



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

30 JUNE 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 30 JUNE 2010**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30-Jun-10 RM'000	Preceding Year Corresponding Quarter 30-Jun-09 RM'000	Current Year To Date 30-Jun-10 RM'000	Preceding Year Corresponding Period 30-Jun-09 RM'000
Revenue	116,981	73,694	225,451	134,765
Operating expenses	(111,380)	(68,505)	(214,208)	(125,631)
Operating income	<u>457</u>	<u>639</u>	<u>1,115</u>	<u>1,605</u>
Operating profit	6,058	5,828	12,358	10,739
Finance cost	(1,600)	(1,062)	(3,043)	(2,440)
Shares of profit of associates	<u>427</u>	<u>250</u>	<u>504</u>	<u>462</u>
Profit before tax	4,885	5,016	9,819	8,761
Tax expense	<u>(1,471)</u>	<u>(1,387)</u>	<u>(2,816)</u>	<u>(2,334)</u>
Profit for the period	<u><u>3,414</u></u>	<u><u>3,629</u></u>	<u><u>7,003</u></u>	<u><u>6,427</u></u>
Other comprehensive income:				
Currency translation differences	(27)	(103)	(515)	76
Changes in fair value of available-for-sale financial assets	(4)	-	(1)	-
Capital Reserve	(1)	-	(1)	-
Other comprehensive income for the period, net of tax	<u>(32)</u>	<u>(103)</u>	<u>(517)</u>	<u>76</u>
Total comprehensive income for the period	<u><u>3,382</u></u>	<u><u>3,526</u></u>	<u><u>6,486</u></u>	<u><u>6,503</u></u>
Profit attributable to:				
-Owners of the parent	3,747	3,653	7,545	6,166
-Minority Interest	<u>(333)</u>	<u>(24)</u>	<u>(542)</u>	<u>261</u>
	<u>3,414</u>	<u>3,629</u>	<u>7,003</u>	<u>6,427</u>
Total comprehensive income attributable to:				
-Owners of the parent	3,697	3,550	7,161	6,223
-Minority Interest	<u>(315)</u>	<u>(24)</u>	<u>(675)</u>	<u>280</u>
	<u>3,382</u>	<u>3,526</u>	<u>6,486</u>	<u>6,503</u>
Earnings per share-basic (sen)	<u>2.76</u>	<u>3.10</u>	<u>5.55</u>	<u>5.42</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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 30-Jun-10 RM'000	Audited As At 31-Dec-09 RM'000 (restated)
ASSETS		
Non Current Assets		
Property, plant and equipment	31,701	29,114
Investment properties	2,630	2,647
Intangible assets	209	304
Investment in associates	3,481	3,159
Quoted investments	35	6
Unquoted investments	715	664
Deferred tax assets	250	141
	<u>39,021</u>	<u>36,035</u>
Current Assets		
Inventories	42,935	30,832
Marketable securities	-	32
Trade and other receivables	127,951	85,989
Derivative assets	13	-
Tax recoverables	676	1,927
Cash and bank balances	48,108	47,842
	<u>219,683</u>	<u>166,622</u>
Total Assets	<u>258,704</u>	<u>202,657</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,000	68,000
Share premium	954	954
Reserves	(40,802)	(40,419)
Retained profits	52,559	48,823
Total shareholders' equity	<u>80,711</u>	<u>77,358</u>
Minority Interest	282	521
Total Equity	<u>80,993</u>	<u>77,879</u>
Non Current Liabilities		
Borrowings	11,575	12,143
Deferred tax liabilities	102	270
	<u>11,677</u>	<u>12,413</u>
Current Liabilities		
Trade and other payables	46,245	27,764
Borrowings	119,559	84,561
Taxation	230	40
Total Current Liabilities	<u>166,034</u>	<u>112,365</u>
Total Liabilities	<u>177,711</u>	<u>124,778</u>
Total Equity and Liabilities	<u>258,704</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>

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2010

	Current Year to Date 30-Jun-10 RM'000	Preceding year Corresponding Period 30-Jun-09 RM'000
Cash Flows from operating activities		
Profit before taxation	9,819	8,761
Adjustment for:		
-Non-cash items	3,709	1,784
Operating profit before working capital changes	<u>13,528</u>	<u>10,545</u>
Changes in working Capital:		
-Receivable	(39,789)	8,855
-Inventories	(10,612)	1,137
-Payables	13,823	2,936
Cash (used in)/generated from operations	<u>(23,050)</u>	<u>23,473</u>
Income taxes paid	(1,633)	(2,897)
Interest paid	(3,048)	(2,222)
Net cash (used in)/generated from operating activities	<u>(27,731)</u>	<u>18,354</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,657)	(493)
Proceeds from disposal of plant and equipment	58	39
Acquisition of subsidiary, net of cash acquired	542	(59)
Interest received	424	537
Proceeds from disposal of non-current asset classified as held for sale	-	563
Net cash (used in)/generated from investing activities	<u>(2,633)</u>	<u>587</u>
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	30,155	(18,708)
Share issue expenses paid	-	(2,377)
Proceeds from issuances of shares by subsidiary to minority shareholders	341	40
Proceeds from issuances of shares	-	15,168
Dividend paid to shareholders of the Company	(3,808)	-
Net cash generated from/(used in) financing activities	<u>26,688</u>	<u>(5,877)</u>
Net (decrease)/increase in cash and cash equivalents	(3,676)	13,064
Cash and cash equivalents at the beginning of period	46,771	30,194
Net effect of exchange rate changes	(334)	-
Cash and cash equivalents at the end of period	<u><u>42,761</u></u>	<u><u>43,258</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	48,108	43,306
Bank overdraft	(5,347)	(48)
	<u><u>42,761</u></u>	<u><u>43,258</u></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 30 JUNE 2010**

	← Attributable to owners of the parent →						Total		Total Equity	
	Share Capital	Share Premium	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve	Retained Profits	Shareholders' Equity		Minority Interest
	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	-	-	-	-	-	-	-	-	95	95
Dividend paid to shareholders of the Company	-	-	-	-	-	-	(3,808)	(3,808)	-	(3,808)
Total comprehensive income for the period	-	-	(1)	-	(381)	(1)	7,544	7,161	(675)	6,486
Balance as at 30 June 2010	<u>68,000</u>	<u>954</u>	<u>81</u>	<u>(40,725)</u>	<u>(157)</u>	<u>(1)</u>	<u>52,559</u>	<u>80,711</u>	<u>282</u>	<u>80,993</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009**

	← Attributable to owners of the parent →						Total		Total Equity	
	Share Capital	Share Premium	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve	Retained Profits	Shareholders' Equity		Minority Interest
	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
Issuance of shares by subsidiary to minority shareholders	-	-	-	-	-	-	-	-	40	40
Total comprehensive income for the period	-	-	-	-	57	-	6,166	6,223	280	6,503
Balance as at 30 June 2009	<u>68,000</u>	<u>954</u>	<u>81</u>	<u>(40,725)</u>	<u>213</u>	<u>-</u>	<u>42,590</u>	<u>71,113</u>	<u>533</u>	<u>71,646</u>

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 30 JUNE 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 30 JUNE 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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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 30 JUNE 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 and financial year-to-date.

A5. Material changes in estimates

There were no changes in estimates that have a material effect in the current quarter under review and financial year-to-date.

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.

A7. Dividends paid

A first and final single tier dividend of 2.8 sen per share in respect of the financial year ended 31 December 2009 has been approved at the Annual General Meeting of the Company on 26 May 2010 and paid on 23 June 2010.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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
	30-Jun-10	30-Jun-09
	RM'000	RM'000
Malaysia	125,358	82,858
Indonesia	13,475	-
Vietnam	8,246	-
Total revenue including inter-segment sales	<u>147,079</u>	<u>82,858</u>
Elimination of inter-segment sales	(30,098)	(9,164)
Total revenue	<u>116,981</u>	<u>73,694</u>
Segment Result		
Malaysia	5,158	4,766
Indonesia	(813)	-
Vietnam	113	-
Share of profit/(loss) of associates		
-Malaysia	414	204
-Indonesia	13	46
Profit before tax	<u>4,885</u>	<u>5,016</u>

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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2010**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A10. Capital commitments

	As at 30-Jun-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
	<u>16,796</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 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-subsiidiary 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 and financial year-to-date.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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
As At 31 December 2009:	
Corporate guarantee given to financial institutions in respect of financing facilities granted to local subsidiaries	25,500
Changes during the period:	
Corporate guarantee given to financial institutions in respect of financing facilities granted to local subsidiaries	135,442
Corporate guarantee given to suppliers in respect of credit facilities granted to local subsidiaries	6,340
Corporate guarantee given to suppliers in respect of credit facilities granted to an oversea subsidiary	2,720
Balance carried forward	<u>170,002</u>

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 30-Jun-10 RM'000	Current Year To Date 30-Jun-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 30 JUNE 2010

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

B1. Performance review

(i) Current Quarter

The Group recorded a revenue of RM116.98 million for the current quarter under review, compared to RM73.69 million for the corresponding quarter in the preceding year, which represents an increase of 58.75%. The increase in revenue is mainly due to an improved market conditions, new product development as well as revenue generated by the Group's new foreign subsidiaries.

Despite the higher revenue, the Group recorded a lower profit before tax for the current quarter under review of RM4.88 million, representing a decrease of RM0.14 million or 2.8%, compared to the profit before tax of RM5.02 million for the corresponding quarter in the preceding year. This is largely attributed to start up losses from a new foreign subsidiary and a lower gross profit margin due to a general downtrend of chemical prices globally.

(ii) Year-to-date

The Group recorded a revenue of RM 225.45 million for the current financial year-to-date, compared to RM 134.76 million for the previous corresponding period, which represents an increase of 67.3%, mainly contributed by an improved market conditions, new product development as well as revenue generated by the Group's new foreign subsidiaries.

The Group recorded a higher profit before tax for the current financial year-to-date of RM 9.82 million, which represents an increase of RM1.06 million or 12.1% compared to the profit before tax of RM 8.76 million in the previous corresponding period. The increase in profit before tax is due to higher sales generated in the current year to date. However, the increase in sales is partially offset by start up losses from a new foreign subsidiary and a lower gross profit margin due to a general downtrend of chemical prices globally.

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

There are no material changes in profit before taxation for the current quarter as compared with the immediate preceding quarter.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2010**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B3. Prospects for the current financial year

Barring any unforeseen circumstances, the Group expects better performance from its foreign subsidiaries and the Directors are optimistic that the Group's prospect will be positive for the remaining periods of the financial year ending 31 December 2010.

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.

B5. Taxation

	Current Year Quarter	Current Year To Date
	30-Jun-10	30-Jun-10
	RM'000	RM'000
Current tax expense	1,617	3,094
Deferred tax expense	(146)	(278)
	<u>1,471</u>	<u>2,816</u>

The effective tax rate for the current quarter under review and financial year-to-date 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 and financial year-to-date.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2010**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****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.

Investments in quoted shares as at 30 June 2010 (classified as available-for-sale financial assets in the Consolidated Statement of Financial Position):

	As at 30-Jun-10 RM'000
At Cost	56
Fair value adjustment	(1)
-Balance brought forward	-
-Current quarter	(1)
Provision for impairment	(20)
-Balance brought forward	(18)
-Current quarter	(2)
Carrying value	<u>35</u>
Current market value	<u>35</u>

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 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.

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 30 JUNE 2010**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

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.

B9. As at 20 August 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
		15,168	13,338

*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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2010**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B10. Group borrowings and debt securities**

The Group's borrowings as at 30 June 2010 are as follows:-

	Secured RM'000
Short term borrowings:-	
Bank overdrafts	5,347
Bankers acceptances	112,308
Term loans	1,097
Hire purchase creditors	807
	<u>119,559</u>
Long term borrowings:-	
Term loans	10,139
Hire purchase creditors	1,436
	<u>11,575</u>
Total borrowings	<u>131,134</u>

There were no unsecured or/and foreign currency denominated borrowings as at 30 June 2010.

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 -Favourable RM'000
Less than 1 year	200	3.2050	641	13

The derivatives have been recorded on the Consolidated Statement of Financial Position for this current quarter under review and financial year-to-date 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 and financial year-to-date.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2010**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

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

There were no dividend proposed for the current quarter under review and financial year-to-date.

B14. Earnings per share

	Current Quarter 30-Jun-10 RM'000	Preceding Year Corresponding Quarter 30-Jun-09 RM'000	Current Year To Date 30-Jun-10 RM'000	Preceding Year Corresponding Period 30-Jun-09 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	3,747	3,653	7,545	6,166
Weighted average number of ordinary shares in issue ('000)	136,000	117,924	136,000	113,705
Earnings per share-basic (sen)	<u>2.76</u>	<u>3.10</u>	<u>5.55</u>	<u>5.42</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 and financial year-to-date.

By order of the Board,

Ng Thin Poh
Chairman of the Board
Date: 26 August 2010