

LUXCHEM CORPORATION BERHAD

(Company No: 199101014102 (224414-D))

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 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 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Individual Period (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30-Sep-21 RM	Preceding Year Corresponding Quarter 30-Sep-20 RM	RM	%	Current Year-to-date 30-Sep-21 RM	Preceding Year-to-date 30-Sep-20 RM	RM	%
Revenue	192,207,564	191,260,089	947,476	0%	635,682,207	506,032,702	129,649,506	26%
Cost of sales	(162,933,809)	(166,162,913)	3,229,103	-2%	(542,031,278)	(445,094,185)	(96,937,093)	22%
Gross profit	29,273,755	25,097,176	4,176,579	17%	93,650,929	60,938,517	32,712,412	54%
Other operating income	1,846,881	250,379	1,596,502	638%	3,983,707	3,988,065	(4,358)	0%
Selling and distribution costs	(3,580,070)	(1,322,701)	(2,257,369)	171%	(6,561,777)	(4,080,104)	(2,481,672)	61%
Administrative expenses	(5,669,067)	(4,602,407)	(1,066,659)	23%	(16,769,252)	(16,403,251)	(366,000)	2%
Other operating expenses	791,066	(62,722)	853,788	-1361%	(1,150,797)	(87,813)	(1,062,984)	1211%
Operating profit	22,662,565	19,359,725	3,302,841	17%	73,152,812	44,355,414	28,797,398	65%
Finance costs	(744,131)	(512,231)	(231,900)	45%	(2,200,194)	(2,096,148)	(104,045)	5%
Profit before Tax	21,918,434	18,847,494	3,070,940	16%	70,952,618	42,259,266	28,693,352	68%
Taxation	(5,367,504)	(4,678,144)	(689,360)	15%	(17,100,278)	(11,467,132)	(5,633,146)	49%
Profit after Tax	16,550,931	14,169,350	2,381,580	17%	53,852,340	30,792,134	23,060,206	75%
Exchange gain on translation of foreign operations	214,482	(436,784)	651,266	-149%	255,941	208,461	47,480	23%
Fair value loss on equity investments	(333,344)	2,996,446	(3,329,790)	-100%	(1,618,491)	2,996,446	(4,614,937)	-100%
Total other comprehensive (loss)/income	(118,862)	2,559,662	(2,678,524)	-105%	(1,362,550)	3,204,907	(4,567,458)	-143%
Total comprehensive income for the period	16,432,069	16,729,012	(296,943)	-2%	52,489,790	33,997,041	18,492,749	54%
Profit attributable to:								
-Owners of the Company	14,704,229	14,204,243	499,986	4%	51,834,297	31,758,471	20,075,826	63%
-Non controlling interests	1,846,702	(34,893)	1,881,595	-5392%	2,018,043	(966,338)	2,984,380	-309%
Total comprehensive income attributable to:	16,550,931	14,169,350	2,381,580	17%	53,852,340	30,792,134	23,060,206	75%
-Owners of the Company	14,571,150	16,763,905	(2,192,756)	-13%	50,458,127	34,963,379	15,494,748	44%
-Non controlling interests	1,860,919	(34,893)	1,895,813	-5433%	2,031,664	(966,338)	2,998,001	-310%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.41	1.59	(0.17)		5.25	3.55	1.70	
Earnings per share - Fully Diluted (Sen)	1.41	1.59	(0.17)		5.25	3.55	1.70	

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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(Incorporated in Malaysia)

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NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Current Quarter Ended 30-Sep-21 RM	Current Year- to-date Ended 30-Sep-21 RM
Interest income	(593,123)	(1,818,661)
Other income*	(1,253,758)	(2,165,046)
Interest expense	744,131	2,200,194
Depreciation & amortisation	1,689,270	3,641,085
Write back of receivable	(860,707)	(1,623,336)
Write back of inventories	-	(31,492)
Foreign exchange (gain)/loss - realised	29,364	468,273
Foreign exchange (gain)/loss - unrealised	(260,783)	120,093
Loss/(gain) on derivatives	13,494	33,304

*Includes foreign exchange gain

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Unaudited As at 30-Sep-21 RM	Audited As at 31-Dec-20 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	78,702,160	63,220,609
Investment property	2,722,163	2,743,392
Goodwill	61,368,155	35,802,888
Intangible assets	152,697,858	4,742,149
Other investments	2,048,494	3,666,985
Deferred tax assets	1,585,351	1,569,340
	<u>299,124,181</u>	<u>111,745,363</u>
Current Assets		
Inventories	102,290,543	72,882,379
Trade and other receivables	138,044,101	159,903,609
Derivative financial assets	-	52,450
Current tax assets	2,313,380	2,422,688
Cash and bank balances	205,645,954	140,355,897
	<u>448,293,978</u>	<u>375,617,023</u>
Total Assets	<u>747,418,159</u>	<u>487,362,386</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	305,731,412	174,372,109
Other reserves	2,003,809	3,379,977
Retained profits	173,464,146	159,101,042
	<u>481,199,367</u>	<u>336,853,128</u>
Non-controlling interests	80,527,884	413,258
Total Equity	<u>561,727,251</u>	<u>337,266,386</u>
Non-current Liabilities		
Term loan	10,024,597	-
Retirement benefits	800,896	781,762
Lease liabilities	478,344	268,279
Deferred tax liabilities	37,551,527	1,324,304
	<u>48,855,364</u>	<u>2,374,345</u>
Current Liabilities		
Trade and other payables	53,776,299	81,173,123
Derivative financial liabilities	11,032	30,178
Lease liabilities	373,634	397,984
Term loan	563,436	-
Bank borrowings	76,313,510	63,793,408
Current tax liabilities	5,797,632	2,326,962
	<u>136,835,543</u>	<u>147,721,655</u>
Total Liabilities	<u>185,690,907</u>	<u>150,096,000</u>
Total Equity and Liabilities	<u>747,418,158</u>	<u>487,362,386</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.56	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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QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Current Year- to-date Ended 30-Sep-21 RM	Preceding Year Corresponding Year Ended 31-Dec-20 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	70,952,618	62,523,077
Adjustments for :		
Amortisation of intangible assets	799,328	256,050
Depreciation of investment property	21,228	28,304
Depreciation of property, plant and equipment	2,789,946	3,923,878
Defined benefit obligations	-	146,459
Dividend income	(84,528)	(156,413)
Loss/(gain) on changes in fair value of forward exchange contracts	33,304	(180,548)
Gain on disposal of property, plant and equipment	(96,429)	(18,442)
Gain on remeasurement of lease	(2,291)	-
Impairment losses on trade receivables	91,301	3,858,681
Interest income	(1,818,661)	(1,314,840)
Interest expense	2,200,194	2,586,116
Inventories written down	-	987,305
Inventories written off	-	608,205
Property, plant and equipment written off	12,305	208,956
Net unrealised loss/(gain) on foreign exchange	120,093	(337,515)
Reversal of impairment loss on trade receivables	(1,623,336)	(1,240,015)
Reversal of inventories written down	(31,492)	(186,883)
Operating profit before working capital changes	73,363,582	71,692,375
Increase in inventories	(20,815,852)	(5,495,697)
Decrease/(Increase) in trade and other receivables	47,456,767	(27,473,399)
(Decrease)/Increase in trade and other payables	(44,485,448)	25,171,532
Cash generated from operations	55,519,050	63,894,811
Tax paid	(16,398,879)	(14,841,277)
Interest received	1,818,661	1,314,840
Interest paid	(2,176,177)	(2,529,161)
Net cash (used in)/generated from operating activities	38,762,655	47,839,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(14,485,172)	-
Purchase of property, plant and equipment	(1,678,126)	(14,453,804)
Purchase of intangible assets	(60,941)	(406,811)
Proceeds from disposal of property, plant and equi	97,421	111,217
Dividend received	84,528	156,413
Deposits placed with licensed banks with original maturity of more than three (3) months	7,978,998	(4,497,906)
Net cash used in investing activities	(8,063,292)	(19,090,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued pursuant to Private Placement exercise	70,859,303	-
Repayment on lease liabilities	(361,268)	(681,193)
Interest paid on lease liabilities	(24,016)	(56,955)
Net loan repayment	(101,751)	1,620,093
Net drawdown of trade finance	9,499,255	1,620,093
Dividend paid	(37,471,191)	(20,155,692)
Net cash generated from/(used in) financing activities	42,400,332	(19,273,747)
Net increase in cash and cash equivalents	73,099,694	9,474,575
Cash and cash equivalents at beginning of financial year	119,699,585	110,315,680
Effect of changes in exchange rates	169,361	(90,670)
Cash and cash equivalents at end of financial year	192,968,640	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	108,982,420	39,363,585
Deposits with financial institutions	96,663,534	100,992,312
Deposits placed with licensed banks with original maturity of more than three (3) months	205,645,954	140,355,897
	(12,677,314)	(20,656,312)
	192,968,640	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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

For the 9 months ended 30 Sep 2021

	Attributable to Owners of the Company					Non-controlling interests RM	Total equity RM
	<----- Non - distributable ----->			Distributable			
	Share capital RM	Exchange translation reserve RM	Fair value reserve RM	Retained earnings RM	Total 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	-	-	-	51,834,297	51,834,297	2,018,043	53,852,340
Foreign currency translations	-	242,320	-	-	242,320	13,621	255,941
Fair value loss on equity investments	-	-	(1,618,491)	-	(1,618,491)	-	(1,618,491)
Total comprehensive income for the period	-	242,320	(1,618,491)	51,834,297	50,458,126	2,031,664	52,489,790
Adjustment on acquisition of subsidiary	-	-	-	-	-	78,082,963	78,082,963
Shares issued for acquisition of subsidiary	60,500,000	-	-	-	60,500,000	-	60,500,000
Transactions with owners							
Ordinary shares issued pursuant to Private Placement	70,859,303	-	-	-	70,859,303	-	70,859,303
Dividends paid	-	-	-	(37,471,191)	(37,471,191)	-	(37,471,191)
Balance as at 30 Sep 2021	305,731,412	250,654	1,753,152	173,464,148	481,199,366	80,527,884	561,727,250

For the 9 months ended 30 Sep 2020

	Attributable to Owners of the Company					Non-controlling interests RM	Total equity RM
	<----- Non - distributable ----->			Distributable			
	Share capital RM	Exchange translation reserve RM	Fair value reserve RM	Retained earnings RM	Total 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	-	-	-	31,758,472	31,758,472	(966,338)	30,792,134
Foreign currency translations	-	208,927	-	-	208,927	(465)	208,462
Fair value gain on equity investments	-	-	2,996,446	-	2,996,446	-	2,996,446
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-
Total comprehensive income for the period	-	208,927	2,996,446	31,758,472	34,963,845	(966,803)	33,997,042
Transactions with owners							
Dividends paid	-	-	-	(20,155,692)	(20,155,692)	-	(20,155,692)
Balance as at 30 Sep 2020	174,372,109	(37,358)	4,467,809	145,012,271	323,814,831	(1,595,118)	322,219,713

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.

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A5. Dividends Paid

On 12 May 2021, the Company had made the payment of single tier second interim dividend of 2.0 sen per ordinary share in respect of the financial year ending 31 December 2020 amounting to RM19,939,491.

On 3 June 2021, the Company had made the payment of single tier first interim dividend of 0.9 sen per ordinary share in respect of the financial year ending 31 December 2021 amounting to RM8,972,771.

On 30 September 2021, the Company had made the payment of single tier second interim dividend of 0.8 sen per ordinary share in respect of the financial year ending 31 December 2021 amounting to RM8,558,929.

A6. Segmental Information

Segmental results by business activities:

Operating Segments				
YTD 30 Sep 21				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	517,363,375	240,197,799	-	757,561,174
Inter-segment revenue	(3,732,086)	(118,146,881)	-	(121,878,967)
External sales	513,631,289	122,050,918	-	635,682,207
Results				
Segment results	43,230,757	29,743,469	(1,773,353)	71,200,873
Dividend, interest & rental	758,032	521,250	672,657	1,951,939
Operating profit	43,988,789	30,264,719	(1,100,696)	73,152,812
Finance costs	(1,809,230)	(390,963)	-	(2,200,194)
Profit before tax	42,179,558	29,873,756	(1,100,696)	70,952,618
Taxation	(10,067,589)	(7,181,329)	148,640	(17,100,278)
Profit for the period	32,111,969	22,692,427	(952,056)	53,852,340
Segment assets	296,842,805	274,948,962	175,626,393	747,418,160
Segment liabilities	85,599,115	64,139,449	35,952,347	185,690,911

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A6. Segmental Information (cont'd)

Segmental results by Geographical Segment:

Country	YTD 30 Jun 21	YTD 30 Jun 20	Change	
	Revenue	Revenue		
	RM	RM	RM	%
Malaysia	442,798,193	353,029,598	89,768,595	25%
Vietnam	69,011,008	63,654,848	5,356,160	8%
Indonesia	60,099,994	54,480,802	5,619,192	10%
Thailand	23,961,867	17,164,674	6,797,194	40%
Australia	7,451,830	2,603,752	4,848,079	186%
Singapore	6,299,945	2,358,434	3,941,510	167%
Sri Lanka	6,174,279	-	6,174,279	100%
Bangladesh	5,137,650	2,591,408	2,546,242	98%
New Zealand	4,246,642	2,725,236	1,521,406	56%
Philippines	3,214,953	1,826,368	1,388,586	76%
Others	7,285,846	5,597,583	1,688,263	30%
Total exports	192,884,014	153,003,104	39,880,910	26%
Total	635,682,207	506,032,702	129,649,505	26%

For current financial year-to-date ended 30 September 2021, the Group achieved revenue of RM635.68 million. There is an increase of RM129.65 million or 26% compared with preceding financial year-to-date ended 30 September 2020. Higher revenue was mainly attributable to higher local sales in trading segment.

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A7. Valuation of property, plant and equipment

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

A8. Capital commitments

Capital commitments as at 30 September 2021	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	
- property, plant and equipment	2,343,194
- intangible assets	691,122
Approved but not contracted for	15,516,447
	<u>18,550,763</u>

A9. Changes in the Composition of the Group

There were no other changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations during the current quarter review except for the following:

On 24 August 2021, the Company has completed the acquisition 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. Accordingly, Lexis Chemical Sdn Bhd, Lexis Specialties Sdn Bhd and Lexis Corporation Sdn Bhd are now subsidiaries of the Company. The effect of business combination has been reflected in this report using the latest available financial information of Lexis Chemical Sdn Bhd, Lexis Specialties Sdn Bhd and Lexis Corporation Sdn Bhd as at 31 August 2021. All the income and expenses prior to this date would be accounted for as pre-acquisition reserve.

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

B1. Review of performance of the Company and its principal subsidiaries

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

	Individual Period (3rd quarter)		Changes	
	Current Year Quarter 30-Sep-21 RM	Preceding Year Corresponding Quarter 30-Sep-20 RM	RM	%
Revenue	192,207,564	191,260,089	947,476	0%
Cost of sales	(162,933,809)	(166,162,913)	3,229,103	-2%
Gross profit	29,273,755	25,097,176	4,176,579	17%
Other operating income	1,846,881	250,379	1,596,502	638%
Selling and distribution costs	(3,580,070)	(1,322,701)	(2,257,369)	171%
Administrative expenses	(5,669,067)	(4,602,407)	(1,066,659)	23%
Other operating expenses	791,066	(62,722)	853,788	-1361%
Operating profit	22,662,565	19,359,725	3,302,840	17%
Finance costs	(744,131)	(512,231)	(231,900)	45%
Profit before Tax	21,918,434	18,847,494	3,070,940	16%
Taxation	(5,367,504)	(4,678,144)	(689,360)	15%
Profit after Tax	16,550,930	14,169,350	2,381,580	17%

The Group reported higher revenue of RM192.21 million for the current quarter ended 30 September 2021, as compared to preceding year corresponding quarter ended 30 September 2020 of RM191.26 million. Revenue increased by RM0.95 million or 0.5%. The higher revenue was attributable to manufacturing segment.

The Group reported higher profit after tax of RM16.55 million for the current quarter ended 30 September 2021, as compared to preceding year corresponding quarter ended 30 September 2020 of RM14.17 million. Profit after tax increased by RM2.38 million or 17% 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-Sep-21 RM	Immediate Preceding Quarter 30-Jun-21 RM	Changes	
			RM	%
Revenue	192,207,564	215,606,901	(23,399,337)	-11%
Cost of sales	(162,933,809)	(187,130,919)	24,197,109	-13%
Gross profit	29,273,755	28,475,983	797,772	3%
Other operating income	1,846,881	429,865	1,417,015	330%
Selling and distribution costs	(3,580,070)	(1,494,172)	(2,085,898)	140%
Administrative expenses	(5,669,067)	(4,815,843)	(853,224)	18%
Other operating expenses	791,066	(34,519)	825,585	-2392%
Operating profit	22,662,565	22,561,314	101,251	0%
Finance costs	(744,131)	(755,977)	11,846	-2%
Profit before Tax	21,918,434	21,805,337	113,097	1%
Taxation	(5,367,504)	(5,177,855)	(189,649)	4%
Profit after Tax	16,550,930	16,627,482	(76,552)	0%

For current quarter ended 30 September 2021, the Group achieved revenue of RM192.21 million, representing a decrease of RM23.40 million or 11% compared to previous quarter ended 30 June 2021. This was mainly due to lower sales in the trading segment.

The Group achieved profit after tax of RM16.55 million during the current quarter ended 30 September 2021. There is a slight decrease of RM0.08 million or 0.5% compared to previous quarter ended 30 June 2021.

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

a) 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.

On 17 August 2021, the SSA has become unconditional and the Acquisition has been completed on 24 August 2021 in accordance with the terms of the SSA.

Accordingly, Lexis Chemical Sdn Bhd, Lexis Specialties Sdn Bhd and Lexis Corporation Sdn Bhd have become the subsidiaries of Luxchem on 24 August 2021. The Consideration Shares have been issued to the Vendors and are listed and quoted on the Main Market of Bursa Securities on 26 August 2021.

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

b) 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.

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.

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

b) Proposed Private Placement (cont'd)

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.

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 September 2021 is as follow:

Purpose	Proposed Utilisation RM	Actual Utilisation RM	Balance Unutilised RM	Intended timeframe for utilisation from completion of Private
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	14,935,500	9,064,500	Within 12 months
iii. Estimated expenses for Private Placement	3,010,000	1,715,197	1,294,803	Immediate
Total	72,574,500	62,215,197	10,359,303	

B6. Taxation

	Current Quarter Ended 30-Sep-21 RM	Current Year-to-date Ended 30-Sep-21 RM
Tax expenses	(5,367,504)	(17,100,278)

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

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B7. Group borrowings and debt securities

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

	As at 30 Sep 2021									
	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 (Lease Liabilities)	107,179,808	31,404	-	31,404	-	-	187,731,307	55,005	-	55,005
Unsecured										
Bank borrowings	-	-	10,024,597	10,024,597	105,190	440,952	74,248,556,989	21,754,828	54,681,167	76,876,947
Total	107,179,808	31,404	10,024,597	10,056,000	105,190	440,952	74,436,288,296	21,809,833	54,681,167	76,931,952

	As at 30 Sep 2021					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured						
Hire-purchase (Lease Liabilities)	-	-	294,911,115	86,409	-	86,409
Unsecured						
Bank borrowings	105,190	440,952	74,248,556,989	21,754,828	64,705,764	86,901,544
Total	105,190	440,952	74,543,468,104	21,841,237	64,705,764	86,987,953

Exchange rates on borrowings as at 30 September 2021:

USD to RM	4.1870
USD to IDR	14,307
IDR100 to RM	0.0293

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

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

	As at 30 Sep 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)	238,906,471	66,655	66,655	-	-	185,188,264	51,668	-	51,668
Unsecured									
Bank borrowings	-	-	-	2,109,439	8,779,742	21,660,189,480	6,043,193	37,030,042	51,852,977
Total	238,906,471	66,655	66,655	2,109,439	8,779,742	21,845,377,744	6,094,860	37,030,042	51,904,645

	As at 30 Sep 2020					
	Total Borrowing					
	USD Borrowing	RM Equivalent	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured						
Hire-purchase (Lease Liabilities)	-	-	424,094,735	118,323	-	118,323
Unsecured						
Bank borrowings	2,109,439	8,779,742	21,660,189,480	6,043,193	37,030,042	51,852,977
Total	2,109,439	8,779,742	22,084,284,215	6,161,516	37,030,042	51,971,300

Exchange rates on borrowings as at 30 September 2020:

USD to RM	4.1555
USD to IDR	14,918
IDR100 to RM	0.0279

The Group's total borrowing as at 30 September 2021 was RM86.99 million, an increase of RM35.02 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 September 2021, the amount of bank borrowings of its subsidiaries guaranteed by the Company amounted to RM86.90 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.

The Court had on 13 October 2021, informed to adjourn the case management, which supposed to be held on 13 October 2021, to 5 January 2022.

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B10. Dividends

There were no dividends proposed or declared for the current quarter under review.

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 RM14.70 million for the current quarter and RM51.83 million for the current financial year-to-date as at 30 September 2021 and on the weighted average number of shares in issue of 987,343,306 as at 30 September 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: 10 November 2021