

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

The Board of Directors of Luxchem Corporation Berhad (“LCB” or “the Company”) is pleased to announce the following unaudited consolidated results of LCB and its subsidiaries (collectively known as “the Group”) for the quarter ended 30 September 2016.

The Company is principally involved in investment holding while the subsidiaries of the Company are principally involved in the marketing and distribution of industrial chemicals and materials and the manufacture of Unsaturated Polyester Resins.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter (3 months)		Cumulative Quarters (9 months)	
	Current Quarter Ended 30-Sep-16 RM	Preceding Year Corresponding Quarter Ended 30-Sep-15 RM	Current Year Ended 30-Sep-16 RM	Preceding Year Ended 30-Sep-15 RM
Revenue	179,358,420	169,169,230	515,176,550	502,742,920
Cost of sales	(159,813,383)	(151,151,606)	(455,975,896)	(451,161,185)
<b>Gross profit</b>	<b>19,545,036</b>	<b>18,017,624</b>	<b>59,200,654</b>	<b>51,581,735</b>
Other operating income	769,084	5,300,007	4,097,739	9,339,220
Selling and distribution costs	(1,388,555)	(1,273,328)	(4,131,658)	(3,884,308)
Administrative expenses	(3,886,579)	(4,103,794)	(14,544,883)	(11,093,672)
Administrative expenses - Share Option Expense	(790,781)	-	(2,032,520)	(8,719,218)
Other operating expenses	(27,909)	(3,268)	(150,817)	(44,853)
<b>Operating profit</b>	<b>14,220,295</b>	<b>17,937,241</b>	<b>42,438,514</b>	<b>37,178,905</b>
Finance costs	(785,728)	(616,872)	(1,998,284)	(1,791,722)
<b>Profit before Tax</b>	<b>13,434,567</b>	<b>17,320,369</b>	<b>40,440,230</b>	<b>35,387,183</b>
Taxation	(3,404,362)	(4,448,332)	(10,171,540)	(11,200,179)
<b>Profit for the period</b>	<b>10,030,205</b>	<b>12,872,037</b>	<b>30,268,690</b>	<b>24,187,004</b>
Re-measurement of defined benefit obligations	-	-	-	-
Exchange gain/(loss) on translation of foreign operations	3,280	641,613	1,317	(118,018)
Gain/(loss) on revaluation of available-for-sale investments	40,267	79,295	(220,467)	244,756
<b>Total other comprehensive income</b>	<b>43,546</b>	<b>720,907</b>	<b>(219,149)</b>	<b>126,738</b>
<b>Total comprehensive income for the period</b>	<b>10,073,752</b>	<b>13,592,944</b>	<b>30,049,540</b>	<b>24,313,742</b>
Profit attributable to:				
-Owners of the parent	9,956,150	13,003,749	29,990,024	24,361,875
-Non controlling interest	74,055	(131,712)	278,665	(174,871)
Total comprehensive income attributable to:				
-Owners of the parent	9,985,640	13,537,628	29,799,182	24,532,369
-Non controlling interest	88,112	55,316	250,358	(218,628)
Earnings per share - Basic (Sen)	3.68	4.95	11.09	9.30
Earnings per share - Fully Diluted (Sen)	3.44	4.52	10.37	8.70

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.*

# LUXCHEM CORPORATION BERHAD

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(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Current Quarter Ended 30-Sep-16 RM</b>	<b>Current Year to date Ended 30-Sep-16 RM</b>
Interest Income	260,421	1,145,212
Other income	508,662	2,952,527
Interest Expense	785,728	1,998,284
Depreciation & amortisation	452,453	1,247,314
Foreign exchange (Gain)/Loss - realised	(1,462,667)	125,650
Foreign exchange (Gain)/Loss - unrealised	919,051	(49,048)
(Gain)/loss on derivatives	(3,086)	(28,705)

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30-Sep-16 RM	Audited As at 31-Dec-15 RM
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	37,743,405	27,699,521
Investment properties	115,024	116,979
Intangible assets	328,784	376,351
Other investments	939,555	1,160,021
Goodwill	35,802,888	-
Deferred tax assets	240,656	236,101
	<u>75,170,312</u>	<u>29,588,973</u>
<b>Current Assets</b>		
Inventories	38,575,814	51,207,773
Trade and other receivables	117,991,184	127,650,410
Derivative financial assets	6,953	-
Tax recoverable	1,506,023	1,206,810
Deposits, cash and bank balances	97,846,288	113,253,287
	<u>255,926,262</u>	<u>293,318,280</u>
<b>Total Assets</b>	<b><u>331,096,574</u></b>	<b><u>322,907,253</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	137,629,276	132,537,200
Share premium	11,729,738	2,689,578
Other reserves	4,416,726	4,081,393
Retained profits	62,753,594	51,977,659
<b>Total equity attributable to owners of the Company</b>	<u>216,529,334</u>	<u>191,285,830</u>
Non-controlling interests	408,128	(294,780)
<b>Total Equity</b>	<u>216,937,462</u>	<u>190,991,050</u>
<b>Non-current Liabilities</b>		
Hire purchase	579,328	177,229
Retirement benefits	226,327	222,043
Deferred tax liabilities	1,123,818	689,850
	<u>1,929,473</u>	<u>1,089,122</u>
<b>Current Liabilities</b>		
Trade and other payables	48,257,425	61,402,920
Hire purchase payables	316,475	62,306
Bankers' acceptances	60,140,746	61,733,393
Derivative financial liabilities	-	21,752
Taxation	3,514,993	7,606,710
	<u>112,229,639</u>	<u>130,827,081</u>
<b>Total Liabilities</b>	<u>114,159,112</u>	<u>131,916,203</u>
<b>Total Equity and Liabilities</b>	<b><u>331,096,574</u></b>	<b><u>322,907,253</u></b>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.79	0.73

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.*

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 30-Sep-16 RM	Preceding Year Corresponding Period Ended 31-Dec-15 RM
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	40,440,230	54,396,582
Adjustments for :-		
Amortisation of intangible assets	106,262	104,978
Depreciation of property, plant and equipment	1,139,097	1,566,704
Amortisation of investment property	1,955	2,607
Defined benefit obligations	-	70,049
Dividend income	(126,448)	(12,286)
Loss of disposal of an investment	-	16,325
Net gain on changes in fair value of forward exchange contra	(28,705)	50,432
Net gain on disposal of property, plant and equipment	(32,767)	-
Impairment losses on trade receivables	-	551,501
Interest income	(1,145,212)	(1,812,442)
Interest expense	1,998,284	2,391,878
Inventories written off	-	691,806
Write down in value of inventories	-	527,369
Property, plant and equipment written off	162,905	3,362
Unrealised loss on foreign exchange	(49,048)	(334,807)
Reversal of impairment losses on trade receivables	-	(938,743)
Share options expense	2,032,520	4,432,101
<b>Operating profit before working capital changes</b>	44,499,074	61,707,416
Decrease / (Increase) in inventories	16,601,649	(16,683,991)
Decrease / (Increase) in trade and other receivables	16,062,959	(10,919,331)
(Decrease) / Increase in trade and other payables	(17,309,167)	21,462,596
<b>Cash generated from operations</b>	59,854,516	55,566,690
Tax paid	(14,885,373)	(9,380,237)
Interest received	1,145,212	1,812,442
Interest paid	(1,998,284)	(2,391,878)
Retirement benefit paid	-	(681)
<b>Net cash (used in)/from operating activities</b>	44,116,071	45,606,336
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary	(34,938,968)	-
Purchase of property, plant and equipment	(5,604,009)	(3,051,361)
Purchase of intangible assets	(58,695)	(212,873)
Purchase of an investment	-	(24,840)
Additional injection of capital from Non-controlling interest	452,550	-
Proceeds from disposal of an investment	-	8,675
Proceeds from disposal of property, plant and equipment	34,689	-
Dividend received	126,448	12,286
Net cash used in investing activities	(39,987,985)	(3,268,113)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares under ESOS	3,617,563	3,644,674
Term Loan repayment	(838,954)	-
Bankers' acceptances obtained, net of repayment	(3,656,163)	6,194,633
Hire purchase instalments paid	472,594	(102,881)
Dividend paid	(19,219,634)	(13,196,700)
<b>Net cash from/(used in)/ financing activities</b>	(19,624,594)	(3,460,274)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(15,496,508)	38,877,949
<b>Cash and cash equivalents at beginning of year</b>	113,253,287	74,157,347
<b>Foreign exchange difference</b>	89,509	217,991
<b>Cash and cash equivalent at end of the period</b>	97,846,288	113,253,287
<b>Cash and cash equivalents at end of year comprised:-</b>		
Deposits with financial institutions	34,196,732	52,994,934
Cash and bank balances	63,649,555	60,258,353
	97,846,288	113,253,287

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Current Year to date Ended 30-Sep-16 RM</b>
Property, plant and equipment	5,730,745
Inventories	3,844,448
Trade and other receivables	6,044,094
Cash and bank balances	1,361,032
Borrowings	(2,612,726)
Trade and other payables	(3,896,411)
Current and deferred taxation	(774,070)
Total net assets at fair value	<u>9,697,112</u>
Goodwill arising from acquisition	<u>35,802,888</u>
Total purchase consideration	<b><u>45,500,000</u></b>
 <u>Satisfied by:</u>	
Shares allotted (5,184,851 x RM1.7744)	9,200,000
Cash	<u>36,300,000</u>
	<b><u>45,500,000</u></b>
Acquisition price satisfied by cash	36,300,000
Less: Cash and bank balances acquired	<u>(1,361,032)</u>
Cash flow on acquisition	<b><u>34,938,968</u></b>

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2016

	Attributable to Owners of the Company						Non-controlling interests RM	Total RM
	Non - distributable			Distributable				
	Share capital RM	Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM	Total RM	
<b>2016</b>								
<b>Balance at 1 January 2016</b>	132,537,200	2,689,578	121,430	864,679	3,095,284	51,977,659	191,285,830	(294,779) 190,991,050
Profit/(Loss) for the year	-	-	-	-	-	29,987,089	29,987,089	278,667 30,265,756
Exchange gain/(loss) on translation of foreign operations	-	-	(153,570)	-	-	-	(153,570)	(28,307) (181,877)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	(220,466)	-	-	(220,466)	- (220,466)
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	- -
Additional injection of capital	-	-	-	-	-	-	-	452,550 452,550
<b>Total comprehensive income/(loss) for the year</b>	-	-	(153,570)	(220,466)	-	29,987,089	29,613,053	702,910 30,315,964
Shares issued for acquisition of subsidiary	2,592,426	-	-	-	-	-	2,592,426	- 2,592,426
<i>Transactions with owners of the Company</i>								
Share options granted under ESOS	-	-	-	-	2,032,520	-	2,032,520	- 2,032,520
Issuance of shares pursuant to ESOS	2,499,650	9,040,160	-	-	(1,314,673)	-	10,225,138	- 10,225,138
Cancellation of Share options	-	-	-	-	(8,480)	8,480	-	- -
Dividends paid	-	-	-	-	-	(19,219,634)	(19,219,634)	- (19,219,634)
<b>Balance at 30 Sep 16</b>	<b>137,629,276</b>	<b>11,729,738</b>	<b>(32,140)</b>	<b>644,214</b>	<b>3,804,652</b>	<b>62,753,594</b>	<b>216,529,333</b>	<b>408,131 216,937,463</b>

For the nine months ended 30 Sep 2015

	Attributable to Owners of the Company						Non-controlling interests RM	Total RM
	Non - distributable			Distributable				
	Share capital RM	Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM	Total RM	
<b>2015</b>								
<b>Balance at 1 January 2015</b>	130,000,000	250,483	232,554	431,536	-	25,429,399	156,343,972	(98,775) 156,245,197
Profit/(Loss) for the year	-	-	-	-	-	24,361,875	24,361,875	(174,871) 24,187,004
Exchange gain/(loss) on translation of foreign operations	-	-	(74,259)	-	-	-	(74,259)	(43,756) (118,015)
Loss on changes in fair value of available-for-sale financial assets	-	-	-	244,757	-	-	244,757	- 244,757
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	- -
<b>Total comprehensive income/(loss) for the year</b>	-	-	(74,259)	244,757	-	24,361,875	24,532,373	(218,628) 24,313,745
<i>Transactions with owners of the Company</i>								
Share options granted under ESOS	-	-	-	-	8,719,218	-	8,719,218	- 8,719,218
Issuance of shares pursuant to ESOS	2,325,500	2,219,023	-	-	(1,228,053)	-	3,316,470	- 3,316,470
Cancellation of share options	-	-	-	-	(213,060)	213,060	-	- -
Final dividend of 5 sen per share in respect of the financial year ended 31 December 2013	-	-	-	-	-	(13,196,700)	(13,196,700)	- (13,196,700)
<b>Balance at 30 Sep 2015</b>	<b>132,325,500</b>	<b>2,469,506</b>	<b>158,295</b>	<b>676,293</b>	<b>7,278,105</b>	<b>36,807,634</b>	<b>179,715,333</b>	<b>(317,403) 179,397,930</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

<b>PART A</b>	<b>NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING</b>
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### **A1. Basis of Preparation**

The unaudited interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and Chapter 9 Part K of the Bursa Securities Listing Requirements. Unless otherwise described below, the accounting policies and method of computation adopted for the interim financial statements were consistent with those adopted for the audited financial statements for the year ended 31 December 2015.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2015 other than the application of a new MFRS and amendments to MFRSs which became effective for annual period beginning on 1 January 2016. The initial application of these new MFRS and amendments to MFRSs has no material impact on this interim financial reporting.

### **A2. Auditors' Report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2015.

### **A3. Seasonal or cyclical factors**

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

### **A4. Items of Unusual nature and Amount**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the quarterly financial reports.

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

### PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING

#### A5. Issuance, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities

On 1 December 2014, the Company established an Employees' Share Option Scheme that entitles eligible directors and employees of the Group ("Eligible Persons") to participate in the ordinary share capital of the Company. The share option scheme has a tenure of five (5) years which expires on 30 November 2019.

The following shows the status of the options granted:

Date of grant	No. of options granted	No. of options vested		No. of options vested As at 30-Sep-16	Exercise price/ option Note 1	Fair Value /option Note 2	No. of options exercised					Vested Options cancelled As at 30 Sep 16	Balance of vested & exercisable options as at 30-Sep-16
		As at 31-Dec-15	YTD Q3 2016				YTD Dec 15	Q1 2016	Q2 2016	Q3 2016	YTD Sep 16		
		No	No				No	No	No	No	No		
22-Jan-15	31,986,000	6,397,200	6,264,200	12,661,400	0.71	0.265	4,939,400	727,800	3,103,500	992,000	4,823,300	44,000	2,854,700
22-Jun-15	1,446,000	289,200	277,200	566,400	1.02	0.168	135,000	32,000	69,000	45,000	146,000	12,000	273,400
22-Jun-16	2,540,000	-	635,000	635,000	1.47	0.399	-	-	-	30,000	30,000	-	605,000
	<b>35,972,000</b>	<b>6,686,400</b>	<b>7,176,400</b>	<b>13,862,800</b>			<b>5,074,400</b>	<b>759,800</b>	<b>3,172,500</b>	<b>1,067,000</b>	<b>4,999,300</b>	<b>56,000</b>	<b>3,733,100</b>

Note 1: The respective exercise price of the share options as above, was determined based on the volume weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer with a 10% discount.

Note 2: The fair value of the share options granted was measured using the Trinomial Option Pricing model.

#### A6. Segmental Information

Segmental results by business activities:-

Business Activities:	Current Quarter Ended 30 Sep 16 (3 months)		Current Year To Date Ended 30 Sep 16 (9 months)	
	Revenue	Profit/ (loss) Before Tax	Revenue	Profit/ (loss) Before Tax
	RM	RM	RM	RM
Investment Holding	6,882,000	6,054,770	19,882,000	17,149,611
Trading	143,235,010	7,532,503	416,850,246	25,424,392
Manufacturing	52,054,152	6,686,463	144,258,260	17,831,443
Total	202,171,162	20,273,736	580,990,506	60,405,445
Consolidation Adjustments	(22,812,742)	(6,839,168)	(65,813,956)	(19,965,215)
	<b>179,358,420</b>	<b>13,434,568</b>	<b>515,176,550</b>	<b>40,440,230</b>



# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

<b>PART A</b>	<b>NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (“FRS 134”), INTERIM FINANCIAL REPORTING</b>
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### A7. Valuation of property, plant and equipment

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

### A8. Capital commitments

Capital commitments as at 30 Sep 16	Amount RM
Capital expenditure in respect of purchase of property, plant and equipment - authorised and contracted for	8,747,514

### A9. Changes in the Composition of the Group

There were no changes in the composition of the group during the current period and year to date other than as disclosed below:

On 30 October 2015, the Company had announced that the Company had on 10 October 2015 obtained an Investment Certificate dated 8 October 2015 for the establishment of a limited liability enterprise known as Luxchem Vietnam Company Limited (“LVCL”). The principal activity of LVCL is distribution of industrial chemical. The charter capital of LVCL is VND10,692,500,000 equivalent to USD500,000. The Company is required to inject the fund of USD500,000 into LVCL within 90 days from the date of business registration.

On 30 November 2015, the Company had announced that LVCL had on 25 November 2015 obtained the Certificate of Company Registration from Department of Planning & Investment of Ho Chi Minh City. Following the issuance of the Certificate of Company Registration, LVCL is able to commence its business in Vietnam.

For further detail, please refer to the announcements made on 30 October 2015 and 30 November 2015. The Company has consolidated LVCL into its group accounts with effect from 1<sup>st</sup> quarter 2016.

# **LUXCHEM CORPORATION BERHAD**

(Company No: 224414-D)

(Incorporated in Malaysia)

## **QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016**

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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The Company, had on 29 April 2016, announced that the Acquisition of Transform Master Sdn Bhd (TMSB) has been completed in accordance with the terms of the Share Sale Agreement. Accordingly, TMSB is now a wholly-owned subsidiary of the Company.

For further detail, please refer to the announcements made on 27 January 2016, 28 January 2016, 25 March 2016, 8 April 2016, 15 April 2016 and 29 April 2016 in relation to the Acquisition.

The Company has consolidated TMSB into its group accounts with effect from 2<sup>nd</sup> quarter 2016.

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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### B1. Review of performance of the Company and its principal subsidiaries

	<b>Current Quarter Ended 30-Sep-16 RM</b>	<b>Preceding Year Corresponding Quarter Ended 30-Sep-15 RM</b>	<b>Variance  RM</b>
Revenue	179,358,420	169,169,230	10,189,189
Profit Before Tax	13,434,567	17,320,369	(3,885,802)

Revenue for the current quarter is higher than the preceding year corresponding quarter. This is mainly due to higher contribution from the manufacturing segment.

However, Profit Before Tax for the current quarter is lower than the preceding year corresponding quarter. This is due to lower contribution from both manufacturing and trading segments.

	<b>Current Quarter Ended 30-Sep-16 RM</b>	<b>Previous Quarter Ended 30-Jun-16 RM</b>	<b>Variance  RM</b>
Revenue	179,358,420	175,848,534	3,509,886
Profit Before Tax	13,434,567	17,434,956	(4,000,388)

Revenue for the current quarter is higher than the previous quarter, due to higher contribution from the trading segment.

Profit Before Tax for the current quarter is lower than the previous quarter, due to lower contribution from trading segment.

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(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

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

**B2.      Prospects for the current financial year**

Fluctuations in exchange rates and raw material prices will continue to be a challenge to the Group. However, the Directors remain positive with the Group's prospects.

**B3.      Variance between Actual Profit and Forecast Profit**

The Group did not issue any profit forecast in a public document during the current financial period.

**B4.      Taxation**

	Current Quarter Ended 30-Sep-16 RM	Current Year Ended 30-Sep-16 RM
Current tax expenses	(3,404,362)	(10,171,540)
	<u>(3,404,362)</u>	<u>(10,171,540)</u>

The effective tax rate of the Group is approximately the statutory tax rate.

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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### B5. Group borrowings and debt securities

The Group's borrowings as at 30 September 2016 as follows:-

	<b>Secured RM</b>	<b>Unsecured RM</b>	<b>Total RM</b>
<u>Short term borrowing:-</u>			
Bankers' Acceptance	-	60,140,746	60,140,746
Hire Purchase Payable	316,475	-	316,475
	<u>316,475</u>	<u>60,140,746</u>	<u>60,457,221</u>
<u>Long Term borrowings:-</u>			
Hire Purchase Payable	579,328	-	579,328
	<u>579,328</u>	<u>-</u>	<u>579,328</u>
Total	<u>895,803</u>	<u>60,140,746</u>	<u>61,036,549</u>

### B6. Realised and Unrealised Profit

	<b>Current financial year ended 30 Sep 16 RM</b>	<b>31-Dec-15 RM</b>
Total retained profits of LCB and its subsidiaries		
- Realised Profit	138,837,918	120,719,267
- Unrealised Profit/ (loss)	<u>(850,584)</u>	<u>(140,694)</u>
	137,987,334	120,578,573
- Consolidation adjustments	<u>(75,233,739)</u>	<u>(68,600,914)</u>
Retained profits as per financial statements	<u>62,753,594</u>	<u>51,977,659</u>

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### **B7. Financial Guarantee**

The Company has provided various financial guarantees to banks for the guarantee of credit facilities granted to its various subsidiaries. As at 30 September 2016, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM 60.14 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 30 September 2016, the amount of Corporate Guarantee to suppliers amounted to RM10.34 million. The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognised the value of the obligation under the Financial Guarantee in its books.

### **B8. Material Litigation**

As at 30 September 2016, neither our Company nor any of our subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company our subsidiaries.

### **B9. Proposed Dividend**

There were no dividends proposed or declared for the current quarter

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## QUARTERLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2016

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### **B10. Earnings per share**

(a) Basic earnings per share

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company of RM10.16 million for the current quarter and RM30.19 million for the current financial year-to-date as at 30 September 2016 and on the weighted average number of shares in issue of 270,403,372 as at 30 September 2016.

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company of RM10.16 million for the current quarter and RM30.19 million for the current financial year-to-date as at 30 September 2016 and the adjusted weighted average number of ordinary shares in issue of 289,306,508 as at 30 September 2016.

By order of the Board,

Chen Moi Kew  
Director / Chief Financial Officer  
Date: 21 October 2016