



**SAMCHEM HOLDINGS BERHAD**

(Company No: 797567 U)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED

31 MARCH 2009

## SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

The Board of Directors of SAMCHEM HOLDINGS BERHAD (“Samchem” or “the Company”) is pleased to announce the following unaudited consolidated results of Samchem and its subsidiaries (collectively known as “the Group”) for the first quarter ended 31 March 2009.

The Company is principally involved in investment holding while the subsidiaries of the Company are principally involved in the distribution of industrial chemicals, in particular PU chemical, intermediate chemicals and specialty chemicals.

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2009

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31-Mar-09 RM'000	Preceding Year Corresponding Quarter 31-Mar-08 RM'000	Current Year To Date 31-Mar-09 RM'000	Preceding Year Corresponding Period 31-Mar-08 RM'000
Revenue	61,071	N/A	61,071	N/A
Cost of sales	(53,260)	N/A	(53,260)	N/A
Gross profit	7,811	N/A	7,811	N/A
Operating expenses	(3,866)	N/A	(3,866)	N/A
Operating income	966	N/A	966	N/A
Operating profit	4,911	N/A	4,911	N/A
Finance cost	(1,378)	N/A	(1,378)	N/A
Share of profit of associates	212	N/A	212	N/A
Profit before tax	3,745	N/A	3,745	N/A
Tax expense	(947)	N/A	(947)	N/A
Profit for the period	2,798	N/A	2,798	N/A
Profit for the period attributable to:				
Equity holders of the parent	2,513	N/A	2,513	N/A
Minority interest	285	N/A	285	N/A
	2,798	N/A	2,798	N/A
Earnings per share-Basic (Sen)	2.29	N/A	2.29	N/A
Earnings per share-Diluted (Sen)	N/A	N/A	N/A	N/A

N/A-Not Applicable

#### Notes:

- (i) The condensed consolidated income statement should be read in conjunction with the audited pro-forma consolidated financial information and the accountants’ report for the financial year ended 31 December 2008 as disclosed in the Prospectus of the Company dated 22 May 2009 and the accompanying explanatory notes attached to the interim financial report.
- (ii) This is the first interim financial report on the consolidated results for the first quarter ended 31 March 2009 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). As this is the first financial report being drawn up, there are no comparative figures for the preceding year’s corresponding quarter.

# SAMCHEM HOLDINGS BERHAD

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## CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As At 31-Mar-09 RM'000	Audited As At 31-Dec-08 RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	26,211	N/A
Prepaid lease payments	3,145	N/A
Investment properties	2,087	N/A
Intangible assets	304	N/A
Investment in associates	2,908	N/A
Other investments	670	N/A
	35,325	N/A
<b>Current Assets</b>		
Inventories	28,402	N/A
Marketable securities	22	N/A
Trade and other receivables	71,246	N/A
Cash and bank balances	38,787	N/A
	138,457	N/A
<b>Total Assets</b>	173,782	N/A
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	57,319	N/A
Translation Reserve	316	N/A
Reverse Acquisition Reserve	(40,726)	N/A
Retained profits	39,019	N/A
<b>Total Shareholders' Equity</b>	55,928	N/A
Minority interest	517	N/A
<b>Total Equity</b>	56,445	N/A
<b>Non Current Liabilities</b>		
Borrowings	12,196	N/A
Deferred tax liabilities	155	N/A
	12,351	N/A
<b>Current Liabilities</b>		
Trade and other payables	27,286	N/A
Borrowings	77,643	N/A
Taxation	57	N/A
<b>Total Current Liabilities</b>	104,986	N/A
<b>Total Liabilities</b>	117,337	N/A
<b>Total Equity and Liabilities</b>	173,782	N/A
Net Assets per ordinary share attributable to ordinary equity holders of the parent (RM)	0.49	N/A

N/A-Not applicable

Notes:

- (i) The condensed consolidated balance sheet should be read in conjunction with the audited pro-forma consolidated financial information and the accountants' report for the financial year ended 31 December 2008 as disclosed in the Prospectus of the Company dated 22 May 2009 and the accompanying explanatory notes attached to the interim financial report.
- (ii) No comparative figures are available as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

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	<b>Current Year to date 31.3.2009 RM '000</b>	<b>Preceding Year Corresponding Period 31.3.2008 RM '000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	3,745	N/A
Adjustments for :		
- Non-cash items	31	N/A
Operating profit before working capital changes	3,776	
Changes in working capital :		
- Receivables	13,955	N/A
- Inventories	2,214	N/A
- Payables	5,392	N/A
Cash generated from operations	25,337	N/A
Income taxes paid	(1,651)	N/A
Interest paid	(591)	N/A
Net cash generated from/(used in) operating activities	23,095	N/A
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(922)	N/A
Proceeds from disposal of plant and equipment	39	N/A
Acquisition of subsidiary, net of cash	(59)	N/A
Interest received	285	N/A
Proceeds from disposal of non-current asset held for sale	563	N/A
Net cash used in investing activities	(94)	N/A
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(29,253)	N/A
Net cash used in financing activities	(29,253)	N/A
<b>Net decrease in cash and cash equivalents</b>	(6,252)	N/A
Cash and cash equivalents at the beginning of period	30,194	N/A
<b>Cash and cash equivalents at the end of period</b>	23,942	N/A
Cash and cash equivalents comprise:		
Cash and bank balances	38,787	N/A
Bank overdrafts	(14,845)	N/A
	23,942	N/A

N/A - Not Applicable

Notes:

- (i) The condensed consolidated cashflow statement should be read in conjunction with the audited proforma consolidated financial information and the accountants' report for the financial year ended 31 December 2008 as disclosed in the Prospectus of the Company dated 22 May 2009 and the accompanying explanatory notes attached to the interim financial report.
- (ii) No comparative figures are available as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

## SAMCHEM HOLDINGS BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<-----Attributable to equity holders of the Company----->

	Share Capital	Reverse Acquisition Reserve	Translation Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 Jan 2009	12,066	-	156	36,506	48,728	4,771	53,499
Effects arising from reverse acquisition	40,667	(40,726)	-	-	(59)	-	(59)
Issuance of new shares for acquisition of additional interest in subsidiaries	4,586	-	-	-	4,586	-	4,586
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(4,558)	(4,558)
Foreign exchange translation differences	-	-	160	-	160	19	179
Net profit for the period	-	-	-	2,513	2,513	285	2,798
Balance as at 31 March 2009	57,319	(40,726)	316	39,019	55,928	517	56,445

#### Notes

- (i) The Group has adopted reverse acquisition accounting in respect of acquisition of subsidiaries, acquisition of which was completed on 21 February 2009. Samchem Sdn Bhd (“SCSB”) has been identified as the deemed acquirer and hence, the consolidated financial statements prepared following a reverse acquisition reflect the fact that Samchem is a continuation of SCSB. Accordingly, the following items have been effected:
- (a) the assets and liabilities of SCSB have been recognized and measured at their pre-combination carrying amounts;
  - (b) the retained earnings and other equity balances recognized in the consolidated balance sheets represent the retained earnings and other equity balances of SCSB before the business combination; and
  - (c) the equity structure appearing in the consolidated balance sheet (i.e the value, number and type of equity instruments issued) reflects the equity structure of Samchem, including the equity instruments issued by Samchem to effect the combination.
- (ii) The condensed consolidated statement of changes in equity should be read in conjunction with the audited proforma consolidated financial information and the Accountants’ Report for the financial year ended 31 December 2008 as disclosed in the Prospectus of the Company dated 22 May 2009 and the accompanying explanatory notes attached to the interim financial report.
- (iii) No comparative figures are available as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

## **SAMCHEM HOLDINGS BERHAD**

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### **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

#### **A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

##### **A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134 : Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This is the first interim financial report on the consolidated results for the first quarter ended 31 March 2009 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial statements should be read in conjunction with the audited proforma consolidated financial information and the accountants’ report for the financial year ended 31 December 2008 as disclosed in the Prospectus of the Company dated 22 May 2009.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus of the Company dated 22 May 2009.

##### **A2. Auditors’ report**

There was no qualification on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2008.

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

The principal business operations of the Group are not significantly affected by seasonal or cyclical factors during the quarter under review.

##### **A4. Items of unusual nature and amount**

There were no items affecting assets, liabilities, equity, net income or cashflows that are unusual because of their nature, size or incidence in the current quarter under review.

##### **A5. Material changes in estimates**

There were no changes in estimates that have a material effect in the current quarter under review.

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### **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

#### **A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

##### **A6. Issuance, cancellation, repurchase, resale and repayment of debt and equity securities**

There have been no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review and financial year to date save for the following:-

- (i) Issuance of 105,464,700 new ordinary shares of RM0.50 each for the acquisition of shares in Samchem Sdn Bhd (“SCSB”) from the shareholders of SCSB as disclosed in Note A12 (i); and
- (ii) Issuance of 9,172,296 new ordinary shares of RM0.50 each for the acquisition of shares in the subsidiaries of SCSB as disclosed in Note A12 (ii) to (viii) .

Consequently, the issued and paid-up capital of the Company increased from RM2 to RM 57,318,500. The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

##### **A7. Dividends paid**

There were no dividends paid by the Company in the current quarter under review and financial year to date.

##### **A8. Segmental information**

No segmental information is prepared as the Group is principally engaged in the distribution of industrial chemicals and the Group operates principally in Malaysia.

##### **A9. Valuation of property, plant and equipment**

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

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009

#### A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

##### A10. Capital commitments

Capital commitments as at end of the current quarter under review are as follows:

	<b>As At 31-Mar-09 RM'000</b>
Capital expenditure	
Approved and contracted for:	
Property, plant and equipment	587
Approved but not contracted for:	
Property, plant and equipment	15,000
	<u>15,587</u>

##### A11. Material events subsequent to the end of period reported

On 22 May 2009, the Company issued its Prospectus for public issue of up to 21,363,000 new ordinary shares of RM0.50 each in Samchem Holdings Berhad (“Shares”) at an issue price of RM0.71 per Share payable in full on application comprising:

- Up to 6,800,000 new Shares available for application by Malaysian Public
- Up to 3,000,000 new Shares for application by eligible employees, directors and persons who have contributed to the success of Samchem and its subsidiary companies
- 8,140,000 new Shares to be placed to Bumiputera investors approved by the Ministry of International Trade and Industry
- 3,423,000 new Shares to be placed to identified public investors by way of private placement

Offer for sale of 19,500,000 Shares of RM0.50 each to be placed by the Offerors to Bumiputera investors approved by the Ministry of International Trade and Industry at an offer price of RM0.71 per share.

Save for the above, there were no material events subsequent to the end of the current quarter.



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### **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

#### **A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

##### **A12. Changes in the composition of the Group**

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital on the Main Board, the Company undertook a Listing Scheme which involved, inter-alia, the following:-

- (i) acquisition of the entire issued and paid-up share capital of SCSB comprising 12,065,760 ordinary shares of RM1.00 each for a purchase consideration of RM52,732,343, which was wholly satisfied by the issuance of 105,464,700 new Shares at an issue price of approximately RM0.50 per ordinary share.
- (ii) acquisition of the entire issued and paid-up share capital of Eweny Chemicals Sdn Bhd comprising 500,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,847,295 which was satisfied by the issuance of 1,708,376 new Shares at an issue price of RM0.50 per ordinary share and the creation of an amount owing from Samchem to SCSB amounting to RM 1,993,107.
- (iii) acquisition of the entire issued and paid-up share capital of TN Chemie Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,982,054 which was satisfied by the issuance of 5,389,232 new Shares at an issue price of approximately RM0.50 per ordinary share and the creation of an amount owing from Samchem to SCSB amounting to RM 6,287,438.
- (iv) acquisition of the entire issued and paid-up share capital of Samchem Industries Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM 3,457,814 which was satisfied by the issuance of 2,074,688 new Shares at an issue price of RM0.50 per ordinary share and the creation of an amount owing from Samchem to SCSB amounting to RM 2,420,470.
- (v) acquisition of 70,000 ordinary shares of RM1.00 each in Samchemsphere Export Sdn Bhd ("SCsphere) representing 70% of the entire issued and paid-up share capital of SCsphere for a purchase consideration of RM307,747 which was wholly satisfied by the creation of an amount owing from Samchem to SCSB amounting to RM307,747.

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### **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

#### **A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

- (vi) acquisition of 380,000 ordinary shares of RM1.00 each in Samchem Enviro Cycle Sdn Bhd (“SC Enviro”) representing 76% of the entire issued and paid-up share capital of SC Enviro for a purchase consideration of RM266,204 which was wholly satisfied by the creation of an amount owing from Samchem to SCSB amounting to RM266,204.
- (vii) acquisition of 175,000 ordinary shares of RM1.00 each in Samchem Logistics Services Sdn Bhd (“SC Logistics”) representing 70% of the entire issued and paid-up share capital of SC Logistics for a purchase consideration of RM308,195 which was wholly satisfied by the creation of an amount owing from Samchem to SCSB amounting to RM308,195.
- (viii) acquisition of 350,000 ordinary shares of RM1.00 each in TN Industries Sdn Bhd (“TN Industries”) representing 70% of the entire issued and paid-up share capital of TN Industries for a purchase consideration of RM342,665 which was wholly satisfied by the creation of an amount owing from Samchem to SCSB amounting to RM342,665.

The above acquisitions were completed on 21 February 2009. Save for the above, there were no changes in the composition of the Group in the current quarter.

#### **A13. Changes in contingent liabilities and contingent assets**

There were no changes in contingent liabilities or contingent assets of a material nature since the last audited financial statements of the Company for the year ended 31 December 2008.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE  
FIRST QUARTER ENDED 31 MARCH 2009**

**A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS  
134): INTERIM FINANCIAL REPORTING**

**A14. Related party transactions**

The Company has the following transactions with the related parties during the financial quarter.

	<b>Current Quarter to 31-Mar-09 RM'000</b>
Received and receivable/(paid and payables) to Director related companies:*	
Sale of products	260
Purchase of products	(1)
Rendering of services	16
Rental of premises	<u>3</u>

\* Companies in which a director, Mr Ng Thin Poh, has substantial equity interests.

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favorable than those transacted with unrelated parties.

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### **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

#### **B ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

##### **B1. Performance review**

For the quarter ended 31 March 2009, the Group recorded a pre-tax profit and profit after tax of RM3.74 million and RM2.80 million respectively, on the back of revenue of RM61.07 million.

In the opinion of the Directors, the results for the current quarter and financial year to date have not been affected by any transactions or events of a material nature which has arisen between 31 December 2008 and the date of this report.

##### **B2. Material changes in profit before taxation for the current quarter as compared with the preceding quarter**

Not applicable as this is the first quarter in which the consolidated results of the Group is presented.

##### **B3. Prospects for the current financial year**

Barring any unforeseen circumstances, the Directors remain positive with the Group's prospects for the remaining periods of the financial year ending 31 December 2009.

##### **B4. Variance between actual profit and forecast profit**

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

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009

#### B ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

##### B5. Taxation

	Current Year Quarter 31-Mar-09 RM000	Current Year-To Date 31-Mar-09 RM000
Current tax expense	899	899
Deferred tax expense	48	48
	<u>947</u>	<u>947</u>

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate due to certain non-deductible expenses in the current period.

##### B6. Sale of unquoted investments and/ or properties

There was no disposal of unquoted investment and/or properties for the current quarter and financial year-to-date.

##### B7. Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

##### B8. Status of corporate proposal

On 22 May 2009, the Company issued a prospectus for the public issue of up to 21,363,000 new ordinary shares of RM0.50 each at an issue price of RM0.71 per ordinary share ("Public Issue") payable in full on application in conjunction with its listing on the Main Board of Bursa Securities.

The admission to the official list and the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities is expected to be completed on 23 June 2009.

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009

#### B ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The total gross proceeds of RM15,168,000 arising from the Public Issue shall accrue to the Company and will be utilized in the following manner:

	Timeframe for utilisation of proceeds upon Listing	Amount RM'000
Part acquisition of plant and machinery	Within 12 months	3,000
Purchase of trucks	Within 12 months	500
Working capital	Within 24 months	8,168
Estimated listing expenses*	Within 1 month	3,500
		<u>15,168</u>

\*Any utilised amount shall be used for working capital.

As at the end of the current quarter, the Public Issue have yet to be allotted and received, and accordingly the Company has yet to utilize the proceeds arising from the Public Issue.

#### B9. Group borrowings and debt securities

The Group's borrowings as at 31 March 2009 are as follows:-

	<b>Secured</b> <b>RM '000</b>
Short term borrowings:-	
Bank overdrafts	14,845
Bankers acceptances	59,950
Term loans	2,035
Hire purchase creditors	813
	<u>77,643</u>
Long term borrowings:-	
Term loans	10,928
Hire purchase creditors	1,268
	<u>12,196</u>
Total borrowings	<u>89,839</u>

There were no unsecured or/and foreign currency denominated borrowings as at 31 March 2009

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009

#### **B ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

##### **B10. Off balance sheet financial instruments**

The Group enters into forward foreign exchange contracts to hedge part of its purchases in foreign currencies. The purpose of hedging is to minimise the impact of unfavourable movement in exchange rate

As at 16 June 2009, the Group has the following outstanding forward foreign currency contracts:-

Currency	Outstanding Contract Amount	Equivalent Amount in	Expiry Month
	US\$'000	RM'000	
US Dollars	35	135	Jul-09

There are no cash requirements for these contracts. As the exchange is pre-determined under such contracts, the Group is not exposed to any market risk. These transactions are not exposed to any credit risk.

Save for the above, the Group does not have any financial instruments with off-balance sheet risk.

##### **B11. Material Litigation**

As at 31 March 2009, neither the Company nor any of its subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its subsidiaries.

##### **B12. Proposed Dividend**

There was no dividend proposed or declared for the current quarter under review and the financial year to date.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE  
FIRST QUARTER ENDED 31 MARCH 2009**

**B ADDITIONAL INFORMATION PURSUANT TO THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B13. Earnings per share**

	<b>Current quarter to 31-Mar-09</b>
Profit attributable to ordinary equity holders of the parent (RM '000)	2,513
Weighted average number of ordinary shares in issue ( ' 000)	109,541
Earnings per share (sen) -Basic	<u>2.29</u>

There is no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at end of the current quarter under review.

By order of the Board,

Ng Thin Poh  
Managing Director  
Date: 18 June 2009