

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

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 March 2018.

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 preceding year corresponding quarter

	Individual Period (1st quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31-Mar-18 RM	Preceding Year Corresponding Quarter 31-Mar-17 RM	RM	%	Current Year-to-date 31-Mar-18 RM	Preceding year Corresponding Period 31-Mar-17 RM	RM	%
Revenue	196,652,832	218,131,973	(21,479,141)	-10%	196,652,832	218,131,973	(21,479,141)	-10%
Cost of sales	(176,343,062)	(192,930,315)	16,587,254	-9%	(176,343,062)	(192,930,315)	16,587,254	-9%
Gross profit	20,309,770	25,201,657	(4,891,888)	-19%	20,309,770	25,201,657	(4,891,888)	-19%
Other operating income	1,209,085	1,134,079	75,005	7%	1,209,085	1,134,079	75,005	7%
Selling and distribution costs	(1,415,217)	(1,457,188)	41,970	-3%	(1,415,217)	(1,457,188)	41,970	-3%
Administrative exp	(5,823,794)	(5,087,362)	(736,432)	14%	(5,823,794)	(5,087,362)	(736,432)	14%
Administrative exp - Share Option Exp	(433,658)	(714,596)	280,938	-39%	(433,658)	(714,596)	280,938	-39%
Other operating expenses	(172,751)	(15,354)	(157,396)	1025%	(172,751)	(15,354)	(157,396)	1025%
Operating profit	13,673,434	19,061,236	(5,387,801)	-28%	13,673,434	19,061,236	(5,387,801)	-28%
Finance costs	(832,882)	(668,585)	(164,297)	25%	(832,882)	(668,585)	(164,297)	25%
Profit before Tax	12,840,552	18,392,651	(5,552,099)	-30%	12,840,552	18,392,651	(5,552,099)	-30%
Taxation	(3,246,495)	(4,610,558)	1,364,063	-30%	(3,246,495)	(4,610,558)	1,364,063	-30%
Profit after Tax	9,594,057	13,782,092	(4,188,036)	-30%	9,594,057	13,782,092	(4,188,036)	-30%
Exchange gain/ (loss) on translation of foreign operations	(156,954)	(35,323)	(121,631)	344%	(156,954)	(35,323)	(121,631)	344%
Gain/(loss) on revaluation of available-for-sale investments	173,193	56,713	116,480	205%	173,193	56,713	116,480	205%
Total other comprehensive income	16,240	21,390	(5,150)	-24%	16,240	21,390	(5,150)	-24%
Total comprehensive income for the period	9,610,296	13,803,482	(4,193,186)	-30%	9,610,296	13,803,482	(4,193,186)	-30%
Profit attributable to:								
-Owners of the Company	9,629,786	13,609,373	(3,979,587)	-29%	9,629,786	13,609,373	(3,979,587)	-29%
-Non controlling interests	(35,729)	172,720	(208,449)	-121%	(35,729)	172,720	(208,449)	-121%
	9,594,057	13,782,092	(4,188,036)	-30%	9,594,057	13,782,092	(4,188,036)	-30%
Total comprehensive income attributable to:								
-Owners of the Company	9,672,634	13,632,248	(3,959,614)	-29%	9,672,634	13,632,248	(3,959,614)	-29%
-Non controlling interests	(62,338)	171,234	(233,572)	-136%	(62,338)	171,234	(233,572)	-136%
	9,610,296	13,803,482	(4,193,186)	-30%	9,610,296	13,803,482	(4,193,186)	-30%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.14	1.65	(0.51)		1.14	1.65	(0.51)	
Earnings per share - Fully Diluted (Sen)	1.10	1.59	(0.49)		1.10	1.59	(0.49)	

For the purpose of the disclosure of the comparative earnings per share, the weighted average number of ordinary shares in issue as at 31 March 2017 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 275,420,473 to 826,261,419. For calculation of Diluted earnings per share, the adjusted weighted average number of shares in issue has been restated from 285,472,237 to 856,416,711.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial review for current quarter compared with immediate preceding quarter

	Current Year	Immediate Preceding	Changes	
	Quarter	Quarter	RM	%
	31-Mar-18	31-Dec-17		
	RM	RM		
Revenue	196,652,832	197,229,062	(576,231)	-0.3%
Cost of sales	(176,343,062)	(175,900,972)	(442,090)	0.3%
Gross profit	20,309,770	21,328,090	(1,018,320)	-5%
Other operating income	1,209,085	1,518,452	(309,368)	20%
Selling and distribution costs	(1,415,217)	(1,824,734)	409,517	-22%
Administrative expenses	(5,823,794)	(6,034,492)	210,698	-3%
Administrative exp - Share Option Exp	(433,658)	(560,012)	126,354	-23%
Other operating expenses	(172,751)	(343,122)	170,372	-50%
Operating profit	13,673,434	14,084,183	(410,748)	-3%
Finance costs	(832,882)	(733,514)	(99,368)	14%
Profit before Tax	12,840,552	13,350,669	(510,117)	-4%
Taxation	(3,246,495)	(4,059,038)	812,543	-20%
Profit after Tax	9,594,057	9,291,630	302,426	3%
Re-measurement of defined benefit obligations	-	(49,907)	49,907	-100%
Exchange gain/ (loss) on translation of foreign operations	(156,954)	(111,645)	(45,308)	41%
Gain/(loss) on revaluation of available-for-sale investments	173,193	499,639	(326,446)	-65%
Total other comprehensive income	16,240	338,086	(321,847)	-95%
Total comprehensive income for the period	9,610,296	9,629,716	(19,420)	0%
Profit attributable to:				
-Owners of the Company	9,629,786	9,488,034	141,752	1%
-Non controlling interests	(35,729)	(196,404)	160,675	-82%
Total comprehensive income attributable to:	9,594,057	9,291,629	302,427	3%
-Owners of the Company	9,672,634	9,853,862	(181,228)	-2%
-Non controlling interests	(62,338)	(224,146)	161,807	-72%
	9,610,296	9,629,716	(19,420)	0%
Earnings per share attributable to owners of the Company				
Earnings per share - Basic (Sen)	1.14	1.13	0.01	
Earnings per share - Fully Diluted (Sen)	1.10	1.09	0.01	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 MARCH 2018

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 31-Mar-18	Current Year to date Ended 31-Mar-18
	RM	RM
Interest Income	383,841	383,841
Other income*	825,244	825,244
Interest Expense	832,882	832,882
Depreciation & amortisation	513,175	513,175
Foreign exchange (Gain)/Loss - realised	26,512	26,512
Foreign exchange (Gain)/Loss - unrealised	468,675	468,675
(Gain)/loss on derivatives	(170,090)	(170,090)

*Includes Foreign exchange Gain and Gain on derivatives

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31-Mar-18 RM	Audited As at 31-Dec-17 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	48,036,298	47,349,019
Intangible assets	314,631	342,192
Other investments	1,955,134	1,781,941
Goodwill	35,802,888	35,802,888
Deferred tax assets	263,208	279,130
	<u>86,372,159</u>	<u>85,555,170</u>
Current Assets		
Inventories	68,850,107	79,865,531
Trade and other receivables	144,854,037	138,810,532
Derivative financial assets	92,216	39,507
Tax recoverable	2,477,698	2,108,714
Deposits, cash and bank balances	106,094,114	109,091,987
	<u>322,368,172</u>	<u>329,916,271</u>
Total Assets	<u>408,740,331</u>	<u>415,471,441</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	157,359,672	156,055,848
Other reserves	6,658,286	6,494,999
Retained profits	107,072,298	97,442,516
Total equity attributable to owners of the Company	<u>271,090,256</u>	<u>259,993,363</u>
Non-controlling interests	421,443	483,783
Total Equity	<u>271,511,699</u>	<u>260,477,146</u>
Non-current Liabilities		
Hire purchase payables	365,177	253,202
Retirement benefits	391,014	414,669
Deferred tax liabilities	1,249,342	1,224,789
	<u>2,005,533</u>	<u>1,892,660</u>
Current Liabilities		
Trade and other payables	42,718,774	74,534,571
Hire purchase payables	214,852	370,512
Derivative financial liabilities	76,002	193,527
Bank borrowings	91,450,581	77,450,162
Taxation	762,890	552,863
	<u>135,223,099</u>	<u>153,101,635</u>
Total Liabilities	<u>137,228,632</u>	<u>154,994,295</u>
Total Equity and Liabilities	<u>408,740,331</u>	<u>415,471,441</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.32	0.31

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 31-Mar-18 RM	Preceding Year Corresponding Period Ended 31-Dec-17 RM
Cash flows from operating activities		
Profit before taxation	12,840,552	55,780,677
Adjustments for :-		
Amortisation of intangible assets	27,562	165,755
Bad debt written off	-	14,574
Depreciation of property, plant and equipment	485,613	2,384,169
Defined benefit obligations	-	107,928
Dividend income	(13,104)	(126,287)
Net (gain)/loss on changes in fair value of forward exchange contracts	(170,090)	150,462
Net gain on disposal of property, plant and equipment	-	(59,040)
Impairment losses on trade receivables	148,494	1,035,318
Interest income	(383,841)	(1,341,498)
Interest expense	832,882	3,008,726
Write down in value of inventories	-	657,097
Property, plant and equipment written off	2	17,194
Net Unrealised (gain)/loss on foreign exchange	468,675	96,121
Reversal of impairment losses on trade receivables	-	(538,105)
Reversal of inventories written down	-	(736,054)
Share options expense	433,658	2,657,953
Operating profit before working capital changes	14,670,403	63,274,990
Decrease/ (increase) in inventories	10,576,624	(7,659,212)
Decrease/ (increase) in trade and other receivables	(7,164,691)	(10,283,278)
Increase/ (decrease) in trade and other payables	(31,378,585)	(1,615,862)
Cash generated from operations	(13,296,249)	43,716,638
Tax paid	(3,918,713)	(18,111,759)
Interest received	383,841	1,341,498
Interest paid	(832,882)	(3,008,726)
Retirement benefit paid	-	(24,075)
Net cash (used in)/from operating activities	(17,664,003)	23,913,576
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,107,354)	(10,643,240)
Purchase of intangible assets	-	(214,607)
Proceeds from disposal of property, plant and equipment	-	61,371
Dividend received	13,104	126,287
Net cash used in investing activities	(1,094,250)	(10,670,189)
Cash flows from financing activities		
Proceeds from shares issued pursuant to share options exercised	990,600	4,912,680
Net bankers' acceptances (repaid)/obtained	15,353,043	23,576,985
Hire purchase instalments paid	(131,570)	(336,720)
Dividend paid	-	(19,600,054)
Net cash from/(used in) financing activities	16,212,073	8,552,891
Net (decrease)/increase in cash and cash equivalents	(2,546,180)	21,796,278
Cash and cash equivalents at beginning of year	109,091,987	88,494,750
Net exchange differences	(451,693)	(1,199,041)
Cash and cash equivalents at end of the period	106,094,114	109,091,987
Cash and cash equivalents at end of year comprised:-		
Deposits with financial institutions	49,822,403	40,908,934
Cash and bank balances	56,271,711	68,183,053
	106,094,114	109,091,987

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 3 months ended 31 March 2018

	Attributable to Owners of the Company						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	Total RM		
2018									
Balance at 1 January 2018	156,055,848	-	(183,427)	1,486,599	5,191,827	97,442,516	259,993,363	483,783	260,477,146
Profit for the year	-	-	-	-	-	9,629,786	9,629,786	(35,729)	9,594,057
Exchange gain/(loss) on translation of foreign operations	-	-	(130,343)	-	-	-	(130,343)	(26,609)	(156,953)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	173,193	-	-	173,193	-	173,193
Total comprehensive income/(loss) for the year	-	-	(130,343)	173,193	-	9,629,786	9,672,636	(62,338)	9,610,297
Share options granted under ESOS	-	-	-	-	433,658	-	433,658	-	433,658
Issue of shares pursuant to exercise of share options:									
- shares issued	990,600	-	-	-	-	-	990,600	-	990,600
- attributable option reserve transferred	313,224	-	-	-	(313,224)	-	-	-	-
Balance at 31 March 2018	157,359,672	-	(313,770)	1,659,792	5,312,261	107,072,302	271,090,257	421,445	271,511,701

For the 3 months ended 31 March 2017

	Attributable to Owners of the Company						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	Total RM		
2017									
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
Transfer to Share Capital	11,759,663	(11,759,663)	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	13,609,373	13,609,373	172,720	13,782,093
Exchange gain/(loss) on translation of foreign operations	-	-	(33,836)	-	-	-	(33,836)	(1,486)	(35,322)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	56,714	-	-	56,714	-	56,714
Total comprehensive income/(loss) for the year	-	-	(33,836)	56,714	-	13,609,373	13,632,251	171,234	13,803,485
Share options granted under ESOS	-	-	-	-	714,596	-	714,596	-	714,596
Issue of shares pursuant to exercise of share options:									
- shares issued	118,570	-	-	-	-	-	118,570	-	118,570
- attributable option reserve transferred	44,255	-	-	-	(44,255)	-	-	-	-
Balance at 31 March 2017	149,583,264	-	75,945	718,550	4,999,360	89,871,556	245,248,675	493,198	245,741,873

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 2017 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 MARCH 2018

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

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 2017.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2017 other than the application of a new MFRS and amendments to MFRSs which became effective for annual period beginning on 1 January 2018. 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 2017.

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.

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

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:

PRE SHARE SPLIT							POST SHARE SPLIT					
Date of grant	No. of options granted	No. of options vested	No. of options vested	No. of options vested	Exercise price/option	Fair Value /option	No. of options Exercised	Balance of vested & exercisable options as at As at	Exercise price/option	Fair Value /option	No. of options Exercised	Balance of vested & exercisable options as at
		As at 31-Dec-16	YTD Q3 2017	As at 05-Sep-17	Note 1	Note 2	As at 05-Sep-17	As at 05-Sep-17	Note 3	Note 4	6 Sep 17 - 31-Dec-17	As at 31-Dec-17
					RM	RM						
22-Jan-15	31,986,000	12,661,400	5,968,200	18,629,600	0.71	0.265	3,083,900	9,251,700	0.24	0.09	-	9,251,700
22-Jun-15	1,446,000	566,400	277,200	843,600	1.02	0.168	294,600	883,800	0.34	0.06	-	883,800
22-Jun-16	2,540,000	635,000	620,000	1,255,000	1.47	0.399	951,000	2,853,000	0.49	0.13	-	2,853,000
22-Jun-17	3,031,000	-	1,060,850	1,060,850	1.59	0.500	871,850	2,615,550	0.53	0.17	-	2,615,550
	39,003,000	13,862,800	7,926,250	21,789,050			5,201,350	15,604,050				15,604,050

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

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	Balance of vested & exercisable options as at As at 31-Dec-17	No of options vested During Q1 2018	No. of options vested As at 31-Mar-18	Exercise price/option Note 3	Fair Value /option Note 4	No of options exercised					Vested Options cancelled As at 31-Mar-18	Balance of vested & exercisable options as at As at 31-Mar-18
						Q1 2018	Q2 2018	Q3 2018	Q4 2018	YTD 2018		
22-Jan-15	9,251,700	17,562,600	26,814,300	0.24	0.088	1,998,000	-	-	-	1,998,000	-	24,816,300
22-Jun-15	883,800	831,600	1,715,400	0.34	0.056	333,000	-	-	-	333,000	-	1,382,400
22-Jun-16	2,853,000	1,860,000	4,713,000	0.49	0.133	309,000	-	-	-	309,000	-	4,404,000
22-Jun-17	2,615,550	3,182,550	5,798,100	0.53	0.167	465,000	-	-	-	465,000	-	5,333,100
	15,604,050	23,436,750	39,040,800			3,105,000				3,105,000		35,935,800

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.

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 MARCH 2018

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

A6. Segmental Information

Segmental results by business activities:

Operating Segments				
YTD 31 MAR 18				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	161,554,072	66,420,037	-	227,974,109
Inter-segment revenue	(2,924,943)	(28,396,334)	-	(31,321,277)
External sales	158,629,128	38,023,703	-	196,652,832
				-
Results				
Segment results	8,115,098	5,293,166	(131,775)	13,276,488
Dividend, interest & rental income	246,068	50,438	100,440	396,946
Operating profit/(loss)	8,361,166	5,343,603	(31,335)	13,673,433
Finance costs	(781,141)	(51,741)	-	(832,882)
Profit/(Loss) before taxation	7,580,024	5,291,862	(31,335)	12,840,551
Taxation	(1,963,419)	(1,283,077)	-	(3,246,495)
Profit/(Loss) for the year	5,616,606	4,008,785	(31,335)	9,594,057
Segment assets	270,463,726	124,608,449	13,668,153	408,740,328
Segment liabilities	112,609,126	22,565,595	2,053,910	137,228,631

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

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

Segmental results by Geographical Segment:

Country	YTD 31 Mar 18	YTD 31 Mar 17	Change	
	Revenue	Revenue	Revenue	
	RM	RM	RM	%
Malaysia	139,760,856	154,121,136	(14,360,280)	-9%
Indonesia	25,181,858	26,925,477	(1,743,618)	-6%
Vietnam	21,622,546	26,196,522	(4,573,976)	-17%
Thailand	3,458,018	6,248,716	(2,790,698)	-45%
Australia	2,091,477	1,774,357	317,121	18%
Singapore	1,488,340	828,287	660,052	80%
New Zealand	832,839	885,169	(52,330)	-6%
Other	2,216,898	1,152,308	1,064,590	92%
Total	196,652,832	218,131,973	(21,479,140)	-10%

For current financial year-to-date ended 31 March 2018, the Group achieved Revenue of RM196.65 million, a decrease of RM21.48 million or 10% compared with financial year-to-date ended 31 March 2017.

Local sales decreased by RM14.36 million, mainly due to lower sales from the trading segment.

Export sales to Vietnam and Thailand of RM21.62 million and RM3.46 million had decreased RM4.58 million or 17% and RM2.79 million or 45% respectively compared with financial year-to-date ended 31 March 2017. This was mainly due to lower sales from the manufacturing segment.

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

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

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 Mar 18	Amount RM
Capital expenditure in respect of purchase of property, plant and equipment - authorised and contracted for	397,232
	<u>397,232</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 MARCH 2018

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 (1st quarter)		Changes	
	Current Year Quarter 31-Mar-18 RM	Preceding Year Corresponding Quarter 31-Mar-17 RM	RM	%
	Revenue	196,652,832	218,131,973	(21,479,141)
Cost of sales	(176,343,062)	(192,930,315)	16,587,254	-9%
Gross profit	20,309,770	25,201,657	(4,891,888)	-19%
Other operating income	1,209,085	1,134,079	75,005	7%
Selling and distribution costs	(1,415,217)	(1,457,188)	41,970	-3%
Administrative exp	(5,823,794)	(5,087,362)	(736,432)	14%
Administrative exp - Share Option Exp	(433,658)	(714,596)	280,938	-39%
Other operating expenses	(172,751)	(15,354)	(157,396)	1025%
Operating profit	13,673,434	19,061,236	(5,387,801)	-28%
Finance costs	(832,882)	(668,585)	(164,297)	25%
Profit before Tax	12,840,552	18,392,651	(5,552,099)	-30%
Taxation	(3,246,495)	(4,610,558)	1,364,063	-30%
Profit after Tax	9,594,057	13,782,092	(4,188,036)	-30%

For current quarter ended 31 March 2018, the Group achieved revenue of RM196.65 million, representing a decrease of RM21.48 million or 10% compared to preceding year corresponding quarter. This was mainly attributable to the Trading segment. The revenue decreased mainly due to lower exchange rate and lower quantity during the current quarter, compared to preceding year corresponding quarter.

The Group achieved profit after tax of RM9.59 million during the current year quarter. There is a reduction of RM4.19 million or 30% compared to the preceding year corresponding quarter. This mainly attributable to the lower revenue during the current year quarter.

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

B1.2 Financial review for current quarter compared with the immediate preceding quarter

	Current Year Quarter 31-Mar-18	Immediate Preceding Quarter 31-Dec-17	Changes	
	RM	RM	RM	%
Revenue	196,652,832	197,229,062	(576,231)	-0.3%
Cost of sales	(176,343,062)	(175,900,972)	(442,090)	0.3%
Gross profit	20,309,770	21,328,090	(1,018,320)	-5%
Other operating income	1,209,085	1,518,452	(309,368)	20%
Selling and distribution costs	(1,415,217)	(1,824,734)	409,517	-22%
Administrative expenses	(5,823,794)	(6,034,492)	210,698	-3%
Administrative exp - Share Option Exp	(433,658)	(560,012)	126,354	-23%
Other operating expenses	(172,751)	(343,122)	170,372	-50%
Operating profit	13,673,434	14,084,183	(410,748)	-3%
Finance costs	(832,882)	(733,514)	(99,368)	14%
Profit before Tax	12,840,552	13,350,669	(510,117)	-4%
Taxation	(3,246,495)	(4,059,038)	812,543	-20%
Profit after Tax	9,594,057	9,291,630	302,426	3%

The Group reported lower revenue for the current quarter ended 31 March 2018, as compared to previous quarter ended 31 December 2017. Revenue decreased RM0.58 million or 0.3%.

The lower revenue was due to lower exchange rate during current reporting quarter.

The Group reported higher profit after tax of RM9.59 million for the current quarter ended 31 March 2018, as compared to previous quarter ended 31 December 2017 of RM9.29 million. Profit after tax increased 3% due to lower selling and distribution expenses, administrative expenses and share option expenses.

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

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

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-Mar-18 RM	Current Year Ended 31-Mar-18 RM
Current tax expenses	(3,246,495)	(3,246,495)
Deferred Taxation	-	-
	<u>(3,246,495)</u>	<u>(3,246,495)</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 31 MARCH 2018

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

B5. Group borrowings and debt securities

The Group's borrowings as at 31 March 2018 as follows:

	As at 31 March 18									
	Long Term				Short Term					
	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured										
Hire-purchase	641,061,064	180,138	185,039	365,177	-	131,692	-	-	83,161	214,853
Unsecured										
Bank borrowings	-	-	-	-	5,648,742	21,830,215	50,417,542,592	14,167,329	55,453,036	91,450,581
Total	641,061,064	180,138	185,039	365,177	5,648,742	21,961,908	50,417,542,592	14,167,329	55,536,197	91,665,434

	As at 31 March 18						
	Total Borrowing						
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM	
Secured							
Hire-purchase	-	131,692	641,061,064	180,138	268,200	580,030	
Unsecured							
Bank borrowings	5,648,742	21,830,215	50,417,542,592	14,167,329	55,453,036	91,450,581	
Total	5,648,742	21,961,908	51,058,603,656	14,347,468	55,721,236	92,030,611	

Exchange Rates on borrowings as at 31 March 2018:

USD to RM	3.8630
USD to IDR	13,756
IDR100 to RM	0.0281

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

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

B6. Group borrowings and debt securities (cont'd)

The Group's borrowings as at 31 March 2017 as follows

	As at 31 March 17									
	Long Term				Short Term					
	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured Hire-purchase	468,439,572	155,522	259,620	415,142	-	-	295,632,941	98,150	239,933	338,083
Unsecured Bank borrowings	-	-	-	-	5,095,279	22,535,440	34,678,050,303	11,513,113	64,282,559	98,331,112
Total	468,439,572	155,522	259,620	415,142	5,095,279	22,535,440	34,973,683,244	11,611,263	64,522,492	98,669,195

	As at 31 March 17						
	Total Borrowing						
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM	
Secured Hire-purchase	-	-	764,072,513	253,672	499,553	753,225	
Unsecured Bank borrowings	5,095,279	22,535,440	34,678,050,303	11,513,113	64,282,559	98,331,112	
Total	5,095,279	22,535,440	35,442,122,816	11,766,785	64,782,112	99,084,337	

Exchange Rates on borrowings as at 31 March 2017:

USD to RM	4.4230
USD to IDR	13,321
IDR100 to RM	0.0332

The Group's total borrowing as at 31 March 2018 was RM92.03 million, a decrease of RM7.05 million compared to preceding year corresponding quarter.

Weighted average interest rate of borrowings as at 31 March 2018 was 4.70%.

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 MARCH 2018

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

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 March 2018, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM91.45 million.

In addition, the Company has also provided a Corporate Guarantee to a Supplier in respect of credit facilities granted to a subsidiary. As at 31 March 2018, the amount of Corporate Guarantee amounted to RM4.06 million. The Company monitors the performance of the subsidiary closely to ensure it meets all its 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 March 2018, 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

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

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2018

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

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 RM9.63 million for the current quarter and current financial year-to-date as at 31 March 2018 and on the weighted average number of shares in issue of 846,002,820 as at 31 March 2018.

(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 RM9.63 million for the current quarter and current financial year-to-date as at 31 March 2018 and the adjusted weighted average number of ordinary shares in issue of 877,374,447 as at 31 March 2018

By order of the Board,

Chen Moi Kew
Director / Chief Financial Officer
Date: 30 April 2018