

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 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 September 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 (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30-Sep-18 RM	Preceding Year Corresponding Quarter 30-Sep-17 RM	RM	%	Current Year-to-date 30-Sep-18 RM	Preceding year Corresponding Period 30-Sep-17 RM	RM	%
Revenue	212,276,578	188,234,125	24,042,453	13%	607,840,367	609,480,506	(1,640,139)	0%
Cost of sales	(191,698,129)	(167,423,026)	(24,275,104)	14%	(546,814,158)	(544,392,617)	(2,421,541)	0%
Gross profit	20,578,449	20,811,099	(232,650)	-1%	61,026,209	65,087,889	(4,061,680)	-6%
Other operating income	1,136,952	1,100,606	36,346	3%	2,274,636	2,206,012	68,624	3%
Selling and distribution costs	(1,516,089)	(1,427,350)	(88,738)	6%	(4,403,777)	(4,333,282)	(70,495)	2%
Administrative exp	(5,836,721)	(5,365,718)	(471,002)	9%	(16,045,114)	(15,107,122)	(937,992)	6%
Administrative exp - Share Option Exp	(200,497)	(1,090,439)	889,942	-82%	(941,930)	(2,097,941)	1,156,011	-55%
Other operating expenses	(99,873)	(981,970)	882,096	-90%	(331,417)	(1,050,335)	718,917	-68%
Operating profit	14,062,221	13,046,228	1,015,993	8%	41,578,607	44,705,220	(3,126,614)	-7%
Finance costs	(1,068,630)	(717,425)	(351,205)	49%	(2,888,390)	(2,275,212)	(613,178)	27%
Profit before Tax	12,993,591	12,328,803	664,788	5%	38,690,217	42,430,008	(3,739,791)	-9%
Taxation	(3,201,502)	(3,221,708)	20,206	-1%	(9,786,379)	(10,753,001)	966,622	-9%
Profit after Tax	9,792,089	9,107,096	684,994	8%	28,903,838	31,677,008	(2,773,169)	-9%
Exchange gain/ (loss) on translation of foreign operations	(474)	(92,185)	91,711	-99%	(92,729)	(230,504)	137,774	-60%
Gain/(loss) on revaluation of available-for-sale investments	187,614	(59,802)	247,416	-414%	341,361	325,124	16,237	5%
Total other comprehensive income	187,139	(151,988)	339,127	-223%	248,632	94,621	154,011	163%
Total comprehensive income for the period	9,979,229	8,955,108	1,024,120	11%	29,152,470	31,771,629	(2,619,159)	-8%
Profit attributable to:								
-Owners of the Company	9,837,555	8,988,725	848,829	9%	29,212,395	31,254,872	(2,042,477)	-7%
-Non controlling interests	(45,465)	118,370	(163,836)	-138%	(308,556)	422,136	(730,692)	-173%
Total comprehensive income attributable to:	9,792,089	9,107,096	684,994	8%	28,903,838	31,677,008	(2,773,170)	-9%
-Owners of the Company	10,028,349	8,855,810	1,172,538	13%	29,486,976	31,385,664	(1,898,688)	-6%
-Non controlling interests	(49,120)	99,298	(148,418)	-149%	(334,506)	385,965	(720,471)	-187%
	9,979,229	8,955,108	1,024,120	11%	29,152,470	31,771,629	(2,619,159)	-8%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.15	1.09	0.06		3.42	3.78	(0.36)	
Earnings per share - Fully Diluted (Sen)	1.10	1.05	0.05		3.26	3.64	(0.38)	

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

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(Incorporated in Malaysia)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial review for current quarter compared with immediate preceding quarter

	Current Year Quarter 30-Sep-18 RM	Immediate Preceding Quarter 30-Jun-18 RM	Changes	
			RM	%
Revenue	212,276,578	198,910,957	13,365,621	7%
Cost of sales	(191,698,129)	(178,772,967)	(12,925,163)	7%
Gross profit	20,578,449	20,137,990	440,459	2%
Other operating income	1,136,952	(71,401)	1,208,353	-1692%
Selling and distribution costs	(1,516,089)	(1,472,470)	(43,618)	3%
Administrative expenses	(5,836,721)	(4,384,599)	(1,452,121)	33%
Administrative exp - Share Option Exp	(200,497)	(307,775)	107,278	-35%
Other operating expenses	(99,873)	(58,794)	(41,080)	70%
Operating profit	14,062,221	13,842,951	219,270	2%
Finance costs	(1,068,630)	(986,877)	(81,753)	8%
Profit before Tax	12,993,591	12,856,074	137,517	1%
Taxation	(3,201,502)	(3,338,382)	136,880	-4%
Profit after Tax	9,792,089	9,517,693	274,397	3%
Exchange gain/ (loss) on translation of foreign operations	(474)	64,699	(65,173)	-101%
Gain/(loss) on revaluation of available-for-sale investments	187,614	(19,446)	207,060	-1065%
Total other comprehensive income	187,139	45,253	141,886	314%
Total comprehensive income for the period	9,979,229	9,562,945	416,283	4%
Profit attributable to:				
-Owners of the Company	9,837,555	9,745,054	92,501	1%
-Non controlling interests	(45,465)	(227,362)	181,896	-80%
	9,792,089	9,517,693	274,397	3%
Total comprehensive income attributable to:				
-Owners of the Company	10,028,349	9,785,993	242,355	2%
-Non controlling interests	(49,120)	(223,048)	173,928	-78%
	9,979,229	9,562,945	416,283	4%
Earnings per share attributable to owners of the Company				
Earnings per share - Basic (Sen)	1.15	1.15	0.01	
Earnings per share - Fully Diluted (Sen)	1.10	1.11	(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.

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NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended 30-Sep-18 RM	Current Year to date Ended 30-Sep-18 RM
Interest Income	482,315	1,259,639
Other income*	654,637	1,014,997
Interest Expense	1,068,630	2,888,390
Depreciation & amortisation	792,415	2,254,987
Foreign exchange (Gain)/Loss - realised	1,029,120	1,373,631
Foreign exchange (Gain)/Loss - unrealised	(502,689)	159,107
(Gain)/loss on derivatives	2,121	(151,913)

*Includes Foreign exchange Gain and Gain on derivatives
(to add asterisk to 'Other Income' if it includes Gain on Derivatives)

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QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30-Sep-18 RM	Audited As at 31-Dec-17 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	47,540,505	47,349,019
Intangible assets	456,473	342,192
Other investments	2,123,302	1,781,941
Goodwill	35,802,888	35,802,888
Deferred tax assets	260,398	279,130
	<u>86,183,566</u>	<u>85,555,170</u>
Current Assets		
Inventories	64,253,795	79,865,531
Trade and other receivables	156,477,993	138,810,532
Derivative financial assets	427	39,507
Tax recoverable	1,493,467	2,108,714
Deposits, cash and bank balances	99,210,615	109,091,987
	<u>321,436,297</u>	<u>329,916,271</u>
Total Assets	<u>407,619,863</u>	<u>415,471,441</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	162,560,372	156,055,848
Other reserves	6,112,071	6,494,999
Retained profits	105,216,720	97,442,516
Total equity attributable to owners of the Company	<u>273,889,163</u>	<u>259,993,363</u>
Non-controlling interests	149,275	483,783
Total Equity	<u>274,038,438</u>	<u>260,477,146</u>
Non-current Liabilities		
Hire purchase payables	186,596	253,202
Retirement benefits	377,387	414,669
Deferred tax liabilities	1,270,622	1,224,789
	<u>1,834,605</u>	<u>1,892,660</u>
Current Liabilities		
Trade and other payables	47,627,959	74,534,571
Hire purchase payables	202,934	370,512
Derivative financial liabilities	2,364	193,527
Bank borrowings	83,271,366	77,450,162
Taxation	642,197	552,863
	<u>131,746,820</u>	<u>153,101,635</u>
Total Liabilities	<u>133,581,425</u>	<u>154,994,295</u>
Total Equity and Liabilities	<u>407,619,863</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.

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QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 30-Sep-18 RM	Preceding Year Corresponding Period Ended 31-Dec-17 RM
Cash flows from operating activities		
Profit before taxation	38,690,217	55,780,677
Adjustments for :-		
Amortisation of intangible assets	118,976	165,755
Bad debt written off	-	14,574
Depreciation of property, plant and equipment	2,136,011	2,384,169
Defined benefit obligations	-	107,928
Dividend income	(113,614)	(126,287)
Net (gain)/loss on changes in fair value of forward exchange contracts	(151,913)	150,462
Net gain on disposal of property, plant and equipment	(60,794)	(59,040)
Impairment losses on trade receivables	145,925	1,035,318
Interest income	(1,259,639)	(1,341,498)
Interest expense	2,888,390	3,008,726
Write down in value of inventories	-	657,097
Property, plant and equipment written off	33,326	17,194
Net Unrealised (gain)/loss on foreign exchange	159,107	96,121
Reversal of impairment losses on trade receivables	-	(538,105)
Reversal of inventories written down	-	(736,054)
Share options expense	941,930	2,657,953
Operating profit before working capital changes	43,527,921	63,274,990
Decrease/ (increase) in inventories	15,095,674	(7,659,212)
Decrease/ (Increase) in trade and other receivables	(17,303,078)	(10,283,278)
Increase/ (decrease) in trade and other payables	(26,982,759)	(1,615,862)
Cash generated from operations	14,337,758	43,716,638
Tax paid	(10,359,670)	(18,111,759)
Interest received	1,259,639	1,341,498
Interest paid	(2,888,390)	(3,008,726)
Retirement benefit paid	-	(24,075)
Net cash (used in)/from operating activities	2,349,337	23,913,576
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,357,053)	(10,643,240)
Purchase of intangible assets	(233,257)	(214,607)
Proceeds from disposal of property, plant and equipment	124,898	61,371
Dividend received	113,614	126,287
Net cash used in investing activities	(2,351,798)	(10,670,189)
Cash flows from financing activities		
Proceeds from shares issued pursuant to share options exercised	4,905,080	4,912,680
Net bankers' acceptances (repaid)/obtained	7,412,526	23,576,985
Hire purchase instalments paid	(318,935)	(336,720)
Dividend paid	(21,438,186)	(19,600,054)
Net cash from/(used in) financing activities	(9,439,514)	8,552,891
Net (decrease)/increase in cash and cash equivalents	(9,441,975)	21,796,278
Cash and cash equivalents at beginning of year	109,091,987	88,494,750
Net exchange differences	(439,397)	(1,199,041)
Cash and cash equivalents at end of the period	99,210,615	109,091,987
Cash and cash equivalents at end of year comprised:-		
Deposits with financial institutions	51,090,107	40,908,934
Cash and bank balances	48,120,508	68,183,053
	99,210,615	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 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 9 months ended 30 Sep 2018

	Attributable to Owners of the Company						Total RM	Non-controlling interests RM	Total RM
	Share capital RM	Non - distributable Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Distributable Share Option reserve RM	Retained profits 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	-	-	-	-	-	29,212,394	29,212,394	(308,556)	28,903,838
Exchange gain/(loss) on translation of foreign operations	-	-	(66,778)	-	-	-	(66,778)	(25,950)	(92,728)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	341,361	-	-	341,361	-	341,361
Total comprehensive income/(loss) for the year	-	-	(66,778)	341,361	-	29,212,394	29,486,976	(334,506)	29,152,470
Share options granted under ESOS	-	-	-	-	941,930	-	941,930	-	941,930
Issue of shares pursuant to exercise of share options:									
- shares issued	4,905,080	-	-	-	-	-	4,905,080	-	4,905,080
- attributable option reserve transferred	1,599,444	-	-	-	(1,599,444)	-	-	-	-
Dividends paid	-	-	-	-	-	(21,438,186)	(21,438,186)	-	(21,438,186)
Balance at 30 Sep 2018	162,560,372	-	(250,205)	1,827,960	4,534,313	105,216,724	273,889,163	149,277	274,038,440

For the 9 months ended 30 Sep 2017

	Attributable to Owners of the Company						Total RM	Non-controlling interests RM	Total RM
	Share capital RM	Non - distributable Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Distributable Share Option reserve RM	Retained profits 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	11,767,433	(11,767,433)	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	31,254,802	31,254,802	422,136	31,676,938
Exchange gain/(loss) on translation of foreign operations	-	-	(194,332)	-	-	-	(194,332)	(36,171)	(230,503)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	325,124	-	-	325,124	-	325,124
Total comprehensive income/(loss) for the year	-	-	(194,332)	325,124	-	31,254,802	31,385,594	385,965	31,771,559
Share options granted under ESOS	-	-	-	-	2,097,941	-	2,097,941	-	2,097,941
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	1,703,640	-	-	-	(1,703,640)	-	-	-	-
Dividends paid	-	-	-	-	-	(19,600,054)	(19,600,054)	-	(19,600,054)
Balance at 30 Sep 2017	156,036,759	-	(84,551)	986,960	4,723,320	87,916,931	249,579,419	707,929	250,287,348

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.

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QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2018

PART A	NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134"), INTERIM FINANCIAL REPORTING
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A1. Basis of Preparation

The 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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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	
	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	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 30-Sep-18	As at 30-Sep-18
							As at 31-Dec-17	During Q3 2018	As at 30-Sep-18	Note 3				
							No.	No.	No.	No.	No.			
22-Jan-15		9,251,700	17,562,600	26,814,300	0.24	0.0883	1,998,000	8,226,000	2,343,000	12,567,000	-	14,247,300		
22-Jun-15		883,800	831,600	1,715,400	0.34	0.0560	333,000	270,000	429,000	1,032,000	-	683,400		
22-Jun-16		2,853,000	1,860,000	4,713,000	0.49	0.1330	309,000	627,000	852,000	1,788,000	-	2,925,000		
22-Jun-17		2,615,550	3,182,550	5,798,100	0.53	0.1667	465,000	165,000	471,000	1,101,000	54,000	4,643,100		
22-May-18	1,869,000	-	934,500	934,500	0.59	0.1059	-	-	133,000	133,000	90,000	711,500		
		15,604,050	24,371,250	39,975,300			3,105,000	9,288,000	4,228,000	16,621,000	144,000	23,210,300		

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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**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				
<u>YTD 30 Sep 18</u>	Trading	Manufacturing	Adjustments	Conso
	RM	RM	RM	RM
Total revenue	502,842,888	204,019,812	-	706,862,700
Inter-segment revenue	(8,649,858)	(90,372,475)	-	(99,022,333)
External sales	494,193,030	113,647,337	-	607,840,367
				-
Results				
Segment results	21,280,415	19,268,729	(343,791)	40,205,353
Dividend, interest & rental income	892,487	166,219	314,546	1,373,253
Operating profit/(loss)	22,172,902	19,434,948	(29,245)	41,578,605
Finance costs	(2,687,231)	(201,159)	-	(2,888,390)
Profit/(Loss) before taxation	19,485,671	19,233,789	(29,245)	38,690,215
Taxation	(5,170,163)	(4,616,215)	(0)	(9,786,379)
Profit/(Loss) for the year	14,315,508	14,617,574	(29,245)	28,903,837
Segment assets	276,476,683	114,900,238	16,242,941	407,619,862
Segment liabilities	113,739,602	19,762,813	79,010	133,581,425

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

Segmental results by Geographical Segment:

Country	YTD 30 Sep 2018	YTD 30 Sep 2017	Change	
	Revenue	Revenue	Revenue	
	RM	RM	RM	%
Malaysia	437,922,265	435,556,176	2,366,089	1%
Indonesia	78,087,568	78,839,532	(751,965)	-1%
Vietnam	61,772,101	66,618,743	(4,846,642)	-7%
Thailand	9,831,870	13,190,172	(3,358,302)	-25%
Australia	4,141,628	4,806,658	(665,030)	-14%
Cambodia	2,667,397	598,143	2,069,255	3
Bangladesh	2,672,982	2,967,490	(294,509)	-10%
British Virgin Islands	2,449,351	-	2,449,351	-
Singapore	2,336,677	2,979,466	(642,789)	-22%
Other	5,958,529	3,924,126	2,034,403	52%
Total	607,840,367	609,480,506	(1,640,139)	-0.3%

For current financial year-to-date ended 30 September 2018, the Group achieved Revenue of RM607.84 million, a decrease of RM1.64 million or 0.3% compared with financial year-to-date ended 30 September 2017.

Local sales increased by RM2.4 million, mainly due to higher sales from the manufacturing segment.

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

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PART A	NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134"), INTERIM FINANCIAL REPORTING
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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 Sep 18	Amount RM
Capital expenditure in respect of purchase of property, plant and equipment	
- authorised and contracted for	3,689,184
	<u>3,689,184</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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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 (3rd quarter)		Changes	
	Current Year Quarter 30-Sep-18 RM	Preceding Year Corresponding Quarter 30-Sep-17 RM	RM	%
	Revenue	212,276,578	188,234,125	24,042,453
Cost of sales	(191,698,129)	(167,423,026)	(24,275,104)	14%
Gross profit	20,578,449	20,811,099	(232,650)	-1%
Other operating income	1,136,952	1,100,606	36,346	3%
Selling and distribution costs	(1,516,089)	(1,427,350)	(88,738)	6%
Administrative exp	(5,836,721)	(5,365,718)	(471,002)	9%
Administrative exp - Share Option Exp	(200,497)	(1,090,439)	889,942	-82%
Other operating expenses	(99,873)	(981,970)	882,096	-90%
Operating profit	14,062,221	13,046,228	1,015,993	8%
Finance costs	(1,068,630)	(717,425)	(351,205)	49%
Profit before Tax	12,993,591	12,328,803	664,788	5%
Taxation	(3,201,502)	(3,221,708)	20,206	-1%
Profit after Tax	9,792,089	9,107,096	684,994	8%

For current quarter ended 30 September 2018, the Group achieved revenue of RM212.28 million, representing an increase of RM24.04 million or 13% compared to preceding year corresponding quarter. This was mainly attributable to the Trading segment.

The Group achieved profit after tax of RM9.79 million during the current year quarter. There is an increase of RM0.68 million or 8% compared to the preceding year corresponding quarter. This mainly attributable to the lower share option expenses recognised during the current year quarter and lower other operating expenses.

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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 30-Sep-18 RM	Immediate Preceding Quarter 30-Jun-18 RM	Changes	
			RM	%
Revenue	212,276,578	198,910,957	13,365,621	7%
Cost of sales	(191,698,129)	(178,772,967)	(12,925,163)	7%
Gross profit	20,578,449	20,137,990	440,459	2%
Other operating income	1,136,952	(71,401)	1,208,353	-1692%
Selling and distribution costs	(1,516,089)	(1,472,470)	(43,618)	3%
Administrative expenses	(5,836,721)	(4,384,599)	(1,452,121)	33%
Administrative exp - Share Option Exp	(200,497)	(307,775)	107,278	-35%
Other operating expenses	(99,873)	(58,794)	(41,080)	70%
Operating profit	14,062,221	13,842,951	219,270	2%
Finance costs	(1,068,630)	(986,877)	(81,753)	8%
Profit before Tax	12,993,591	12,856,074	137,517	1%
Taxation	(3,201,502)	(3,338,382)	136,880	-4%
Profit after Tax	9,792,089	9,517,693	274,397	3%

The Group reported higher revenue for the current quarter ended 30 September 2018, as compared to previous quarter ended 30 June 2018. Revenue increased RM 13.37 million or 7%.

The higher revenue was contributed by trading segment.

The Group reported higher profit after tax of RM9.79 million for the current quarter ended 30 September 2018, as compared to previous quarter ended 30 June 2018 of RM9.52 million. Profit after tax increased 3% due to higher revenue and other operating income.

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

	Current Quarter Ended 30-Sep-18 RM	Current Year Ended 30-Sep-18 RM
Current tax expenses	(3,201,502)	(9,786,379)
	<u>(3,201,502)</u>	<u>(9,786,379)</u>

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

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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 30 September 2018 as follows:

	As at 30 Sep 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	437,134,195	121,523	65,073	186,596	-	-	430,841,792	119,774	83,161	202,935
Unsecured Bank borrowings	-	-	-	-	2,679,197	11,116,521	67,923,797,683	18,882,816	53,272,029	83,271,366
Total	437,134,195	121,523	65,073	186,596	2,679,197	11,116,521	68,354,639,475	19,002,590	53,355,190	83,474,301

	As at 30 Sep 18 Total Borrowing					
	USD Borrowing		IDR Borrowing		RM Borrowing	Total RM
	RM Equivalent	RM Equivalent	RM Equivalent	RM Equivalent		
Secured Hire-purchase	-	-	867,975,987	241,297	148,233	389,531
Unsecured Bank borrowings	2,679,197	11,116,521	67,923,797,683	18,882,816	53,272,029	83,271,366
Total	2,679,197	11,116,521	68,791,773,670	19,124,113	53,420,263	83,660,897

Exchange Rates on borrowings as at 30 Sep 2018:

USD to RM	4.1365
USD to IDR	14,929
IDR100 to RM	0.0278

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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 September 2017 as follows

	As at 30 September 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
Secured										
Hire-purchase	430,482,641	134,741	145,373	280,114	-	-	342,043,754	107,060	239,933	346,993
Unsecured										
Bank borrowings	-	-	-	-	5,318,335	22,458,724	23,962,755,271	7,500,342	48,456,367	78,415,434
Total	430,482,641	134,741	145,373	280,114	5,318,335	22,458,724	24,304,799,025	7,607,402	48,696,300	78,762,427

	As at 30 September 2017					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured						
Hire-purchase	-	-	772,526,395	241,801	385,306	627,107
Unsecured						
Bank borrowings	5,318,335	22,458,724	23,962,755,271	7,500,342	48,456,367	78,415,434
Total	5,318,335	22,458,724	24,735,281,666	7,742,143	48,841,674	79,042,541

Exchange Rates on borrowings as at 30 September 2017:

USD to RM	4.2220
USD to IDR	13,492
IDR100 to RM	0.0313

The Group's total borrowing as at 30 September 2018 was RM83.66 million, an increase of RM4.62 million compared to preceding year corresponding quarter.

Weighted average interest rate of borrowings as at 30 September 2018 was 5.75%.

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

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

The Company has provided various financial guarantees to banks for the guarantee of credit facilities granted to its various subsidiaries. As at 30 September 2018, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM83.27 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 September 2018, the amount of Corporate Guarantee amounted to RM6.20 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 September 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.

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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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B10. Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company of RM9.84 million for the current quarter and RM29.21 million for the current financial year-to-date as at 30 September 2018 and on the weighted average number of shares in issue of 853,571,480 as at 30 September 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 RM9.84 million for the current quarter and RM29.21 million for current financial year-to-date as at 30 September 2018 and the adjusted weighted average number of ordinary shares in issue of 895,266,990 as at 30 September 2018

By order of the Board,

Chen Moi Kew
Director / Chief Financial Officer
Date: 25 October 2018