

**LUXCHEM**

**LUXCHEM CORPORATION BERHAD**

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

**QUARTERLY REPORT  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

# LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

	Individual Period (3rd Quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30-Sep-23	Preceding Year Corresponding Quarter 30-Sep-22	RM	%	Current Year-to-date 30-Sep-23	Preceding Year-to-date 30-Sep-22	RM	%
	RM	RM			RM	RM		
Revenue	165,775,882	170,548,064	(4,772,182)	-3%	476,171,175	630,827,948	(154,656,774)	-25%
Cost of sales	(140,131,325)	(153,603,092)	13,471,767	-9%	(405,486,518)	(540,490,542)	135,004,024	-25%
Gross profit	25,644,557	16,944,972	8,699,585	51%	70,684,657	90,337,407	(19,652,750)	-22%
Other operating income	1,078,279	5,762,091	(4,683,812)	-81%	6,412,844	12,909,587	(6,496,743)	-50%
Selling and distribution costs	(2,311,075)	(2,092,546)	(218,530)	10%	(6,684,348)	(8,665,778)	1,981,430	-23%
Administrative expenses	(8,512,867)	(6,946,117)	(1,566,750)	23%	(24,482,959)	(23,529,981)	(952,978)	4%
Other operating expenses	(1,602,512)	(1,595,962)	(6,550)	0%	(4,781,235)	(4,705,418)	(75,817)	2%
Net impairment of financial assets	-	(237,147)	237,147	-100%	-	(136,120)	136,120	-100%
Operating profit	14,296,382	11,835,292	2,461,090	21%	41,148,960	66,209,697	(25,060,737)	-38%
Finance costs	(642,930)	(569,429)	(73,501)	13%	(1,934,836)	(2,016,707)	81,871	-4%
Profit before Tax	13,653,452	11,265,863	2,387,589	21%	39,214,124	64,192,990	(24,978,866)	-39%
Taxation	(3,240,120)	(2,718,619)	(521,502)	19%	(9,392,568)	(15,292,881)	5,900,314	-39%
<b>Profit after Tax</b>	<b>10,413,332</b>	<b>8,547,245</b>	<b>1,866,087</b>	<b>22%</b>	<b>29,821,556</b>	<b>48,900,109</b>	<b>(19,078,552)</b>	<b>-39%</b>
Exchange (loss)/gain on translation of foreign operations	(282,209)	333,358	(615,568)	>100%	884,302	542,284	342,017	63%
Fair value gain/(loss) on equity investments	59,641	(398,868)	458,509	>100%	44,538	(1,152,163)	1,196,701	>100%
Total other comprehensive (loss)/income	(222,568)	(65,509)	(157,059)	>100%	928,840	(609,879)	1,538,718	>100%
<b>Total comprehensive income for the period</b>	<b>10,190,763</b>	<b>8,481,735</b>	<b>1,709,028</b>	<b>20%</b>	<b>30,750,396</b>	<b>48,290,230</b>	<b>(17,539,834)</b>	<b>-36%</b>
Profit attributable to:								
-Owners of the Company	9,070,947	8,783,543	287,404	3%	25,986,093	43,204,486	(17,218,393)	-40%
-Non controlling interests	1,342,384	(236,298)	1,578,683	>100%	3,835,464	5,695,623	(1,860,159)	-33%
<b>Total comprehensive income attributable to:</b>	<b>10,413,332</b>	<b>8,547,245</b>	<b>1,866,087</b>	<b>22%</b>	<b>29,821,556</b>	<b>48,900,109</b>	<b>(19,078,553)</b>	<b>-39%</b>
-Owners of the Company	8,866,714	8,696,881	169,833	2%	26,856,758	42,562,924	(15,706,166)	-37%
-Non controlling interests	1,324,049	(215,146)	1,539,195	>100%	3,893,638	5,727,306	(1,833,668)	-32%
<b>Total comprehensive income attributable to:</b>	<b>10,190,763</b>	<b>8,481,735</b>	<b>1,709,028</b>	<b>20%</b>	<b>30,750,396</b>	<b>48,290,230</b>	<b>(17,539,834)</b>	<b>-36%</b>
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	0.85	0.82	0.03		2.43	4.04	(1.61)	
Earnings per share - Fully Diluted (Sen)	0.85	0.82	0.03		2.43	4.04	(1.61)	
No. of shares		1,069,766,119				1,069,766,119		
Weighted Average No. of Dilutive Share		1,069,766,119				1,069,766,119		

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 THIRD QUARTER ENDED 30 SEPTEMBER 2023

	Current Quarter Ended 30-Sep-23 RM	Current Year- to-date Ended 30-Sep-23 RM
Interest income	(723,630)	(2,953,000)
Other income*	(295,647)	(3,148,690)
Interest expense	642,930	1,934,836
Depreciation & amortisation	3,310,526	9,686,494
Gain on disposal of property, plant & equipment	(59,003)	(311,155)
Net foreign exchange gain - realised	(139,344)	(2,301,372)
Net foreign exchange loss - unrealised	176,020	130,758
Fair value gain on derivative instruments	-	(69,618)

\*Includes foreign exchange gain and gain on derivative instruments

**LUXCHEM CORPORATION BERHAD**

Registration No: 199101014102 (224414-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	<b>Unaudited As at 30-Sep-23 RM</b>	<b>Audited As at 31-Dec-22 RM</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	120,978,931	117,917,225
Investment property	2,665,555	2,686,783
Goodwill	64,706,662	64,706,662
Intangible assets	115,913,113	119,987,149
Other investments	855,395	810,857
Deferred tax assets	893,620	870,755
	<u>306,013,276</u>	<u>306,979,431</u>
<b>Current Assets</b>		
Inventories	54,978,813	67,956,105
Trade and other receivables	112,069,415	111,686,856
Derivative financial assets	-	1,473
Current tax assets	9,605,059	6,814,180
Cash and bank balances	241,125,333	224,276,585
	<u>417,778,620</u>	<u>410,735,199</u>
<b>Total Assets</b>	<b><u>723,791,896</u></b>	<b><u>717,714,630</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	298,077,797	298,077,797
Treasury Shares	(70,536)	(70,536)
Other reserves	1,332,136	461,471
Retained profits	223,118,549	214,248,714
	<u>522,457,946</u>	<u>512,717,446</u>
Non-controlling interests	77,194,845	76,271,207
<b>Total Equity</b>	<b><u>599,652,791</u></b>	<b><u>588,988,653</u></b>
<b>Non-current Liabilities</b>		
Retirement benefits	731,715	679,721
Lease liabilities	477,694	160,287
Term loan	12,802,482	14,895,144
Deferred tax liabilities	28,995,699	30,146,863
	<u>43,007,590</u>	<u>45,882,015</u>
<b>Current Liabilities</b>		
Trade and other payables	33,709,003	41,653,001
Derivative financial liabilities	-	71,092
Lease liabilities	320,355	682,652
Term loan	3,000,473	3,322,974
Bank borrowings	43,605,281	37,114,243
	<u>81,131,515</u>	<u>82,843,962</u>
<b>Total Liabilities</b>	<b><u>124,139,105</u></b>	<b><u>128,725,977</u></b>
<b>Total Equity and Liabilities</b>	<b><u>723,791,896</u></b>	<b><u>717,714,630</u></b>
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.

# LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

	Year-to-date Ended	
	30-Sep-23 RM	30-Sep-22 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	39,214,124	64,192,990
<b>Adjustments for :</b>		
Amortisation of intangible assets	4,907,145	4,898,880
Depreciation of investment property	21,228	21,228
Depreciation of property, plant and equipment	4,758,120	4,192,375
Dividend income	(83,635)	(59,303)
Gain on changes in fair value of forward foreign exchange contracts	(69,618)	(39,038)
Gain on disposal of property, plant and equipment	(311,155)	(262,883)
Gain on termination of lease	(222)	(1,599)
Impairment losses on trade receivables	-	237,147
Interest income	(2,953,000)	(1,197,695)
Interest expense	1,934,836	2,016,707
Property, plant and equipment written off	74,730	69,934
Net unrealised loss on foreign exchange	130,758	183
Reversal of impairment loss on trade receivables	-	(101,027)
<b>Operating profit before working capital changes</b>	47,623,312	73,967,900
Decrease in inventories	13,215,230	51,101,375
Decrease in trade and other receivables	322,581	60,932,300
Decrease in trade and other payables	(8,380,211)	(66,933,043)
<b>Cash generated from operations</b>	52,780,912	119,068,532
Tax paid	(12,766,566)	(20,739,812)
Interest received	2,953,000	1,197,695
Interest paid	(1,905,948)	(1,983,015)
<b>Net cash generated from operating activities</b>	41,061,398	97,543,399
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,227,984)	(37,987,081)
Purchase of intangible assets	(42,332)	(249,566)
Proceeds from disposal of property, plant and equipment	399,052	399,943
Dividends received	83,635	59,303
Net (placement)/withdrawal of deposits with licensed banks with original maturity of more than three (3) months	(71,466,379)	2,943,841
<b>Net cash used in investing activities</b>	(79,254,007)	(34,833,561)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment on lease liabilities	(571,187)	(565,426)
Interest paid on lease liabilities	(28,888)	(33,692)
Net repayment of term loan	(2,415,163)	8,756,294
Net drawdown/(repayment) of trade finance	5,629,227	(47,815,242)
Dividends paid to:		
- Shareholders of the Company	(17,116,258)	(21,395,322)
- Subsidiaries' non-controlling interests	(2,970,000)	(4,635,000)
<b>Net cash used in financing activities</b>	(17,472,269)	(65,688,388)
<b>Net decrease in cash and cash equivalents</b>	(55,664,878)	(2,978,549)
<b>Cash and cash equivalents at beginning of financial year</b>	196,830,779	195,844,240
<b>Effect of changes in exchange rates</b>	1,047,246	740,774
<b>Cash and cash equivalents at end of financial year</b>	142,213,147	193,606,465
<b>For the purpose of the statements of cashflows, cash and cash equivalents comprise the following as at the end of each reporting period:</b>		
Cash and bank balances	60,260,131	107,597,937
Deposits with financial institutions	180,865,202	95,739,494
	241,125,333	203,337,430
Deposits placed with licensed banks with original maturity of more than three (3) months	(98,912,186)	(9,730,965)
	142,213,147	193,606,465

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.

# LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

For the 9 months ended 30 Sep 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		
<b>2023</b>								
<b>Balance as at 1 January 2023</b>	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	-	-	-	-	25,986,093	25,986,093	3,835,464	29,821,557
Foreign currency translations	-	826,128	-	-	-	826,128	58,174	884,302
Fair value gain on equity investments	-	-	44,538	-	-	44,538	-	44,538
<b>Total comprehensive income for the period</b>	-	826,128	44,538	-	25,986,093	26,856,759	3,893,638	30,750,396
<b>Transactions with owners</b>								
Dividends paid to:								
- shareholders of the Company	-	-	-	-	(17,116,258)	(17,116,258)	-	(17,116,258)
- subsidiaries' non-controlling interest	-	-	-	-	-	-	(2,970,000)	(2,970,000)
<b>Total transactions with owners</b>	-	-	-	-	(17,116,258)	(17,116,258)	(2,970,000)	(20,086,258)
<b>Balance as at 30 Sep 2023</b>	<b>298,077,797</b>	<b>772,084</b>	<b>560,053</b>	<b>(70,536)</b>	<b>223,118,549</b>	<b>522,457,947</b>	<b>77,194,845</b>	<b>599,652,791</b>

For the 9 months ended 30 Sep 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		
<b>2022</b>								
<b>Balance as at 1 January 2022</b>	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	-	-	-	-	43,204,477	43,204,477	5,695,623	48,900,100
Foreign currency translations	-	510,607	-	-	-	510,607	31,684	542,291
Fair value loss on equity investments	-	-	(1,152,163)	-	-	(1,152,163)	-	(1,152,163)
<b>Total comprehensive income for the period</b>	-	510,607	(1,152,163)	-	43,204,477	42,562,921	5,727,307	48,290,228
<b>Transactions with owners</b>								
Dividends paid to:								
- shareholders of the Company	-	-	-	-	(21,395,322)	(21,395,322)	-	(21,395,322)
- subsidiaries' non-controlling interest	-	-	-	-	-	-	(4,635,000)	(4,635,000)
<b>Total transactions with owners</b>	-	-	-	-	(21,395,322)	(21,395,322)	(4,635,000)	(26,030,322)
<b>Balance as at 30 Sep 2022</b>	<b>298,077,797</b>	<b>722,762</b>	<b>483,709</b>	<b>(70,536)</b>	<b>211,760,865</b>	<b>510,974,597</b>	<b>76,400,921</b>	<b>587,375,518</b>

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:

<b>Title</b>	<b>Effective Date</b>
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.

## LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

### A6. Debt and Equity Securities

Of the total 1,069,866,119 issued ordinary shares as at 30 September 2023, 100,000 ordinary shares were held as treasury shares by the Company. Accordingly, the number of outstanding ordinary shares in issue as at 30 September 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

On 12 May 2023, the Company had made the payment of single tier second interim dividend of 1.0 sen per ordinary share in respect of the financial year ending 31 December 2022 amounting to RM10,697,661.

On 30 August 2023, the Company had made the payment of single tier first interim dividend of 0.6 sen per ordinary share in respect of the financial year ending 31 December 2023 amounting to RM6,418,597.

### 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 30 SEP 2023				
	Trading RM	Manufacturing RM	Others RM	Conso RM
Total revenue	326,076,818	257,935,405	-	584,012,223
Inter-segment revenue	(10,553,298)	(97,287,750)	-	(107,841,048)
External sales	315,523,520	160,647,655	-	476,171,175
<b>Results</b>				
Segment results	14,600,785	23,826,780	(400,740)	38,026,825
Dividend, interest & rental	1,242,599	1,328,098	551,438	3,122,134
Operating profit	15,843,384	25,154,879	150,697	41,148,960
Finance costs	(1,503,349)	(431,487)	-	(1,934,836)
Profit before tax	14,340,035	24,723,392	150,697	39,214,124
Taxation	(3,460,038)	(5,932,530)	-	(9,392,568)
Profit for the period	10,879,997	18,790,862	150,697	29,821,556
Segment assets	292,501,893	403,717,035	27,572,967	723,791,896
Segment liabilities	54,550,569	69,467,665	120,869	124,139,103

Operating Segments				
YTD 30 SEP 2022				
	Trading RM	Manufacturing RM	Others RM	Conso RM
Total revenue	430,607,485	318,455,029	-	749,062,514
Inter-segment revenue	(11,333,908)	(106,900,658)	-	(118,234,566)
External sales	419,273,577	211,554,372	-	630,827,948
<b>Results</b>				
Segment results	29,162,688	36,129,088	(397,576)	64,894,201
Dividend, interest & rental	636,944	350,516	328,038	1,315,498
Operating profit	29,799,632	36,479,604	(69,538)	66,209,699
Finance costs	(1,548,344)	(468,363)	-	(2,016,707)
Profit before tax	28,251,288	36,011,241	(69,538)	64,192,991
Taxation	(6,768,565)	(8,524,317)	-	(15,292,881)
Profit for the period	21,482,723	27,486,924	(69,538)	48,900,110
Segment assets	288,559,086	389,294,001	27,226,082	705,079,170
Segment liabilities	58,372,023	59,205,800	125,827	117,703,650

## LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

### A8. Segmental Information (cont'd)

Segmental results by Geographical Segment:

Country	YTD 30 Sep 23	YTD 30 Sep 22	Change	
	Revenue	Revenue	RM	%
	RM	RM		
<b>Malaysia</b>	<b>299,886,859</b>	<b>412,514,376</b>	<b>(112,627,517)</b>	<b>-27%</b>
Vietnam	65,128,448	76,007,136	(10,878,688)	-14%
Indonesia	43,710,890	48,540,001	(4,829,111)	-10%
China	23,017,405	37,252,082	(14,234,676)	-38%
Thailand	16,235,252	16,335,349	(100,097)	-1%
Bangladesh	6,474,906	5,308,258	1,166,648	22%
Australia	5,688,351	9,209,251	(3,520,900)	-38%
Sri Lanka	2,490,246	5,335,831	(2,845,585)	-53%
New Zealand	2,260,131	5,223,887	(2,963,756)	-57%
Singapore	2,195,178	3,662,315	(1,467,138)	-40%
Philippines	1,680,127	2,026,991	(346,864)	-17%
Cambodia	1,670,049	991,107	678,942	69%
Hong Kong	1,373,690	1,547,891	(174,202)	-11%
Japan	1,161,778	669,717	492,061	73%
Others	3,197,866	6,203,758	(3,005,892)	-48%
<b>Total exports</b>	<b>176,284,316</b>	<b>218,313,573</b>	<b>(42,029,257)</b>	<b>-19%</b>
<b>Total</b>	<b>476,171,175</b>	<b>630,827,949</b>	<b>(154,656,774)</b>	<b>-25%</b>

For the current financial year-to-date ended 30 September 2023, the Group achieved revenue of RM476.17 million. There is a decrease of RM154.66 million or 25% compared with preceding financial year-to-date ended 30 September 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 30 September 2023	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	
- property, plant and equipment	3,958,927
- intangible assets	386,766
Approved but not contracted for	
- property, plant and equipment	2,271,422
- intangible assets	532,132
	<u>7,149,247</u>



## LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

### 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 RM59,408,237.

### 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 30 Sep 2023	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Financial assets at fair value through other comprehensive income</b>				
Other investments - quoted shares	745,394	-	-	745,394
Other investments - Unquoted shares	-	-	110,001	110,001
<b>Financial liabilities at fair value through profit or loss</b>				
- forward foreign exchange contracts	-	-	-	-
<b>As at 31 December 2022</b>				
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Financial assets at fair value through other comprehensive income</b>				
Other investments - Quoted shares	700,856	-	-	700,856
Other investments - Unquoted shares	-	-	110,001	110,001
<b>Financial liabilities at fair value through profit or loss</b>				
- Forward foreign exchange contracts	-	(69,619)	-	(69,619)

**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 (3rd Quarter)		Changes	
	Current Year 30-Sep-23 RM	Preceding Year Corresponding 30-Sep-22 RM	RM	%
Revenue	165,775,882	170,548,064	(4,772,182)	-3%
Profit before Tax	13,653,452	11,265,863	2,387,589	21%
Profit after Tax	10,413,332	8,547,245	1,866,087	22%
<b><u>Revenue</u></b>				
Trading	107,330,680	120,711,521	(13,380,841)	-11%
Manufacturing	58,445,202	49,836,543	8,608,659	17%
Investment holding & others	-	-	-	-
	165,775,882	170,548,064	(4,772,182)	-3%
<b><u>Profit before tax</u></b>				
Trading	3,957,953	7,238,410	(3,280,458)	-45%
Manufacturing	9,668,871	4,120,674	5,548,197	>100%
Investment holding & others	26,629	(93,219)	119,848	>100%
	13,653,452	11,265,865	2,387,587	21%
<b><u>Profit after tax</u></b>				
Trading	3,038,643	5,507,271	(2,468,628)	-45%
Manufacturing	7,348,060	3,133,194	4,214,866	>100%
Investment holding & others	26,629	(93,219)	119,848	>100%
	10,413,332	8,547,246	1,866,086	22%

The Group reported lower revenue of RM165.78 million for the current quarter ended 30 September 2023, as compared to preceding year corresponding quarter ended 30 September 2022 of RM170.55 million. Revenue decreased by RM4.77 million or 3%. Lower revenue was attributable to trading segment.

The Group reported higher profit after tax of RM10.41 million for the current quarter ended 30 September 2023, as compared to preceding year corresponding quarter ended 30 September 2022 of RM8.55 million. Profit after tax increased by RM1.87 million or 22% due to manufacturing segment.

## LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

### B1. Review of Group Performance (cont'd)

#### B1.2 Financial Review for current year-to-date compared with preceding year-to-date

	Cumulative Period		Changes	
	Current Year-to-date 30-Sep-23 RM	Preceding Year-to-date 30-Sep-22 RM	RM	%
Revenue	476,171,175	630,827,948	(154,656,774)	-25%
Profit before Tax	39,214,124	64,192,990	(24,978,866)	-39%
Profit after Tax	29,821,556	48,900,109	(19,078,552)	-39%
<b><u>Revenue</u></b>				
Trading	315,523,520	419,273,577	(103,750,057)	-25%
Manufacturing	160,647,655	211,554,372	(50,906,717)	-24%
Investment holding & others	-	-	-	-
	476,171,175	630,827,948	(154,656,774)	-25%
<b><u>Profit before tax</u></b>				
Trading	14,340,035	28,251,288	(13,911,253)	-49%
Manufacturing	24,723,392	36,011,241	(11,287,850)	-31%
Investment holding & others	150,697	(69,539)	220,236	>100%
	39,214,124	64,192,990	(24,978,866)	-39%
<b><u>Profit after tax</u></b>				
Trading	10,879,997	21,482,723	(10,602,726)	-49%
Manufacturing	18,790,862	27,486,924	(8,696,063)	-32%
Investment holding & others	150,697	(69,538)	220,235	>100%
	29,821,556	48,900,110	(19,078,554)	-39%

For current year-to-date ended 30 September 2023, the Group achieved revenue of RM476.17 million, representing a decrease of RM154.66 million or 25% compared to preceding year-to-date ended 30 September 2022. This was mainly due to lower sales in both trading and manufacturing segments.

The Group achieved profit after tax of RM29.82 million during the current year-to-date ended 30 September 2023. There is a decrease of RM19.08 million or 39% compared to preceding year-to-date ended 30 September 2022 due to both trading and manufacturing segments.

## LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

### B1. Review of Group Performance (cont'd)

#### B1.3 Financial review for current quarter compared with the immediate preceding quarter

	Current Year Quarter 30-Sep-23	Immediate Preceding Quarter 30-Jun-23	Changes	
	RM	RM	RM	%
Revenue	165,775,882	157,563,378	8,212,504	5%
Profit before Tax	13,653,452	13,359,973	293,480	2%
Profit after Tax	10,413,332	10,188,575	224,757	2%
<b>Revenue</b>				
Trading	107,330,680	105,576,227	1,754,453	2%
Manufacturing	58,445,202	51,987,151	6,458,051	12%
Investment holding & others	-	-	-	-
	165,775,882	157,563,378	8,212,504	5%
<b>Profit before tax</b>				
Trading	3,957,953	6,122,782	(2,164,829)	-35%
Manufacturing	9,668,871	7,111,704	2,557,167	36%
Investment holding & others	26,629	125,487	(98,858)	-79%
	13,653,452	13,359,973	293,480	2%
<b>Profit after tax</b>				
Trading	3,038,643	4,657,141	(1,618,498)	-35%
Manufacturing	7,348,060	5,405,948	1,942,113	36%
Investment holding & others	26,629	125,487	(98,858)	-79%
	10,413,332	10,188,575	224,757	2%

For the current quarter ended 30 September 2023, the Group achieved revenue of RM165.78 million, representing an increase of RM8.21 million or 5% compared to previous quarter ended 30 June 2023. This was mainly due to higher sales in both trading and manufacturing segments.

The Group achieved profit after tax of RM10.41 million during the current quarter ended 30 September 2023. There is an increase of RM0.22 million or 2% compared to previous quarter ended 30 June 2023 due to manufacturing segment.

### 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 competition and on-going global geopolitical conflict.

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.

## LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

### B5. Taxation

	<b>Current Quarter Ended 30-Sep-23 RM</b>	<b>Current Year-to-date Ended 30-Sep-23 RM</b>
Tax expenses	(3,240,120)	(9,392,568)

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 30 September as follows:

	Currency	As at 30 Sep 2023					
		Long Term		Short Term		Total borrowings	
		Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination
<b>Secured</b>							
Hire-purchase (Lease Liabilities)	IDR	461,301,225	140,236	272,346,332	82,793	733,647,557	223,029
Trade financing	IDR	-	-	253,717,094	77,131	253,717,094	77,131
	USD	-	-	1,177,043	5,555,528	1,177,043	5,555,528
	RM	-	-	-	37,972,624	-	37,972,624
Term loans	RM	-	12,802,482	-	3,000,474	-	15,802,956
<b>Total</b>			12,942,718		46,688,549		59,631,267

	Currency	As at 30 September 2022					
		Long Term		Short Term		Total borrowings	
		Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination
<b>Secured</b>							
Hire-purchase (Lease Liabilities)	IDR	-	-	-	-	-	-
Trade financing	IDR	-	-	9,178,933,458	2,790,397	9,178,933,458	2,790,397
	USD	-	-	526,007	2,438,087	526,007	2,438,087
	RM	-	-	-	35,395,517	-	35,395,517
Term loans	RM	-	16,448,627	-	-	-	16,448,627
<b>Total</b>			16,448,627		40,624,001		57,072,628

Exchange rates on borrowings as at 30 September:

	<b>2023</b>	<b>2022</b>
USD to RM	4.6920	4.6340
USD to IDR	15,526	15,247
IDR100 to RM	0.0304	0.0304

The Group's total borrowing as at 30 September 2023 was RM59.63 million, an increase of RM2.56 million compared to preceding 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 SEPTEMBER 2021 and fixed the matter for case management on 15 SEPTEMBER 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.

On 29 May 2023, the Company announced that the Plaintiff disagreed with the terms proposed by the Defendant. As such, the Plaintiff has rejected the proposal offered by the Defendant. Hence, the representative of the Plaintiff will not attend the mediation session, to be held on 1 June 2023, at 9:30AM, at Shah Alam Court Mediation Centre.

As a result, the Plaintiff will proceed with the full trial, which had been fixed on 3 July 2023, 4 July 2023 and 5 July 2023. The trial will be conducted physically in the Court.

On 4 July 2023, the Company announced that the Plaintiff had attended the full trial on 3 July 2023 and had called its first two witnesses, however, the earlier full trial dates fixed on 4 July 2023 and 5 July 2023 were vacated by the High Court. The full trial will resume on 4 December 2023 and 5 December 2023.

## LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

### 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 (3rd Quarter)		Cumulative Period	
	Current Year 30-Sep-23 RM	Preceding Year Corresponding 30-Sep-22 RM	Current Year-to-date 30-Sep-23 RM	Preceding Year-to-date 30-Sep-22 RM
Profit attributable to Owners of the Company	9,070,947	8,783,543	25,986,093	43,204,486
Weighted average number of ordinary shares: Issued ordinary shares outstanding at beginning/end of the period Effect of treasury shares held	1,069,866,119 (100,000)	1,069,866,119 (100,000)	1,069,866,119 (100,000)	1,069,866,119 (100,000)
	1,069,766,119	1,069,766,119	1,069,766,119	1,069,766,119
Earnings per share - Basic (Sen)	0.85	0.82	2.43	4.04

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 30 September 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: 26 October 2023