



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 DECEMBER 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 fourth quarter ended 31 December 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 PERIOD ENDED 31 DECEMBER 2009				
	Individual Quarter		Cumulative Quarter	
	Current Quarter 31-Dec-09 RM '000	Preceding Year Corresponding Quarter 31-Dec-08 RM '000	Current Year To Date 31-Dec-09 RM '000	Preceding Year Corresponding Period 31-Dec-08 RM '000
Revenue	79,301	N/A	294,670	N/A
Operating expenses	(75,658)	N/A	(276,366)	N/A
Operating income	1,088	N/A	2,928	N/A
Operating profit	4,731	N/A	21,232	N/A
Finance cost	(1,400)	N/A	(4,940)	N/A
Shares of profit of associates	174	N/A	746	N/A
Profit before tax	3,505	N/A	17,038	N/A
Tax expense	(1,084)	N/A	(4,490)	N/A
Profit for the period	2,421	N/A	12,548	N/A
Profit for the period attributable to:				
Equity Holders of the parent	2,381	N/A	12,275	N/A
Minority interest	40	N/A	273	N/A
	2,421	N/A	12,548	N/A
Earning per shares-basic (Sen)	1.75	N/A	9.82	N/A
Earning per shares-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 fourth interim financial report on the consolidated results for the fourth quarter ended 31 December 2009 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). As this is the fourth interim financial report being drawn up, there are no comparative figures for the preceding year’s corresponding quarter.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As At 31-Dec-09 RM'000	Audited As At 31-Dec-08 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	25,390	N/A
Prepaid lease payments	3,101	N/A
Investment properties	2,520	N/A
Intangible assets	304	N/A
Investment in associates	3,178	N/A
Other investment	670	N/A
	<u>35,163</u>	<u>N/A</u>
Current Assets		
Inventories	30,832	N/A
Marketable securities	22	N/A
Trade and other receivables	86,016	N/A
Tax recoverables	1,828	N/A
Cash and bank balances	48,972	N/A
	<u>167,670</u>	<u>N/A</u>
Total Assets	<u>202,833</u>	<u>N/A</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,000	N/A
Share premium	954	N/A
Translation reserve	50	N/A
Capital reserve	82	N/A
Reverse acquisition reserve	(40,726)	N/A
Retained profits	48,699	N/A
Total shareholders' equity	<u>77,059</u>	<u>N/A</u>
Minority interest	534	N/A
Total Equity	<u>77,593</u>	<u>N/A</u>
Non Current Liabilities		
Borrowings	12,317	N/A
Deferred tax liabilities	331	N/A
	<u>12,648</u>	<u>N/A</u>
Current Liabilities		
Trade and other payables	27,042	N/A
Borrowings	85,484	N/A
Taxation	66	N/A
Total Current Liabilities	<u>112,592</u>	<u>N/A</u>
Total Liabilities	<u>125,240</u>	<u>N/A</u>
Total Equity and Liabilities	<u>202,833</u>	<u>N/A</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	0.57	N/A

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 fourth interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2009

	Current Year to Date 31-Dec-09 RM'000	Preceding year Corresponding Period 31-Dec-08 RM'000
Cash Flows from operating activities		
Profit before taxation	17,038	N/A
Adjustment for:		
-Non-cash items	5,061	N/A
Operating profit before working capital changes	22,099	
Changes in working Capital:		
-Receivable	(2,138)	N/A
-Inventories	(216)	N/A
-Payables	5,081	N/A
Cash generated from operations	24,826	N/A
Income taxes paid	(5,613)	N/A
Interest paid	(4,940)	N/A
Net cash from operating activities	14,273	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,735)	N/A
Purchase of investment property	(450)	N/A
Proceeds from disposal of plant and equipment	80	N/A
Acquisition of subsidiary, net of cash acquired	(59)	N/A
Interest received	889	N/A
Proceeds from disposal of non-current asset classified as held for sale	563	N/A
Net cash used in investing activities	(712)	N/A
Cash flows from financing activities		
Proceeds from issuance of shares	15,168	N/A
Shares issue expenses paid	(3,532)	N/A
Proceeds from issuance of shares by subsidiary to minority shareholders	40	N/A
Payments of hire purchase	276	N/A
Net repayment of borrowings	(8,889)	N/A
Dividends paid to minority shareholders	(12)	N/A
Net cash from financing activities	3,051	N/A
Net increase in cash and cash equivalents	16,612	N/A
Cash and cash equivalents at the beginning of period	30,193	N/A
Cash and cash equivalents at the end of period	46,805	N/A
Cash and cash equivalents comprise:		
Cash and bank balances	48,972	N/A
Bank overdraft	(2,167)	N/A
	46,805	N/A

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 fourth interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

← Attributable to equity holders of the Company →

	Share Capital	Share Premium	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Retained Profits	Total Shareholders' Equity	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2009	12,066	-	-	-	156	36,506	48,728	4,771	53,499
Effect 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	-	-	-	-	(106)	-	(106)	20	(86)
Issuance of new shares	10,681	4,487	-	-	-	-	15,168	-	15,168
Share issue expenses	-	(3,533)	-	-	-	-	(3,533)	-	(3,533)
Transfer from retained profits to capital reserve	-	-	82	-	-	(82)	-	-	-
Issuance of shares by subsidiary to minority shareholders	-	-	-	-	-	-	-	40	40
Dividends paid to minority interests	-	-	-	-	-	-	-	(12)	(12)
Net Profit for the period	-	-	-	-	-	12,275	12,275	273	12,548
Balance as at 31 December 2009	68,000	954	82	(40,726)	50	48,699	77,059	534	77,593

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 recognised and measured at their pre-combination carrying amounts;
 - (b) the retained earnings and other equity balances recognised in the consolidated balance sheet 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 fourth interim financial report being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 FRS 134 : Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This is the fourth interim financial report on the consolidated results for the fourth quarter ended 31 December 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.

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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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); and
- (iii) Public Issue of 21,363,000 new ordinary shares of RM0.50 each at an issue price of RM0.71 per share.

Consequently, the issued and paid-up capital of the Company increased from RM2 to RM 68,000,000. 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 and financial year-to-date.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 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:

	As at 31-Dec-09 RM'000
Approved and contracted for:	
Property,plant and equipment	246
Investment in subsidiary, outside Malaysia	2,051
Approved but not contracted for:	
Property,plant and equipment	15,000
	<u>17,297</u>

A11. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements except for the following:

On 14 January 2010, the Company incorporated a subsidiary company in Indonesia by the name of PT Samchem Prasadha. The Company subscribed for 1,500,000 shares of USD 0.10 each, representing 60% equity interest for a total cash consideration of USD 150,000 (equivalent to RM512,850 at the exchange rate of USD 1:RM3.419).

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 (now known as Main Market), 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 RM1,993,107.
- (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 RM2,420,470.
- (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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 and financial year-to-date.

A13. Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities and contingent assets since the last balance sheet as at 31 December 2008 except for the following:

	RM'000
Corporate guarantee given to financial institutions in respect financing facilities granted to local subsidiary companies	<u>25,500</u>

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 current quarter under review and financial year-to-date :

	Current Quarter 31-Dec-09 RM'000	Current Year-To-Date 31-Dec-09 RM'000
Received and receivable/(paid and payables) to Director related companies:*		
Sales of Products	261	1,150
Purchase of products	(6)	(18)
Rendering of services	26	97
Rental of premises	3	12
	<u>3</u>	<u>12</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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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

B1. Performance review

For the quarter ended 31 December 2009, the Group recorded a pre-tax profit and profit after tax of RM3.51 million and RM2.42 million respectively, on the back of revenue of RM79.30 million.

As the Group was listed in June 2009, there is no comparison on the Group's quarterly results in the previous year.

For the cumulative period ended 31 December 2009, the Group recorded a pre-tax profit and profit after tax of RM17.04 million and RM12.55 million respectively, on the back of revenue of RM294.67 million. The lower top line was largely due to the slower business activities in the domestic market as a result of the global economic recession.

Nevertheless, the Group managed to sustain its profitability in the year under review due to tighter cost control measures, and savings in finance costs from reduced borrowings.

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

The Group registered revenue of RM79.30 million and profit before tax of RM3.51 million for the current quarter under review, compared with revenue of RM80.60 million and profit before tax of RM4.77 million in the previous quarter. The Group's lower profit in the current quarter under review was mainly due to lower revenue and profit margins.

B3. Prospects for the current financial year

The Group will continue to focus on market and product expansion to stay competitive in the market. The company's subsidiaries acquired during the current financial year are expected to make a positive contribution to the Group's profit for the forthcoming year.

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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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

B5. Taxation

	Current Quarter 31-Dec-09 RM'000	Current Year-To-Date 31-Dec-09 RM'000
Current tax expense	878	4,287
Deferred tax expense	206	203
Total tax expense	<u>1,084</u>	<u>4,490</u>

The effective tax rate is higher than the statutory tax rate in the current quarter and financial year-to-date mainly due to increase in deferred tax expense attributed to higher capital allowances claimed for acquisition of qualifying assets during the period.

B6. Sale of unquoted investments and/ or properties

There was no disposal of unquoted investment and/or properties for the current quarter under review and financial year-to-date other than disposal of unquoted shares classified as assets held for sale for a cash consideration of RM0.56 million. There was no profit or loss arising from the disposal.

B7. Purchase or disposal of quoted securities

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

B8. Status of corporate proposal

- (a) 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 (now known as Main Market) of Bursa Securities was completed on 23 June 2009.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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

- (b) On 20 November 2009, the Company announced that it had on even date entered into a Shareholders Agreement with Mr Herisun Hasan (“HH”) and Solaris Meridian Sdn Berhad (“Solaris”) (Collectively known as the “PMA Parties”) to formalise their intentions to participate in the business as a distributor of industrial chemicals. The PMA Parties intend to incorporate a limited liability company in Indonesia under the proposed name of “PT Samchem Prasadha” (“PTSP”) with an initial issued and paid-up share capital of 2,500,000 of USD0.10 each. The PMS Parties shall subscribe to PTSP Shares as follows: Samchem (60%), HH (33%) and Solaris (7%). Thereafter, the initial and paid-up share capital shall be increased to USD1,000,000 within a period of nine months after PTSP has commenced its business on a pro-rata basis according to the above shareholding proportion.

On 14 January 2010, PTSP was incorporated with authorised share capital of 10,000,000 of USD0.10 each and paid up capital of 2,500,000 of USD0.10 each. The Company had subscribed for 60% of the paid-up share capital of PTSP or 1,500,000 shares for a total cash consideration of USD150,000 (equivalent to RM512,850 at the exchange rate of USD 1:RM3.419).

- (c) On 20 November 2009, the Company announced that it had on even date entered into a Master Agreement with HH, Solaris, PT Prasadha Byantara Abadi (“PTPBA”), Mr Nagar Paul Tanumiharja (“NPT”) and Mrs Silvia Dewi Budiarto (“SDB”) to formalise the understanding that PMA Parties, via PTSP, shall acquire assets comprising properties, plant and machinery, motor vehicles and office equipment from HH, SDB and PTPBA for a total purchase consideration of not more than USD 1.6 million.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

- B9.** As at 18 February 2010, the total gross proceeds of RM15,168,000 arising from the Public Issue have been utilised in the following manner:

	Timeframe for utilisation of proceeds upon listing	Proposed Utilisation RM'000	Actual Utilisation RM'000
Part acquisition of plant and machinery	Within 12 months	3,000	868
Purchase of Trucks	Within 12 months	500	500
Working capital	Within 24 months	8,168	8,168
Estimated listing Expenses*	Within 1 month	3,500	3,500
		15,168	13,036

*Any utilised amount shall be used for working capital.

B10. Group borrowings and debt securities

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

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

	Secured RM'000
Short term borrowings:-	
Bank overdrafts	2,167
Bankers acceptances	81,442
Term loans	1,096
Hire purchase creditors	779
	<u>85,484</u>
Long term borrowings:-	
Term loans	10,528
Hire purchase creditors	1,789
	<u>12,317</u>
Total borrowings	<u><u>97,801</u></u>

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

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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

B11. Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 18 February 2010.

B12. Material Litigation

As at the date of this report, 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.

B13. Proposed Dividend

For the financial year ended 31 December 2009, the Board of Directors is recommending a first and final net dividend of 2.8 sen per share for the shareholders' approval at the forthcoming Annual General Meeting of the Company. The date of book closure for the dividend payment will be announced in due course.

B14. Earnings per share

	Current Quarter 31-Dec-09 RM'000	Current Year-to-Date 31-Dec-09 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,381	12,275
Weighted average number of ordinary shares in issue ('000)	136,000	124,944
Earnings per share-basic (sen)	1.75	9.82

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 and financial year-to-date.

By order of the Board

Ng Thin Poh
Chairman of the Board
Date: 24 February 2010