

LUXCHEM CORPORATION BERHAD

(Company No: 199101014102 (224414-D))

(Incorporated in Malaysia)

QUARTERLY FINANCIAL REPORT AS AT 31 MARCH 2022

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 31 March 2022.

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, manufacturing of latex chemical dispersion and related products for the latex industry as well as manufacturing and trading of former cleaning agents, powder free coagulants and polymer coatings.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Individual Period (1st quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year-to-date	Preceding Year-to-date		
	31-Mar-22 RM	31-Mar-21 RM	RM	%	31-Mar-22 RM	31-Mar-21 RM	RM	%
Revenue	239,519,556	227,867,741	11,651,815	5%	239,519,556	227,867,741	11,651,815	5%
Cost of sales	(203,262,538)	(191,966,550)	(11,295,988)	6%	(203,262,538)	(191,966,550)	(11,295,988)	6%
Gross profit	36,257,019	35,901,191	355,827	1%	36,257,019	35,901,191	355,827	1%
Other operating income	1,830,064	1,054,331	775,733	74%	1,830,064	1,054,331	775,733	74%
Selling and distribution costs	(2,928,765)	(1,487,535)	(1,441,230)	97%	(2,928,765)	(1,487,535)	(1,441,230)	97%
Administrative expenses	(8,147,722)	(6,284,342)	(1,863,380)	30%	(8,147,722)	(6,284,342)	(1,863,380)	30%
Other operating expenses	(1,553,315)	(206,701)	(1,346,614)	651%	(1,553,315)	(206,701)	(1,346,614)	651%
Net gain/(loss) on impairment of financial assets	101,027	(1,048,013)	1,149,040	-110%	101,027	(1,048,013)	1,149,040	-110%
Operating profit	25,558,308	27,928,932	(2,370,624)	-8%	25,558,308	27,928,932	(2,370,624)	-8%
Finance costs	(747,440)	(700,086)	(47,354)	7%	(747,440)	(700,086)	(47,354)	7%
Profit before Tax	24,810,868	27,228,846	(2,417,978)	-9%	24,810,868	27,228,846	(2,417,978)	-9%
Taxation	(5,875,160)	(6,554,919)	679,758	-10%	(5,875,160)	(6,554,919)	679,758	-10%
Profit after Tax	18,935,708	20,673,928	(1,738,220)	-8%	18,935,708	20,673,928	(1,738,220)	-8%
Exchange gain on translation of foreign operations	53,679	19,583	34,096	174%	53,679	19,583	34,096	174%
Fair value loss on equity investments	(249,084)	(895,453)	646,369	-72%	(249,084)	(895,453)	646,369	-72%
Total other comprehensive (loss)/income	(195,404)	(875,869)	680,465	-78%	(195,404)	(875,869)	680,465	-78%
Total comprehensive income for the period	18,740,303	19,798,058	(1,057,755)	-5%	18,740,303	19,798,058	(1,057,755)	-5%
Profit attributable to:								
-Owners of the Company	16,093,977	20,563,423	(4,469,447)	-22%	16,093,977	20,563,423	(4,469,447)	-22%
-Non controlling interests	2,841,731	110,504	2,731,227	2472%	2,841,731	110,504	2,731,227	2472%
Total comprehensive income attributable to:	18,935,708	20,673,928	(1,738,220)	-8%	18,935,708	20,673,928	(1,738,220)	-8%
-Owners of the Company	15,895,946	19,689,769	(3,793,823)	-19%	15,895,946	19,689,769	(3,793,823)	-19%
-Non controlling interests	2,844,357	108,289	2,736,068	2527%	2,844,357	108,289	2,736,068	2527%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.50	2.19	(0.69)		1.50	2.19	(0.69)	
Earnings per share - Fully Diluted (Sen)	1.50	2.19	(0.69)		1.50	2.19	(0.69)	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly financial report.

LUXCHEM CORPORATION BERHAD

(Company No: 199101014102 (224414-D))

(Incorporated in Malaysia)

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NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Current Quarter Ended 31-Mar-22 RM	Current Year- to-date Ended 31-Mar-22 RM
Interest income	(270,751)	(270,751)
Other income*	(1,559,313)	(1,559,313)
Interest expense	747,440	747,440
Depreciation & amortisation	2,934,817	2,934,817
Write back of receivable	(101,027)	(101,027)
Foreign exchange gain - realised	(1,110,063)	(1,110,063)
Foreign exchange loss - unrealised	173,291	173,291
Gain on derivatives	(24,116)	(24,116)

*Includes foreign exchange gain and gain on derivatives

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Unaudited As at 31-Mar-22 RM	Audited As at 31-Dec-21 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	84,866,759	83,598,532
Investment property	2,708,011	2,715,087
Goodwill	64,706,662	64,706,662
Intangible assets	124,929,282	125,427,414
Other investments	1,682,130	1,931,214
Deferred tax assets	599,015	598,017
	<u>279,491,859</u>	<u>278,976,926</u>
Current Assets		
Inventories	102,726,837	129,765,121
Trade and other receivables	140,431,401	171,024,954
Derivative financial assets	5,995	-
Current tax assets	4,609,832	3,225,652
Cash and bank balances	214,423,222	208,519,046
	<u>462,197,287</u>	<u>512,534,773</u>
Total Assets	<u>741,689,146</u>	<u>791,511,699</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	298,077,797	298,077,797
Treasury Shares	(70,536)	(70,536)
Other reserves	1,650,002	1,848,027
Retained profits	206,045,678	189,951,710
	<u>505,702,941</u>	<u>489,806,998</u>
Non-controlling interests	78,152,972	75,308,614
Total Equity	<u>583,855,914</u>	<u>565,115,612</u>
Non-current Liabilities		
Retirement benefits	660,360	658,106
Lease liabilities	380,654	406,137
Term loan	8,782,427	8,977,147
Deferred tax liabilities	30,791,780	31,271,016
	<u>40,615,221</u>	<u>41,312,406</u>
Current Liabilities		
Trade and other payables	39,945,986	94,459,409
Derivative financial liabilities	-	18,121
Lease liabilities	442,549	476,187
Term loan	1,158,139	1,257,839
Bank borrowings	73,760,686	84,878,117
Current tax liabilities	1,910,651	3,994,008
	<u>117,218,011</u>	<u>185,083,681</u>
Total Liabilities	<u>157,833,232</u>	<u>226,396,087</u>
Total Equity and Liabilities	<u>741,689,146</u>	<u>791,511,699</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.55	0.53

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Current Year- to-date Ended 31-Mar-22 RM	Preceding Year Corresponding Year Ended 31-Dec-21 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,810,868	98,390,759
Adjustments for :		
Amortisation of intangible assets	1,610,983	2,290,110
Bad debts written off	-	8,841
Depreciation of investment property	7,076	28,305
Depreciation of property, plant and equipment	1,316,758	4,128,731
Defined benefit obligations	-	(31,802)
Dividend income	(44,066)	(331,383)
(Gain)/Loss on changes in fair value of forward exchange contracts	(24,116)	40,393
Gain on disposal of property, plant and equipment	(21,486)	(156,762)
Gain on termination of lease	-	(2,303)
Impairment losses on trade receivables	-	127,505
Interest income	(270,751)	(2,189,197)
Interest expense	747,440	3,136,781
Inventories written down	-	1,645,073
Inventories written off	-	536,843
Property, plant and equipment written off	-	14,395
Intangible asset written off	-	3
Net unrealised loss on foreign exchange	173,291	173,818
Reversal of impairment loss on trade receivables	(101,027)	(3,441,427)
Reversal of inventories written down	-	(970,784)
Operating profit before working capital changes	28,204,970	103,397,899
Decrease/(Increase) in inventories	27,063,564	(49,932,116)
Decrease in trade and other receivables	30,671,582	16,068,058
Decrease in trade and other payables	(54,623,898)	(3,737,000)
Cash generated from operations	31,316,219	65,796,841
Tax paid	(9,816,796)	(25,505,321)
Interest received	270,751	2,189,197
Interest paid	(736,392)	(3,101,841)
Net cash generated from operating activities	21,033,783	39,378,876
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	-	(14,485,172)
Purchase of property, plant and equipment	(3,318,155)	(7,656,839)
Purchase of intangible assets	(284,864)	(66,983)
Proceeds from disposal of property, plant and equipment	54,665	159,398
Dividend received	44,066	331,383
Withdrawal of deposits with licensed banks with original maturity of more than three (3) months	2,994,844	7,981,506
Net cash used in investing activities	(509,445)	(13,736,707)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued pursuant to Private Placement exercise	-	70,859,303
Repurchase of treasury share of the Company	-	(70,536)
Repayment on lease liabilities	(186,112)	(591,925)
Interest paid on lease liabilities	(11,048)	(34,940)
Net repayment of term loan	(294,420)	(454,797)
Net (repayment)/drawdown of trade finance	(11,202,304)	18,122,890
Dividend paid	-	(37,471,191)
Net cash (used in)/generated from financing activities	(11,693,884)	50,358,804
Net increase in cash and cash equivalents	8,830,453	76,000,973
Cash and cash equivalents at beginning of financial year	195,844,240	119,699,585
Effect of changes in exchange rates	68,565	143,682
Cash and cash equivalents at end of financial year	204,743,259	195,844,240
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	120,890,824	114,583,765
Deposits with financial institutions	93,532,397	93,935,281
	214,423,222	208,519,046
Deposits placed with licensed banks with original maturity of more than three (3) months	(9,679,962)	(12,674,806)
	204,743,259	195,844,240

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 FIRST QUARTER ENDED 31 MARCH 2022

For the 3 months ended 31 March 2022

	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	Treasury Shares RM	Retained earnings RM			
2021								
Balance as at 1 January 2022	298,077,797	212,155	1,635,872	(70,536)	189,951,710	489,806,998	75,308,614	565,115,612
Profit for the period	-	-	-	-	16,093,968	16,093,968	2,841,731	18,935,699
Foreign currency translations	-	51,058	-	-	-	51,058	2,628	53,686
Fair value loss on equity investments	-	-	(249,084)	-	-	(249,084)	-	(249,084)
Total comprehensive income for the period	-	51,058	(249,084)	-	16,093,968	15,895,943	2,844,358	18,740,301
Balance as at 31 March 2022	298,077,797	263,213	1,386,788	(70,536)	206,045,678	505,702,941	78,152,972	583,855,913

For the 3 months ended 31 March 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	Treasury Shares 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	-	-	-	-	20,563,424	20,563,424	110,504	20,673,928
Foreign currency translations	-	21,798	-	-	-	21,798	(2,215)	19,583
Fair value gain on equity investments	-	-	(895,453)	-	-	(895,453)	-	(895,453)
Total comprehensive income for the period	-	21,798	(895,453)	-	20,563,424	19,689,769	108,289	19,798,058
Transactions with owners								
Ordinary shares issued pursuant to Private Placement	70,859,303	-	-	-	-	70,859,303	-	70,859,303
Balance as at 31 March 2021	245,231,412	30,132	2,476,190	-	179,664,466	427,402,200	521,547	427,923,747

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 2021 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 2021.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2021 other than the application of new MFRSs and amendments to the MFRSs which became effective for annual period beginning on 1 January 2022. 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
Annual Improvements to MFRS Standards 2018 - 2021	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

A2. Auditor’s Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

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

No dividend was paid during the current quarter ended 31 March 2022.

A6. Segmental Information

Segmental results by business activities:

Operating Segments				
<u>YTD 31 MARCH 2022</u>				
	Trading RM	Manufacturing RM	Adjustments RM	Conso RM
Total revenue	161,644,624	123,890,214	-	285,534,838
Inter-segment revenue	(3,832,799)	(42,182,482)	-	(46,015,281)
External sales	157,811,825	81,707,732	-	239,519,556
Results				
Segment results	10,957,765	14,394,319	(128,094)	25,223,990
Dividend, interest & rental	231,793	13,034	89,490	334,317
Operating profit	11,189,558	14,407,353	(38,604)	25,558,307
Finance costs	(572,912)	(174,528)	-	(747,440)
Profit before tax	10,616,646	14,232,825	(38,604)	24,810,867
Taxation	(2,579,756)	(3,295,405)	-	(5,875,160)
Profit for the period	8,036,891	10,937,420	(38,604)	18,935,707
Segment assets	312,769,402	404,556,401	25,899,026	743,224,828
Segment liabilities	78,363,773	79,693,639	144,384	158,201,796

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A6. Segmental Information (cont'd)

Segmental results by Geographical Segment:

Country	YTD 31 Mar 22	YTD 31 Mar 21	Change	
	Revenue	Revenue	RM	%
	RM	RM	RM	%
Malaysia	153,985,601	162,418,343	(8,432,742)	-5%
Vietnam	31,628,296	23,377,497	8,250,799	35%
Indonesia	23,526,095	25,624,960	(2,098,865)	-8%
China	10,533,132	1,653	10,531,479	>100%
Thailand	6,986,147	6,320,262	665,885	11%
Sri Lanka	3,486,421	1,472,300	2,014,121	>100%
Bangladesh	1,894,575	995,885	898,690	90%
Australia	1,517,776	2,907,053	(1,389,277)	-48%
New Zealand	1,503,506	906,910	596,596	66%
Singapore	1,052,329	2,253,610	(1,201,281)	-53%
Others	3,405,678	1,589,267	1,816,411	>100%
Total exports	85,533,955	65,449,399	20,084,556	31%
Total	239,519,556	227,867,742	11,651,814	5%

For current financial year-to-date ended 31 March 2022, the Group achieved revenue of RM239.52 million. There is an increase of RM11.65 million or 5% compared with preceding financial year-to-date ended 31 March 2021. Higher revenue was attributable to export sales from manufacturing 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 31 March 2022	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	
- property, plant and equipment	16,732,121
- intangible assets	837,613
Approved but not contracted for	21,493,418
	<u>39,063,152</u>

A9. Changes in the Composition of the Group

There was no change in the composition of the group during the current period.

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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 (1st quarter)		Changes	
	Current Year Quarter 31-Mar-22 RM	Preceding Year Corresponding Quarter 31-Mar-21 RM	RM	%
Revenue	239,519,556	227,867,741	11,651,815	5%
Cost of sales	(203,262,538)	(191,966,550)	(11,295,988)	6%
Gross profit	36,257,019	35,901,191	355,827	1%
Other operating income	1,830,064	1,054,331	775,733	74%
Selling and distribution costs	(2,928,765)	(1,487,535)	(1,441,230)	97%
Administrative expenses	(8,147,722)	(6,284,342)	(1,863,380)	30%
Other operating expenses	(1,553,315)	(206,701)	(1,346,614)	651%
Net gain/(loss) on impairment of financial assets	101,027	(1,048,013)	1,149,040	-110%
Operating profit	25,558,308	27,928,932	(2,370,624)	-8%
Finance costs	(747,440)	(700,086)	(47,354)	7%
Profit before Tax	24,810,868	27,228,846	(2,417,978)	-9%
Taxation	(5,875,160)	(6,554,919)	679,758	-10%
Profit after Tax	18,935,708	20,673,928	(1,738,220)	-8%

The Group reported higher revenue of RM239.52 million for the current quarter ended 31 March 2022, as compared to preceding year corresponding quarter ended 31 March 2021 of RM227.87 million. Revenue increased by RM11.65 million or 5%. The higher revenue was attributable to manufacturing segment.

The Group reported lower profit after tax of RM18.94 million for the current quarter ended 31 March 2022, as compared to preceding year corresponding quarter ended 31 March 2021 of RM20.67 million. Profit after tax decreased by RM1.74 million or 8% 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	Immediate Preceding Quarter	Changes	
	31-Mar-22 RM	31-Dec-21 RM	RM	%
Revenue	239,519,556	288,594,180	(49,074,623)	-17%
Cost of sales	(203,262,538)	(244,443,308)	41,180,770	-17%
Gross profit	36,257,019	44,150,872	(7,893,853)	-18%
Other operating income	1,830,064	1,206,226	623,838	52%
Selling and distribution costs	(2,928,765)	(4,936,144)	2,007,380	-41%
Administrative expenses	(8,147,722)	(11,468,459)	3,320,737	-29%
Other operating expenses	(1,553,315)	(2,359,651)	806,336	-34%
Net gain/(loss) on impairment of financial assets	101,027	1,781,886	(1,680,859)	-94%
Operating profit	25,558,308	28,374,729	(2,816,421)	-10%
Finance costs	(747,440)	(936,587)	189,147	-20%
Profit before Tax	24,810,868	27,438,142	(2,627,274)	-10%
Taxation	(5,875,160)	(7,257,410)	1,382,250	-19%
Profit after Tax	18,935,708	20,180,732	(1,245,024)	-6%

For current quarter ended 31 March 2022, the Group achieved revenue of RM239.52 million, representing a decrease of RM49.07 million or 17% compared to previous quarter ended 31 December 2021. This was mainly due to lower sales in both trading and manufacturing segments.

The Group achieved profit after tax of RM18.93 million during the current quarter ended 31 March 2022. There is a decrease of RM1.25 million or 6% compared to previous quarter ended 31 December 2021 mainly due to trading 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, current Covid-19 situation as well as the conflict between Russia and Ukraine.

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

Proposed acquisition of Property

The Company had on 20 April 2022 announced that Luxchem Trading Sdn. Bhd. (“LTSB” or the “Purchaser”), a wholly-owned subsidiary of the Company has entered into the Sale and Purchase Agreement (“SPA”) with Worldwide Emergency Assistance (Malaysia) Sdn. Bhd. (“Vendor”) to purchase the whole and entire building identified as Block N, Jaya One 72A, Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“Property”) for a purchase consideration of RM19,880,000.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed within three (3) months from the date of the SPA.

B5. Taxation

	Current Quarter Ended 31-Mar-22 RM	Current Year-to-date Ended 31-Mar-22 RM
Tax expenses	<u>(5,875,160)</u>	<u>(5,875,160)</u>

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

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B6. Group borrowings and debt securities

The Group's borrowings as at 31 March 2022 as follows:

	As at 31 Mar 2022							
	Long Term				Short Term			
	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured								
Hire-purchase (Lease Liabilities)	38,604,458	11,311	-	11,311	48,276,480	14,145	-	14,145
Unsecured								
Bank borrowings	-	-	8,782,427	8,782,427	43,879,136,852	12,856,588	62,062,238	74,918,827
Total	38,604,458	11,311	8,782,427	8,793,738	43,927,413,332	12,870,733	62,062,238	74,932,972

	As at 31 Mar 2022			
	Total Borrowing			
	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured				
Hire-purchase (Lease Liabilities)	86,880,938	25,456	-	25,456
Unsecured				
Bank borrowings	43,879,136,852	12,856,588	70,844,665	83,701,253
Total	43,966,017,790	12,882,044	70,844,665	83,726,709

Exchange rates on borrowings as at 31 March 2022:

USD to RM	4.2060
USD to IDR	14,349
IDR100 to RM	0.0293

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B6. Group borrowings and debt securities (cont'd)

The Group's borrowings as at 31 March 2021 as follows:

	As at 31 March 2021						
	Long Term			Short Term			
	IDR Borrowing	RM Equivalent	Total RM	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured							
Hire-purchase (Lease Liabilities)	177,836,388	50,683	50,683	229,565,082	65,426	-	65,426
Unsecured							
Bank borrowings	-	-	-	93,534,814,991	26,657,423	72,851,735	99,509,158
Total	177,836,388	50,683	50,683	93,764,380,073	26,722,849	72,851,735	99,574,584

	As at 31 March 2021			
	Total Borrowing			
	IDR Borrowing	RM Equivalent	RM Borrowing	Total RM
Secured				
Hire-purchase (Lease Liabilities)	407,401,470	116,109	-	116,109
Unsecured				
Bank borrowings	93,534,814,991	26,657,423	72,851,735	99,509,158
Total	93,942,216,461	26,773,533	72,851,735	99,625,268

Exchange rates on borrowings as at 31 March 2021:

USD to RM	4.1460
USD to IDR	14,572
IDR100 to RM	0.0285

The Group's total borrowing as at 31 March 2022 was RM83.73 million, a decrease of RM15.90 million compared to preceding year corresponding quarter.

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 March 2022, the amount of bank borrowings of its subsidiaries guaranteed by the Company amounted to RM83.70 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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B8. 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 (4) above,
 - i. special damages of RM1,077,958.06 calculated up to 31 July 2021 and further special compensation to be assessed and determined by the Court
 - ii. general damages to be assess and determined by the Court after trial
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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B8. Material Litigation (cont'd.)

The Court has conducted the first Case Management (via Zoom) on 5 January 2022. The Court has fixed the matter for further Case Management (via Zoom) on 12 September 2022 for parties to file witness statements.

The Court has also fixed the matter for Full-Trial on 11 October 2022, 12 October 2022, 13 October 2022 and 14 October 2022.

B9. Dividends

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

B10. 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 RM16.09 million for the current quarter and current financial year-to-date 31 March 2022 and on the weighted average number of shares in issue of 1,069,766,119 as at 31 March 2022.

(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: 28 April 2022