

LUXCHEM

LUXCHEM CORPORATION BERHAD

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

**QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

LUXCHEM CORPORATION BERHAD

Registration No: 199101014102 (224414-D)

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

	Individual Period (4th Quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31-Dec-23 RM	Preceding Year Corresponding Quarter 31-Dec-22 RM	RM	%	Current Year-to-date 31-Dec-23 RM	Preceding Year-to-date 31-Dec-22 RM	RM	%
Revenue	177,355,900	171,942,806	5,413,094	3%	653,527,074	802,770,754	(149,243,680)	-19%
Cost of sales	(146,659,167)	(148,585,340)	1,926,173	-1%	(552,145,685)	(689,075,882)	136,930,197	-20%
Gross profit	30,696,732	23,357,465	7,339,267	31%	101,381,389	113,694,872	(12,313,483)	-11%
Other operating income	1,535,970	(3,476,962)	5,012,932	>100%	7,948,814	9,432,625	(1,483,811)	-16%
Selling and distribution costs	(2,554,346)	(2,706,998)	152,652	-6%	(9,238,694)	(11,372,776)	2,134,082	-19%
Administrative expenses	(8,794,371)	(10,019,050)	1,224,680	-12%	(33,277,329)	(33,549,031)	271,702	-1%
Other operating expenses	(1,577,262)	(1,581,297)	4,035	0%	(6,358,497)	(6,286,715)	(71,782)	1%
Net impairment of financial assets	(141,298)	(519,604)	378,306	-73%	(141,298)	(655,724)	514,426	-78%
Operating profit	19,165,426	5,053,554	14,111,872	>100%	60,314,385	71,263,251	(10,948,866)	-15%
Finance costs	(652,607)	(631,026)	(21,581)	3%	(2,587,443)	(2,647,733)	60,290	-2%
Profit before Tax	18,512,819	4,422,528	14,090,291	>100%	57,726,943	68,615,518	(10,888,575)	-16%
Taxation	(4,829,008)	(2,020,363)	(2,808,646)	>100%	(14,221,576)	(17,313,244)	3,091,668	-18%
Profit after Tax	13,683,810	2,402,165	11,281,645	>100%	43,505,366	51,302,274	(7,796,908)	-15%
Re-measurement of defined benefit obligations	35,664	14,049	21,615	>100%	35,664	-	35,664	-
Exchange (loss)/gain on translation of foreign operations	(240,212)	(834,887)	594,676	-71%	644,090	(292,603)	936,693	>100%
Fair value gain/(loss) on equity investments	207,098	31,806	175,292	>100%	251,636	(1,106,308)	1,357,944	>100%
Total other comprehensive (loss)/income	2,549	(789,032)	791,582	-100%	931,389	(1,398,911)	2,330,300	>100%
Total comprehensive income for the period	13,686,360	1,613,133	12,073,227	>100%	44,436,756	49,903,363	(5,466,607)	-11%
Profit attributable to:								
-Owners of the Company	11,067,608	2,474,828	8,592,780	>100%	37,053,701	45,679,314	(8,625,613)	-19%
-Non controlling interests	2,616,202	(72,663)	2,688,865	>100%	6,451,666	5,622,960	828,706	15%
	13,683,810	2,402,165	11,281,645	>100%	43,505,366	51,302,274	(7,796,908)	-15%
Total comprehensive income attributable to:								
-Owners of the Company	11,083,409	1,742,846	9,340,564	>100%	37,940,168	44,305,770	(6,365,602)	-14%
-Non controlling interests	2,602,950	(129,713)	2,732,663	>100%	6,496,588	5,597,593	898,995	16%
	13,686,360	1,613,133	12,073,227	>100%	44,436,756	49,903,363	(5,466,607)	-11%
Earnings per share attributable to owners of the Company								
Earnings per share - Basic (Sen)	1.03	0.23	0.80		3.46	4.27	(0.81)	
Earnings per share - Fully Diluted (Sen)	1.03	0.23	0.80		3.46	4.27	(0.81)	
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 FOURTH QUARTER ENDED 31 DECEMBER 2023

	Current Quarter Ended 31-Dec-23 RM	Current Year-to-date Ended 31-Dec-23 RM
Interest income	(1,686,410)	(4,639,410)
Other income*	226,383	(2,922,307)
Interest expense	652,607	2,587,443
Depreciation & amortisation	3,386,180	13,072,674
Gain on disposal of property, plant & equipment	(75,941)	(387,097)
Net foreign exchange loss/(gain) - realised	471,216	(1,830,156)
Net foreign exchange loss - unrealised	380,732	511,490
Fair value loss/(gain) on derivative instruments	57,124	(12,494)

*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 31 DECEMBER 2023

	Unaudited As at 31-Dec-23 RM	Audited As at 31-Dec-22 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	121,060,111	117,917,225
Investment property	2,658,479	2,686,783
Goodwill	64,706,662	64,706,662
Intangible assets	114,244,010	119,987,149
Other investments	1,062,492	810,857
Deferred tax assets	306,088	870,755
	<u>304,037,842</u>	<u>306,979,431</u>
Current Assets		
Inventories	66,523,124	67,956,105
Trade and other receivables	110,399,815	111,686,856
Derivative financial assets	-	1,473
Current tax assets	6,760,197	6,814,180
Cash and bank balances	252,670,473	224,276,585
	<u>436,353,609</u>	<u>410,735,199</u>
Total Assets	<u>740,391,451</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	1,314,907	461,471
Retained profits	234,219,188	214,248,714
	<u>533,541,356</u>	<u>512,717,446</u>
Non-controlling interests	79,797,795	76,271,207
Total Equity	<u>613,339,151</u>	<u>588,988,653</u>
Non-current Liabilities		
Retirement benefits	759,346	679,721
Lease liabilities	508,852	160,287
Term loan	12,016,542	14,895,144
Deferred tax liabilities	28,439,156	30,146,863
	<u>41,723,896</u>	<u>45,882,015</u>
Current Liabilities		
Trade and other payables	45,284,773	41,653,001
Derivative financial liabilities	57,124	71,092
Lease liabilities	399,427	682,652
Term loan	2,994,895	3,322,974
Bank borrowings	35,736,543	37,114,243
Current tax liabilities	855,642	-
	<u>85,328,404</u>	<u>82,843,962</u>
Total Liabilities	<u>127,052,300</u>	<u>128,725,977</u>
Total Equity and Liabilities	<u>740,391,451</u>	<u>717,714,630</u>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.57	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 FOURTH QUARTER ENDED 31 DECEMBER 2023

	Year-to-date Ended	
	31-Dec-23	31-Dec-22
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	57,726,943	68,615,518
Adjustments for :		
Amortisation of intangible assets	6,577,595	6,539,866
Bad debts written off	13,340	-
Depreciation of investment property	28,304	28,304
Depreciation of property, plant and equipment	6,466,774	5,763,791
Defined benefit obligations	121,765	67,198
Dividend income	(182,635)	(69,274)
(Gain)/loss on changes in fair value of forward foreign exchange contracts	(12,494)	51,498
Gain on disposal of property, plant and equipment	(387,097)	(267,283)
Gain on termination of lease	(222)	(1,600)
Impairment losses on trade receivables	767,208	1,008,494
Interest income	(4,639,410)	(1,911,343)
Interest expense	2,587,443	2,647,733
Inventories written down	733,376	417,330
Inventories written off	3,748,636	2,033,861
Property, plant and equipment written off	108,258	85,706
Net unrealised loss on foreign exchange	511,490	1,756,616
Reversal of impairment loss on trade receivables	(625,910)	(352,770)
Reversal of inventories written down	(488,240)	(1,393,205)
Operating profit before working capital changes	73,055,125	85,020,440
(Increase)/decrease in inventories	(2,387,746)	60,498,235
Decrease in trade and other receivables	962,796	56,376,697
Increase/(decrease) in trade and other payables	3,596,010	(52,656,126)
Cash generated from operations	75,226,185	149,239,246
Tax paid	(14,410,662)	(26,330,633)
Interest received	4,639,410	1,911,343
Interest paid	(2,546,286)	(2,605,567)
Retirement benefits paid	(34,708)	(2,841)
Net cash generated from operating activities	62,873,939	122,211,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,926,642)	(40,434,204)
Purchase of intangible assets	(43,678)	(271,613)
Proceeds from disposal of property, plant and equipment	569,620	406,953
Dividends received	182,635	69,274
Net placement of deposits with licensed banks with original maturity of more than three (3) months	(107,570,844)	(14,771,000)
Net cash used in investing activities	(116,788,910)	(55,000,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on lease liabilities	(688,266)	(745,064)
Interest paid on lease liabilities	(41,157)	(42,166)
Net (repayment)/drawdown of term loan	(3,206,681)	7,983,132
Net repayment of trade finance	(2,004,472)	(46,915,148)
Dividends paid to:		
- Shareholders of the Company	(17,116,258)	(21,395,322)
- Subsidiaries' non-controlling interests	(2,970,000)	(4,635,000)
Net cash used in financing activities	(26,026,834)	(65,749,568)
Net (decrease)/increase in cash and cash equivalents	(79,941,805)	1,461,390
Cash and cash equivalents at beginning of financial year	196,830,779	195,844,240
Effect of changes in exchange rates	764,850	(474,851)
Cash and cash equivalents at end of financial year	117,653,824	196,830,779
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	57,670,451	75,418,756
Deposits with financial institutions	195,000,022	148,857,829
	252,670,473	224,276,585
Deposits placed with licensed banks with original maturity of more than three (3) months	(135,016,649)	(27,445,806)
	117,653,824	196,830,779

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 FOURTH QUARTER ENDED 31 DECEMBER 2023

For the year ended 31 Dec 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	-	-	-	-	37,053,700	37,053,700	6,451,666	43,505,366
Foreign currency translations	-	601,800	-	-	-	601,800	42,290	644,090
Fair value gain on equity investments	-	-	251,636	-	-	251,636	-	251,636
Total comprehensive income for the year	-	601,800	251,636	-	37,086,732	37,940,167	6,496,588	44,436,755
Transactions with owners								
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)
Total transactions with owners	-	-	-	-	(17,116,258)	(17,116,258)	(2,970,000)	(20,086,258)
Balance as at 31 Dec 2023	298,077,797	547,756	767,151	(70,536)	234,219,188	533,541,355	79,797,795	613,339,150

For the year ended 31 Dec 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	-	-	-	-	45,679,314	45,679,314	5,622,960	51,302,274
Foreign currency translations	-	(266,199)	-	-	-	(266,199)	(26,404)	(292,603)
Fair value loss on equity investments	-	-	(1,120,357)	-	-	(1,120,357)	-	(1,120,357)
Remeasurement of defined benefit obligations	-	-	-	-	13,012	13,012	1,037	14,049
Total comprehensive income for the year	-	(266,199)	(1,120,357)	-	45,692,326	44,305,770	5,597,593	49,903,363
Transactions with owners								
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)
Total transactions with owners	-	-	-	-	(21,395,322)	(21,395,322)	(4,635,000)	(26,030,322)
Balance as at 31 Dec 2022	298,077,797	(54,044)	515,515	(70,536)	214,248,714	512,717,446	76,271,207	588,988,653

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 December 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 December 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 31 DEC 2023				
	Trading RM	Manufacturing RM	Others RM	Conso RM
Total revenue	441,269,523	358,462,883	-	799,732,406
Inter-segment revenue	(15,695,533)	(130,509,799)	-	(146,205,332)
External sales	425,573,991	227,953,083	-	653,527,074
Results				
Segment results	21,701,883	34,314,983	(639,046)	55,377,820
Dividend, interest & rental	2,002,070	2,084,788	849,706	4,936,565
Operating profit	23,703,954	36,399,771	210,661	60,314,385
Finance costs	(1,987,364)	(600,078)	-	(2,587,443)
Profit before tax	21,716,589	35,799,693	210,661	57,726,943
Taxation	(5,841,769)	(8,179,196)	(200,612)	(14,221,576)
Profit for the period	15,874,821	27,620,497	10,049	43,505,366
Segment assets	295,658,741	417,107,750	27,624,961	740,391,452
Segment liabilities	59,643,065	67,096,533	312,700	127,052,298

Operating Segments				
YTD 31 DEC 2022				
	Trading RM	Manufacturing RM	Others RM	Conso RM
Total revenue	545,295,581	412,666,161	-	957,961,742
Inter-segment revenue	(16,493,271)	(138,697,717)	-	(155,190,988)
External sales	528,802,310	273,968,444	-	802,770,754
Results				
Segment results	32,838,837	36,977,553	(629,756)	69,186,634
Dividend, interest & rental	1,011,232	551,827	513,558	2,076,617
Operating profit	33,850,069	37,529,380	(116,198)	71,263,251
Finance costs	(2,078,194)	(569,539)	-	(2,647,733)
Profit before tax	31,771,875	36,959,841	(116,198)	68,615,518
Taxation	(7,729,469)	(9,462,095)	(121,680)	(17,313,244)
Profit for the period	24,042,406	27,497,746	(237,878)	51,302,274
Segment assets	290,670,952	399,800,585	27,243,093	717,714,630
Segment liabilities	62,511,653	65,904,066	310,258	128,725,977

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A8. Segmental Information (cont'd)

Segmental results by Geographical Segment:

Country	YTD 31 Dec 23	YTD 31 Dec 22	Change	
	Revenue	Revenue		
	RM	RM	RM	%
Malaysia	405,930,864	518,096,081	(112,165,217)	-22%
Vietnam	90,044,432	104,952,847	(14,908,416)	-14%
Indonesia	60,048,389	59,816,750	231,639	0%
China	34,370,791	49,476,944	(15,106,153)	-31%
Thailand	23,498,668	20,233,867	3,264,801	16%
Bangladesh	8,657,030	6,288,099	2,368,931	38%
Australia	7,684,734	12,829,750	(5,145,017)	-40%
Sri Lanka	3,853,122	6,056,440	(2,203,318)	-36%
New Zealand	3,521,001	6,802,600	(3,281,598)	-48%
Singapore	3,282,688	4,973,056	(1,690,368)	-34%
Philippines	2,243,134	2,583,429	(340,295)	-13%
Cambodia	2,279,155	991,107	1,288,048	130%
Hong Kong	2,063,614	1,848,966	214,648	12%
Japan	1,345,892	858,932	486,961	57%
Others	4,703,561	6,961,887	(2,258,326)	-32%
Total exports	247,596,210	284,674,673	(37,078,463)	-13%
Total	653,527,074	802,770,754	(149,243,680)	-19%

For the current financial year-to-date ended 31 December 2023, the Group achieved revenue of RM653.53 million. There is a decrease of RM149.24 million or 19% compared with preceding financial year-to-date ended 31 December 2023. 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 December 2023	Amount RM
Capital commitments for the purchase of property, plant and equipment as follow:	
Approved and contracted for	
- property, plant and equipment	2,258,359
- intangible assets	138,629
Approved but not contracted for	
- property, plant and equipment	2,967,734
- intangible assets	532,132
	<u>5,896,854</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 RM50,747,873.

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 Dec 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	952,491	-	-	952,491
Other investments - Unquoted shares	-	-	110,001	110,001
Financial liabilities at fair value through profit or loss				
- forward foreign exchange contracts	-	(57,124)	-	(57,124)
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 (4th Quarter)		Changes	
	Current Year 31-Dec-23 RM	Preceding Year Corresponding 31-Dec-22 RM	RM	%
Revenue	177,355,900	171,942,806	5,413,094	3%
Profit before Tax	18,512,819	4,422,528	14,090,291	>100%
Profit after Tax	13,683,810	2,402,165	11,281,645	>100%
<u>Revenue</u>				
Trading	110,050,471	109,528,733	521,738	0%
Manufacturing	67,305,428	62,414,072	4,891,356	8%
Investment holding & others	-	-	-	-
	177,355,900	171,942,806	5,413,094	3%
<u>Profit before tax</u>				
Trading	7,376,554	3,520,589	3,855,965	>100%
Manufacturing	11,076,301	948,600	10,127,701	>100%
Investment holding & others	59,963	(46,660)	106,623	>100%
	18,512,819	4,422,529	14,090,290	319%
<u>Profit after tax</u>				
Trading	4,994,823	2,559,684	2,435,140	95%
Manufacturing	8,829,636	10,822	8,818,814	>100%
Investment holding & others	(140,649)	(168,340)	27,691	-16%
	13,683,810	2,402,165	11,281,645	470%

The Group reported higher revenue of RM177.36 million for the current quarter ended 31 December 2023, as compared to preceding year corresponding quarter ended 31 December 2023 of RM171.94 million. Revenue increased by RM5.41 million or 3%. Higher revenue was attributable to both trading and manufacturing segments.

The Group reported higher profit after tax of RM13.68 million for the current quarter ended 31 December 2023, as compared to preceding year corresponding quarter ended 31 December 2023 of RM2.40 million. Profit after tax increased by RM11.28 million or 470% due to both trading and manufacturing segments.

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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 31-Dec-23	Preceding Year-to-date 31-Dec-22		
	RM	RM	RM	%
Revenue	653,527,074	802,770,754	(149,243,680)	-19%
Profit before Tax	57,726,943	68,615,518	(10,888,575)	-16%
Profit after Tax	43,505,366	51,302,274	(7,796,908)	-15%
<u>Revenue</u>				
Trading	425,573,991	528,802,310	(103,228,319)	-20%
Manufacturing	227,953,083	273,968,444	(46,015,361)	-17%
Investment holding & others	-	-	-	-
	653,527,074	802,770,754	(149,243,680)	-19%
<u>Profit before tax</u>				
Trading	21,716,589	31,771,875	(10,055,286)	-32%
Manufacturing	35,799,693	36,959,841	(1,160,148)	-3%
Investment holding & others	210,661	(116,198)	326,859	>-100%
	57,726,943	68,615,518	(10,888,575)	-16%
<u>Profit after tax</u>				
Trading	15,874,821	24,042,406	(8,167,585)	-34%
Manufacturing	27,620,497	27,497,746	122,751	0%
Investment holding & others	10,049	(237,878)	247,927	>-100%
	43,505,366	51,302,274	(7,796,908)	-15%

For current year-to-date ended 31 December 2023, the Group achieved revenue of RM653.53 million, representing a decrease of RM149.24 million or 19% compared to preceding year-to-date ended 31 December 2022. This was mainly due to lower sales in both trading and manufacturing segments.

The Group achieved profit after tax of RM43.51 million during the current year-to-date ended 31 December 2023. There is a decrease of RM7.80 million or 15% compared to preceding year-to-date ended 31 December 2022 due to trading segment.

B1. Review of Group Performance (cont'd)

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

	Current Year Quarter 31-Dec-23 RM	Immediate Preceding Quarter 30-Sep-23 RM	Changes	
			RM	%
Revenue	177,355,900	165,775,882	11,580,017	7%
Profit before Tax	18,512,819	13,653,452	4,859,367	36%
Profit after Tax	13,683,810	10,413,332	3,270,479	31%
<u>Revenue</u>				
Trading	110,050,471	107,330,680	2,719,791	3%
Manufacturing	67,305,428	58,445,202	8,860,226	15%
Investment holding & others	-	-	-	-
	177,355,900	165,775,882	11,580,017	7%
<u>Profit before tax</u>				
Trading	7,376,554	3,957,953	3,418,601	86%
Manufacturing	11,076,301	9,668,871	1,407,430	15%
Investment holding & others	59,963	26,629	33,335	>100%
	18,512,819	13,653,452	4,859,367	36%
<u>Profit after tax</u>				
Trading	4,994,823	3,038,643	1,956,181	64%
Manufacturing	8,829,636	7,348,060	1,481,575	20%
Investment holding & others	(140,649)	26,629	(167,277)	>-100%
	13,683,810	10,413,332	3,270,478	31%

For the current quarter ended 31 December 2023, the Group achieved revenue of RM177.36 million, representing an increase of RM11.58 million or 7% compared to previous quarter ended 30 September 2023. This was mainly due to higher sales in both trading and manufacturing segments.

The Group achieved profit after tax of RM13.68 million during the current quarter ended 31 December 2023. There is an increase of RM3.27 million or 31% compared to previous quarter ended 30 September 2023 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 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.

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B5. Taxation

	Current Quarter Ended 31-Dec-23 RM	Current Year Ended 31-Dec-23 RM
Tax expenses		
- Current year	(5,843,561)	(15,236,129)
- Prior year	(8,904)	(8,904)
Deferred Taxation		
- Current year	1,229,668	1,229,668
- Prior year	(206,211)	(206,211)
	(4,829,008)	(14,221,576)

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 December as follows:

	Currency	As at 31 Dec 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	390,174,145	116,272	277,168,403	82,596	667,342,548	198,868
Trade financing	IDR	-	-	13,374,919,223	3,985,727	13,374,919,223	3,985,727
	USD	-	-	-	-	-	-
	RM	-	-	-	31,750,817	-	31,750,817
Term loans	RM	-	12,010,855	-	3,000,474	-	15,011,328
Total			12,127,127		38,819,614		50,946,741

	Currency	As at 31 December 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	138,421,102	39,035	72,908,358	20,560	211,329,460	59,595
Trade financing	IDR	-	-	19,329,876,913	5,451,025	19,329,876,913	5,451,025
	USD	-	-	1,261,418	5,595,829	1,261,418	5,595,829
	RM	-	-	-	26,067,388	-	26,067,388
Term loans	RM	-	14,895,144	-	3,322,975	-	18,218,119
Total			14,934,179		40,457,778		55,391,957

Exchange rates on borrowings as at 31 December:

	2023	2022
USD to RM	4.5900	4.3900
USD to IDR	15,416	15,731
IDR100 to RM	0.0298	0.0282

The Group's total borrowing as at 31 December 2023 was RM50.95 million, a decrease of RM4.45 million compared to preceding year corresponding quarter.

B7. Derivative Financial Instruments

As at 31 December 2023, the values and maturity analysis of the outstanding derivatives are as follows:

<u>Derivatives</u>	Base Currency	Contract/Notional	Fair value
		Value <u>Net long/(short)</u>	<u>Net gains/(losses)</u>
		RM	RM
Forward foreign exchange contracts			
- Less than 1 year	USD	<u>(4,638,255)</u>	<u>(57,124)</u>

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 except for derivative financial instruments for the period under review.

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.

B9. 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.

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.

On 29 November 2023, the Company announced that the full trial fixed on 4 December 2023 and 5 December 2023 had been vacated and rescheduled to be continued on 14 April 2025 and 15 April 2025.

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B10. Dividends

The Board of Directors declared the payment of single tier second interim dividend of 0.8 sen per ordinary share in respect of the financial year ending 31 December 2023, payable on 21 March 2024 to depositors registered in the Records of Depositors at close of business on 7 March 2024.

B11. Earnings per share

(a) Basic earnings per share

	Individual Period (4th Quarter)		Cumulative Period	
	Current Year 31-Dec-23 RM	Preceding Year Corresponding 31-Dec-22 RM	Current Year-to-date 31-Dec-23 RM	Preceding Year-to-date 31-Dec-22 RM
Profit attributable to Owners of the Company	11,067,608	2,474,828	37,053,701	45,679,314
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)	1.03	0.23	3.46	4.27

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 December 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: 22 February 2024