

LUXCHEM

LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414 - D)
(Incorporated in Malaysia)

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	Individual Period (1st Quarter)		Changes	
	Current Year Quarter 31-Mar-23 RM	Preceding Year Corresponding Quarter 31-Mar-22 RM	RM	%
	Revenue	152,831,915	239,519,556	(86,687,642)
Cost of sales	(129,717,105)	(203,262,538)	73,545,433	-36%
Gross profit	23,114,810	36,257,019	(13,142,209)	-36%
Other operating income	2,050,018	1,830,064	219,954	12%
Selling and distribution costs	(2,062,707)	(2,928,765)	866,058	-30%
Administrative expenses	(8,672,123)	(8,147,722)	(524,401)	6%
Other operating expenses	(1,561,155)	(1,553,315)	(7,839)	1%
Net reversal on impairment of financial assets	-	101,027	(101,027)	-100%
Operating profit	12,868,843	25,558,308	(12,689,465)	-50%
Finance costs	(668,144)	(747,440)	79,296	-11%
Profit before Tax	12,200,699	24,810,868	(12,610,169)	-51%
Taxation	(2,981,050)	(5,875,160)	2,894,110	-49%
Profit after Tax	9,219,649	18,935,708	(9,716,058)	-51%
Exchange gain on translation of foreign operations	489,687	53,679	436,008	812%
Fair value gain/(loss) on equity investments	9,279	(249,084)	258,363	-104%
Total other comprehensive income/(loss)	498,966	(195,404)	694,370	-355%
Total comprehensive income for the period	9,718,616	18,740,303	(9,021,688)	-48%
Profit attributable to:				
-Owners of the Company	7,499,467	16,093,977	(8,594,510)	-53%
-Non controlling interests	1,720,182	2,841,731	(1,121,549)	-39%
	9,219,649	18,935,708	(9,716,058)	-51%
Total comprehensive income attributable to:				
-Owners of the Company	7,964,300	15,895,946	(7,931,647)	-50%
-Non controlling interests	1,754,316	2,844,357	(1,090,041)	-38%
	9,718,616	18,740,303	(9,021,688)	-48%
Earnings per share attributable to owners of the Company				
Earnings per share - Basic (Sen)	0.70	1.50	(0.80)	
Earnings per share - Fully Diluted (Sen)	0.70	1.50	(0.80)	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this quarterly financial report.

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	Current Quarter Ended 31-Mar-23 RM	Current Year- to-date Ended 31-Mar-23 RM
Interest income	(1,116,538)	(1,116,538)
Other income*	(681,512)	(681,512)
Interest expense	668,144	668,144
Depreciation & amortisation	3,167,107	3,167,107
Gain on disposal of property, plant & equipment	(251,968)	(251,968)
Net foreign exchange loss - realised	9,331	9,331
Net foreign exchange loss - unrealised	335,474	335,474
Fair value gain on derivative instruments	(69,618)	(69,618)

*Includes foreign exchange gain and gain on derivative instruments

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Unaudited As at 31-Mar-23 RM	Audited As at 31-Dec-22 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	118,960,517	117,917,225
Investment property	2,679,707	2,686,783
Goodwill	64,706,662	64,706,662
Intangible assets	118,355,961	119,987,149
Other investments	820,136	810,857
Deferred tax assets	884,267	870,755
	<u>306,407,250</u>	<u>306,979,431</u>
Current Assets		
Inventories	59,050,173	67,956,105
Trade and other receivables	101,432,949	111,686,856
Derivative financial assets	-	1,473
Current tax assets	9,073,442	6,814,180
Cash and bank balances	235,602,674	224,276,585
	<u>405,159,238</u>	<u>410,735,199</u>
Total Assets	<u>711,566,488</u>	<u>717,714,630</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	926,303	461,471
Retained profits	221,748,183	214,248,714
	<u>520,681,747</u>	<u>512,717,446</u>
Non-controlling interests	78,025,523	76,271,207
Total Equity	<u>598,707,270</u>	<u>588,988,653</u>
Non-current Liabilities		
Retirement benefits	711,056	679,721
Lease liabilities	135,556	160,287
Term loan	14,395,044	14,895,144
Deferred tax liabilities	29,752,711	30,146,863
	<u>44,994,367</u>	<u>45,882,015</u>
Current Liabilities		
Trade and other payables	25,997,746	41,653,001
Derivative financial liabilities	-	71,092
Lease liabilities	916,836	682,652
Term loan	3,000,473	3,322,974
Bank borrowings	37,949,796	37,114,243
	<u>67,864,851</u>	<u>82,843,962</u>
Total Liabilities	<u>112,859,218</u>	<u>128,725,977</u>
Total Equity and Liabilities	<u>711,566,488</u>	<u>717,714,630</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.56	0.55

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2023

	Year-to-date Ended	
	31-Mar-23	31-Mar-22
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,200,699	24,810,868
Adjustments for :		
Amortisation of intangible assets	1,631,188	1,610,983
Depreciation of investment property	7,076	7,076
Depreciation of property, plant and equipment	1,528,843	1,316,758
Dividend income	(3,757)	(44,066)
Gain on changes in fair value of forward foreign exchange contracts	(69,618)	(24,116)
Gain on disposal of property, plant and equipment	(251,968)	(21,486)
Gain on termination of lease	(222)	-
Interest income	(1,116,538)	(270,751)
Interest expense	668,144	747,440
Property, plant and equipment written off	14,230	-
Net unrealised loss on foreign exchange	335,474	173,291
Reversal of impairment loss on trade receivables	-	(101,027)
Operating profit before working capital changes	14,943,550	28,204,970
Decrease in inventories	9,046,531	27,063,564
Decrease in trade and other receivables	10,367,073	30,671,582
Decrease in trade and other payables	(15,883,641)	(54,623,897)
Cash generated from operations	18,473,513	31,316,220
Tax paid	(5,583,927)	(9,816,796)
Interest received	1,116,538	270,751
Interest paid	(661,346)	(736,392)
Net cash generated from operating activities	13,344,779	21,033,783
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,138,067)	(3,318,155)
Purchase of intangible assets	-	(284,864)
Proceeds from disposal of property, plant and equipment	319,715	54,665
Dividends received	3,757	44,066
Net withdrawal of deposits with licensed banks with original maturity of more than three (3) months	4,280,882	2,994,844
Net cash generated from/(used in) investing activities	2,466,287	(509,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on lease liabilities	(297,420)	(186,112)
Interest paid on lease liabilities	(6,798)	(11,048)
Net repayment of term loan	(822,601)	(294,420)
Net drawdown/(repayment) of trade finance	326,301	(11,202,304)
Net cash used in financing activities	(800,518)	(11,693,884)
Net increase in cash and cash equivalents	15,010,548	8,830,454
Cash and cash equivalents at beginning of financial year	196,830,779	195,844,240
Effect of changes in exchange rates	596,422	68,565
Cash and cash equivalents at end of financial year	212,437,748	204,743,259
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	77,900,050	120,890,824
Deposits with financial institutions	157,702,624	93,532,397
	235,602,674	214,423,222
Deposits placed with licensed banks with original maturity of more than three (3) months	(23,164,926)	(9,679,962)
	212,437,748	204,743,259

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2023

For the 3 months ended 31 March 2023

	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	Treasury Shares RM	Retained earnings RM	Total RM		
2023								
Balance as at 1 January 2023	298,077,797	(54,044)	515,515	(70,536)	214,248,714	512,717,446	76,271,207	588,988,653
Profit for the period	-	-	-	-	7,499,469	7,499,469	1,720,182	9,219,651
Foreign currency translations	-	455,554	-	-	-	455,554	34,134	489,687
Fair value gain on equity investments	-	-	9,279	-	-	9,279	-	9,279
Total comprehensive income for the period	-	455,554	9,279	-	7,499,469	7,964,302	1,754,316	9,718,617
Balance as at 31 March 2023	298,077,797	401,510	524,794	(70,536)	221,748,183	520,681,748	78,025,523	598,707,270

For the 3 months ended 31 March 2022

	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	Treasury Shares RM	Retained earnings RM	Total RM		
2022								
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	15,895,942	2,844,359	18,740,301
Balance as at 31 March 2022	298,077,797	263,213	1,386,788	(70,536)	206,045,678	505,702,940	78,152,973	583,855,913

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 2022 and the accompanying explanatory notes attached to this quarterly financial report.

PART A : NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A1. Basis of Preparation**

The unaudited interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

The accounting standards adopted by the Group are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2022, except for the following which were adopted at the beginning of the current financial year. The adoption of these new standards and other pronouncements did not have any significant effects on the interim financial statements upon their initial applications.

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Other than as disclosed above, the accounting policies and method of computation adopted by the Group in preparing these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2022.

A2. Seasonal or Cyclical Factors

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

A3. Auditor’s Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

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.

A5. Significant Estimates and Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period under review.

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A6. Debt and Equity Securities

Of the total 1,069,866,119 issued ordinary shares as at 31 March 2023, 100,000 ordinary shares were held as treasury shares by the Company. Accordingly, the number of outstanding ordinary shares in issue as at 31 March 2023 was therefore 1,069,766,119.

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current period under review.

A7. Dividends Paid

No dividend was paid during the current quarter ended 31 March 2023.

A8. Segmental Information

The Group has two reportable operating segments as follows:

- i. **Trading** – Import, export and distribution of petrochemical and other related products.
- ii. **Manufacturing** – Manufacturing and trading of unsaturated polyester resin (“UPR”), latex chemical dispersions, latex processing chemicals, former cleaning agents, powder free coagulant and related products.

Operating Segments				
YTD 31 MAR 23				
	Trading RM	Manufacturing RM	Others RM	Conso RM
Total revenue	105,325,517	81,247,336	-	186,572,853
Inter-segment revenue	(2,708,904)	(31,032,034)	-	(33,740,939)
External sales	<u>102,616,613</u>	<u>50,215,301</u>	-	<u>152,831,915</u>
Results				
Segment results	4,348,308	7,525,464	(156,724)	11,717,048
Dividend, interest & rental	447,332	549,157	155,307	1,151,795
Operating profit	4,795,639	8,074,622	(1,418)	12,868,843
Finance costs	(536,339)	(131,805)	-	(668,144)
Profit before tax	4,259,300	7,942,817	(1,418)	12,200,699
Taxation	(1,075,087)	(1,905,963)	-	(2,981,050)
Profit for the period	<u>3,184,213</u>	<u>6,036,854</u>	<u>(1,418)</u>	<u>9,219,649</u>
Segment assets	283,856,862	400,671,049	27,038,576	711,566,488
Segment liabilities	48,704,077	64,049,085	106,056	112,859,218

Operating Segments				
YTD 31 Mar 22				
	Trading RM	Manufacturing RM	Others 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	<u>157,811,825</u>	<u>81,707,732</u>	-	<u>239,519,556</u>
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	<u>8,036,891</u>	<u>10,937,420</u>	<u>(38,604)</u>	<u>18,935,707</u>
Segment assets	312,769,402	403,020,717	25,899,026	741,689,144
Segment liabilities	78,363,773	79,325,075	144,384	157,833,232

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A8. Segmental Information (cont'd)

Segmental results by Geographical Segment:

Country	YTD 31 Mar 23	YTD 31 Mar 22	Change	
	Revenue	Revenue	RM	%
	RM	RM	RM	%
Malaysia	102,588,992	153,985,602	(51,396,610)	-33%
Indonesia	14,574,543	23,526,095	(8,951,551)	-38%
Vietnam	14,245,631	31,628,296	(17,382,665)	-55%
China	7,643,522	10,533,132	(2,889,610)	-27%
Thailand	4,498,697	6,986,147	(2,487,450)	-36%
Bangladesh	2,384,241	1,894,575	489,665	26%
Australia	1,923,878	1,517,776	406,102	27%
Sri Lanka	942,054	3,486,421	(2,544,367)	-73%
Philippines	759,826	593,229	166,598	28%
Cambodia	562,817	654,211	(91,394)	-14%
Singapore	544,553	1,052,329	(507,776)	-48%
New Zealand	460,660	1,503,506	(1,042,847)	-69%
Hong Kong	384,183	250,390	133,793	53%
Japan	336,564	160,839	175,725	109%
Others	981,753	1,747,009	(765,255)	-44%
Total exports	50,242,923	85,533,954	(35,291,031)	-41%
Total	152,831,915	239,519,556	(86,687,641)	-36%

For the current financial year-to-date ended 31 March 2023, the Group achieved revenue of RM152.83 million. There is a decrease of RM86.69 million or 36% compared with preceding financial year-to-date ended 31 March 2022. Lower revenue was attributable to local and export sales from both trading and manufacturing segments.

A9. Valuation of Property, Plant and Equipment

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

A10. Capital Commitments

Capital commitments as at 31 March 2023	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	
- property, plant and equipment	6,754,754
- intangible assets	655,674
Approved but not contracted for	
- property, plant and equipment	3,256,304
- intangible assets	558,348
	<u>11,225,080</u>

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A11. Changes in the Composition of the Group

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

A12. Contingent Liabilities

Contingent liabilities of the Group as at the date of this report, are in respect of guarantees given to financial institutions for credit facilities granted to subsidiaries amounting to RM55,345,315.

A13. Significant Event Subsequent to the End of the Reporting Period

There was no material event subsequent to the end of the reporting period.

A14. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Quoted shares of the Group are measured at Level 1. The fair value of quoted ordinary shares of the Group is determined by reference to exchange quoted market prices.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Forward foreign exchange contracts are measured at Level 2. The fair value of forward foreign exchange contracts is based on the difference between contracted forward rates and forward exchange rate as at the end of each reporting period.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

- Unquoted shares of the Group are measured at Level 3. The fair value of unquoted ordinary shares of the Group is estimated based on price to earnings valuation method.

As at 31 March 2023	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets at fair value through other comprehensive income				
Other investments - quoted shares	710,135	-	-	710,135
Other investments - Unquoted shares	-	-	110,001	110,001
Financial liabilities at fair value through profit or loss				
- forward foreign exchange contracts	-	-	-	-

As at 31 December 2022	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets at fair value through other comprehensive income				
Other investments - Quoted shares	700,856	-	-	700,856
Other investments - Unquoted shares	-	-	110,001	110,001
Financial liabilities at fair value through profit or loss				
- Forward foreign exchange contracts	-	(69,619)	-	(69,619)

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

B1. Review of Group Performance

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

	Individual Period (1st Quarter)		Changes	
	Current Year Quarter 31-Mar-23 RM	Preceding Year Corresponding Quarter 31-Mar-22 RM	RM	%
Revenue	152,831,915	239,519,556	(86,687,642)	-36%
Profit before Tax	12,200,699	24,810,868	(12,610,169)	-51%
Profit after Tax	9,219,649	18,935,708	(9,716,058)	-51%
<u>Revenue</u>				
Trading	102,616,613	157,811,825	(55,195,212)	-35%
Manufacturing	50,215,301	81,707,732	(31,492,430)	-39%
Investment holding & others	-	-	-	-
	152,831,915	239,519,556	(86,687,642)	-36%
<u>Profit before tax</u>				
Trading	4,259,300	10,616,646	(6,357,346)	-60%
Manufacturing	7,942,817	14,232,825	(6,290,008)	-44%
Investment holding & others	(1,418)	(38,604)	37,186	-96%
	12,200,699	24,810,867	(12,610,168)	-51%
<u>Profit after tax</u>				
Trading	3,184,213	8,036,891	(4,852,677)	-60%
Manufacturing	6,036,854	10,937,420	(4,900,566)	-45%
Investment holding & others	(1,418)	(38,604)	37,186	-96%
	9,219,649	18,935,707	(9,716,058)	-51%

The Group reported lower revenue of RM152.83 million for the current quarter ended 31 March 2023, as compared to preceding year corresponding quarter ended 31 March 2022 of RM239.52 million. Revenue decreased by RM86.69 million or 36%. The lower revenue was attributable to both trading and manufacturing segments.

The Group reported lower profit after tax of RM9.22 million for the current quarter ended 31 March 2023, as compared to preceding year corresponding quarter ended 31 March 2022 of RM18.94 million. Profit after tax decreased by RM9.72 million or 51% due to both trading and segments.

B1. Review of Group Performance (cont'd)
B1.2 Financial review for current quarter compared with the immediate preceding quarter

	Current Year Quarter 31-Mar-23 RM	Immediate Preceding Quarter 31-Dec-22 RM	Changes	
			RM	%
Revenue	152,831,915	171,942,806	(19,110,891)	-11%
Profit before Tax	12,200,699	4,422,528	7,778,171	176%
Profit after Tax	9,219,649	2,402,165	6,817,484	284%
<u>Revenue</u>				
Trading	102,616,613	109,528,733	(6,912,120)	-6%
Manufacturing	50,215,301	62,414,072	(12,198,771)	-20%
Investment holding & others	-	-	-	-
	152,831,915	171,942,806	(19,110,891)	-11%
<u>Profit before tax</u>				
Trading	4,259,300	3,520,587	738,713	21%
Manufacturing	7,942,817	948,600	6,994,217	737%
Investment holding & others	(1,418)	(46,660)	45,243	-97%
	12,200,699	4,422,527	7,778,173	176%
<u>Profit after tax</u>				
Trading	3,184,213	2,559,683	624,531	24%
Manufacturing	6,036,854	10,822	6,026,032	55685%
Investment holding & others	(1,418)	(168,340)	166,923	-99%
	9,219,649	2,402,164	6,817,485	284%

For current quarter ended 31 March 2023, the Group achieved revenue of RM152.83 million, representing a decrease of RM19.11 million or 11% compared to previous quarter ended 31 December 2022. This was mainly due to lower sales in both trading and manufacturing segments.

The Group achieved profit after tax of RM9.22 million during the current quarter ended 31 March 2023. There is an increase of RM6.82 million or 284% compared to previous quarter ended 31 December 2022 due to both trading and manufacturing segments.

B2. Prospects

The Group's performance can be affected by several key challenges such as USD/RM exchange rates in a rising interest rate environment, raw material price fluctuations, raw material demand and supply situations, stiff competitions as well as the on-going 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 from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

B4. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the reporting date.

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B5. Taxation

	Current Quarter Ended 31-Mar-23 RM	Current Year-to-date Ended 31-Mar-23 RM
Tax expenses	(2,981,050)	(2,981,050)

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

B6. Group Borrowings and Debt Securities

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

	Currency	As at 31 March 2023					
		Long Term		Short Term		Total borrowings	
		Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination
Secured							
Hire-purchase (Lease Liabilities)	IDR	119,511,402	35,256	73,992,534	21,828	193,503,936	57,084
Trade financing	IDR	-	-	21,665,255,385	6,391,251	21,665,255,385	6,391,251
	USD	-	-	731,746	3,251,361	731,746	3,251,361
	RM	-	-	-	28,307,185	-	28,307,185
Term loans	RM	-	14,395,044	-	3,000,474	-	17,395,518
Total			14,430,300		40,972,099		55,402,399

	Currency	As at 31 March 2022					
		Long Term		Short Term		Total borrowings	
		Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination
Secured							
Hire-purchase (Lease Liabilities)	IDR	38,604,458	11,311	48,276,480	14,145	86,880,938	25,456
Trade financing	IDR	-	-	22,932,704,597	6,719,282	22,932,704,597	6,719,282
	USD	-	-	1,459,782	6,137,305	1,459,782	6,137,305
	RM	-	-	-	60,904,099	-	60,904,099
Term loans	RM	-	8,782,427	-	1,158,139	-	9,940,566
Total			8,793,738		74,932,971		83,726,709

Exchange rates on borrowings as at 31 March:

	2023	2022
USD to RM	4.4170	4.2060
USD to IDR	15,062	14,349
IDR100 to RM	0.0295	0.0293

The Group's total borrowing as at 31 March 2023 was RM55.40 million, a decrease of RM28.32 million compared to preceeding year corresponding quarter.

B7. Derivative Financial Instruments

There were no outstanding derivative financial instruments entered into by the Group as at the end of the reporting period.

B8. Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities which are measured at fair value through profit or loss as at the end of the reporting period.

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 (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.

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.

B9. Material Litigation (cont'd.)

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

The Court had on 12 September 2022, informed to adjourn the case management, which supposed to be held on 12 September 2022, to 21 September 2022. The Court has conducted further Case Management (via Zoom) on 21 September 2022 and directed parties to file and serve Witness Statement on or before 29 September 2022.

Subsequently, the Court has vacated the Full-Trial fixed on 11 October 2022, 12 October 2022, 13 October 2022 and 14 October 2022. The matter is now fixed for further Case Management (via Zoom) on 11 October 2022 for parties to update on the Witness Statement and to fix new dates for Full-Trial.

The Court had fixed the new Full Trial on 17 February 2023 and 20 February 2023 via Zoom, after the Case Management (via Zoom) on 11 October 2022.

The Court had directed parties to file and serve any further Bundle of Documents and Witness Statement on or before 3 February 2023.

The Full-Trial fixed on 17 February 2023 and 20 February 2023 has been vacated due to change of Judge. The Court has fixed the matter for Case Management on 5 April 2023 for parties to get directions from the new Judge.

On 6 April, the Company announced that the legal team of the Defendant would like to resolve the case through mediation and the Plaintiff concurred with the proposal.

The legal team of the Company has received a letter dated 4 April 2023 from the State Court of Selangor, informed that the Court had fixed the mediation on 19 April 2023, at 11:00AM, at Shah Alam Court Mediation Centre.

The Court has conducted Case Management on 5 April 2023, the trial had been fixed on 3 July 2023, 4 July 2023 and 5 July 2023 and the trial will be conducted physically in the Court. Parties are required to file and exchange witness statements two weeks prior to the trial.

The Judge further directed the parties to update the Court if the matter can be resolved through mediation.

On 17 April 2023, the Company announced that the mediation session supposed to be held on 19 April 2023, at 11:00AM, at Shah Alam Court Mediation Centre was brought forward to the even date, i.e. 17 April 2023, at 11:00AM. However, the aforesaid mediation session was then postponed to 1 June 2023, at 9:30AM.

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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

	Individual Period (1st Quarter)		Cumulative Period	
	Current Year Quarter 31-Mar-23 RM	Preceding Year Corresponding Quarter 31-Mar-22 RM	Current Year-to-date 31-Mar-23 RM	Preceding Year-to-date 31-Mar-22 RM
Profit attributable to Owners of the Company	7,499,467	16,093,977	7,499,467	16,093,977
Weighted average number of ordinary shares:				
Issued ordinary shares outstanding at beginning/end of the period	1,069,866,119	1,069,866,119	1,069,866,119	1,069,866,119
Effect of treasury shares held	(100,000)	(100,000)	(100,000)	(100,000)
	1,069,766,119	1,069,766,119	1,069,766,119	1,069,766,119
Earnings per share - Basic (Sen)	0.70	1.50	0.70	1.50

The basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and current financial year-to-date ended 31 March 2023, excluding treasury shares held by the Company.

(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: 27 April 2023