

LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2019

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 2019.

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 (3rd Quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30-Sep-19 RM	Preceding Year Corresponding Quarter 30-Sep-18 RM	RM	%	Current Year-to-date 30-Sep-19 RM	Preceding year Corresponding Period 30-Sep-18 RM	RM	%
Revenue	187,488,231	212,276,578	(24,788,347)	-12%	578,325,034	607,840,367	(29,515,333)	-5%
Cost of sales	(168,997,243)	(191,698,129)	22,700,887	-12%	(519,331,471)	(546,814,158)	27,482,687	-5%
Gross profit	18,490,988	20,578,449	(2,087,461)	-10%	58,993,563	61,026,209	(2,032,646)	-3%
Other operating income	2,267,417	1,136,952	1,130,465	99%	3,947,607	2,274,636	1,672,971	74%
Selling and distribution costs	(1,570,561)	(1,516,089)	(54,472)	4%	(4,501,244)	(4,403,777)	(97,467)	2%
Administrative expenses	(4,707,456)	(5,836,721)	1,129,265	-19%	(15,217,436)	(16,045,114)	827,678	-5%
Administrative expenses - share option expenses	-	(200,497)	200,497	-100%	(138,497)	(941,930)	803,433	-85%
Other operating expenses	(1,957,966)	(99,873)	(1,858,093)	1860%	(2,009,815)	(331,417)	(1,678,398)	506%
Operating profit	12,522,423	14,062,221	(1,539,798)	-11%	41,074,177	41,578,607	(504,429)	-1%
Finance costs	(1,170,903)	(1,068,630)	(102,273)	10%	(3,709,177)	(2,888,390)	(820,788)	28%
Profit before Tax	11,351,520	12,993,591	(1,642,071)	-13%	37,365,000	38,690,217	(1,325,217)	-3%
Taxation	(3,108,177)	(3,201,502)	93,325	-3%	(9,826,930)	(9,786,379)	(40,551)	0%
Profit after Tax	8,243,343	9,792,089	(1,548,747)	-16%	27,538,070	28,903,838	(1,365,768)	-5%
Exchange gain/ (loss) on translation of foreign operations	18,328	(474)	18,802	-3964%	8,136	(92,729)	100,865	-109%
Fair value gain/(loss) on equity investments	(20,289)	187,614	(207,903)	-111%	(283,903)	341,361	(625,263)	-183%
Total other comprehensive (loss)/income	(1,962)	187,139	(189,101)	-101%	(275,767)	248,632	(524,398)	-211%
Total comprehensive income for the period	8,241,381	9,979,229	(1,737,847)	-17%	27,262,303	29,152,470	(1,890,167)	-6%
Profit attributable to:								
-Owners of the Company	8,583,266	9,837,555	(1,254,289)	-13%	28,075,670	29,212,395	(1,136,725)	-4%
-Non controlling interests	(339,923)	(45,465)	(294,457)	648%	(537,600)	(308,556)	(229,043)	74%
	8,243,343	9,792,089	(1,548,747)	-16%	27,538,070	28,903,838	(1,365,768)	-5%
Total comprehensive income attributable to:								
-Owners of the Company	8,584,287	10,028,349	(1,444,061)	-14%	27,803,692	29,486,976	(1,683,284)	-6%
-Non controlling interests	(342,906)	(49,120)	(293,786)	598%	(541,389)	(334,506)	(206,883)	62%
	8,241,381	9,979,229	(1,737,847)	-17%	27,262,303	29,152,470	(1,890,167)	-6%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	0.96	1.15	(0.19)		3.20	3.42	(0.22)	
Earnings per share - Fully Diluted (Sen)	0.93	1.10	(0.17)		3.17	3.26	(0.10)	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly financial report

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NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEP 2019

	Current Quarter Ended 30-Sep-19 RM	Current Year to date Ended 30-Sep-19 RM
Interest income	507,673	1,427,958
Other income*	1,759,744	2,519,648
Interest expense	1,170,903	3,709,177
Depreciation & amortisation	1,039,119	3,050,275
Foreign exchange (gain)/loss - realised	(485,499)	(6,233)
Foreign exchange (gain)/loss - unrealised	364,385	(55,414)
Loss/(gain) on derivatives	39,076	31,681

*Includes foreign exchange gain

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QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30-Sep-19 RM	Audited As at 31-Dec-18 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	49,533,514	48,196,322
Investment property	2,778,772	2,800,000
Goodwill	35,802,888	35,802,888
Intangible assets	4,341,420	4,448,937
Right-of-use assets	649,111	1,159,801
Other investments	1,706,746	1,990,649
Deferred tax assets	287,144	280,330
	<u>95,099,595</u>	<u>94,678,927</u>
Current Assets		
Inventories	60,214,690	84,357,493
Trade and other receivables	129,685,960	145,430,161
Current tax assets	3,185,422	4,241,096
Cash and bank balances	117,967,033	107,676,548
	<u>311,053,105</u>	<u>341,705,298</u>
Total Assets	<u>406,152,700</u>	<u>436,384,225</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	173,903,743	163,377,293
Other reserves	3,029,972	5,894,484
Retained profits	122,141,464	113,953,892
Total equity attributable to owners of the Company	<u>299,075,179</u>	<u>283,225,669</u>
Non-controlling interests	(470,051)	71,338
Total Equity	<u>298,605,128</u>	<u>283,297,007</u>
Non-current Liabilities		
Hire purchase payables	64,708	94,931
Retirement benefits	419,782	409,821
Lease liabilities	323,423	558,410
Deferred tax liabilities	1,617,703	1,586,706
	<u>2,425,616</u>	<u>2,649,868</u>
Current Liabilities		
Trade and other payables	41,054,661	62,955,879
Derivative financial liabilities	71,635	-
Lease liabilities	374,979	657,603
Hire purchase payables	137,778	209,042
Bank borrowings	62,882,522	86,614,826
Current tax liabilities	600,381	-
	<u>105,121,956</u>	<u>150,437,350</u>
Total Liabilities	<u>107,547,572</u>	<u>153,087,218</u>
Total Equity and Liabilities	<u>406,152,700</u>	<u>436,384,225</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.33	0.33

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly financial report.

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QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Current Year to date Ended 30-Sep-19 RM	Preceding Year Corresponding Period Ended 31-Dec-18 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	37,365,000	49,879,572
Adjustments for :		
Amortisation of intangible assets	112,552	149,158
Amortisation of investment property	21,228	-
Amortisation of right-of-use assets	512,998	645,125
Bad debts written off	181,352	59,665
Depreciation of property, plant and equipment	2,403,496	2,965,716
Defined benefit obligations	-	102,942
Dividend income	(24,235)	(119,788)
Net (gain)/loss on changes in fair value of forward exchange contracts	(31,681)	(50,585)
Net gain on disposal of property, plant and equipment	(202,367)	(149,290)
Impairment losses on trade receivables	1,932,502	999,737
Interest income	(1,427,958)	(1,642,043)
Interest expense	3,709,177	4,308,936
Inventories written down	-	266,685
Inventories written off	-	71,984
Property, plant and equipment written off	12,712	33,498
Net unrealised (gain)/loss on foreign exchange	(55,414)	(230,644)
Reversal of impairment loss on trade receivables	-	(429,518)
Reversal of inventories written down	-	(606,836)
Share options vested under ESOS	138,497	1,161,284
Operating profit before working capital changes	44,647,859	57,415,598
(Increase)/Decrease in inventories	24,397,885	(4,481,817)
(Increase)/Decrease in trade and other receivables	13,987,305	(10,048,786)
Increase/(decrease) in trade and other payables	(21,911,625)	(11,575,788)
Cash generated from/(used in) operations	61,121,424	31,309,207
Tax paid	(8,088,134)	(14,914,205)
Interest received	1,427,958	1,642,043
Interest paid	(3,709,177)	(4,308,936)
Retirement benefits paid	-	(9,656)
Net cash from/(used in) operating activities	50,752,071	13,718,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,656,617)	(3,826,493)
Purchase of intangible assets	(5,035)	(4,255,903)
Proceeds from disposal of property, plant and equipment	202,375	213,397
Dividend received	24,235	119,788
Deposits placed with licensed banks with original maturity of more than three (3) months	(4,215,218)	(6,122,218)
	(7,650,260)	(13,871,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued pursuant to share options exercised	7,795,416	5,514,960
Repayment on lease liabilities	(519,999)	(589,017)
Net drawdown of trade finance	(24,589,980)	9,960,325
Repayments of hire purchase creditors	(191,445)	(412,710)
Dividend paid	(19,888,094)	(21,438,186)
Net cash (used in)/from financing activities	(37,394,102)	(6,964,628)
Net (decrease)/increase in cash and cash equivalents	5,707,710	(7,117,604)
Cash and cash equivalents at beginning of financial year	100,222,496	107,760,153
Effect of changes in exchange rates	367,556	(420,053)
Cash and cash equivalents at end of financial period	106,297,762	100,222,496
For the purpose of the statements of cashflows, cash and cash equivalents comprise the following as at the end of each reporting period:		
Cash and bank balances	49,628,762	48,512,154
Deposits with financial institutions	68,338,270	59,164,394
	117,967,033	107,676,548
Deposits placed with licensed banks with original maturity of more than three (3) months	(11,669,270)	(7,454,052)
	106,297,762	100,222,496

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 9 months ended 30 Sep 2019

	Attributable to Owners of the Company					Total RM	Non- controlling interests RM	Total RM
	Non - distributable		Distributable					
	Share capital RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM			
2019								
Balance as at 1 January 2019	163,377,293	(230,340)	1,695,307	4,429,517	113,953,892	283,225,669	71,338	283,297,007
Profit for the year	-	-	-	-	28,075,671	28,075,671	(537,600)	27,538,071
Exchange gain/(loss) on translation of foreign operations	-	11,922	-	-	-	11,922	(3,789)	8,133
Loss on changes in fair value of available-for-sale financial assets	-	-	(283,903)	-	-	(283,903)	-	(283,903)
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	11,922	(283,903)	-	28,075,671	27,803,691	(541,389)	27,262,302
Share options vested under ESOS	-	-	-	138,497	-	138,497	-	138,497
Issue of shares pursuant to exercise of share options:								
- shares issued	7,795,416	-	-	-	-	7,795,416	-	7,795,416
- attributable option reserve transferred	2,731,034	-	-	(2,731,034)	-	-	-	-
Balance as at 30 Sep 2019	173,903,743	(218,418)	1,411,405	1,836,980	122,141,469	299,075,179	(470,051)	298,605,128

For the 9 months ended 30 Sep 2018

	Attributable to Owners of the Company					Total RM	Non- controlling interests RM	Total RM
	Non - distributable		Distributable					
	Share capital RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM			
2018								
Balance as 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	29,486,977	(334,506)	29,152,471
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)	-	-	-	-
Share options forfeited	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(21,438,186)	(21,438,186)	-	(21,438,186)
Balance as at 30 Sep 2018	162,560,372	(250,205)	1,827,960	4,534,313	105,216,724	273,889,164	149,277	274,038,441

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 2018 and the accompanying explanatory notes attached to this quarterly financial report.

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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 2018.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2018 other than the application of a new MFRS and amendments to MFRSs which became effective for annual period beginning on 1 January 2019. The initial application of these new MFRS and amendments to MFRSs has no material impact on this interim financial reporting.

New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

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PART A	NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134"), INTERIM FINANCIAL REPORTING
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A2. Auditors' Report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2018.

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	No. of options granted	Balance of vested & exercisable options as at As at 31-Dec-18	No of options vested During YTD Q3 2019	No. of options vested As at 30-Sep-19	Exercise price/ option Note 2	Fair Value /option Note 3	No of options exercised				Vested Options cancelled As at 30-Sep-19	Balance of vested & exercisable options as at As at 30-Sep-19
							Q1 2019	Q2 2019	Q3 2019	YTD 2019		
							No.	No.	No.	No.		
	Note 1											
22-Jan-15	95,958,000	12,768,300	17,412,600	30,180,900	0.24	0.0883	5,848,800	7,809,000	14,995,100	28,652,900	-	1,528,000
22-Jun-15	4,338,000	662,400	831,600	1,494,000	0.34	0.0560	90,000	318,000	990,000	1,398,000	-	96,000
22-Jun-16	7,620,000	2,637,000	1,860,000	4,497,000	0.49	0.1330	132,000	381,000	327,000	840,000	123,000	3,534,000
22-Jun-17	9,093,000	4,454,100	2,511,900	6,966,000	0.53	0.1667	-	60,000	-	60,000	294,000	6,612,000
22-May-18	1,869,000	322,500	844,500	1,167,000	0.59	0.1059	-	-	-	-	134,000	1,033,000
	118,878,000	20,844,300	23,460,600	44,304,900			6,070,800	8,568,000	16,312,100	30,950,900	551,000	12,803,000

Note 1 The number of options for grants prior to 6 Sep 2017 have been adjusted for 'post Share Split exercise'. 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.

Note 2 The respective exercise price of the share options adjusted after the Share Split exercise (Grant 1 - Grant 4)

Note 3 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
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A6. Segmental Information

Segmental results by business activities:

Operating Segments				
YTD 30 Sep 19				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	480,910,542	195,101,319	-	676,011,861
Inter-segment revenue	(647,533)	(97,039,294)		(97,686,827)
External sales	480,263,009	98,062,025	-	578,325,034
Results				
Segment results	20,811,584	19,133,942	(323,541)	39,621,985
Dividend & interest	883,315	203,344	365,535	1,452,194
Operating profit/(loss)	21,694,899	19,337,285	41,994	41,074,177
Finance costs	(3,560,613)	(148,564)	-	(3,709,177)
Profit/(Loss) before taxation	18,134,285	19,188,720	41,994	37,365,000
Taxation	(5,214,558)	(4,612,228)	(144)	(9,826,930)
Profit/(Loss) for the year	12,919,728	14,576,492	41,850	27,538,071
Profit/(Loss) for the year				
Segment assets	262,493,336	122,771,474	20,887,891	406,152,702
Segment liabilities	88,301,032	19,005,751	240,791	107,547,573

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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 19	YTD 30 Sep 18	Changes	
	Revenue	Revenue	RM	%
	RM	RM		
Malaysia	402,289,642	437,922,265	(35,632,623)	-8%
Indonesia	87,665,795	78,087,569	9,578,226	12%
Vietnam	52,746,824	61,772,101	(9,025,277)	-15%
Thailand	14,412,140	9,831,870	4,580,270	47%
Taiwan	4,729,175	-	4,729,175	0%
Singapore	2,748,860	2,336,677	412,183	18%
Phillippines	2,747,931	1,972,721	775,210	39%
Bangladesh	2,153,071	2,672,982	(519,911)	-19%
Australia	1,910,592	4,141,628	(2,231,036)	-54%
Cambodia	1,826,566	2,667,397	(840,831)	-32%
New Zealand	1,795,047	2,098,309	(303,262)	-14%
Sri Lanka	1,393,949	318,621	1,075,328	337%
Japan	1,082,916	1,362,344	(279,428)	-21%
Others	822,524	2,655,885	(1,833,361)	-69%
Total	578,325,032	607,840,369	(29,515,337)	-5%

For current financial year-to-date ended 30 September 2019, the Group achieved revenue of RM578.33 million. There is a drop of RM29.52 million or 5% compared with preceding financial year-to-date ended 30 September 2018. Lower revenue was mainly attributable to lower local sales in trading 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 19	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	12,694,538
Approved but not contracted for	4,236,488
	<hr/>
	16,931,027

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

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PART B	NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
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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 (3rd Quarter)		Changes	
	Current Year Quarter 30-Sep-19 RM	Preceding Year Corresponding Quarter 30-Sep-18 RM	RM	%
Revenue	187,488,231	212,276,578	(24,788,347)	-12%
Cost of sales	(168,997,243)	(191,698,129)	22,700,887	-12%
Gross profit	18,490,988	20,578,449	(2,087,461)	-10%
Other operating income	2,267,417	1,136,952	1,130,465	99%
Selling and distribution costs	(1,570,561)	(1,516,089)	(54,472)	4%
Administrative expenses	(4,707,456)	(5,836,721)	1,129,265	-19%
Administrative expenses - share option expenses	-	(200,497)	200,497	-100%
Other operating expenses	(1,957,966)	(99,873)	(1,858,093)	1860%
Operating profit	12,522,423	14,062,221	(1,539,798)	-11%
Finance costs	(1,170,903)	(1,068,630)	(102,273)	10%
Profit before Tax	11,351,520	12,993,591	(1,642,071)	-13%
Taxation	(3,108,177)	(3,201,502)	93,325	-3%
Profit after Tax	8,243,343	9,792,089	(1,548,747)	-16%

For current quarter ended 30 September 2019, the Group achieved revenue of RM187.49 million, representing a decrease of RM24.78 million or 12% compared to preceding year corresponding quarter. This was mainly due to lower sales in the trading segment.

The Group achieved profit after tax of RM8.24 million during the current year quarter. There is a decrease of RM1.55 million or 16% compared to preceding year corresponding quarter which was mainly due to lower sales in the trading segment.

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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-Sep-19 RM	Immediate Preceding Quarter 30-Jun-19 RM	Changes	
			RM	%
Revenue	187,488,231	188,387,571	(899,340)	-0.48%
Cost of sales	(168,997,243)	(168,303,398)	(693,845)	0.41%
Gross profit	18,490,988	20,084,173	(1,593,185)	-8%
Other operating income	2,267,417	911,119	1,356,299	149%
Selling and distribution costs	(1,570,561)	(1,464,993)	(105,568)	7%
Administrative expenses	(4,707,456)	(4,995,976)	288,520	-6%
Other operating expenses	(1,957,966)	(28,687)	(1,929,279)	6725%
Operating profit	12,522,423	14,505,636	(1,983,213)	-14%
Finance costs	(1,170,903)	(1,336,413)	165,509	-12%
Profit before Tax	11,351,520	13,169,223	(1,817,703)	-14%
Taxation	(3,108,177)	(3,565,817)	457,640	-13%
Profit after Tax	8,243,343	9,603,406	(1,360,063)	-14%

The Group reported lower revenue of RM187.49 million for the current quarter ended 30 September 2019, as compared to previous quarter ended 30 June 2019. Revenue decreased RM0.90 million or 0.48%. The lower revenue was mainly attributable to the manufacturing segment.

The Group reported lower profit after tax of RM8.24 million for the current quarter ended 30 September 2019, as compared to previous quarter ended 30 June 2019 of RM9.60 million. Profit after tax decreased 14% mainly due to lower manufacturing segment.

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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-19 RM	Current Year Ended 30-Sep-19 RM
Tax expenses	<u>(3,108,177)</u>	<u>(9,826,930)</u>

The effective tax rate of the Group in current year is higher than the statutory tax rate. This is due to tax provision by PT Luxchem Indonesia.

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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 2019 as follows:

	As at 30 Sep 19								
	Long Term			Short Term					
	IDR Borrowing	RM Equivalent	Total RM	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured									
Hire-purchase	219,350,231	64,708	64,708	-	-	467,047,041	137,779	-	137,779
Unsecured									
Bank borrowings	-	-	-	2,506,551	10,480,716	45,388,542,008	13,389,620	39,012,187	62,882,522
Total	219,350,231	64,708	64,708	2,506,551	10,480,716	45,855,589,049	13,527,399	39,012,187	63,020,301

	As at 30 Sep 19					
	Total Borrowing					
	USD		IDR		RM	Total
Borrowing	RM Equivalent	Borrowing	RM Equivalent	Borrowing	RM	
Secured						
Hire-purchase	-	-	686,397,272	202,487	-	202,487
Unsecured						
Bank borrowings	2,506,551	10,480,716	45,388,542,008	13,389,620	39,012,187	62,882,522
Total	2,506,551	10,480,716	46,074,939,280	13,592,107	39,012,187	63,085,010

Exchange Rates on borrowings as at 30 Sep 2019

USD to RM	4.1900
USD to IDR	14,174
IDR100 to RM	0.0295

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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 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		IDR		RM	Total
Borrowing	RM Equivalent	Borrowing	RM Equivalent	Borrowing	RM	
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

The Group's total borrowing as at 30 September 2019 was RM63.09 million, a decrease of RM20.57 million compared to preceding year corresponding quarter.

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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 banking facilities granted to its various subsidiaries. As at 30 September 2019, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM62.88 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 2019, 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 RM8.58 million for the current quarter and RM28.08 for the current financial year-to-date as at 30 September 2019 and on the weighted average number of shares in issue of 877,037,844 as at 30 September 2019.

(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 RM8.58 million for the current quarter and RM28.08 for the current financial year-to-date as at 30 September 2019 and the adjusted weighted average number of ordinary shares in issue of 886,909,828 as at 30 September 2019.

By order of the Board,

Chen Moi Kew
Director / Chief Financial Officer
Date: 24 October 2019