

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 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 30 June 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

	Individual Period (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30-Jun-18 RM	Preceding Year Corresponding Quarter 30-Jun-17 RM	RM	%	Current Year-to-date 30-Jun-18 RM	Preceding year Corresponding Period 30-Jun-17 RM	RM	%
Revenue	198,910,957	203,114,408	(4,203,451)	-2%	395,563,789	421,246,381	(25,682,592)	-6%
Cost of sales	(178,772,967)	(184,039,276)	5,266,309	-3%	(355,116,029)	(376,969,591)	21,853,562	-6%
Gross profit	20,137,990	19,075,132	1,062,858	6%	40,447,760	44,276,790	(3,829,030)	-9%
Other operating income	(71,401)	(28,673)	(42,728)	149%	1,137,684	1,105,406	32,278	3%
Selling and distribution costs	(1,472,470)	(1,448,744)	(23,726)	2%	(2,887,688)	(2,905,932)	18,244	-1%
Administrative exp	(4,384,599)	(4,654,041)	269,442	-6%	(10,208,393)	(9,741,404)	(466,989)	5%
Administrative exp - Share Option Exp	(307,775)	(292,906)	(14,869)	5%	(741,433)	(1,007,502)	266,069	-26%
Other operating expenses	(58,794)	(53,011)	(5,783)	11%	(231,544)	(68,365)	(163,179)	239%
Operating profit	13,842,951	12,597,757	1,245,195	10%	27,516,385	31,658,992	(4,142,607)	-13%
Finance costs	(986,877)	(889,202)	(97,675)	11%	(1,819,759)	(1,557,787)	(261,972)	17%
Profit before Tax	12,856,074	11,708,555	1,147,519	10%	25,696,626	30,101,205	(4,404,579)	-15%
Taxation	(3,338,382)	(2,920,735)	(417,647)	14%	(6,584,877)	(7,531,293)	946,416	-13%
Profit after Tax	9,517,693	8,787,820	729,873	8%	19,111,749	22,569,912	(3,458,163)	-15%
Exchange gain/ (loss) on translation of foreign operations	64,699	(102,995)	167,694	-163%	(92,255)	(138,318)	46,063	-33%
Gain/(loss) on revaluation of available-for-sale investments	(19,446)	328,214	(347,660)	-106%	153,747	384,927	(231,179)	-60%
Total other comprehensive income	45,253	225,218	(179,965)	-80%	61,492	246,608	(185,116)	-75%
Total comprehensive income for the period	<b>9,562,945</b>	<b>9,013,038</b>	<b>549,907</b>	<b>6%</b>	<b>19,173,241</b>	<b>22,816,521</b>	<b>(3,643,279)</b>	<b>-16%</b>
Profit attributable to:								
-Owners of the Company	9,745,054	8,656,774	1,088,280	13%	19,374,840	22,266,147	(2,891,307)	-13%
-Non controlling interests	(227,362)	131,046	(358,408)	-273%	(263,091)	303,765	(566,856)	-187%
Total comprehensive income attributable to:	<b>9,517,693</b>	<b>8,787,820</b>	<b>729,872</b>	<b>8%</b>	<b>19,111,749</b>	<b>22,569,912</b>	<b>(3,458,163)</b>	<b>-15%</b>
-Owners of the Company	9,785,993	8,897,606	888,388	10%	19,458,628	22,529,854	(3,071,226)	-14%
-Non controlling interests	(223,048)	115,433	(338,481)	-293%	(285,386)	286,667	(572,053)	-200%
	<b>9,562,945</b>	<b>9,013,038</b>	<b>549,907</b>	<b>6%</b>	<b>19,173,241</b>	<b>22,816,521</b>	<b>(3,643,279)</b>	<b>-16%</b>
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.15	1.04	0.11		2.28	2.68	(0.40)	
Earnings per share - Fully Diluted (Sen)	1.11	1.00	0.10		2.20	2.58	(0.38)	

For the purpose of the disclosure of the comparative earnings per share, the weighted average number of ordinary shares in issue as at 30 June 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 277,302,656 to 831,907,968. For calculation of Diluted earnings per share, the adjusted weighted average number of shares in issue has been restated from 287,273,217 to 861,819,651

*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 30 JUNE 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial review for current quarter compared with immediate preceding quarter

	Current Year Quarter 30-Jun-18 RM	Immediate Preceding Quarter 31-Mar-18 RM	Changes	
			RM	%
Revenue	198,910,957	196,652,832	2,258,125	1%
Cost of sales	(178,772,967)	(176,343,062)	(2,429,905)	1%
Gross profit	20,137,990	20,309,770	(171,780)	-1%
Other operating income	(71,401)	1,209,085	(1,280,485)	-106%
Selling and distribution costs	(1,472,470)	(1,415,217)	(57,253)	4%
Administrative expenses	(4,384,599)	(5,823,794)	1,439,195	-25%
Administrative exp - Share Option Exp	(307,775)	(433,658)	125,883	-29%
Other operating expenses	(58,794)	(172,751)	113,957	-66%
Operating profit	13,842,951	13,673,434	169,517	1%
Finance costs	(986,877)	(832,882)	(153,995)	18%
Profit before Tax	12,856,074	12,840,552	15,522	0.12%
Taxation	(3,338,382)	(3,246,495)	(91,886)	3%
Profit after Tax	9,517,693	9,594,057	(76,364)	-1%
Exchange gain/ (loss) on translation of foreign operations	64,699	(156,954)	221,653	-141%
Gain/(loss) on revaluation of available-for-sale investments	(19,446)	173,193	(192,639)	-111%
Total other comprehensive income	45,253	16,240	29,013	179%
Total comprehensive income for the period	<b>9,562,945</b>	<b>9,610,296</b>	<b>(47,351)</b>	<b>0%</b>
Profit attributable to:				
-Owners of the Company	9,745,054	9,629,786	115,269	1%
-Non controlling interests	(227,362)	(35,729)	(191,632)	536%
	<b>9,517,693</b>	<b>9,594,057</b>	<b>(76,364)</b>	<b>-1%</b>
Total comprehensive income attributable to:				
-Owners of the Company	9,785,993	9,672,634	113,359	1%
-Non controlling interests	(223,048)	(62,338)	(160,709)	258%
	<b>9,562,945</b>	<b>9,610,296</b>	<b>(47,351)</b>	<b>0%</b>
Earnings per share attributable to owners of the Company				
Earnings per share - Basic (Sen)	1.15	1.14	0.01	
Earnings per share - Fully Diluted (Sen)	1.11	1.10	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)

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2018

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUN 2018

	Current Quarter Ended 30-Jun-18 RM	Current Year to date Ended 30-Jun-18 RM
Interest Income	393,483	777,324
Other income*	(464,884)	360,360
Interest Expense	986,877	1,819,759
Depreciation & amortisation	783,500	1,462,572
Foreign exchange (Gain)/Loss - realised	317,999	344,511
Foreign exchange (Gain)/Loss - unrealised	193,121	661,796
(Gain)/loss on derivatives	16,056	(154,034)

\*Includes Foreign exchange Gain and Gain on derivatives

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2018

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Unaudited As at 30-Jun-18 RM</b>	<b>Audited As at 31-Dec-17 RM</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	47,807,528	47,349,019
Intangible assets	290,989	342,192
Other investments	1,935,688	1,781,941
Goodwill	35,802,888	35,802,888
Deferred tax assets	264,144	279,130
	<u>86,101,237</u>	<u>85,555,170</u>
<b>Current Assets</b>		
Inventories	62,802,246	79,865,531
Trade and other receivables	148,596,162	138,810,532
Derivative financial assets	2,548	39,507
Tax recoverable	1,447,213	2,108,714
Deposits, cash and bank balances	101,675,791	109,091,987
	<u>314,523,960</u>	<u>329,916,271</u>
<b>Total Assets</b>	<b><u>400,625,197</u></b>	<b><u>415,471,441</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	159,820,392	156,055,848
Other reserves	7,007,001	6,494,999
Retained profits	103,993,902	97,442,516
<b>Total equity attributable to owners of the Company</b>	<u>270,821,295</u>	<u>259,993,363</u>
Non-controlling interests	198,395	483,783
<b>Total Equity</b>	<u>271,019,690</u>	<u>260,477,146</u>
<b>Non-current Liabilities</b>		
Hire purchase payables	278,416	253,202
Retirement benefits	382,817	414,669
Deferred tax liabilities	1,268,246	1,224,789
	<u>1,929,479</u>	<u>1,892,660</u>
<b>Current Liabilities</b>		
Trade and other payables	45,249,829	74,534,571
Hire purchase payables	206,669	370,512
Derivative financial liabilities	2,398	193,527
Bank borrowings	81,263,418	77,450,162
Taxation	953,712	552,863
	<u>127,676,026</u>	<u>153,101,635</u>
<b>Total Liabilities</b>	<b><u>129,605,505</u></b>	<b><u>154,994,295</u></b>
<b>Total Equity and Liabilities</b>	<b><u>400,625,195</u></b>	<b><u>415,471,441</u></b>
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

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 30-Jun-18 RM	Preceding Year Corresponding Period Ended 31-Dec-17 RM
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	25,696,626	55,780,677
Adjustments for :-		
Amortisation of intangible assets	62,531	165,755
Bad debt written off	-	14,574
Depreciation of property, plant and equipment	1,400,041	2,384,169
Defined benefit obligations	-	107,928
Dividend income	(13,744)	(126,287)
Net (gain)/loss on changes in fair value of forward exchange contracts	(154,034)	150,462
Net gain on disposal of property, plant and equipment	3,500	(59,040)
Impairment losses on trade receivables	146,952	1,035,318
Interest income	(777,324)	(1,341,498)
Interest expense	1,819,759	3,008,726
Write down in value of inventories	-	657,097
Property, plant and equipment written off	33,323	17,194
Net Unrealised (gain)/loss on foreign exchange	661,796	96,121
Reversal of impairment losses on trade receivables	-	(538,105)
Reversal of inventories written down	-	(736,054)
Share options expense	741,433	2,657,953
<b>Operating profit before working capital changes</b>	29,620,859	63,274,990
Decrease/ (increase) in inventories	16,650,416	(7,659,212)
Decrease/ (Increase) in trade and other receivables	(9,279,750)	(10,283,278)
Increase/ (decrease) in trade and other payables	(29,841,191)	(1,615,862)
<b>Cash generated from operations</b>	7,150,334	43,716,638
Tax paid	(6,829,244)	(18,111,759)
Interest received	777,324	1,341,498
Interest paid	(1,819,759)	(3,008,726)
Retirement benefit paid	-	(24,075)
<b>Net cash (used in)/from operating activities</b>	(721,345)	23,913,576
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,880,442)	(10,643,240)
Purchase of intangible assets	(11,327)	(214,607)
Proceeds from disposal of property, plant and equipment	59,096	61,371
Dividend received	13,744	126,287
Net cash used in investing activities	(1,818,929)	(10,670,189)
<b>Cash flows from financing activities</b>		
Proceeds from shares issued pursuant to share options exercised	3,451,320	4,912,680
Net bankers' acceptances (repaid)/obtained	5,086,314	23,576,985
Hire purchase instalments paid	(227,386)	(336,720)
Dividend paid	(12,823,450)	(19,600,054)
<b>Net cash from/(used in) financing activities</b>	(4,513,202)	8,552,891
<b>Net (decrease)/increase in cash and cash equivalents</b>	(7,053,477)	21,796,278
<b>Cash and cash equivalents at beginning of year</b>	109,091,987	88,494,750
<b>Net exchange differences</b>	(362,718)	(1,199,041)
<b>Cash and cash equivalents at end of the period</b>	101,675,792	109,091,987
<b>Cash and cash equivalents at end of year comprised:-</b>		
Deposits with financial institutions	50,126,420	40,908,934
Cash and bank balances	51,549,371	68,183,053
	101,675,792	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.*

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2018

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2018

	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>2018</b>									
<b>Balance at 1 January 2018</b>	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	-	-	-	-	-	19,374,840	19,374,840	(263,091)	19,111,749
Exchange gain/(loss) on translation of foreign operations	-	-	(69,959)	-	-	-	(69,959)	(22,295)	(92,254)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	153,747	-	-	153,747	-	153,747
<b>Total comprehensive income/(loss) for the year</b>	-	-	(69,959)	153,747	-	19,374,840	19,458,629	(285,386)	19,173,242
Share options granted under ESOS	-	-	-	-	741,433	-	741,433	-	741,433
Issue of shares pursuant to exercise of share options:									
- shares issued	3,451,320	-	-	-	-	-	3,451,320	-	3,451,320
- attributable option reserve transferred	313,224	-	-	-	(313,224)	-	-	-	-
Dividends paid	-	-	-	-	-	(12,823,450)	(12,823,450)	-	(12,823,450)
<b>Balance at 30 June 2018</b>	<b>159,820,392</b>	<b>-</b>	<b>(253,386)</b>	<b>1,640,346</b>	<b>5,620,036</b>	<b>103,993,906</b>	<b>270,821,295</b>	<b>198,397</b>	<b>271,019,691</b>

For the 6 months ended 30 June 2017

	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>									
<b>Balance at 1 January 2017</b>	137,660,776	11,759,663	109,781	661,836	4,329,019	76,262,183	230,783,258	321,964	231,105,222
<b>Transfer to Share Capital</b>	11,767,433	(11,767,433)	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	22,266,162	22,266,162	303,765	22,569,927
Exchange gain/(loss) on translation of foreign operations	-	-	(121,219)	-	-	-	(121,219)	(17,099)	(138,318)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	384,927	-	-	384,927	-	384,927
<b>Total comprehensive income/(loss) for the year</b>	-	-	(121,219)	384,927	-	22,266,162	22,529,870	286,666	22,816,536
Share options granted under ESOS	-	-	-	-	1,007,502	-	1,007,502	-	1,007,502
Issue of shares pursuant to exercise of share options:									
- shares issued	3,088,220	7,770	-	-	-	-	3,095,990	-	3,095,990
- attributable option reserve transferred	1,121,293	-	-	-	(1,121,293)	-	-	-	-
Dividends paid	-	-	-	-	-	(12,559,615)	(12,559,615)	-	(12,559,615)
<b>Balance at 30 June 2017</b>	<b>153,637,722</b>	<b>-</b>	<b>(11,438)</b>	<b>1,046,763</b>	<b>4,215,228</b>	<b>85,968,730</b>	<b>244,857,005</b>	<b>608,630</b>	<b>245,465,635</b>

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 30 JUNE 2018

<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 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.

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## QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 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:

Date of grant	PRE SHARE SPLIT						POST SHARE SPLIT					
	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	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
	<b>39,003,000</b>	<b>13,862,800</b>	<b>7,926,250</b>	<b>21,789,050</b>			<b>5,201,350</b>	<b>15,604,050</b>			-	<b>15,604,050</b>

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	No. of options granted	Balance of vested & exercisable options as at	No of options vested	No. of options vested	Exercise price/option	Fair Value /option	No of options exercised			Vested Options cancelled	Balance of vested & exercisable options as at					
							As at 31-Dec-17	During Q2 2018	As at 30-Jun-18			Note 3	Note 4	Q1 2018	Q2 2018	YTD 2018
														No.	No.	No.
22-Jan-15		9,251,700	17,562,600	26,814,300	0.24	0.088	1,998,000	8,226,000	10,224,000	-	16,590,300					
22-Jun-15		883,800	831,600	1,715,400	0.34	0.056	333,000	270,000	603,000	-	1,112,400					
22-Jun-16		2,853,000	1,860,000	4,713,000	0.49	0.133	309,000	627,000	936,000	-	3,777,000					
22-Jun-17		2,615,550	3,182,550	5,798,100	0.53	0.167	465,000	165,000	630,000	54,000	5,114,100					
22-May-18	1,869,000	-	934,500	934,500	0.59	0.106	-	-	-	90,000	844,500					
		<b>15,604,050</b>	<b>24,371,250</b>	<b>39,975,300</b>			<b>3,105,000</b>	<b>9,288,000</b>	<b>12,393,000</b>	<b>144,000</b>	<b>27,438,300</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.

Note 3: The respective exercise price of the share options adjusted after the Share Split exercise (Grant 1 - Grant 4)

Note 4: The fair value of the Share options granted adjusted after the Share Split exercise (Grant 1 - Grant 4)



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("MFRS 134"), INTERIM FINANCIAL REPORTING**

### A6.     Segmental Information

Segmental results by business activities:

<b>Operating Segments</b>				
<b><u>YTD 30 Jun 18</u></b>				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	327,017,937	131,909,696	-	458,927,633
Inter-segment revenue	(6,170,028)	(57,193,816)	-	(63,363,844)
External sales	320,847,909	74,715,879	-	395,563,789
				-
<b>Results</b>				
Segment results	14,608,631	12,384,524	(267,838)	26,725,317
Dividend, interest & rental income	518,246	103,935	168,888	791,069
Operating profit/(loss)	15,126,877	12,488,459	(98,951)	27,516,384
Finance costs	(1,695,978)	(123,781)	-	(1,819,759)
Profit/(Loss) before taxation	13,430,899	12,364,677	(98,951)	25,696,625
Taxation	(3,622,499)	(2,962,378)	-	(6,584,877)
Profit/(Loss) for the year	9,808,400	9,402,299	(98,951)	19,111,749
Segment assets	265,497,917	120,580,121	14,547,156	400,625,194
Segment liabilities	107,464,449	22,082,664	58,392	129,605,505

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Segmental results by Geographical Segment:

Country	YTD 30 Jun 2018	YTD 30 Jun 2017	Change	
	Revenue	Revenue	Revenue	
	RM	RM	RM	%
Malaysia	288,997,292	305,025,390	(16,028,098)	-5%
Indonesia	48,303,710	54,440,244	(6,136,534)	-11%
Vietnam	40,860,040	43,920,801	(3,060,761)	-7%
Thailand	6,610,489	9,402,742	(2,792,253)	-30%
Australia	2,566,657	2,781,735	(215,078)	-8%
Cambodia	1,506,305	-	1,506,305	-
Singapore	1,320,299	1,531,335	(211,036)	-14%
New Zealand	1,301,964	1,326,589	(24,625)	-2%
Bangladesh	1,291,608	1,524,042	(232,434)	-15%
Other	2,805,425	1,293,503	1,511,922	117%
<b>Total</b>	<b>395,563,789</b>	<b>421,246,381</b>	<b>(25,682,592)</b>	<b>-6%</b>

For current financial year-to-date ended 30 June 2018, the Group achieved Revenue of RM395.56 million, a decrease of RM25.68 million or 6% compared with financial year-to-date ended 30 June 2017.

Local sales decreased by RM16.03 million, mainly due to lower sales from the trading segment.

Lower export sales to Indonesia, Vietnam and Thailand are mainly due to lower sales from the manufacturing segment.

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**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 30 Jun 18	Amount RM
Capital expenditure in respect of purchase of property, plant and equipment - authorised and contracted for	2,920,348
	<u>2,920,348</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.

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<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

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

	Individual Period (2nd quarter)		Changes	
	Current Year 30-Jun-18 RM	Preceding Year Corresponding Quarter 30-Jun-17 RM	RM	%
Revenue	198,910,957	203,114,408	(4,203,451)	-2%
Cost of sales	(178,772,967)	(184,039,276)	5,266,309	-3%
Gross profit	20,137,990	19,075,132	1,062,858	6%
Other operating income	(71,401)	(28,673)	(42,728)	149%
Selling and distribution costs	(1,472,470)	(1,448,744)	(23,726)	2%
Administrative exp	(4,384,599)	(4,654,041)	269,442	-6%
Administrative exp - Share Option Exp	(307,775)	(292,906)	(14,869)	5%
Other operating expenses	(58,794)	(53,011)	(5,783)	11%
Operating profit	13,842,951	12,597,757	1,245,195	10%
Finance costs	(986,877)	(889,202)	(97,675)	11%
Profit before Tax	12,856,074	11,708,555	1,147,519	10%
Taxation	(3,338,382)	(2,920,735)	(417,647)	14%
Profit after Tax	9,517,693	8,787,820	729,873	8%

For current quarter ended 30 June 2018, the Group achieved revenue of RM198.91 million, representing a decrease of RM4.20 million or 2% compared to preceding year corresponding quarter. This was mainly attributable to the Trading segment.

The Group achieved profit after tax of RM9.52 million during the current year quarter. There is an increase of RM0.73 million or 8% compared to the preceding year corresponding quarter. This mainly attributable to the higher gross profit during the current year quarter.

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### 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 30-Jun-18 RM	Immediate Preceding Quarter 31-Mar-18 RM	Changes	
			RM	%
Revenue	198,910,957	196,652,832	2,258,125	1%
Cost of sales	(178,772,967)	(176,343,062)	(2,429,905)	1%
Gross profit	20,137,990	20,309,770	(171,780)	-1%
Other operating income	(71,401)	1,209,085	(1,280,485)	-106%
Selling and distribution costs	(1,472,470)	(1,415,217)	(57,253)	4%
Administrative expenses	(4,384,599)	(5,823,794)	1,439,195	-25%
Administrative exp - Share Option Exp	(307,775)	(433,658)	125,883	-29%
Other operating expenses	(58,794)	(172,751)	113,957	-66%
Operating profit	13,842,951	13,673,434	169,517	1%
Finance costs	(986,877)	(832,882)	(153,995)	18%
Profit before Tax	12,856,074	12,840,552	15,522	0.12%
Taxation	(3,338,382)	(3,246,495)	(91,886)	3%
Profit after Tax	9,517,693	9,594,057	(76,364)	-1%

The Group reported marginally higher revenue for the current quarter ended 30 June 2018, as compared to previous quarter ended 31 March 2018. Revenue increased RM 2.26 million or 1%. The higher revenue was contributed by trading segment.

The Group reported lower profit after tax of RM9.52 million for the current quarter ended 30 June 2018, as compared to previous quarter ended 31 Mar 2018 of RM9.59 million. Profit after tax decreased 1% due to lower gross profit.

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### B2. Prospects for the following quarter

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

	<b>Current Quarter Ended 30-Jun-18 RM</b>	<b>Current Year Ended 30-Jun-18 RM</b>
Current tax expenses	(3,338,382)	(6,584,877)
	<u>(3,338,382)</u>	<u>(6,584,877)</u>

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

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### B5. Group borrowings and debt securities

The Group's borrowings as at 30 June 2018 as follows:

	As at 30 June 18							
	Long Term		Short Term					
	RM Borrowing	Total RM	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
<b>Secured</b>								
Hire-purchase	125,413	278,416	-	-	437,976,861	123,509	83,161	206,670
<b>Unsecured</b>								
Bank borrowings	-	-	2,530,530	10,251,938	80,757,320,713	22,773,564	48,237,915	81,263,418
<b>Total</b>	<b>125,413</b>	<b>278,416</b>	<b>2,530,530</b>	<b>10,251,938</b>	<b>81,195,297,574</b>	<b>22,897,074</b>	<b>48,321,076</b>	<b>81,470,088</b>

	As at 30 June 18					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
<b>Secured</b>						
Hire-purchase	-	-	980,540,944	276,513	208,574	485,086
<b>Unsecured</b>						
Bank borrowing	2,530,530	10,251,938	80,757,320,713	22,773,564	48,237,915	81,263,418
<b>Total</b>	<b>2,530,530</b>	<b>10,251,938</b>	<b>81,737,861,657</b>	<b>23,050,077</b>	<b>48,446,489</b>	<b>81,748,504</b>

Exchange Rates on borrowings as at 30 June 2018:

USD to RM	4.0375
USD to IDR	14,404
IDR100 to RM	0.0282

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### 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 30 June 2017 as follows

	As at 30 June 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
<b>Secured</b>										
Hire-purchase	388,537,695	125,109	202,854	327,963	-	-	305,057,474	98,229	239,933	338,161
<b>Unsecured</b>										
Bank borrowing	-	-	-	-	3,768,868	16,165,518	20,725,550,930	6,673,627	62,904,334	85,743,479
<b>Total</b>	<b>388,537,695</b>	<b>125,109</b>	<b>202,854</b>	<b>327,963</b>	<b>3,768,868</b>	<b>16,165,518</b>	<b>21,030,608,404</b>	<b>6,771,856</b>	<b>63,144,267</b>	<b>86,081,641</b>

	As at 30 June 17					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
<b>Secured</b>						
Hire-purchase	-	-	693,595,169	223,338	442,787	666,124
<b>Unsecured</b>						
Bank borrowing	3,768,868	16,165,518	20,725,550,930	6,673,627	62,904,334	85,743,479
<b>Total</b>	<b>3,768,868</b>	<b>16,165,518</b>	<b>21,419,146,099</b>	<b>6,896,965</b>	<b>63,347,121</b>	<b>86,409,604</b>

Exchange Rates on borrowings as at 30 June 2017:

USD to RM	4.2940
USD to IDR	13,319
IDR100 to RM	0.0322

The Group's total borrowing as at 30 June 2018 was RM81.75 million, a decrease of RM4.66 million compared to preceding year corresponding quarter.

Weighted average interest rate of borrowings as at 30 June 2018 was 5.69%.

100% of the borrowings are based on fixed interest rate.



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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 2018, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM81.26 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 30 June 2018, the amount of Corporate Guarantee amounted to RM6.06 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 30 June 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**

The Board of Directors declared a single tier interim dividend of 1 sen per ordinary share for the financial year ending 31 December 2018. The interim dividend shall be paid on 28 September 2018.

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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 RM9.75 million for the current quarter and RM19.37 million for the current financial year-to-date as at 30 June 2018 and on the weighted average number of shares in issue of 850,558,122 as at 30 June 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 RM9.75 million for the current quarter and RM19.37 million for current financial year-to-date as at 30 June 2018 and the adjusted weighted average number of ordinary shares in issue of 879,211,270 as at 30 June 2018

By order of the Board,

Chen Moi Kew  
Director / Chief Financial Officer  
Date: 26 July 2018