



**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 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 DECEMBER 2010**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Quarter 31-Dec-10 RM'000	Preceding Year Corresponding Quarter 31-Dec-09 RM'000	Current Year To Date 31-Dec-10 RM'000	Preceding Year Corresponding Period 31-Dec-09 RM'000
Revenue	129,893	78,671	470,584	294,039
Operating expenses	(121,746)	(75,060)	(446,831)	(275,767)
Operating income	<u>1,157</u>	<u>998</u>	<u>2,996</u>	<u>2,838</u>
Operating profit	9,304	4,609	26,749	21,110
Finance cost	(1,978)	(1,453)	(6,102)	(4,993)
Shares of profit of associates	<u>178</u>	<u>157</u>	<u>840</u>	<u>729</u>
Profit before tax	7,504	3,313	21,487	16,846
Tax expense	<u>(1,515)</u>	<u>(781)</u>	<u>(5,616)</u>	<u>(4,187)</u>
<b>Profit for the period</b>	<u><u>5,989</u></u>	<u><u>2,532</u></u>	<u><u>15,871</u></u>	<u><u>12,659</u></u>
Other comprehensive income:				
Currency translation differences	287	78	(501)	88
Changes in fair value of available-for-sale financial assets	16	-	16	-
Capital Reserve	285	2	-	1
<b>Other comprehensive income for the period, net of tax</b>	<u>588</u>	<u>80</u>	<u>(485)</u>	<u>89</u>
<b>Total comprehensive income for the period</b>	<u><u>6,577</u></u>	<u><u>2,612</u></u>	<u><u>15,386</u></u>	<u><u>12,748</u></u>
<b>Profit attributable to:</b>				
-Owners of the parent	5,142	2,505	15,980	12,399
-Minority Interest	<u>847</u>	<u>27</u>	<u>(109)</u>	<u>260</u>
	<u>5,989</u>	<u>2,532</u>	<u>15,871</u>	<u>12,659</u>
<b>Total comprehensive income attributable to:</b>				
-Owners of the parent	5,500	2,585	15,542	12,468
-Minority Interest	<u>1,077</u>	<u>27</u>	<u>(156)</u>	<u>280</u>
	<u>6,577</u>	<u>2,612</u>	<u>15,386</u>	<u>12,748</u>
Earnings per share-basic (sen)	<u>3.78</u>	<u>1.84</u>	<u>11.75</u>	<u>9.92</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**

(Company No: 797567 U)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31-Dec-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	33,356	29,114
Investment properties	2,614	2,647
Intangible assets	557	304
Investment in associates	3,607	3,159
Quoted investments	152	6
Unquoted investments	715	664
Deferred tax assets	596	141
	<u>41,597</u>	<u>36,035</u>
<b>Current Assets</b>		
Inventories	47,029	30,832
Marketable securities	-	32
Trade and other receivables	122,615	85,989
Tax recoverables	428	1,927
Derivative assets	48	-
Cash and bank balances	38,560	47,842
	<u>208,680</u>	<u>166,622</u>
<b>Total Assets</b>	<u>250,277</u>	<u>202,657</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	68,000	68,000
Share premium	954	954
Reserves	(40,857)	(40,419)
Retained profits	60,995	48,823
Total shareholders' equity	89,092	77,358
Minority Interest	706	521
<b>Total Equity</b>	<u>89,798</u>	<u>77,879</u>
<b>Non Current Liabilities</b>		
Borrowings	5,262	12,143
Retirement benefits obligations	10	-
Deferred tax liabilities	105	270
	<u>5,377</u>	<u>12,413</u>
<b>Current Liabilities</b>		
Trade and other payables	38,131	27,764
Borrowings	113,706	84,561
Taxation	3,265	40
<b>Total Current Liabilities</b>	<u>155,102</u>	<u>112,365</u>
<b>Total Liabilities</b>	<u>160,479</u>	<u>124,778</u>
<b>Total Equity and Liabilities</b>	<u>250,277</u>	<u>202,657</u>
Net assets per ordinary share attributable to	<u>0.66</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.

**SAMCHEM HOLDINGS BERHAD**

(Company No: 797567 U)

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2010**

	<b>Current Year to Date 31-Dec-10 RM'000 (Unaudited)</b>	<b>Preceding year Corresponding Period 31-Dec-09 RM'000 (Audited)</b>
Cash Flows from operating activities		
Profit before taxation	21,487	16,846
Adjustment for:		
-Non-cash items	8,108	5,422
Operating profit before working capital changes	<u>29,595</u>	<u>22,268</u>
Changes in working capital:		
-Receivable	(34,497)	(3,957)
-Inventories	(14,707)	(217)
-Payables	4,039	5,899
Cash (used in)/generated from operations	<u>(15,570)</u>	<u>23,993</u>
Income taxes paid	(1,513)	(4,310)
Interest paid	(6,102)	(4,993)
Net cash (used in)/generated from operating activities	<u>(23,185)</u>	<u>14,690</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,242)	(2,497)
Purchase of investment property	-	(450)
Proceeds from disposal of property, plant and equipment	2,508	84
Acquisition of subsidiary, net of cash acquired	97	-
Investment in quoted shares	(302)	-
Proceeds from disposal of quoted shares	221	-
Dividend received	-	175
Interest received	932	928
Proceeds from disposal of non-current asset classified as held for sale	-	562
Net cash (used in) investing activities	<u>(4,786)</u>	<u>(1,198)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of borrowings	14,339	(8,612)
Proceeds from issuances of shares by subsidiary to minority shareholders	342	40
Proceeds from issuances of shares	-	-
Dividend paid to shareholders of the Company	(3,808)	(12)
Net cash generated from/(used in) financing activities	<u>10,873</u>	<u>(8,584)</u>
Net (decrease)/increase in cash and cash equivalents	(17,098)	4,908
Cash and cash equivalents at the beginning of period	46,771	41,863
Net effect of exchange rate changes	(109)	-
Cash and cash equivalents at the end of period	<u>29,564</u>	<u>46,771</u>
Cash and cash equivalents comprise:		
Cash and bank balances	38,560	47,842
Bank overdraft	(8,996)	(1,071)
	<u>29,564</u>	<u>46,771</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.

**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  
FOR THE PERIOD ENDED 31 DECEMBER 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
Dividend paid to shareholders of the Company	-	-	-	-	-	-	(3,808)	(3,808)	-	(3,808)
Total comprehensive income for the period	-	-	-	-	(454)	16	15,980	15,542	(156)	15,386
Balance as at 31 December 2010	<u>68,000</u>	<u>954</u>	<u>82</u>	<u>(40,725)</u>	<u>(230)</u>	<u>16</u>	<u>60,995</u>	<u>89,092</u>	<u>706</u>	<u>89,798</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 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
Dividends paid to minority interests	-	-	-	-	-	-	-	-	(12)	(12)
Total comprehensive income for the period	-	-	1	-	68	-	12,399	12,468	280	12,748
Balance as at 31 December 2009	<u>68,000</u>	<u>954</u>	<u>82</u>	<u>(40,725)</u>	<u>224</u>	<u>-</u>	<u>48,823</u>	<u>77,358</u>	<u>521</u>	<u>77,879</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.

**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 DECEMBER 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 July 2009**

FRS 8 Operating Segments

**1 January 2010**

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Condition and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statements of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grant and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates

**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 DECEMBER 2010****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A1. Accounting Policies and Basis of Preparation (Cont'd)**

Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 132	Financial Instruments: Presentation-paragraphs 95A,97AA and 97AB
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 140	Investment Property
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
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
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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 8: Operating Segments (FRS 8)**

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group

**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.

**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 DECEMBER 2010****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

## A1. Accounting Policies and Basis of Preparation (Cont'd)

**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

**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. FRS 139 did not have any significant impact on the financial position and results of the Group.



**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 DECEMBER 2010****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A1. Accounting Policies and Basis of Preparation (Cont'd)**

The Group has yet to adopt the following FRS, Amendments to FRSs and IC Interpretations effective for financial periods beginning on or after:

**1 March 2010**

Amendments to FRS 132      Classification of Rights Issues

**1 July 2010**

FRS 1	First time adoption of Financial Reporting Standards
FRS 3	Business Combination (Revised)
FRS 127	Consolidated and Separate Financial Statement
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation Annual Improvements to FRSs (2010)
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

**1 January 2011**

Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 13	Customer Loyalty Programmes

**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 DECEMBER 2010**

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

A1. Accounting Policies and Basis of Preparation (Cont'd)

**1 July 2011**

Amendments to IC Interpretation 14 Prepayments to a Minimum Funding Requirement

IC Interpretation 19

Extinguishing Financial Liabilities with Equity Instruments

**1 January 2012**

FRS 124 Related Party Disclosures

IC Interpretation 15

Agreements for the Construction of Real Estate

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.

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.

**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 DECEMBER 2010****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A8. Segmental information**

Analysed by geographical segments:	Current Quarter 31-Dec-10 RM'000	Preceding Year Corresponding Quarter 31-Dec-09 RM'000	Current Year To Date 31-Dec-10 RM'000	Preceding Year Corresponding Period 31-Dec-09 RM'000
Segment Revenue				
Malaysia	115,430	94,038	477,366	342,939
Indonesia	24,315	-	55,902	-
Vietnam	17,265	-	43,057	-
Singapore	-	-	-	-
Total revenue including inter-segment sales	<u>157,010</u>	<u>94,038</u>	<u>576,325</u>	<u>342,939</u>
Elimination of inter-segment sales	(27,117)	(15,367)	(105,741)	(48,900)
Total revenue	<u>129,893</u>	<u>78,671</u>	<u>470,584</u>	<u>294,039</u>
Segment Result				
Malaysia	6,454	3,156	21,787	16,118
Indonesia	385	-	(1,698)	-
Vietnam	494	-	565	-
Singapore	(7)	-	(7)	-
Share of profit/(loss) of associates				
-Malaysia	192	187	836	725
-Indonesia	(14)	(30)	4	4
Profit before tax	<u>7,504</u>	<u>3,313</u>	<u>21,487</u>	<u>16,847</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.

**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 DECEMBER 2010****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

## A10. Capital commitments

	<b>As at 31-Dec-10 RM'000</b>
Capital expenditure:	
Approved and contracted for:	
Property, plant and equipment	392
Investment in subsidiary, outside Malaysia	1,386
Approved but not contracted for:	
Property, plant and equipment	6,000
	<u><u>7,778</u></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 16 February 2011, PTSP increased its paid-up share capital from USD 250,000 to USD1,000,000. The Company had subscribed for 60% of the increased paid-up share capital of PTSP or 450,000 shares for a total cash consideration of USD450,000 (equivalent to RM1,386,000 at exchange rate of USD3.08)

## 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.

On 26 October 2010, the Company incorporated a new subsidiary and subscribed for 1 ordinary share of S\$1.00 each in Samchem TN Pte Ltd ("STPL") representing 100% of the issued and paid-up share capital of S\$1.00 for a purchase consideration of S\$1.00 which was wholly satisfied in cash.

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.

**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 DECEMBER 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 provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	25,500
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	193,285
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to overseas subsidiaries	15,500
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	4,720
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to an oversea subsidiary	2,635
As At 31 December 2010	<u>241,640</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 31-Dec-10 RM'000	Current Year To Date 31-Dec-10 RM'000
Received and receivable/(paid and payables) to Director related companies:		
Sales of Products*	-	218
Sales of Products**	650	15,344
Purchase of products*	-	19
Purchase of products**	3,484	27,645
Rendering of services*	-	27
Rental of premises*	-	3
Purchase of properties**	3,167	3,167

\* Companies in which a director of the Company has substantial financial interests

\*\* Companies in which directors of subsidiaries have substantial financial 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 QUARTER ENDED 31 DECEMBER 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 RM129.89 million for the current quarter under review, compared to RM78.67 million for the corresponding quarter in the preceding year, which represents an increase of 65.11%. The increase in revenue is mainly due to sales of new products as well as revenue generated by the Group's new foreign subsidiaries.

The Group recorded a higher profit before tax for the current quarter under review of RM7.50 million, representing an increase of RM4.19 million or 126.59%, compared to the profit before tax of RM3.31 million for the corresponding quarter in the preceding year. The increase in the profit before tax is mainly due to contribution from the new overseas subsidiaries in the current quarter under review, profit from disposal of a property as well as higher sales and higher gross profit margin in the current quarter under review.

**(ii) Year-to-date**

The Group recorded a revenue of RM 470.58 million for the current financial year-to-date, compared to RM 294.04 million for the previous corresponding period, which represents an increase of 60.04%, mainly contributed by sales of new products 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 21.49 million, which represents an increase of RM 4.64 million or 27.54% compared to the profit before tax of RM 16.85 million in the previous corresponding period. The increase in profit before tax is mainly due to higher sales recorded in the current financial year-to-date. However, the increase in profit before tax due to the increase in sales is mainly offset by start up losses from new foreign subsidiaries.

**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 RM7.50 million represent an increase of RM3.34 million or 80.29% compared to profit before tax of RM4.16 million in the preceding quarter mainly due to the turn around in the new overseas subsidiaries' profit before tax from losses in the immediate preceding quarter to profits in the current quarter under review as well as higher gross profit margin and profit from the disposal of a property in the current quarter under review.

**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 forthcoming year.

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

## 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

	<b>Current Year Quarter 31-Dec-10 RM'000</b>	<b>Current Year To Date 31-Dec-10 RM'000</b>
Current tax expense	1,629	6,237
Deferred tax expense	(114)	(621)
	<u>1,515</u>	<u>5,616</u>

The effective tax rate for the current quarter under review is lower than the statutory tax rate mainly due to certain non-taxable income. The 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

Profit on sale of properties for the current quarter under review and financial year-to-date was RM1.0 million. There was no disposal of unquoted investment for the current quarter under review and financial year-to-date.

## B7. Purchase or disposal of quoted securities

The quoted securities purchased and disposed off in the current quarter under review and financial year-to-date are as follows:

	<b>Current Year Quarter 31-Dec-10 RM'000</b>	<b>Current Year To Date 31-Dec-10 RM'000</b>
Total cost of purchases	<u>302</u>	<u>302</u>
Total proceeds from disposals	<u>221</u>	<u>221</u>
Profits on disposal	<u>19</u>	<u>19</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 QUARTER ENDED 31 DECEMBER 2010****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B7. Purchase or disposal of quoted securities (Cont'd)**

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

	<b>As at 31-Dec-10 RM'000</b>
Total investment at cost	<u>139</u>
Total investment at book value	<u>152</u>
Total investment at market value	<u>152</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 Prasandha" ("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 RM505,500 at exchange rate of 1USD:RM3.37)

On 16 February 2011, PTSP increased its paid-up share capital from USD 250,000 to USD1,000,000. The Company had subscribed for 60% of the increased paid-up share capital of PTSP or 450,000 shares for a total cash consideration of USD450,000 (equivalent to RM1,386,000 at exchange rate of USD3.08)

- (b) On 20 November 2009, the Company announced that it had on even date entered into a Master Agreement with HH, Solaris, PT Prasandha Byantara Abadi ("PTPBA"), Mr Nagar Paul Tanumiharja ("NPT") and Mrs Silvia Dewi Budiarto ("SDB") to formalise the understanding that PMA Parties, via PTSP shall



**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 DECEMBER 2010****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B8. Status of corporate proposal (Cont'd)**

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.

On 14 October 2010, the Company announced that the proposed acquisition of the above assets had been completed.

- (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.
- (d) On 29 October 2010, the Company announced that it had incorporated a foreign subsidiary on 26 October 2010 in Singapore via a subscription of 1 ordinary share of S\$1.00 representing 100% equity interest in Samchem TN Pte Ltd ("STPL") for a total cash consideration of S\$1.00 only.

**B9. As at 22 February 2011, 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	1,518
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	13,686

\*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.

**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 DECEMBER 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 31 December 2010 are as follows:-

	<b>Secured RM'000</b>
Short term borrowings:-	
Bank overdrafts	8,996
Bankers acceptances	96,592
Term loans	6,937
Hire purchase creditors	1,181
	<u>113,706</u>
Long term borrowings:-	
Term loans	4,317
Hire purchase creditors	945
	<u>5,262</u>
Total borrowings	<u>118,968</u>

Included in the above short term borrowings, an amount of RM 1.54 million is loan borrowed in USD.

**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	1,926	3.1040	5,978	48

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.

**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 DECEMBER 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

For the financial year ended 31 December 2010, the Board of Directors is recommending a first and final dividend of 3.5 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. Breakdown of Realised and Unrealised Profits and Losses

The retained profits can be analysed as follows:-

	<b>As At 31-Dec-10 RM'000</b>	<b>As At 31 Sep-10 RM'000</b>
Realised profits	62,986	57,043
Unrealised Losses	(1,991)	(1,189)
	<u>60,995</u>	<u>55,854</u>

By virtue of the directive issued by Bursa Malaysia Securities Berhad on 20 December 2010, comparative figures are not required in the first financial year of complying with the above disclosure.

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

## B15. Earnings per share

	Current Quarter 31-Dec-10 RM'000	Preceding Year Corresponding Quarter 31-Dec-09 RM'000	Current Year To Date 31-Dec-10 RM'000	Preceding Year Corresponding Period 31-Dec-09 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	5,142	2,505	15,980	12,399
Weighted average number of ordinary shares in issue ('000)	136,000	136,000	136,000	124,944
Earnings per share-basic (sen)	<u>3.78</u>	<u>1.84</u>	<u>11.75</u>	<u>9.92</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: 25 February 2011