<b>43,439,394</b>	<b>(2,040,503)</b>	<b>-5%</b>
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.15	1.64	(0.49)		4.93	5.34	(0.40)	
Earnings per share - Fully Diluted (Sen)	1.10	1.65	(0.56)		4.74	5.11	(0.37)	

For the purpose of the disclosure of the comparative earnings per share, the weighted average number of ordinary shares in issue as at 31 December 2016 has been adjusted to take into effect of the share split exercise undertaken by the Company on 8 September 2017 where every 1 existing ordinary share was subdivided into 3 ordinary shares. Accordingly, for calculation of the Basic earnings per share, the weighted average number of shares in issue has been restated from 271,630,711 to 814,892,133. For calculation of Diluted earnings per share, the adjusted weighted average number of shares in issue has been restated from 283,727,983 to 851,183,949

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 DECEMBER 2017

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial review for current quarter compared with immediate preceding quarter

	Current Year Quarter 31-Dec-17	Immediate Preceding Quarter 30-Sep-17	Changes	
	RM	RM	RM	%
Revenue	197,202,903	188,234,125	8,968,778	5%
Cost of sales	(175,874,193)	(167,423,026)	(8,451,167)	5%
Gross profit	21,328,710	20,811,099	517,611	2%
Other operating income	1,518,452	1,100,606	417,846	-38%
Selling and distribution costs	(1,824,734)	(1,427,350)	(397,383)	28%
Administrative expenses	(6,011,693)	(5,365,718)	(645,975)	12%
Administrative exp - Share Option Exp	(560,012)	(1,090,439)	530,427	-49%
Other operating expenses	(373,122)	(981,970)	608,848	-62%
Operating profit	14,077,602	13,046,228	1,031,373	8%
Finance costs	(733,514)	(717,425)	(16,089)	2%
Profit before Tax	13,344,088	12,328,803	1,015,284	8%
Taxation	(4,036,766)	(3,221,708)	(815,059)	25%
Profit after Tax	9,307,321	9,107,096	200,226	2%
Re-measurement of defined benefit obligations	(66,543)	-	(66,543)	
Exchange gain/ (loss) on translation of foreign operations	(113,155)	(92,185)	(20,969)	23%
Gain/(loss) on revaluation of available-for-sale investments	499,638	(59,802)	559,441	-935%
Total other comprehensive income	319,941	(151,988)	471,929	-311%
Total comprehensive income for the period	<b>9,627,262</b>	<b>8,955,108</b>	<b>672,154</b>	<b>8%</b>
Profit attributable to:				
-Owners of the Company	9,492,418	8,988,725	503,693	6%
-Non controlling interests	(185,097)	118,370	(303,467)	-256%
Total comprehensive income attributable to:	<b>9,307,321</b>	<b>9,107,096</b>	<b>200,226</b>	<b>2%</b>
-Owners of the Company	9,845,545	8,855,810	989,735	11%
-Non controlling interests	(218,283)	99,298	(317,581)	-320%
Earnings per share attributable to owners of the Company	<b>9,627,262</b>	<b>8,955,108</b>	<b>672,154</b>	<b>8%</b>
Earnings per share - Basic (Sen)	1.15	1.11	0.04	4%
Earnings per share - Fully Diluted (Sen)	1.10	1.06	0.04	4%

For the purpose of the disclosure of the comparative earnings per share, the weighted average number of ordinary shares in issue as at 31 December 2016 has been adjusted to take into effect the share split exercise undertaken by the Company on 8 September 2017 where every 1 existing ordinary share was subdivided into 3 ordinary shares.

Accordingly, for calculation of the Basic earnings per share, the weighted average number of shares in issue has been restated from 271,630,711 to 814,892,133. For calculation of Diluted earnings per share, the adjusted weighted average number of shares in issue has been restated from 283,727,983 to 851,183,949

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this quarterly financial report.*

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Current Quarter Ended 31-Dec-17 RM</b>	<b>Current Year to date Ended 31-Dec-17 RM</b>
Interest Income	362,250	1,341,499
Other income*	1,156,202	2,382,965
Interest Expense	733,514	3,008,726
Depreciation & amortisation	785,269	2,550,146
Write back of receivable	37,573	431,343
Write back of inventories	779,559	779,559
Foreign exchange (Gain)/Loss - realised	981,749	2,443,341
Foreign exchange (Gain)/Loss - unrealised (Gain)/loss on derivatives	(198,765) 167,996	95,616 150,267

\*Includes Foreign exchange Gain and Gain on derivatives

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31-Dec-17 RM	Audited As at 31-Dec-16 RM
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	47,349,017	39,020,581
Intangible assets	342,193	293,340
Other investments	1,781,941	957,179
Goodwill	35,802,888	35,802,888
Deferred tax assets	226,232	222,310
	<u>85,502,271</u>	<u>76,296,298</u>
<b>Current Assets</b>		
Inventories	79,865,531	72,656,622
Trade and other receivables	138,786,779	130,310,365
Derivative financial assets	39,507	-
Tax recoverable	2,640,228	1,766,750
Deposits, cash and bank balances	109,091,987	88,494,750
	<u>330,424,032</u>	<u>293,228,487</u>
<b>Total Assets</b>	<b><u>415,926,303</u></b>	<b><u>369,524,785</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	156,055,848	137,660,776
Share premium	-	11,759,663
Other reserves	6,544,106	5,100,636
Retained profits	97,385,094	76,262,183
<b>Total equity attributable to owners of the Company</b>	<u>259,985,048</u>	<u>230,783,258</u>
Non-controlling interests	489,645	321,964
<b>Total Equity</b>	<u>260,474,693</u>	<u>231,105,222</u>
<b>Non-current Liabilities</b>		
Hire purchase payables	254,511	508,881
Retirement benefits	275,050	307,354
Deferred tax liabilities	1,252,077	1,267,986
	<u>1,781,638</u>	<u>2,084,221</u>
<b>Current Liabilities</b>		
Trade and other payables	74,518,504	77,211,586
Hire purchase payables	369,202	323,908
Derivative financial liabilities	193,527	3,754
Bank borrowings	77,450,162	55,649,498
Taxation	998,956	3,146,596
Retirement benefits	139,620	-
	<u>153,669,971</u>	<u>136,335,342</u>
<b>Total Liabilities</b>	<u>155,451,609</u>	<u>138,419,563</u>
<b>Total Equity and Liabilities</b>	<b><u>415,926,302</u></b>	<b><u>369,524,785</u></b>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.31	0.28

For the purpose of the disclosure of the comparative net assets per share, the number of ordinary shares in issue as at 31 December 2016 has been adjusted to take into effect of the share split exercise undertaken by the Company on 8 September 2017 where every 1 existing ordinary share was subdivided into 3 ordinary shares. Accordingly, the number of ordinary shares in issue has been restated from 275,321,551 to 825,964,653.

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 DECEMBER 2017

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 31-Dec-17 RM	Preceding Year Corresponding Period Ended 31-Dec-16 RM
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	55,774,096	59,078,138
Adjustments for :-		
Amortisation of intangible assets	165,755	141,706
Bad debt written off	-	6,975
Depreciation of property, plant and equipment	2,384,392	2,015,361
Amortisation of investment property	-	1,955
Defined benefit obligations	299,661	84,489
Dividend income	(126,287)	(129,519)
Net (gain)/loss on changes in fair value of forward exchange contracts	150,266	(17,998)
Net gain on disposal of property, plant and equipment	(59,040)	(194,163)
Net gain on disposal of investment property	-	(84,976)
Impairment losses on trade receivables	928,556	222,151
Interest income	(1,341,499)	(1,368,645)
Interest expense	3,008,726	2,555,362
Inventories written off	63,591	44,250
Write down in value of inventories	645,836	607,825
Property, plant and equipment written off	17,195	46,371
Net Unrealised (gain)/loss on foreign exchange	95,610	(659,346)
Reversal of impairment losses on trade receivables	(431,343)	(660,090)
Reversal of inventories written down	(779,559)	(405,962)
Share options expense	2,657,953	2,579,568
<b>Operating profit before working capital changes</b>	63,453,908	63,863,452
Decrease/ (increase) in inventories	(7,668,037)	(17,398,236)
Decrease/ (Increase) in trade and other receivables	(10,268,194)	5,526,835
Increase/ (decrease) in trade and other payables	(1,607,384)	10,891,358
<b>Cash generated from operations</b>	43,910,294	62,883,409
Tax paid	(18,314,046)	(20,389,506)
Interest received	1,341,499	1,368,645
Interest paid	(3,008,726)	(2,555,362)
Retirement benefit paid	-	(36,490)
<b>Net cash (used in)/from operating activities</b>	23,929,021	41,270,696
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary	-	(34,938,968)
Additional injection of capital from Non-controlling interest	-	452,550
Purchase of property, plant and equipment	(10,805,347)	(6,850,512)
Purchase of intangible assets	(214,607)	(58,695)
Proceeds from disposal of property, plant and equipment	61,462	228,715
Proceeds from disposal of an investment property	-	200,000
Dividend received	126,287	129,519
Net cash used in investing activities	(10,832,205)	(40,837,391)
<b>Cash flows from financing activities</b>		
Proceeds from shares issued pursuant to share options exercised	4,912,680	3,662,293
Term Loan repaid	-	(838,954)
Net bankers' acceptances (repaid)/obtained	23,576,985	(8,920,063)
Hire purchase instalments paid	(364,877)	(221,977)
Dividend paid	(19,600,054)	(19,219,633)
<b>Net cash from/(used in) financing activities</b>	8,524,734	(25,538,334)
<b>Net (decrease)/increase in cash and cash equivalents</b>	21,621,550	(25,105,029)
<b>Cash and cash equivalents at beginning of year</b>	88,494,750	113,253,287
<b>Net exchange differences</b>	(1,024,314)	346,492
<b>Cash and cash equivalents at end of the period</b>	109,091,987	88,494,750
<b>Cash and cash equivalents at end of year comprised:-</b>		
Deposits with financial institutions	40,908,934	21,454,278
Cash and bank balances	68,183,053	67,040,472
	109,091,987	88,494,750

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 DECEMBER 2017

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 12 months ended 31 Dec 17

	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>2017</b>									
Balance at 1 January 2017	137,660,776	11,759,663	109,781	661,836	4,329,019	76,262,183	230,783,258	321,964	231,105,222
Adjustments for effects of Companies Act 2016*	11,767,433	(11,767,433)	-	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	-	-	40,747,291	40,747,291	237,039	40,984,330
Exchange gain/(loss) on translation of foreign operations	-	-	(294,263)	-	-	-	(294,263)	(49,394)	(343,657)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	824,763	-	-	824,763	-	824,763
Remeasurement of defined benefit obligations	-	-	-	-	-	(46,580)	(46,580)	(19,963)	(66,543)
<b>Total comprehensive income/(loss) for the year</b>	-	-	(294,263)	824,763	-	40,700,711	41,231,210	167,682	41,398,892
Share options granted under ESOS	-	-	-	-	2,657,953	-	2,657,953	-	2,657,953
Issue of shares pursuant to exercise of share options:									
- shares issued	4,904,910	7,770	-	-	-	-	4,912,680	-	4,912,680
- attributable option reserve transferred	1,722,729	-	-	-	(1,722,729)	-	-	-	-
Share options forfeited	-	-	-	-	(22,260)	22,260.00	-	-	-
Dividends paid	-	-	-	-	-	(19,600,054)	(19,600,054)	-	(19,600,054)
<b>Balance at 31 Dec 17</b>	<b>156,055,848</b>	<b>-</b>	<b>(184,482)</b>	<b>1,486,599</b>	<b>5,241,983</b>	<b>97,385,100</b>	<b>259,985,047</b>	<b>489,646</b>	<b>260,474,693</b>

For the 12 months ended 31 Dec 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>									
Balance at 1 January 2016	132,537,200	2,689,578	121,430	864,679	3,095,284	51,977,659	191,285,830	(294,780)	190,991,050
Profit/(Loss) for the year	-	-	-	-	-	43,498,730	43,498,730	187,046	43,685,776
Exchange gain/(loss) on translation of foreign operations	-	-	(11,649)	-	-	-	(11,649)	(18,979)	(30,628)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	(202,843)	-	-	(202,843)	-	(202,843)
Remeasurement of defined benefit obligations	-	-	-	-	-	(9,038)	(9,038)	(3,873)	(12,911)
<b>Total comprehensive income/(loss) for the year</b>	-	-	(11,649)	(202,843)	-	43,489,692	43,275,200	164,194	43,439,394
Subscription to additional shares in a subsidiary	-	-	-	-	-	-	-	452,550	452,550
Share options granted under ESOS	-	-	-	-	2,579,568	-	2,579,568	-	2,579,568
Issue of shares pursuant to exercise of share options:									
- shares issued and premium arising	2,531,150	1,131,143	-	-	-	-	3,662,293	-	3,662,293
- attributable option reserve transferred	-	1,331,368	-	-	(1,331,368)	-	-	-	-
Shares issued for acquisition of a subsidiary	2,592,426	6,607,574	-	-	-	-	9,200,000	-	9,200,000
Share options forfeited	-	-	-	-	(14,465)	14,465	-	-	-
Dividends paid	-	-	-	-	-	(19,219,633)	(19,219,633)	-	(19,219,633)
<b>Balance at 31 Dec 2016</b>	<b>137,660,776</b>	<b>11,759,663</b>	<b>109,781</b>	<b>661,836</b>	<b>4,329,019</b>	<b>76,262,183</b>	<b>230,783,258</b>	<b>321,964</b>	<b>231,105,222</b>

\*Pursuant to the Companies Act 2016, the credit standing in the share premium account of RM 11,767,433 has been transferred to share capital account.

Based on the transitional provisions of Section 618 of the Companies Act 2016, the Company will decide the utilisation of the credit standing in the share premium account in due course.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 DECEMBER 2017

<b>PART A</b>	<b>NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 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 2016.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2016 other than the application of a new MFRS and amendments to MFRSs which became effective for annual period beginning on 1 January 2017. 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 2016.

### **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 31 DECEMBER 2017

### PART A NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 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-16	No. of options vested YTD Q3 2017	No. of options vested As at 05-Sep-17	Exercise price/ option Note 1	Fair Value /option Note 2	No. of options exercised						Vested Options cancelled As at 05-Sep-17	Balance of vested & exercisable options as at As at 05-Sep-17
							As at 1 Jan 17	Q1 2017	Q2 2017	Q3 2017	Q4 2017	YTD 05 Sep 17		
							No.	No.	No.	No.	No.	No.		
22-Jan-15	31,986,000	12,661,400	5,968,200	18,629,600	0.71	0.265	9,825,700	167,000	3,923,000	1,502,000	-	5,592,000	128,000	3,083,900
22-Jun-15	1,446,000	566,400	277,200	843,600	1.02	0.168	281,000	-	135,000	121,000	-	256,000	12,000	294,600
22-Jun-16	2,540,000	635,000	620,000	1,255,000	1.47	0.399	30,000	-	37,000	222,000	-	259,000	15,000	951,000
22-Jun-17	3,031,000	-	1,060,850	1,060,850	1.59	0.500	-	-	-	189,000	-	189,000	-	871,850
	<b>39,003,000</b>	<b>13,862,800</b>	<b>7,926,250</b>	<b>21,789,050</b>			<b>10,136,700</b>	<b>167,000</b>	<b>4,095,000</b>	<b>2,034,000</b>	<b>-</b>	<b>6,296,000</b>	<b>155,000</b>	<b>5,201,350</b>

Forfeited **(1,896,000)**  
Net granted **37,107,000**

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.

Further to the authorities and shareholders approval of the Company's share Split Exercise involving the subdivision of every 1 existing ordinary share into 3 shares, on 6 Sep 2017 ("ex-date"), the ordinary shares increased 3 times. Consequential to the Share Split, the number and exercise price of outstanding Options which have been granted but have not been exercised prior to the Entitlement date will be adjusted, in accordance with the provisions of the By-Laws, to ensure that the status of Options holders is not prejudiced as a result of the Share Split.

Date of grant	Pre Share Split		Post Share Split				
	Balance of vested & exercisable options as at As at 05-Sep-17	Balance of vested & exercisable options as at As at 05-Sep-17	Exercise price/ option Note 3	Fair Value /option Note 4	No of options exercised from 6 Sep17 to 31-Dec-17	No of options cancelled from 6 Sep17 to 31-Dec-17	Balance of vested & exercisable options as at As at 31-Dec-17
22-Jan-15	3,083,900	9,251,700	0.24	0.088	-	-	9,251,700
22-Jun-15	294,600	883,800	0.34	0.056	-	-	883,800
22-Jun-16	951,000	2,853,000	0.49	0.133	-	-	2,853,000
22-Jun-17	871,850	2,615,550	0.53	0.167	-	-	2,615,550
	<b>5,201,350</b>	<b>15,604,050</b>					<b>15,604,050</b>

Note 3 : The respective exercise price of the share options adjusted after the Share Split exercise

Note 4 : The fair value of the Share options granted adjusted after the Share Split exercise



# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART A</b>	<b>NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134"), INTERIM FINANCIAL REPORTING</b>
---------------	---

### A6. Corporate Exercise – Share Split

On 26 July 2017, the Company announced that it proposed to undertake a proposed share split involving the subdivision of every 1 existing ordinary share in Luxchem ("share") into 3 Shares ("Proposed Share Split")

On 31 July 2017, the Company announced that Bursa Securities had, vide its letter dated 28 July 2017 (received on 31 July 2017), approved the Proposed Share Split.

On 21 Aug 2017, the Company announced that the resolution on the Proposed Share Split, set out in the Notice of Extraordinary General Meeting ("EGM") dated 4 August 2017 was duly passed by the shareholders of the Company by way of poll at the EGM held on Monday, 21 August 2017.

On 25 Aug 2017, the Company announced the following:

Book closure date for the subdivision of every 1 existing ordinary share in Luxchem Corporation Berhad ("Luxchem" or the "Company") ("share") into 3 shares ("Split shares") at 5.00pm on 8 September 2017 ("Share Split") ("Books closure date")

- The above Company's securities will be traded and quoted "Ex-Offet" as from: 6 Sep 2017
- The last date of lodgment: 8 Sep 2017

Prior to the Share Split, the Company's number of ordinary shares was at 281,617,551.

On 6 September 2017 ("Ex-date), these 281,617,551 ordinary shares increased three (3) times to 844,852,653.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

**PART A        NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134  
("MFRS 134"), INTERIM FINANCIAL REPORTING**

### A7.      Segmental Information

Segmental results by business activities:

<b>Operating Segments</b>				
<b><u>YTD 31 DEC 17</u></b>				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	666,903,932	245,526,519	-	912,430,451
Inter-segment revenue	(13,328,191)	(92,418,852)		(105,747,042)
External sales	653,575,741	153,107,667	-	806,683,408
				-
<b>Results</b>				
Segment results	32,437,431	25,621,330	(743,726)	57,315,035
Dividend, interest & rental income	937,853	253,277	276,657	1,467,787
Operating profit/(loss)	33,375,284	25,874,606	(467,069)	58,782,821
Finance costs	(2,830,309)	(178,417)	-	(3,008,726)
Profit/(Loss) before taxation	30,544,975	25,696,189	(467,069)	55,774,095
Taxation	(8,513,970)	(6,212,853)	(62,944)	(14,789,767)
Profit/(Loss) for the year	22,031,005	19,483,336	(530,013)	40,984,329
Segment assets	278,656,404	90,300,577	46,969,322	415,926,302
Segment liabilities	128,155,086	26,981,350	315,173	155,451,610

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART A</b>	<b>NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134"), INTERIM FINANCIAL REPORTING</b>
---------------	---

Segmental results by Geographical Segment:

Country	YTD 31 Dec 17	YTD 31 Dec 16	Change	
	Revenue	Revenue	Revenue	
	RM	RM	RM	%
Malaysia	578,920,715	495,203,477	83,717,238	17%
Vietnam	89,524,854	96,922,272	(7,397,418)	-8%
Indonesia	99,136,173	70,429,422	28,706,751	41%
Thailand	16,684,244	18,848,001	(2,163,757)	-11%
Australia	7,822,866	6,167,329	1,655,537	27%
Singapore	3,603,421	4,777,653	(1,174,232)	-25%
Bangladesh	4,487,033	4,232,297	254,736	6%
New Zealand	2,470,145	2,349,605	120,540	5%
Japan	1,317,074	1,685,919	(368,845)	-22%
Others	2,716,883	933,225	1,783,658	191%
Total	806,683,408	701,549,200	105,134,208	15%

For current financial year-to-date ended 31 December 2017, the Group achieved Revenue of RM806.68 million, an increase of RM105.13 million or 15% compared with financial year-to-date ended 31 December 2016.

Local sales increased by RM83.72 million, mainly due to higher sales from the trading segment.

Export sales to Indonesia reached RM99.14 million, an increase of RM28.71 million or 41% compared with financial year-to-date ended 31 December 2016. This was mainly due to increase in sales by PT Luxchem Indonesia.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART A</b>	<b>NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134"), INTERIM FINANCIAL REPORTING</b>
---------------	---

**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**

<b>Capital commitments as at 31 Dec 17</b>	<b>Amount RM</b>
Capital expenditure in respect of purchase of property, plant and equipment - authorised and contracted for	654,581
	<u>654,581</u>

**A10. Changes in the Composition of the Group**

There was no change 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 DECEMBER 2017

**PART B            NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

### B1.      Review of performance of the Company and its principal subsidiaries

#### B1.1    Financial review for current quarter compared with preceding year corresponding quarter

	Individual Period (4th quarter)		Changes	
	Current Year Quarter 31-Dec-17 RM	Preceding Year Corresponding Quarter 31-Dec-16 RM	RM	%
Revenue	197,202,903	186,372,650	10,830,252	6%
Cost of sales	(175,874,193)	(162,372,327)	(13,501,866)	8%
Gross profit	21,328,710	24,000,323	(2,671,613)	-11%
Other operating income	1,518,452	1,358,195	160,257	12%
Selling and distribution costs	(1,824,734)	(1,917,854)	93,121	-5%
Administrative exp	(6,011,693)	(3,104,034)	(2,907,659)	94%
Administrative exp - Share Option Exp	(560,012)	(547,048)	(12,964)	2%
Other operating expenses	(373,122)	(594,597)	221,475	-37%
Operating profit	14,077,602	19,194,986	(5,117,384)	-27%
Finance costs	(733,514)	(557,078)	(176,436)	32%
Profit before Tax	13,344,088	18,637,908	(5,293,820)	-28%
Taxation	(4,036,766)	(5,220,822)	1,184,055	-23%
Profit after Tax	9,307,321	13,417,086	(4,109,765)	-31%

For current quarter ended 31 December 2017, the Group achieved revenue of RM197.20 million, representing an increase of RM10.83 million or 6% compared to preceding year corresponding quarter. This was mainly attributable to the Trading segment. The revenue increased mainly due to higher raw material prices, although USD/RM rates were lower during the current quarter, compared to preceding year corresponding quarter.

The Group achieved profit after tax of RM9.31 million during the current year quarter. This is a reduction of RM4.11 million or 31% compared to the preceding year corresponding quarter. This was due to lower gross profit, higher administrative expenses. The higher administrative expenses was due to forex losses, whilst preceding year corresponding quarter registered forex gains.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

**PART B            NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1.2    Financial review for current financial year to date compared with preceding financial year to date**

	Cumulative Period		Changes	
	Current Year-to-date	Preceding year Corresponding Period		
	31-Dec-17 RM	31-Dec-16 RM	RM	%
Revenue	806,683,408	701,549,200	105,134,208	15%
Cost of sales	(720,266,810)	(618,348,223)	(101,918,587)	16%
Gross profit	86,416,599	83,200,977	3,215,622	4%
Other operating income	3,724,464	5,455,934	(1,731,470)	-32%
Selling and distribution costs	(6,158,016)	(6,049,512)	(108,504)	2%
Administrative exp	(21,118,816)	(18,082,640)	(3,036,176)	17%
Administrative exp - Share Option Exp	(2,657,953)	(2,145,845)	(512,108)	24%
Other operating expenses	(1,423,457)	(745,414)	(678,043)	91%
Operating profit	58,782,822	61,633,500	(2,850,678)	-5%
Finance costs	(3,008,726)	(2,555,362)	(453,364)	18%
Profit before Tax	55,774,096	59,078,138	(3,304,042)	-6%
Taxation	(14,789,767)	(15,392,362)	602,595	-4%
Profit after Tax	40,984,329	43,685,776	(2,701,447)	-6%

For current financial year-to-date ended 31 December 2017, the Group achieved revenue of RM806.68 million, an increase of RM105.13 million or 15% compared to the preceding year corresponding period ended 31 December 2016. The increase was mainly attributable to the trading segment. Higher raw material prices and USD exchange rates contributed to the revenue increase.

Profit after tax for the current financial year-to-date decreased RM2.70 million or 6%. The lower profit after tax was mainly due to higher administrative expenses, arising from forex losses.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

**PART B NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

### B1. Review of performance of the Company and its principal subsidiaries (cont'd)

#### B1.3 Financial review for current quarter compared with the immediate preceding quarter

	Current Year Quarter 31-Dec-17	Immediate Preceding Quarter 30-Sep-17	Changes	
	RM	RM	RM	%
Revenue	197,202,903	188,234,125	8,968,778	5%
Cost of sales	(175,874,193)	(167,423,026)	(8,451,167)	5%
Gross profit	21,328,710	20,811,099	517,611	2%
Other operating income	1,518,452	1,100,606	417,846	-38%
Selling and distribution costs	(1,824,734)	(1,427,350)	(397,383)	28%
Administrative expenses	(6,011,693)	(5,365,718)	(645,975)	12%
Administrative exp - Share Option Exp	(560,012)	(1,090,439)	530,427	-49%
Other operating expenses	(373,122)	(981,970)	608,848	-62%
Operating profit	14,077,602	13,046,228	1,031,373	8%
Finance costs	(733,514)	(717,425)	(16,089)	2%
Profit before Tax	13,344,088	12,328,803	1,015,284	8%
Taxation	(4,036,766)	(3,221,708)	(815,059)	25%
Profit after Tax	9,307,321	9,107,096	200,226	2%

The Group reported higher revenue for the current quarter ended 31 December 2017, as compared to previous quarter ended 30 September 2017. Revenue increased RM8.97 million or 5%.

The higher revenue was due to higher raw material prices.

Increase in administrative expenses was due to higher forex losses.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

### B2. Prospects for the following quarter / financial year

The group's performance can be affected by fluctuations in USD/RM exchange rates, raw material price fluctuations, raw material demand and supply situations and competition.

The group will continue to improve its own productivity and efficiency to face these external uncontrollable factors.

### 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-17 RM	Current Year Ended 31-Dec-17 RM
Current tax expenses	(4,128,567)	(14,835,667)
Deferred Taxation	45,900	45,900
	<u>(4,082,667)</u>	<u>(14,789,767)</u>

The effective tax rate of the Group is higher than the statutory tax rate.

This is because the Share Option Expenses and some other expenses charged to Profit and Loss is not allowable for tax purpose.



# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

### B5. Group borrowings and debt securities

The Group's borrowings as at 31 December 2017 as follows:

	As at 31 December 2017									
	Long Term				Short Term					
	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
<b>Secured</b>										
Hire-purchase	561,522,695	167,334	87,177	254,511	-	-	433,793,608	129,270	239,933	369,203
<b>Unsecured</b>										
Bank borrowings	-	-	-	-	2,204,477	8,903,802	54,559,659,059	16,258,778	52,287,582	77,450,162
<b>Total</b>	<b>561,522,695</b>	<b>167,334</b>	<b>87,177</b>	<b>254,511</b>	<b>2,204,477</b>	<b>8,903,802</b>	<b>54,993,452,667</b>	<b>16,388,049</b>	<b>52,527,515</b>	<b>77,819,366</b>

	As at 31 December 2017					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
<b>Secured</b>						
Hire-purchase	-	-	995,316,303	296,604	327,110	623,715
<b>Unsecured</b>						
Bank borrowings	2,204,477	8,903,802	54,559,659,059	16,258,778	52,287,582	77,450,162
<b>Total</b>	<b>2,204,477</b>	<b>8,903,802</b>	<b>55,554,975,362</b>	<b>16,555,383</b>	<b>52,614,692</b>	<b>78,073,877</b>

Exchange Rates on borrowings as at 31 December 2017:

USD to RM	4.0475
USD to IDR	13,548
IDR100 to RM	0.0298

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

### 5. Group borrowings and debt securities (cont'd)

The Group's borrowings as at 31 December 2016 as follows

	As at 31 December 2016									
	Long Term				Short Term					
	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
<b>Secured</b>										
Hire-purchase	545,859,756	181,771	327,110	508,881	-	-	286,532,891	95,415	228,493	323,908
<b>Unsecured</b>										
Bank borrowings	-	-	-	-	3,039,468	13,607,005	18,849,371,573	6,276,841	35,765,652	55,649,498
<b>Total</b>	<b>545,859,756</b>	<b>181,771</b>	<b>327,110</b>	<b>508,881</b>	<b>3,039,468</b>	<b>13,607,005</b>	<b>19,135,904,464</b>	<b>6,372,256</b>	<b>35,994,145</b>	<b>55,973,406</b>

	As at 31 December 2016					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
<b>Secured</b>						
Hire-purchase	-	-	832,392,647	277,187	555,603	832,790
<b>Unsecured</b>						
Bank borrowings	3,039,468	13,607,005	18,849,371,573	6,276,841	35,765,652	55,649,498
<b>Total</b>	<b>3,039,468</b>	<b>13,607,005</b>	<b>19,681,764,220</b>	<b>6,554,027</b>	<b>36,321,255</b>	<b>56,482,288</b>

Exchange Rates on borrowings as at 31 December 2017:

USD to RM	4.4860
USD to IDR	13,436
IDR100 to RM	0.0333

The Group's total borrowing as at 31 December 2017 was RM78.07 million, and increase of RM21.59 million.

Weighted average interest rate of borrowings as at 31 December 2017 was 5.0%.  
100% of the borrowings are based on fixed interest rate.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

### B6. Realised and Unrealised Profit

	<b>Current financial year ended 31 Dec 17 RM</b>	<b>31-Dec-16 RM</b>
Total retained profits of LCB and its subsidiaries		
- Realised	174,461,078	152,064,721
- Unrealised	<u>(1,245,626)</u>	<u>(390,084)</u>
	173,215,453	151,674,637
Less: Consolidation adjustments	<u>(75,830,357)</u>	<u>(75,412,454)</u>
Retained profits as per financial statements	<u>97,385,094</u>	<u>76,262,183</u>

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2017

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

### **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 31 December 2017, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM 77.45 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 31 December 2017, the amount of Corporate Guarantee to suppliers amounted to RM14.37 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 December 2017, 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 proposed a single tier second interim dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2017. 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 DECEMBER 2017

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
---------------	---

### **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 RM9.49 million for the current quarter and RM40.75 million for the current financial year-to-date as at 31 December 2017 and on the weighted average number of shares in issue of 825,964,653 as at 31 December 2017.

(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 RM9.49 million for the current quarter and RM40.75 million for the current financial year-to-date as at 31 December 2017 and the adjusted weighted average number of ordinary shares in issue of 859,558,317 as at 31 December 2017

By order of the Board,

Chen Moi Kew  
Director / Chief Financial Officer  
Date: 14 February 2018