



**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 2010

**SAMCHEM HOLDINGS BERHAD**

(Company No: 797567 U)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2010**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter 31-Mar-10 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Mar-09 RM'000</b>	<b>Current Year To Date 31-Mar-10 RM'000</b>	<b>Preceding Year Corresponding Period 31-Mar-09 RM'000</b>
Revenue	108,470	61,071	108,470	61,071
Operating expenses	(102,828)	(57,126)	(102,828)	(57,126)
Operating income	<u>658</u>	<u>966</u>	<u>658</u>	<u>966</u>
Operating profit	6,300	4,911	6,300	4,911
Finance cost	(1,442)	(1,378)	(1,442)	(1,378)
Shares of profit of associates	<u>77</u>	<u>212</u>	<u>77</u>	<u>212</u>
Profit before tax	4,935	3,745	4,935	3,745
Tax expense	<u>(1,346)</u>	<u>(947)</u>	<u>(1,346)</u>	<u>(947)</u>
<b>Profit for the period</b>	<u><b>3,589</b></u>	<u><b>2,798</b></u>	<u><b>3,589</b></u>	<u><b>2,798</b></u>
Other comprehensive income:				
Currency translation differences	(488)	179	(488)	179
Changes in fair value of available-for-sale financial assets	3	-	3	-
<b>Other comprehensive income for the period, net of tax</b>	<u><b>(485)</b></u>	<u><b>179</b></u>	<u><b>(485)</b></u>	<u><b>179</b></u>
<b>Total comprehensive income for the period</b>	<u><b>3,104</b></u>	<u><b>2,977</b></u>	<u><b>3,104</b></u>	<u><b>2,977</b></u>
<b>Profit attributable to:</b>				
-Owners of the parent	3,798	2,513	3,798	2,513
-Minority Interest	<u>(209)</u>	<u>285</u>	<u>(209)</u>	<u>285</u>
	<u>3,589</u>	<u>2,798</u>	<u>3,589</u>	<u>2,798</u>
<b>Total comprehensive income attributable to:</b>				
-Owners of the parent	3,464	2,673	3,464	2,673
-Minority Interest	<u>(360)</u>	<u>304</u>	<u>(360)</u>	<u>304</u>
	<u>3,104</u>	<u>2,977</u>	<u>3,104</u>	<u>2,977</u>
Earnings per share-basic (sen)	<u>2.79</u>	<u>2.29</u>	<u>2.79</u>	<u>2.29</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial report.

**SAMCHEM HOLDINGS BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31-Mar-10 RM'000</b>	<b>Audited As At 31-Dec-09 RM'000 (restated)</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	32,202	29,114
Investment properties	2,638	2,647
Intangible assets	168	304
Investment in associates	3,121	3,159
Quoted investments	39	6
Unquoted investments	706	664
Deferred tax assets	255	141
	<u>39,129</u>	<u>36,035</u>
<b>Current Assets</b>		
Inventories	34,010	30,832
Marketable securities	-	32
Trade and other receivables	117,228	85,989
Tax recoverables	1,658	1,927
Cash and bank balances	48,301	47,842
	<u>201,197</u>	<u>166,622</u>
<b>Total Assets</b>	<u>240,326</u>	<u>202,657</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	68,000	68,000
Share premium	954	954
Reserves	(40,754)	(40,419)
Retained profits	52,621	48,823
Total shareholders' equity	80,821	77,358
Minority Interest	630	521
<b>Total Equity</b>	<u>81,451</u>	<u>77,879</u>
<b>Non Current Liabilities</b>		
Borrowings	12,090	12,143
Deferred tax liabilities	252	270
	<u>12,342</u>	<u>12,413</u>
<b>Current Liabilities</b>		
Trade and other payables	49,302	27,764
Borrowings	97,172	84,561
Taxation	59	40
<b>Total Current Liabilities</b>	<u>146,533</u>	<u>112,365</u>
<b>Total Liabilities</b>	<u>158,875</u>	<u>124,778</u>
<b>Total Equity and Liabilities</b>	<u>240,326</u>	<u>202,657</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.59</u>	<u>0.57</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010**

	<b>Current Year to Date 31-Mar-10 RM'000</b>	<b>Preceding year Corresponding Period 31-Mar-09 RM'000</b>
Cash Flows from operating activities		
Profit before taxation	4,935	3,745
Adjustment for:		
-Non-cash items	1,935	31
Operating profit before working capital changes	<u>6,870</u>	<u>3,776</u>
Changes in working Capital:		
-Receivable	(28,023)	13,955
-Inventories	(1,707)	2,214
-Payables	16,722	5,392
Cash (used in)/generated from operations	<u>(6,138)</u>	<u>25,337</u>
Income taxes paid	(1,208)	(1,651)
Interest paid	(1,363)	(591)
Net cash (used in)/generated from operating activities	<u>(8,709)</u>	<u>23,095</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,654)	(922)
Proceeds from disposal of plant and equipment	51	39
Acquisition of subsidiary, net of cash acquired	152	(59)
Interest received	92	285
Proceeds from disposal of non-current asset classified as held for sale	-	563
Net cash (used in)/generated from investing activities	<u>(3,359)</u>	<u>(94)</u>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	9,354	(29,253)
Proceeds from issuances of shares by subsidiary to minority shareholders	341	-
Net cash generated from/(used in) financing activities	<u>9,695</u>	<u>(29,253)</u>
Net (decrease)/increase in cash and cash equivalents	(2,373)	(6,252)
Cash and cash equivalents at the beginning of period	46,771	30,194
Net effect of exchange rate changes	(372)	-
Cash and cash equivalents at the end of period	<u>44,026</u>	<u>23,942</u>
Cash and cash equivalents comprise:		
Cash and bank balances	48,301	38,787
Bank overdraft	(4,275)	(14,845)
	<u>44,026</u>	<u>23,942</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED 31 MARCH 2010**

	Attributable to owners of the parent				Attributable to owners of the parent			Total Shareholders' Equity	Minority Interest	Total Equity
	Share Capital	Share Premium	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2010	68,000	954	82	(40,725)	224	-	48,823	77,358	521	77,879
Capital contribution by minority shareholders	-	-	-	-	-	-	-	-	341	341
Acquisition of subsidiary	-	-	-	-	-	-	-	-	127	127
Total comprehensive income for the period	-	-	-	-	(338)	3	3,798	3,463	(359)	3,104
Balance as at 31 March 2010	68,000	954	82	(40,725)	(114)	3	52,621	80,821	630	81,451

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED 31 MARCH 2009**

	Attributable to owners of the parent				Attributable to owners of the parent			Total Shareholders' Equity	Minority Interest	Total Equity
	Share Capital	Share Premium	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Proforma Balance as at 1 January 2009 (restated)	68,000	954	81	(40,725)	156	-	36,424	64,890	213	65,103
Total comprehensive income for the period	-	-	-	-	160	-	2,513	2,673	304	2,977
Balance as at 31 March 2009	68,000	954	81	(40,725)	316	-	38,937	67,563	517	68,080

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 2009 and the accompanying explanatory notes attached to the interim financial report.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010**

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

**A1. Accounting Policies and 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”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The significant accounting policies adopted by the Group are consistent with those used in the preparation of the audited financial statements for the year ended 31 December 2009 except for the adoption of the following FRSs, Amendments to FRS and IC Interpretations effective for the financial period beginning on or after 1 January 2010.

FRS 4	:	Insurance Contract
FRS 7	:	Financial Instruments: Disclosures
FRS 8	:	Operating Segments (effective for financial periods on or after 1 July 2009)
FRS 101	:	Presentation of Financial Statements (as revised in 2009)
FRS 123	:	Borrowing Costs
FRS 139	:	Financial Instruments: Recognition and Measurement
Amendment to FRS 1 and FRS 127	:	First time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS1	:	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendment to FRS 7	:	Improving Disclosures about Financial Instruments
Amendment to FRS 132	:	Financial Instruments: Presentation
Amendment to FRS 2	:	Share-based Payment: Vesting Condition and Cancellations
Amendment to FRS139, FRS 7 and IC Interpretation 9	:	Financial Instruments: Recognition and Measurement, Disclosure and Reassessment of Embedded Derivatives
IC Interpretation 9	:	Reassessment of Embedded Derivatives
IC Interpretation 10	:	Interim Financial Reporting and Impairment
IC Interpretation 11	:	FRS 2-Group and Treasury Share Transactions
Annual Improvements to FRSs (2009)-FRS 117	:	Leases

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010**

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

The adoption of the abovementioned FRSs, Amendments to FRS and IC Interpretations does not have significant financial impact to the Group other than as follows:

**FRS 101 Presentation of Financial Statements (as revised in 2009)**

The revised FRS 101 requires Statement of Changes in Equity includes only transaction with owners, and all non-owner changes (i.e. other comprehensive income) are presented in a separate statement. This standard also introduces Statement of Comprehensive Income which presents all items of income and expense recognised in profit or loss and all other items of income and expensed recognised directly in equity, either in one single statement or two linked statements. The Group has applied this standard retrospectively and elected to present in one single statement. The adoption of this standard only impacted the form and content of the presentation of the Group's financial statements.

**Annual Improvements to FRSs (2009) – FRS 117: Leases**

FRS 117 clarifies on the classification of leases of land and buildings. The resulting effect of this standard was the reclassification of leasehold land to property, plant and equipment or investment property rather than being separately classified under prepaid land lease payments on the condensed consolidated statement of financial position, as disclosed below. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not have any impact on the financial performance and earning per share of the Group.

The following comparatives have been reclassified upon adoption of the amendments to FRS 117:

<u>Condensed Statement of Financial Position</u>	<u>As Restated</u> <u>RM'000</u>	<u>As Previously Stated</u> <u>RM'000</u>
<u>Non-current assets</u>		
Property and equipment	29,114	26,148
Investment property	2,647	2,512
Prepaid land lease payments	-	3,101

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010**

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

**FRS 139: Financial Instruments: Recognition and Measurement**

FRS 139 prescribes the principles for recognizing, derecognizing and measuring financial asset, financial liabilities, including all derivatives and certain embedded derivatives.

Prior to 1 January 2010, the Group classified its marketable securities as current assets and its investment in quoted and unquoted securities which were held for non-trading purposes as non-current quoted investments. Such investments were carried at cost less allowance for permanent diminution in value. Upon adoption of FRS 139, the marketable securities and quoted investments were designated at 1 January 2010 as available-for-sale investments and accordingly are stated at their fair values as at that date. Investment in unquoted securities whose fair value cannot be reliably measured at 1 January 2010 continued to be carried at cost less impairment losses.

The following new FRSs and IC Interpretations which are applicable to the Group were issued but not yet effective and have not been applied by the Group:

		<i>Effective for the financial period beginning on or after</i>
FRS 1	: First time adoption of Financial Reporting Standards	1 July 2010
FRS 3	: Business Combination	1 July 2010
FRS 127	: Consolidated and Separate Financial Statement	1 July 2010
Amendment to FRS 2	: Share-based Payment	1 July 2010
Amendment to FRS 5	: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendment to FRS 138	: Intangible Assets	1 July 2010
Amendment to IC Interpretation 9	: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	: Service Concession Arrangements	1 July 2010
IC Interpretation 16	: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	: Distribution of Non-cash Assets to Owners	1 July 2010

**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 2009.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010**

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

**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.

**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.

**A7. Dividends paid**

There were no dividends paid by the Company in the current quarter under review.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A8. Segmental information**

Analysed by geographical segments:

Segment Revenue	Current Year Quarter	Preceding Year Quarter
	31-Mar-10 RM'000	31-Mar-09 RM'000
Malaysia	113,815	70,818
Indonesia	4,949	-
Vietnam	5,561	-
Total revenue including inter-segment sales	<u>124,325</u>	<u>70,818</u>
Elimination of inter-segment sales	(15,855)	(9,747)
Total revenue	<u>108,470</u>	<u>61,071</u>
<b>Segment Result</b>		
Malaysia	5,301	3,533
Indonesia	(507)	-
Vietnam	63	-
Share of profit/(loss) of associates		
-Malaysia	67	-
-Indonesia	11	212
Profit before tax	<u>4,935</u>	<u>3,745</u>

**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 QUARTER ENDED 31 MARCH 2010**

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

A10. Capital commitments

As at  
31-Mar-10  
RM'000

Capital expenditure:

Approved and contracted for:

Property, plant and equipment	258
Investment in subsidiary, outside Malaysia	1,538

Approved but not contracted for:

Property, plant and equipment	15,000
	<hr/>
	16,796

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 for the interim period.

A12. Changes in the composition of the Group

On 14 January 2010, the Company incorporated a new subsidiary and subscribed for 1,500,000 of shares of USD0.10 each in PT Samchem-Prasandha ("PTSP") representing 60% of the issued and paid-up share capital of USD 250,000 for a purchase consideration of USD 150,000 which was wholly satisfied in cash.

On 9 March 2010, Samchemsphere Export Sdn Bhd ("SCsphere"), a 70% owned-subsiary of the Company, acquired a 80% equity interest in Cong Ty TNHH Samchem Qua Cau [Sam Chem Sphere Company Limited] for cash consideration of RM82,758.62.

Save for the above, there were no changes in the composition of the Group in the current quarter under review.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A13. Changes in contingent liabilities and contingent assets**

There were no changes in the contingent liabilities and contingent assets since the Statement of Financial Position as at 31 December 2009 except for the following:

	RM'000
<u>As At 31 December 2009:</u>	
Corporate guarantee given to financial institutions in respect of financing facilities granted to local subsidiaries	25,500
<u>Changes during the period:</u>	
Corporate guarantee given to financial institutions in respect of financing facilities granted to local subsidiaries	50,560
Corporate guarantee given to third party in respect of credit facilities granted to local subsidiaries	5,340
Corporate guarantee given to third party in respect of credit facilities granted to an oversea subsidiary	2,720
	<u>58,620</u>
Balance carried forward	<u>84,120</u>

**A14. Related party transactions**

The Company has the following transactions with the related parties during the current quarter under review:

	Current Quarter 31-Mar-10 RM'000
Received and receivable/(paid and payables) to Director related companies:*	
Sales of Products	218
Purchase of products	19
Rendering of services	27
Rental of premises	3

\* 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 QUARTER ENDED 31 MARCH 2010**

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

**B1. Performance review**

The Group recorded a revenue of RM108.47 million for the current quarter under review, compared to RM61.07 million for the corresponding quarter in the preceding year, which represents an increase of 77.6% . The substantial increase in revenue is mainly due to an improved market condition as well as revenue generated by the Group's new foreign subsidiaries.

The profit before tax for the current quarter under review of RM4.93 million represents an increase of RM1.19 million or 21.8 %, compared to the profit before tax of RM3.74 million for the corresponding quarter in the preceding year. The increase in the profit before tax is mainly due to higher sales in the current quarter under review. However, the increase in sales is off set by higher operating expenses in the current quarter compared to the corresponding quarter in the preceding year.

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

The Group's profit before tax for the current quarter under review of RM4.93 million represent an increase of RM1.62 million or 48.9% compared to profit before tax of RM3.31 million in the preceding quarter mainly due to higher sales recorded in the current quarter under review as compared to the immediate preceding quarter.

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

The economy has shown signs of recovery and the Directors are optimistic that the Group will see a better prospect for the remaining periods of the financial year ending 31 December 2010. The Group will continue to increase its market share in the local and oversea market.

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

The Group did not issue any profit forecast in a public document during the current quarter under review.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B5. Taxation**

	<b>Current Year Quarter 31-Mar-10 RM'000</b>
Current tax expense	1,478
Deferred tax expense	(132)
	<u>1,346</u>

The effective tax rate for the current quarter under review was higher than the statutory tax rate mainly due to certain non-deductible expenses.

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

There was no disposal of unquoted investment and/or properties for the current quarter under review.

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

There was no purchase or disposal of quoted securities for the current quarter under review.

Investments in quoted shares as at 31 March 2010 (classified as available-for-sale financial assets in the Consolidated Statement of Financial Position):

	<b>As at 31-Mar-10 RM'000</b>
At Cost	56
Fair value adjustment	3
-Balance brought forward	-
-Current quarter	3
Provision for impairment	(21)
-Balance brought forward	(18)
-Current quarter	(2)
Carrying value	<u>39</u>
Current market value	<u>39</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010**

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

**B8. Status of corporate proposal**

Saved as disclosed below, there were no corporate proposals announced but not completed as at the date of this announcement.

- (a) 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 PMA 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 RM505,500 at exchange rate of 1USD:RM3.37)

- (b) 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. To date, PTSP has acquired assets amounting to USD 890,000.
- (c) On 10 March 2010, the Company announced that Samchemsphere Export Sdn Bhd ("SCsphere"), a 70% owned-subsiary of the Company, had on 9 March 2010 acquired a 80% equity interest in Cong Ty Tnhh Sam Chem Qua Cau [Sam Chem Sphere Company Limited] for cash consideration of RM82,758.62.

**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 QUARTER ENDED 31 MARCH 2010****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

- B9. As at 20 May 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	1,170
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
		<u>15,168</u>	<u>13,338</u>

\*On 3 May 2010, the Company announced that the Board of Directors had resolved to further extend the utilization period up to 30 June 2011 for the unutilized proceeds to part finance the construction of a plant.

- B10. Group borrowings and debt securities

The Group's borrowings as at 31 March 2010 are as follows:-

	<b>Secured RM'000</b>
Short term borrowings:-	
Bank overdrafts	4,275
Bankers acceptances	90,900
Term loans	1,275
Hire purchase creditors	<u>722</u>
	<u>97,172</u>
Long term borrowings:-	
Term loans	10,470
Hire purchase creditors	<u>1,620</u>
	<u>12,090</u>
Total borrowings	<u><u>109,262</u></u>

There were no unsecured or/and foreign currency denominated borrowings as at 31 March 2010.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B11. Financial Instruments**

The Group has entered into some foreign exchange forward contracts to hedge its exposure to fluctuations in foreign currency arising from purchases.

The details of the open foreign exchange forward contracts are as follows:

	Amount in original currency USD'000	Average Contract Rate	Contract Value RM'000	Fair Value (Unfavourable) RM'000
Less than 1 year	500	3.3394	1,670	(28)

The derivatives have been recorded on the Consolidated Statement of Financial Position for this current quarter under review in compliance with FRS 139.

(a) The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit and counterparty risks are minimal. There are no transaction costs at the inception of these contracts. The Group is exposed to minimal cash flow risk in view of its healthy cash position.

(b) There are no gain/(loss) arising from fair value changes in financial liabilities in the current quarter under review.

**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 dividend of 2.8 sen per share for the shareholders' approval at the forthcoming Annual General Meeting of the Company on 26 May 2010.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2010**

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

B14. Earnings per share

	Current Quarter 31-Mar-10 RM'000	Preceding Year Corresponding Quarter 31-Mar-09 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	3,798	2,513
Weighted average number of ordinary shares in issue ('000)	136,000	109,541
Earnings per share-basic (sen)	<u>2.79</u>	<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

Chairman

Date: 25 May 2010