

LUXCHEM CORPORATION BERHAD

(Company No: 199101014102 (224414-D))

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 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 31 December 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 (4th Quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year-to-date	Preceding year Corresponding Period		
	31-Dec-19 RM	31-Dec-18 RM	RM	%	31-Dec-19 RM	31-Dec-18 RM	RM	%
Revenue	187,155,351	206,246,052	(19,090,701)	-9%	765,480,385	814,086,419	(48,606,034)	-6%
Cost of sales	(165,745,041)	(186,172,770)	20,427,729	-11%	(685,076,512)	(732,986,928)	47,910,416	-7%
Gross profit	21,410,310	20,073,282	1,337,028	7%	80,403,873	81,099,491	(695,618)	-1%
Other operating income	1,516,521	1,072,818	443,703	41%	5,464,128	3,347,454	2,116,674	63%
Selling and distribution costs	(1,501,070)	(1,804,938)	303,868	-17%	(6,002,314)	(6,208,715)	206,401	-3%
Administrative expenses	(6,710,860)	(5,657,771)	(1,053,088)	19%	(21,928,296)	(21,702,885)	(225,411)	1%
Administrative expenses - share option expenses	-	(219,354)	219,354	-100%	(138,497)	(1,161,284)	1,022,787	-88%
Other operating expenses	(1,072,860)	(854,136)	(218,724)	26%	(3,082,675)	(1,185,553)	(1,897,122)	160%
Operating profit	13,642,042	12,609,901	1,032,141	8%	54,716,219	54,188,508	527,711	1%
Finance costs	(885,399)	(1,420,546)	535,147	-38%	(4,594,577)	(4,308,936)	(285,641)	7%
Profit before Tax	12,756,642	11,189,355	1,567,287	14%	50,121,642	49,879,572	242,070	0%
Taxation	(3,339,102)	(2,714,706)	(624,396)	23%	(13,166,032)	(12,501,085)	(664,947)	5%
Profit after Tax	9,417,540	8,474,649	942,892	11%	36,955,611	37,378,487	(422,876)	-1%
Re-measurement of defined benefit obligations	(32,744)	63,259	(96,002)	0%	(32,744)	63,258	(96,002)	-152%
Exchange gain/ (loss) on translation of foreign operations	(27,100)	24,079	(51,179)	-213%	(18,965)	(68,650)	49,685	-72%
Fair value gain/(loss) on equity investments	68,144	(132,653)	200,797	-151%	(215,758)	208,708	(424,466)	-203%
Total other comprehensive (loss)/income	8,300	(108,574)	53,615	-49%	(267,467)	203,316	(470,782)	-232%
Total comprehensive income for the period	9,425,841	8,429,333	996,507	12%	36,688,144	37,581,803	(893,659)	-2%
Profit attributable to:								
-Owners of the Company	9,569,132	8,575,777	993,355	12%	37,644,801	37,788,172	(143,371)	0%
-Non controlling interests	(151,591)	(101,129)	(50,463)	50%	(689,191)	(409,685)	(279,506)	68%
Total comprehensive income attributable to:	9,417,540	8,474,649	942,892	11%	36,955,610	37,378,487	(422,876)	-1%
-Owners of the Company	9,584,031	8,507,272	1,076,759	13%	37,387,723	37,994,248	(606,525)	-2%
-Non controlling interests	(158,190)	(77,939)	(80,251)	103%	(699,579)	(412,445)	(287,134)	70%
	9,425,841	8,429,333	996,508	12%	36,688,144	37,581,803	(893,659)	-2%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.09	1.00	0.08		4.27	4.42	(0.15)	
Earnings per share - Fully Diluted (Sen)	-	0.98	(0.98)		-	4.33	(4.33)	

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

LUXCHEM CORPORATION BERHAD

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(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2019

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019

	Current Quarter Ended 31-Dec-19 RM	Current Year to date Ended 31-Dec-19 RM
Interest income	518,191	1,946,149
Other income*	998,330	3,517,979
Interest expense	885,399	4,594,577
Depreciation & amortisation	1,050,106	4,100,381
Foreign exchange (gain)/loss - realised	565,027	558,794
Foreign exchange (gain)/loss - unrealised	(160,669)	(216,083)
Loss/(gain) on derivatives	86,641	54,960

*Includes foreign exchange gain

LUXCHEM CORPORATION BERHAD

(Company No: 199101014102 (224414-D))

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31-Dec-19 RM	Audited As at 31-Dec-18 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	52,139,914	48,196,322
Investment property	2,771,696	2,800,000
Goodwill	35,802,888	35,802,888
Intangible assets	4,309,748	4,448,937
Right-of-use assets	879,561	1,159,801
Other investments	1,766,705	1,990,649
Deferred tax assets	596,317	280,330
	<u>98,266,829</u>	<u>94,678,927</u>
Current Assets		
Inventories	68,944,794	84,357,493
Trade and other receivables	135,610,726	145,430,161
Current tax assets	3,366,875	4,241,096
Cash and bank balances	126,474,086	107,676,548
	<u>334,396,481</u>	<u>341,705,298</u>
Total Assets	<u>432,663,310</u>	<u>436,384,225</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	174,372,109	163,377,293
Other reserves	1,225,083	5,894,484
Retained profits	133,409,658	113,953,892
Total equity attributable to owners of the Company	<u>309,006,850</u>	<u>283,225,669</u>
Non-controlling interests	(628,241)	71,338
Total Equity	<u>308,378,609</u>	<u>283,297,007</u>
Non-current Liabilities		
Hire purchase payables	47,753	94,931
Retirement benefits	573,219	409,821
Lease liabilities	446,937	558,410
Deferred tax liabilities	1,695,829	1,586,706
	<u>2,763,738</u>	<u>2,649,868</u>
Current Liabilities		
Trade and other payables	56,667,111	62,955,879
Derivative financial liabilities	158,276	-
Lease liabilities	474,282	657,603
Hire purchase payables	116,490	209,042
Bank borrowings	63,001,209	86,614,826
Current tax liabilities	1,103,595	-
	<u>121,520,963</u>	<u>150,437,350</u>
Total Liabilities	<u>124,284,701</u>	<u>153,087,218</u>
Total Equity and Liabilities	<u>432,663,310</u>	<u>436,384,225</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.34	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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(Company No: 199101014102 (224414-D))

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QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Current Year to date Ended 31-Dec-19 RM	Preceding Year Corresponding Period Ended 31-Dec-18 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	50,121,642	49,879,572
Adjustments for :		
Amortisation of intangible assets	150,585	149,158
Amortisation of investment property	28,304	-
Amortisation of right-of-use assets	691,035	645,125
Bad debts written off	3,550	59,665
Depreciation of property, plant and equipment	3,230,457	2,965,716
Defined benefit obligations	152,396	102,942
Dividend income	(96,053)	(119,788)
Net (gain)/loss on changes in fair value of forward exchange contracts	54,960	(50,585)
Net gain on disposal of property, plant and equipment	(209,543)	(149,290)
Impairment losses on trade receivables	1,966,432	999,737
Interest income	(1,946,149)	(1,642,043)
Interest expense	4,594,577	4,308,936
Inventories written down	182,007	266,685
Inventories written off	1,066,806	71,984
Property, plant and equipment written off	112,975	33,498
Net unrealised (gain)/loss on foreign exchange	(216,083)	(230,644)
Reversal of impairment loss on trade receivables	(804,416)	(429,518)
Reversal of inventories written down	(218,539)	(606,836)
Share options vested under ESOS	138,497	1,161,284
Operating profit before working capital changes	59,003,441	57,415,598
(Increase)/Decrease in inventories	14,637,508	(4,481,817)
(Increase)/Decrease in trade and other receivables	9,358,031	(10,048,786)
Increase/(decrease) in trade and other payables	(6,565,579)	(11,575,788)
Cash generated from/(used in) operations	76,433,400	31,309,207
Tax paid	(11,280,800)	(14,914,205)
Interest received	1,946,149	1,642,043
Interest paid	(4,594,577)	(4,308,936)
Retirement benefits paid	-	(9,656)
Net cash from/(used in) operating activities	62,504,172	13,718,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,210,544)	(3,826,493)
Purchase of intangible assets	(11,395)	(4,255,903)
Proceeds from disposal of property, plant and equipment	209,552	213,397
Dividend received	96,053	119,788
Deposits placed with licensed banks with original maturity of more than three (3) months	(8,704,355)	(6,122,218)
	(15,620,688)	(13,871,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued pursuant to share options exercised	8,143,056	5,514,960
Repayment on lease liabilities	(705,662)	(589,017)
Net drawdown of trade finance	(24,471,293)	9,960,325
Repayments of hire purchase creditors	(211,374)	(412,710)
Dividend paid	(19,888,094)	(21,438,186)
Net cash (used in)/from financing activities	(37,133,367)	(6,964,628)
Net (decrease)/increase in cash and cash equivalents	9,750,117	(7,117,604)
Cash and cash equivalents at beginning of financial year	100,222,496	107,760,153
Effect of changes in exchange rates	343,066	(420,053)
Cash and cash equivalents at end of financial period	110,315,680	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	62,070,680	48,512,154
Deposits with financial institutions	64,403,406	59,164,394
	126,474,086	107,676,548
Deposits placed with licensed banks with original maturity of more than three (3) months	(16,158,406)	(7,454,052)
	110,315,680	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 12 months ended 31 December 2019

	Attributable to Owners of the Company					Total RM	Non- controlling interests RM	Total equity RM
	<----- Non - distributable ----->			Distributable				
	Share capital RM	Exchange translation reserve RM	Fair value reserve RM	Share Options reserve RM	Retained earnings 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	-	-	-	-	37,644,801	37,644,801	(689,191)	36,955,610
Foreign currency translations	-	(15,944)	-	-	-	(15,944)	(3,021)	(18,965)
Fair value gain/(loss) on equity investments	-	-	(223,944)	-	-	(223,944)	-	(223,944)
Remeasurement of defined benefit obligations	-	-	-	-	(17,191)	(17,191)	(7,367)	(24,558)
Transactions with owners	-	(15,944)	(223,944)	-	37,627,610	37,387,722	(699,579)	36,688,143
Share options vested under ESOS	-	-	-	138,497	-	138,497	-	138,497
- shares issued	8,143,056	-	-	-	-	8,143,056	-	8,143,056
- attributable option reserve transferred	2,851,760	-	-	(2,851,760)	-	-	-	-
Share options lapsed	-	-	-	(1,630,774)	1,630,774	-	-	-
Share options forfeited	-	-	-	(85,481)	85,481	-	-	-
Dividends paid	-	-	-	-	(19,888,094)	(19,888,094)	-	(19,888,094)
Balance as at 31 December 2019	174,372,109	(246,284)	1,471,363	(0)	133,409,663	309,006,850	(628,241)	308,378,609

For the 12 months ended 31 Dec 2018

	Attributable to Owners of the Company					Total RM	Non- controlling interests RM	Total equity RM
	<----- Non - distributable ----->			Distributable				
	Share capital RM	Exchange translation reserve RM	Fair value reserve RM	Share Options reserve RM	Retained earnings 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	-	-	-	-	37,788,172	37,788,172	(409,685)	37,378,487
Foreign currency translations	-	(46,913)	-	-	-	(46,913)	(21,737)	(68,650)
Fair value gain/(loss) on equity investments	-	-	208,708	-	-	208,708	-	208,708
Remeasurement of defined benefit obligations	-	-	-	-	44,281	44,281	18,977	63,258
Transactions with owners	-	(46,913)	208,708	-	37,832,453	37,994,248	(412,445)	37,581,803
Share options vested under ESOS	-	-	-	1,161,284	-	1,161,284	-	1,161,284
- shares issued	5,514,960	-	-	-	-	5,514,960	-	5,514,960
- attributable option reserve transferred	1,806,485	-	-	(1,806,485)	-	-	-	-
Share options forfeited	-	-	-	(117,109)	117,109	-	-	-
Dividends paid	-	-	-	-	(21,438,186)	(21,438,186)	-	(21,438,186)
Balance as at 31 December 2018	163,377,293	(230,340)	1,695,307	4,429,517	113,953,892	283,225,669	71,338	283,297,007

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.

LUXCHEM CORPORATION BERHAD

(Company No: 199101014102 (224414-D))

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QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2019

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 and have expired on 30 November 2019. In accordance with the ESOS By-Law Clause 19.4, 'all unexercised ESOS Options shall lapse on the Date of Expiry'

The following shows status of the options:

Date of grant	No. of options vested	Exercise price/option	Fair Value /option	No of options exercised					Vested Options cancelled As at 31-Dec-19	Lapse of Unexercised Options upon Expiry of ESOS scheme on 30 Nov 2019 As at 31-Dec-19	Balance of vested & exercisable options as at As at 31-Dec-19			
				As at 31-Dec-19	Note 2	Note 3	Q1 2019	Q2 2019				Q3 2019	Q4 2019	YTD 2019
							No.	No.				No.	No.	No.
22-Jan-15	30,180,900	0.24	0.0883	5,848,800	7,809,000	14,995,100	1,288,000	29,940,900	-	240,000	-			
22-Jun-15	1,494,000	0.34	0.0560	90,000	318,000	990,000	96,000	1,494,000	-	-	-			
22-Jun-16	4,497,000	0.49	0.1330	132,000	381,000	327,000	12,000	852,000	123,000	3,522,000	-			
22-Jun-17	6,588,000	0.53	0.1667	-	60,000	-	-	60,000	294,000	6,234,000	-			
22-May-18	1,545,000	0.59	0.1059	-	-	-	-	-	224,000	1,321,000	-			
	44,304,900			6,070,800	8,568,000	16,312,100	1,396,000	32,346,900	641,000	11,317,000	-			

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)

Note 4 ESOS forfeited of 378,000 options under Grant 4 wrongly categorised as Grant 5 during Q4 2018, now reclass back to 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 31 December 2019				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	629,530,242	267,998,261	-	897,528,503
Inter-segment revenue	(1,253,418)	(130,794,700)		(132,048,118)
External sales	628,276,824	137,203,561	-	765,480,385
Results				
Segment results	29,589,423	23,637,944	(553,350)	52,674,017
Dividend & interest	1,217,957	254,500	569,745	2,042,202
Operating profit/(loss)	30,807,380	23,892,444	16,395	54,716,219
Finance costs	(4,421,560)	(173,016)	-	(4,594,577)
Profit/(Loss) before taxation	26,385,820	23,719,428	16,395	50,121,642
Taxation	(7,076,606)	(5,953,977)	(135,450)	(13,166,032)
Profit/(Loss) for the year	19,309,214	17,765,451	(119,055)	36,955,611
Profit/(Loss) for the year				
Segment assets	275,604,093	135,950,969	21,108,249	432,663,311
Segment liabilities	99,537,856	24,472,555	274,292	124,284,703

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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 31 DEC 19	YTD 31 DEC 18	Changes	
	Revenue	Revenue	RM	%
	RM	RM	RM	%
Malaysia	530,674,941	578,197,764	(47,522,822)	-8%
Indonesia	111,416,423	105,640,282	5,776,141	5%
Vietnam	80,070,160	90,584,479	(10,514,319)	-12%
Thailand	20,652,682	15,032,287	5,620,395	37%
Singapore	3,735,972	3,539,313	196,658	6%
Phillippines	3,223,056	2,799,793	423,263	15%
Bangladesh	3,422,735	4,565,738	(1,143,002)	-25%
Australia	3,208,856	4,974,776	(1,765,920)	-35%
Cambodia	2,476,411	3,640,258	(1,163,847)	-32%
New Zealand	2,544,015	2,415,178	128,837	5%
Sri Lanka	2,073,495	544,052	1,529,443	281%
Japan	1,128,485	1,555,709	(427,224)	-27%
Others	853,155	596,791	256,364	43%
Total Export	234,805,444	235,888,655	(1,083,211)	-0.5%
Total	765,480,385	814,086,419	(48,606,034)	-6%

For current financial year-to-date ended 31 December 2019, the Group achieved revenue of RM765.48 million. There is a drop of RM48.61 million or 6% compared with preceding financial year-to-date ended 31 December 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 31 December 2019	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	11,989,854
Approved but not contracted for	2,626,106
	<hr/>
	14,615,960

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
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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 (4th Quarter)		Changes	
	Current Year 31-Dec-19 RM	Preceding Year Corresponding Quarter 31-Dec-18 RM	RM	%
Revenue	187,155,351	206,246,052	(19,090,701)	-9%
Cost of sales	(165,745,041)	(186,172,770)	20,427,729	-11%
Gross profit	21,410,310	20,073,282	1,337,028	7%
Other operating income	1,516,521	1,072,818	443,703	41%
Selling and distribution costs	(1,501,070)	(1,804,938)	303,868	-17%
Administrative expenses	(6,710,860)	(5,657,771)	(1,053,088)	19%
Administrative expenses - share option expenses	-	(219,354)	219,354	-100%
Other operating expenses	(1,072,860)	(854,136)	(218,724)	26%
Operating profit	13,642,042	12,609,901	1,032,141	8%
Finance costs	(885,399)	(1,420,546)	535,147	-38%
Profit before Tax	12,756,642	11,189,355	1,567,287	14%
Taxation	(3,339,102)	(2,714,706)	(624,396)	23%
Profit after Tax	9,417,540	8,474,649	942,892	11%

For current quarter ended 31 December 2019, the Group achieved revenue of RM187.16 million, representing a decrease of RM19.09 million or 9% compared to preceding year corresponding quarter. This was mainly due to lower sales in the trading segment.

The Group achieved profit after tax of RM9.42 million during the current year quarter. There is an increase of RM0.94 million or 11% compared to preceding year corresponding quarter which was mainly due to higher profit in the trading segment.

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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	Immediate Preceding Quarter	Changes	
	31-Dec-19 RM	30-Sep-19 RM	RM	%
Revenue	187,155,351	187,488,231	(332,880)	-0.18%
Cost of sales	(165,745,041)	(168,997,243)	3,252,202	-1.92%
Gross profit	21,410,310	18,490,988	2,919,322	16%
Other operating income	1,516,521	2,267,417	(750,896)	-33%
Selling and distribution costs	(1,501,070)	(1,570,561)	69,490	-4%
Administrative expenses	(6,710,860)	(4,707,456)	(2,003,404)	43%
Other operating expenses	(1,072,860)	(1,957,966)	885,107	-45%
Operating profit	13,642,042	12,522,423	1,119,619	9%
Finance costs	(885,399)	(1,170,903)	285,504	-24%
Profit before Tax	12,756,642	11,351,520	1,405,122	12%
Taxation	(3,339,102)	(3,108,177)	(230,925)	7%
Profit after Tax	9,417,540	8,243,343	1,174,198	14%

The Group reported lower revenue of RM187.16 million for the current quarter ended 31 December 2019, as compared to previous quarter ended 30 September 2019. Revenue decreased RM0.33 million or 0.18%. The lower revenue was mainly attributable to the trading segment.

The Group reported higher profit after tax of RM9.42 million for the current quarter ended 31 December 2019, as compared to previous quarter ended 30 September 2019 of RM8.24 million. Profit after tax increased 14% mainly due to higher profit in trading 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 31-Dec-19 RM	Current Year Ended 31-Dec-19 RM
Tax expenses		
- Current year	(6,511,609)	(13,244,112)
- Prior year	(113,526)	(113,526)
Deferred Taxation		
- Current year	(165,759)	(62,528)
- Prior year	343,615	254,134
	<u>(6,447,279)</u>	<u>(13,166,032)</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
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	As at 31 Dec 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	198,833,086	58,656	58,656	-	-	357,927,880	105,589	-	105,589
Unsecured									
Bank borrowings	-	-	-	3,003,591	12,317,110	50,235,391,549	14,819,441	35,864,658	63,001,209
Total	198,833,086	58,656	58,656	3,003,591	12,317,110	50,593,319,429	14,925,029	35,864,658	63,106,798

	As at 31 Dec 19					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured						
Hire-purchase	-	-	556,760,966	164,244	-	164,244
Unsecured						
Bank borrowings	3,003,591	12,317,110	50,235,391,549	14,819,441	35,864,658	63,001,209
Total	3,003,591	12,317,110	50,792,152,515	14,983,685	35,864,658	63,165,454

Exchange Rates on borrowings as at 31 December 2019

USD to RM	4.0930
USD to IDR	13,901
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 31 December 2018 as follows

	As at 31 Dec 18								
	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	329,621,569	94,931	94,931	-	-	423,144,622	121,866	87,177	209,043
Unsecured									
Bank borrowings	-	-	-	2,558,775	10,639,531	98,854,524,717	28,470,103	47,505,192	86,614,826
Total	329,621,569	94,931	94,931	2,558,775	10,639,531	99,277,669,339	28,591,969	47,592,369	86,823,869

	As at 31 Dec 18					
	Total Borrowing					
	USD Borrowing		IDR Borrowing		RM Borrowing	Total RM
Secured						
Hire-purchase	-	-	752,766,191	216,797	87,177	303,974
Unsecured						
Bank borrowings	2,558,775	10,639,531	98,854,524,717	28,470,103	47,505,192	86,614,826
Total	2,558,775	10,639,531	99,607,290,908	28,686,900	47,592,369	86,918,800

Exchange Rates on borrowings as at 31 Dec 2018:

USD to RM	4.1360
USD to IDR	14,481
IDR100 to RM	0.0288

The Group's total borrowing as at 31 December 2019 was RM63.17 million, a decrease of RM23.75 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 31 December 2019, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM63 million.

The Company monitors the performance of the subsidiary closely to ensure it meets all its financial obligations. In view that there is minimal risk of default, the Company has not recognised the value of the obligation under the Financial Guarantee in its books.

B8. Material Litigation

As at 31 December 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 or our subsidiaries.

B9. Proposed Dividend

The Board of Directors proposed a single tier second interim dividend of 1.25 sen per ordinary share for the financial year ended 31 December 2019. The dates of entitlement and payment shall be determined by the Board of Directors at the subsequent stage.

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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 RM9.57 million for the current quarter and RM37.64 for the current financial year-to-date as at 31 December 2019 and on the weighted average number of shares in issue of 881,864,209 as at 31 December 2019.

(b) Diluted earnings per share

The Employees' Share Option Scheme with a tenure of five (5) years have expired on 30 November 2019. As a result, calculation of diluted earnings per share as at 31 December 2019 is not required.

By order of the Board,

Chen Moi Kew
Director / Chief Financial Officer
Date: 17 February 2020