

LUXCHEM CORPORATION BERHAD

(Company No: 199101014102 (224414-D))

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2021

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 and year-to-date ended 30 June 2021.

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, manufacturing of unsaturated polyester resins and manufacturing of latex chemical dispersion and related products for the latex industry.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2021

	Individual Period (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30-Jun-21 RM	Preceding Year Corresponding Quarter 30-Jun-20 RM	RM	%	Current Year-to-date 30-Jun-21 RM	Preceding Year-to-date 30-Jun-20 RM	RM	%
Revenue	215,606,901	140,291,981	75,314,920	54%	443,474,643	314,772,613	128,702,030	41%
Cost of sales	(187,130,919)	(124,710,555)	(62,420,363)	50%	(379,097,469)	(278,931,272)	(100,166,196)	36%
Gross profit	28,475,983	15,581,426	12,894,557	83%	64,377,174	35,841,341	28,535,833	80%
Other operating income	429,865	(396,866)	826,732	-208%	2,136,826	3,737,686	(1,600,860)	-43%
Selling and distribution costs	(1,494,172)	(1,346,923)	(147,249)	11%	(2,981,707)	(2,757,404)	(224,303)	8%
Administrative expenses	(4,815,843)	(2,710,109)	(2,105,734)	78%	(11,100,185)	(11,800,844)	700,659	-6%
Other operating expenses	(34,519)	(8,028)	(26,491)	330%	(1,941,862)	(25,090)	(1,916,772)	7640%
Operating profit	22,561,314	11,119,498	11,441,816	103%	50,490,246	24,995,689	25,494,557	102%
Finance costs	(755,977)	(773,592)	17,615	-2%	(1,456,063)	(1,583,917)	127,855	-8%
Profit before Tax	21,805,337	10,345,906	11,459,431	111%	49,034,184	23,411,772	25,622,412	109%
Taxation	(5,177,855)	(2,765,329)	(2,412,526)	87%	(11,732,774)	(6,788,988)	(4,943,786)	73%
Profit after Tax	16,627,482	7,580,577	9,046,904	119%	37,301,410	16,622,784	20,678,626	124%
Exchange gain on translation of foreign operations	21,876	657,466	(635,590)	-97%	41,459	645,245	(603,786)	-94%
Fair value loss on equity investments	(389,695)	-	(389,695)	-100%	(1,285,148)	-	(1,285,148)	-100%
Total other comprehensive (loss)/income	(367,819)	657,466	(1,025,285)	-156%	(1,243,689)	645,245	(1,888,934)	-293%
Total comprehensive income for the period	16,259,663	8,238,043	8,021,620	97%	36,057,721	17,268,029	18,789,692	109%
Profit attributable to:								
-Owners of the Company	16,566,645	7,568,644	8,998,001	119%	37,130,069	17,554,228	19,575,840	112%
-Non controlling interests	60,837	11,934	48,903	410%	171,341	(931,445)	1,102,786	-118%
Total comprehensive income attributable to:	16,627,482	7,580,577	9,046,904	119%	37,301,410	16,622,784	20,678,626	124%
-Owners of the Company	16,197,208	8,226,110	7,971,098	97%	35,886,977	18,199,473	17,687,504	97%
-Non controlling interests	62,455	11,934	50,521	423%	170,744	(931,445)	1,102,189	-118%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.64	0.84	0.80		3.84	1.96	1.88	
Earnings per share - Fully Diluted (Sen)	1.64	0.84	0.80		3.84	1.96	1.88	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this quarterly financial report.

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NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2021

	Current Quarter Ended 30-Jun-21 RM	Current Year- to-date Ended 30-Jun-21 RM
Interest income	(847,087)	(1,225,538)
Other income*	417,222	(911,288)
Interest expense	755,977	1,456,063
Depreciation & amortisation	980,442	1,951,815
Write back of receivable	(110,000)	(762,629)
Write back of inventories	-	(31,492)
Foreign exchange (gain)/loss - realised	785,062	438,909
Foreign exchange (gain)/loss - unrealised	(727,789)	380,876
Loss/(gain) on derivatives	(129,954)	19,810

*Includes foreign exchange gain and gain on derivatives

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Unaudited As at 30-Jun-21 RM	Audited As at 31-Dec-20 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	62,520,817	63,220,609
Investment property	2,729,239	2,743,392
Goodwill	35,802,888	35,802,888
Intangible assets	4,702,633	4,742,149
Other investments	2,381,838	3,666,985
Deferred tax assets	1,569,340	1,569,340
	<u>109,706,755</u>	<u>111,745,363</u>
Current Assets		
Inventories	104,237,561	72,882,379
Trade and other receivables	141,733,619	159,903,609
Derivative financial assets	18,300	52,450
Current tax assets	1,779,753	2,422,688
Cash and bank balances	210,122,963	140,355,897
	<u>457,892,196</u>	<u>375,617,023</u>
Total Assets	<u>567,598,951</u>	<u>487,362,386</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	245,231,412	174,372,109
Other reserves	2,136,889	3,379,977
Retained profits	167,318,845	159,101,042
	<u>414,687,146</u>	<u>336,853,128</u>
Non-controlling interests	584,002	413,258
Total Equity	<u>415,271,148</u>	<u>337,266,386</u>
Non-current Liabilities		
Retirement benefits	781,761	781,762
Lease liabilities	237,799	268,279
Deferred tax liabilities	1,298,554	1,324,304
	<u>2,318,114</u>	<u>2,374,345</u>
Current Liabilities		
Trade and other payables	44,644,295	81,173,123
Derivative financial liabilities	15,838	30,178
Lease liabilities	253,644	397,984
Bank borrowings	98,985,537	63,793,408
Current tax liabilities	6,110,375	2,326,962
	<u>150,009,689</u>	<u>147,721,655</u>
Total Liabilities	<u>152,327,803</u>	<u>150,096,000</u>
Total Equity and Liabilities	<u>567,598,951</u>	<u>487,362,386</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.42	0.38

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this quarterly financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

	Current Year- to-date Ended 30-Jun-21 RM	Preceding Year Corresponding Year Ended 31-Dec-20 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	49,034,184	62,523,077
Adjustments for :		
Amortisation of intangible assets	118,699	256,050
Depreciation of investment property	14,152	28,304
Depreciation of property, plant and equipment	1,818,964	3,923,878
Defined benefit obligations	-	146,459
Dividend income	(77,487)	(156,413)
Loss/(gain) on changes in fair value of forward exchange contracts	19,810	(180,548)
Gain on disposal of property, plant and equipment	(95,762)	(18,442)
Gain on remeasurement of lease	(2,265)	-
Impairment losses on trade receivables	1,700,642	3,858,681
Interest income	(1,225,538)	(1,314,840)
Interest expense	1,456,063	2,586,116
Inventories written down	-	987,305
Inventories written off	-	608,205
Property, plant and equipment written off	10,376	208,956
Net unrealised loss/(gain) on foreign exchange	380,876	(337,515)
Reversal of impairment loss on trade receivables	(762,629)	(1,240,015)
Reversal of inventories written down	(31,492)	(186,883)
Operating profit before working capital changes	52,358,593	71,692,375
Increase in inventories	(31,323,425)	(5,495,697)
Decrease/(increase) in trade and other receivables	17,274,012	(27,473,399)
(Decrease)/Increase in trade and other payables	(36,915,098)	25,171,532
Cash generated from operations	1,394,082	63,894,811
Tax paid	(7,329,731)	(14,841,277)
Interest received	1,225,538	1,314,840
Interest paid	(1,440,423)	(2,529,161)
Net cash (used in)/generated from operating activities	(6,150,534)	47,839,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,144,068)	(14,453,804)
Purchase of intangible assets	(25,504)	(406,811)
Proceeds from disposal of property, plant and equipment	96,754	111,217
Dividend received	77,487	156,413
Deposits placed with licensed banks with original maturity of more than three (3) months	(4,516,408)	(4,497,906)
Net cash used in investing activities	(5,511,739)	(19,090,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued pursuant to Private Placement exercise	70,859,303	-
Repayment on lease liabilities	(211,362)	(681,193)
Interest paid on lease liabilities	(15,640)	(56,955)
Net drawdown of trade finance	35,158,199	1,620,093
Dividend paid	(28,912,262)	(20,155,692)
Net cash generated from/(used in) financing activities	76,878,238	(19,273,747)
Net increase in cash and cash equivalents	65,215,966	9,474,575
Cash and cash equivalents at beginning of financial year	119,699,585	110,315,680
Effect of changes in exchange rates	34,691	(90,670)
Cash and cash equivalents at end of financial year	184,950,242	119,699,585
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	46,158,734	39,363,585
Deposits with financial institutions	163,964,229	100,992,312
	210,122,963	140,355,897
Deposits placed with licensed banks with original maturity of more than three (3) months	(25,172,720)	(20,656,312)
	184,950,243	119,699,585

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 SECOND QUARTER ENDED 30 JUNE 2021

For the 6 months ended 30 June 2021

	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	Retained earnings RM			
2021							
Balance as at 1 January 2021	174,372,109	8,334	3,371,643	159,101,042	336,853,128	413,258	337,266,386
Profit for the period	-	-	-	37,130,067	37,130,067	171,341	37,301,408
Foreign currency translations	-	42,056	-	-	42,056	(597)	41,459
Fair value loss on equity investments	-	-	(1,285,148)	-	(1,285,148)	-	(1,285,148)
Total comprehensive income for the period	-	42,056	(1,285,148)	37,130,067	35,886,975	170,744	36,057,720
Transactions with owners							
Ordinary shares issued pursuant to Private Placement	70,859,303	-	-	-	70,859,303	-	70,859,303
Dividends paid	-	-	-	(28,912,262)	(28,912,262)	-	(28,912,262)
Balance as at 30 June 2021	245,231,412	50,390	2,086,496	167,318,847	414,687,144	584,002	415,271,147

For the 6 months ended 30 June 2020

	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	Retained earnings RM			
2020							
Balance as at 1 January 2020	174,372,109	(246,285)	1,471,363	133,409,491	309,006,678	(628,315)	308,378,363
Profit for the period	-	-	-	17,554,228	17,554,228	(931,445)	16,622,783
Foreign currency translations	-	616,335	-	-	616,335	28,911	645,246
Fair value gain on equity investments	-	-	2,042,311	-	2,042,311	-	2,042,311
Total comprehensive income for the period	-	616,335	2,042,311	17,554,228	20,212,874	(902,534)	19,310,340
Transactions with owners							
Dividends paid	-	-	-	(11,197,607)	(11,197,607)	-	(11,197,607)
Balance as at 30 June 2020	174,372,109	370,050	3,513,674	139,766,112	318,021,945	(1,530,849)	316,491,096

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 2020 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

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 2020.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2020 other than the application of new MFRSs and amendments to the MFRSs which became effective for annual period beginning on 1 January 2021. The initial application of these new MFRSs and amendments to MFRSs has no material impact on this interim financial reporting.

New MFRSs adopted during the financial year

The Group 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
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

A2. Auditor’s Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

A3. Seasonal or cyclical factors

The business operations of the Group were not significantly affected by seasonal or cyclical factors during the period under review.

A4. Items of Unusual nature and Amount

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the quarterly financial reports.

LUXCHEM CORPORATION BERHAD

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QUARTERLY FINANCIAL REPORT AS AT 30 JUNE 2021**A5. Segmental Information**

Segmental results by business activities:

Operating Segments				
YTD 30 Jun 2021				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	368,176,985	161,398,924	-	529,575,909
Inter-segment revenue	(2,481,168)	(83,620,099)	-	(86,101,266)
External sales	365,695,818	77,778,825	-	443,474,643
Results				
Segment results	29,051,247	20,538,517	(438,294)	49,151,470
Dividend, interest & rental	505,165	356,147	477,463	1,338,775
Operating profit	29,556,412	20,894,663	39,170	50,490,245
Finance costs	(1,255,679)	(200,384)	-	(1,456,063)
Profit before tax	28,300,734	20,694,279	39,170	49,034,183
Taxation	(6,767,218)	(4,965,556)	-	(11,732,774)
Profit for the period	21,533,515	15,728,724	39,170	37,301,409
Segment assets	308,749,185	172,362,248	86,487,521	567,598,954
Segment liabilities	107,183,382	44,868,254	276,168	152,327,805

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Segmental results by Geographical Segment:

Country	YTD 30 Jun 21	YTD 30 Jun 20	Change	
	Revenue	Revenue		
	RM	RM	RM	%
Malaysia	322,040,132	217,831,140	104,208,992	48%
Vietnam	45,835,010	32,259,905	13,575,105	42%
Indonesia	43,415,807	42,306,378	1,109,429	3%
Thailand	11,993,221	11,873,366	119,855	1%
Australia	4,240,501	1,353,470	2,887,031	213%
Singapore	4,233,291	1,284,102	2,949,189	230%
Sri Lanka	3,000,021	1,386,589	1,613,431	116%
Bangladesh	2,585,002	1,824,983	760,019	42%
New Zealand	1,919,266	972,455	946,811	97%
Philippines	1,553,514	1,533,119	20,396	1%
Others	2,658,879	2,147,106	511,772	24%
Total exports	121,434,511	96,941,473	24,493,038	25%
Total	443,474,643	314,772,613	128,702,030	41%

For current financial year-to-date ended 30 June 2021, the Group achieved revenue of RM443.47 million. There is an increase of RM128.70 million or 41% compared with preceding financial year-to-date ended 30 June 2020. Higher revenue was mainly attributable to higher local sales in trading segment.

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A6. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current period under review.

A7. Capital commitments

Capital commitments as at 30 June 2021	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	
- property, plant and equipment	1,448,453
- intangible assets	697,522
Approved but not contracted for	1,482,664
	<u>3,628,640</u>

A8. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter and year-to-date ended 30 June 2021.

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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 (2nd quarter)		Changes	
	Current Year Quarter 30-Jun-21 RM	Preceding Year Corresponding Quarter 30-Jun-20 RM	RM	%
Revenue	215,606,901	140,291,981	75,314,920	54%
Cost of sales	(187,130,919)	(124,710,555)	(62,420,363)	50%
Gross profit	28,475,983	15,581,426	12,894,557	83%
Other operating income	429,865	(396,866)	826,732	-208%
Selling and distribution costs	(1,494,172)	(1,346,923)	(147,249)	11%
Administrative expenses	(4,815,843)	(2,710,109)	(2,105,734)	78%
Other operating expenses	(34,519)	(8,028)	(26,491)	330%
Operating profit	22,561,314	11,119,498	11,441,816	103%
Finance costs	(755,977)	(773,592)	17,615	-2%
Profit before Tax	21,805,337	10,345,906	11,459,431	111%
Taxation	(5,177,855)	(2,765,329)	(2,412,526)	87%
Profit after Tax	16,627,482	7,580,577	9,046,904	119%

The Group reported higher revenue of RM215.61 million for the current quarter ended 30 June 2021, as compared to preceding year corresponding quarter ended 30 June 2020. Revenue increased by RM75.31 million or 54%. The higher revenue was attributable to trading segment.

The Group reported higher profit after tax of RM16.63 million for the current quarter ended 30 June 2021, as compared to preceding year corresponding quarter ended 30 June 2020 of RM7.58 million. Profit after tax increased by RM9.05 million or 119% due to 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-Jun-21 RM	Immediate Preceding Quarter 31-Mar-21 RM	Changes	
			RM	%
Revenue	215,606,901	227,867,741	(12,260,840)	-5%
Cost of sales	(187,130,919)	(191,966,550)	4,835,631	-3%
Gross profit	28,475,983	35,901,191	(7,425,209)	-21%
Other operating income	429,865	1,706,961	(1,277,095)	-75%
Selling and distribution costs	(1,494,172)	(1,487,535)	(6,637)	0%
Administrative expenses	(4,815,843)	(6,286,889)	1,471,046	-23%
Other operating expenses	(34,519)	(1,904,797)	1,870,278	-98%
Operating profit	22,561,314	27,928,932	(5,367,618)	-19%
Finance costs	(755,977)	(700,086)	(55,891)	8%
Profit before Tax	21,805,337	27,228,846	(5,423,509)	-20%
Taxation	(5,177,855)	(6,554,919)	1,377,063	-21%
Profit after Tax	16,627,482	20,673,928	(4,046,446)	-20%

For current quarter ended 30 June 2021, the Group achieved revenue of RM215.61 million, representing a decrease of RM12.26 million or 5% compared to previous quarter ended 31 March 2021. This was mainly due to lower sales in the trading segment.

The Group achieved profit after tax of RM16.63 million during the current quarter ended 30 June 2021. There is a decrease of RM4.05 million or 20% compared to previous quarter ended 31 March 2021 which was mainly due to lower profits in manufacturing segment.

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, competition and current Covid-19 pandemic situation.

The Group will continue to improve its own productivity and efficiency to face these external uncontrollable factors and challenges.

B3. Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast in a public document during the current financial year.

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B4. Status of Corporate Proposals announced

Proposed Acquisition

On 14 December 2020, the Company entered into a Heads of Agreement (“HOA”) with Mr. Chuah Kim Piew and Mr. Lee Juinn Yong (“Vendors”) for the proposed acquisition by the Company of 55% equity interest each in Lexis Chemical Sdn Bhd, Lexis Specialties Sdn Bhd and Lexis Corporation Sdn Bhd for a total purchase consideration of RM121.00 million to be satisfied partly via cash and partly via issuance of new ordinary shares in the company.

On 26 February 2021, the Company announced that the Company and the vendors had agreed to extend both the Due Diligence Period and the Expiry Date for a period of 60 days, commencing from 1 March 2021 until 29 April 2021 (“Extended Period”).

On 28 April 2021, the Company announced that the Company and the Vendors had agreed to further extend both the Due Diligence Period and the Expiry Date for a period of 20 days, commencing from 30 April 2021 until 19 May 2021 (“Extended Period”). The signing of the Definitive Agreement is also fixed on 19 May 2021.

On 19 May 2021, the Company had entered into a share sale agreement (“SSA”) with the Vendors for the Proposed Acquisition and the corresponding application in relation to the Proposed Acquisition has been submitted to Bursa Securities on 10 June 2021.

On 9 July 2021, the Company announced that Bursa Securities had, vide its letter dated 9 July 2021, approved the listing and quotation of 72,891,566 new Shares to be issued pursuant to the Proposed Acquisition.

On 11 August 2021, the Company had obtained the shareholders’ approval in the Extraordinary General Meeting convened to approve the Proposed Acquisitions.

Proposed Private Placement

On 14 December 2020, the Company announced that the Company proposes to undertake the private placement of up to 134,371,000 new ordinary shares in the Company, representing approximately 15% of the total number of issued shares of the Company, to independent third-party investors to be identified later and at an issue price to be determined later.

On 17 December 2020, the Company announced that Bursa Securities had, vide its letter dated 17 December 2020, approved the listing and quotation of up to 134,371,000 Placement Shares to be issued pursuant to the Private Placement.

On 10 February 2021, the Company announced that the Board had on to-date (“Price-fixing Date”) fixed the issue price for the placement of 75,000,000 Placement Shares at RM0.71 per Placement Share (“Issue Price”). The Issue Price represents a discount of 9.14% to the 5-day VWAP of the Shares up to and including 9 February 2021 of RM0.7814, being the last market day immediately preceding the Price-fixing Date.

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B4. Status of Corporate Proposals announced (cont'd)

Proposed Private Placement(cont'd)

On 16 February 2021, the Company announced that the Board had on the Price-fixing Date fixed the issue price for the placement of 15,000,000 Placement Shares at RM0.73 per Placement Share. The Issue Price represents a discount of 7.71% to the 5-day VWAP of the Shares up to and including 15 February 2021 of RM0.7910, being the last market day immediately preceding the Price-fixing Date.

On 19 February 2021, the Company announced Private Placement of 70,750,000 new Shares were placed out at the price of RM0.71 per placement share and were listed on Bursa Malaysia Securities Bhd on 22 February 2021.

On 22 February 2021, the Company announced Private Placement of 4,250,000 new Shares were placed out at the price of RM0.71 per placement share and were listed on Bursa Malaysia Securities Bhd on 23 February 2021.

On 22 February 2021, the Company announced that the Board had on the Price-fixing Date fixed the issue price for the placement of 15,500,000 Placement Shares at RM0.75 per Placement Share. The Issue Price represents a discount of 8.38% to the 5-day VWAP of the Shares up to and including 19 February 2021 of RM0.8186, being the last market day immediately preceding the Price-fixing Date.

On 24 February 2021, the Company announced Private Placement of 15,000,000 new Shares were placed out at the price of RM0.73 per placement share and were listed on Bursa Malaysia Securities Bhd on 25 February 2021.

On 1 March 2021, the Company announced Private Placement of 11,166,000 new Shares were placed out at the price of RM0.75 per placement share and were listed on Bursa Malaysia Securities Bhd on 2 March 2021.

On 25 May 2021, the Company announced that the Company has submitted an application to seek Bursa Securities' approval for an extension of time of 6 months from 16 June 2021 up to 16 December 2021 for the Company to complete the implementation of the Private Placement.

On 3 June 2021, the Company announced that the Company had obtained the approval of Bursa Securities vide its letter dated 2 June 2021 (which was received on 3 June 2021) for an extension of time of 6 months up to 16 December 2021 for the Company to complete the implementation of the Private Placement.

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B5. Status of Utilisation of Proceeds Raised from Private Placement

The status of utilisation of proceeds raised from the Private Placement during the financial period ended 30 June 2021 is as follow:

Purpose	Proposed Utilisation	Actual Utilisation	Balance Unutilised	Intended timeframe for utilisation from completion of Private Placement
	RM	RM	RM	
i. Acquisition and/or investment in complementary business and/or assets	45,564,500	-	45,564,500	Within 24 months
ii. Working capital	24,000,000	-	24,000,000	Within 12 months
iii. Estimated expenses for Private Placement	3,010,000	1,715,197	1,294,803	Immediate
Total	72,574,500	1,715,197	70,859,303	

B6. Taxation

	Current Quarter Ended 30-Jun-21 RM	Current Year-to-date Ended 30-Jun-21 RM
Tax expenses	(5,177,855)	(11,732,774)

The effective tax rate of the Group in current year is approximately the statutory tax rate.

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B7. Group borrowings and debt securities

The Group's borrowings as at 30 June 2021 as follows:

	As at 30 Jun 2021								
	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 (Lease Liabilities)	140,539,854	40,194	40,194	-	-	211,178,183	60,397	-	60,397
Unsecured									
Bank borrowings	-	-	-	4,074,203	16,900,295	40,121,487,278	11,474,746	70,610,496	98,985,538
Total	140,539,854	40,194	40,194	4,074,203	16,900,295	40,332,665,461	11,535,143	70,610,496	99,045,935

	As at 30 Jun 2021					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured						
Hire-purchase (Lease Liabilities)	-	-	351,718,037	100,591	-	100,591
Unsecured						
Bank borrowings	4,074,203	16,900,295	40,121,487,278	11,474,746	70,610,496	98,985,538
Total	4,074,203	16,900,295	40,473,205,315	11,575,338	70,610,496	99,086,129

Exchange rates on borrowings as at 30 June 2021:

USD to RM	4.1520
USD to IDR	14,496
IDR100 to RM	0.0286

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B7. Group borrowings and debt securities (cont'd)

The Group's borrowings as at 30 June 2020 as follows:

	As at 30 Jun 2020								
	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 (Lease Liabilities)	298,607,995	89,582	89,582	-	-	230,884,670	69,265	-	69,265
Unsecured									
Bank borrowings	-	-	-	542,418	2,322,903	62,002,454,786	18,600,737	20,730,498	41,654,139
Total	298,607,995	89,582	89,582	542,418	2,322,903	62,233,339,456	18,670,003	20,730,498	41,723,404

	As at 30 Jun 2020					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured						
Hire-purchase (Lease Liabilities)	-	-	529,492,665	158,848	-	158,848
Unsecured						
Bank borrowings	542,418	2,322,903	62,002,454,786	18,600,737	20,730,498	41,654,139
Total	542,418	2,322,903	62,531,947,451	18,759,585	20,730,498	41,812,987

Exchange rates on borrowings as at 30 June 2020:

USD to RM	4.2825
USD to IDR	14,302
IDR100 to RM	0.0300

The Group's total borrowing as at 30 June 2021 was RM99.09 million, an increase of RM57.28 million compared to preceding year corresponding quarter.

B8. 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 June 2021, the amount of bank borrowings of its subsidiaries guaranteed by the Company amounted to RM98.99 million.

The Company monitors the performance of the subsidiaries 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.

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B9. Material Litigation

On 3 March 2021, the subsidiary of Luxchem, namely Luxchem Trading Sdn Bhd ("the Plaintiff") filed a writ of summons and a statement of claim on Central Spectrum (M) Sdn Bhd ("the Defendant") for breach of a sale and purchase agreement dated 29 January 2014 ("SPA") entered into between the Plaintiff (as purchaser) and the Defendant (as vendor) for the purchase by the Plaintiff from the Defendant, of a plot of industrial land in Pulau Indah Industrial Park, measuring approximately 8.42 acres ("Lot") at a purchase price of RM14,671,008.00 ("Purchase Price"). The Plaintiff alleged that the Defendant has failed to, amongst others, complete the basic infrastructure (in particular the water reticulation system) and the sewerage system, including to effect the handover of the water reticulation system to Air Selangor and the sewerage system to Indah Water Konsortium, in accordance with the terms of the SPA.

The plaintiff is claiming against the Defendant for, amongst others:-

1. declaration that the Defendant has breached the SPA;
2. declaration that the purported delivery of vacant possession by the Defendant on 10 September 2017 is null, void and of no effect;
3. declaration that the Defendant has not delivered vacant possession of the land to the Plaintiff in full compliance with the SPA and the Plaintiff is entitled to claim for liquidated ascertained damages ("LAD") pursuant to the terms of the SPA;
4. LAD from the official date for the purported delivery of vacant possession by the Defendant amounting to RM4,980,104.00 (calculated as at 31 January 2021) and such further LAD at the rate of 10% per annum of the Purchase Price until the date of delivery of actual vacant possession;
5. in the alternative to paragraph (iv) above, special damages of RM1,077,958.06 (calculated up to 31 July 2021 based on the Defendant's representation that the basic infrastructure in particular the water reticulation system will be completed and handed over to Air Selangor by June 2021);
6. further losses and damages for breach of the SPA to be assessed and determined by the court;
7. 5% interest on the sum of award ordered by the court from the date of judgement to the date of full and final settlement;
8. costs; and
9. such other reliefs as the court deems fit and just.

The Defendant filed its statement of defence on 2 April 2021 and the Plaintiff has filed its reply to defence on 15 April 2021. The court has directed the parties to comply with pre-trial directions by 15 June 2021 and fixed the matter for case management on 15 June 2021.

Based on the documents and evidence received as at the LPD, the Plaintiff's solicitor is of the view that Luxchem Trading Sdn Bhd has a good chance of succeeding in its claim for the declarations sought and is likely to be awarded either the LAD claimed or alternatively, the special and general damages claimed depending on the court's decision in respect of the Plaintiff's claim for declarations.

Due to Full Movement Control Order, the judge has fixed a further case management on 13 October 2021 for the parties to comply with the pre-trial directions.

Currently, the Plaintiff's solicitors are finalising the issues to be tried, agreed facts, and common bundle of documents with the Defendant's solicitors.

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B10. Dividend

The Board of Directors declared the payment of single tier second interim dividend of 0.8sen per ordinary share in respect of the financial year ending 31 December 2021, payable on 30 September 2021 to depositors registered in the Records of Depositors at close of business on 14 September 2021.

B11. Earnings per share

(a) Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the Company of RM16.57 million for the current quarter and RM37.13 million for the current financial year-to-date as at 30 June 2021 and on the weighted average number of shares in issue of 967,540,975 as at 30 June 2021.

(b) Diluted earnings per share

There is no effect of dilution for the current quarter and financial year-to-date.

By order of the Board,

Chen Moi Kew
Director / Chief Financial Officer
Date: 11 August 2021