



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 SEPTEMBER 2011

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 SEPTEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30-Sep-11 RM'000	Preceding Year Corresponding Quarter 30-Sep-10 RM'000	Current Year To Date 30-Sep-11 RM'000	Preceding Year Corresponding Period 30-Sep-10 RM'000
Revenue	122,618	115,240	380,306	340,691
Operating expenses	(115,410)	(110,878)	(355,454)	(325,086)
Operating income	<u>1,561</u>	<u>725</u>	<u>2,789</u>	<u>1,840</u>
Operating profit	8,769	5,087	27,641	17,445
Finance cost	(1,813)	(1,081)	(5,150)	(4,124)
Shares of profit of associates	<u>(19)</u>	<u>158</u>	<u>118</u>	<u>662</u>
Profit before tax	6,937	4,164	22,609	13,983
Tax expense	<u>(1,758)</u>	<u>(1,285)</u>	<u>(6,164)</u>	<u>(4,101)</u>
Profit for the period	<u><u>5,179</u></u>	<u><u>2,879</u></u>	<u><u>16,445</u></u>	<u><u>9,882</u></u>
Other comprehensive income:				
Currency translation differences	302	(273)	241	(788)
Changes in fair value of available-for-sale financial assets	(3)	1	(18)	-
Capital Reserve	-	(284)	-	(285)
Other comprehensive income for the period, net of tax	<u>299</u>	<u>(556)</u>	<u>223</u>	<u>(1,073)</u>
Total comprehensive income for the period	<u><u>5,478</u></u>	<u><u>2,323</u></u>	<u><u>16,668</u></u>	<u><u>8,809</u></u>
Profit attributable to:				
-Owners of the parent	4,653	3,294	14,811	10,839
-Non controlling interest	<u>526</u>	<u>(415)</u>	<u>1,634</u>	<u>(957)</u>
	<u>5,179</u>	<u>2,879</u>	<u>16,445</u>	<u>9,882</u>
Total comprehensive income attributable to:				
-Owners of the parent	4,832	2,880	14,925	10,041
-Non controlling interest	<u>646</u>	<u>(557)</u>	<u>1,744</u>	<u>(1,232)</u>
	<u>5,478</u>	<u>2,323</u>	<u>16,668</u>	<u>8,809</u>
Earnings per share-basic (sen)	<u>3.42</u>	<u>2.42</u>	<u>10.89</u>	<u>7.97</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 2010 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-Sep-11 RM'000	Audited As At 31-Dec-10 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	35,106	32,999
Investment properties	465	2,481
Prepaid land lease payments	645	687
Intangible assets	557	558
Investment in associates	3,736	3,607
Quoted investments	34	152
Unquoted investments	735	715
Deferred tax assets	-	499
	<u>41,278</u>	<u>41,698</u>
Current Assets		
Inventories	67,689	46,996
Trade and other receivables	128,027	121,791
Tax recoverables	281	428
Derivative assets	-	48
Cash and bank balances	48,945	38,599
	<u>244,942</u>	<u>207,862</u>
Total Assets	<u>286,220</u>	<u>249,560</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,000	68,000
Share premium	954	954
Reserves	30,678	20,513
Total shareholders' equity	99,632	89,467
Non controlling interest	3,242	659
Total Equity	<u>102,874</u>	<u>90,126</u>
Non Current Liabilities		
Borrowings	9,028	9,672
Retirement benefits obligations	33	32
Deferred tax liabilities	495	105
	<u>9,556</u>	<u>9,809</u>
Current Liabilities		
Trade and other payables	64,988	39,602
Borrowings	107,216	109,276
Taxation	1,586	747
Total Current Liabilities	<u>173,790</u>	<u>149,625</u>
Total Liabilities	<u>183,346</u>	<u>159,434</u>
Total Equity and Liabilities	<u>286,220</u>	<u>249,560</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.73</u>	<u>0.66</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 2010 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	Current Year to Date 30-Sep-11 RM'000 (Unaudited)	Preceding year Corresponding Period 30-Sep-10 RM'000 (Unaudited)
Cash Flows from operating activities		
Profit before taxation	22,609	13,983
Adjustment for:		
-Non-cash items	6,185	6,854
Operating profit before working capital changes	<u>28,794</u>	<u>20,837</u>
Changes in working capital:		
-Receivable	(5,997)	(35,570)
-Inventories	(20,693)	(8,253)
-Payables	25,167	7,318
Cash generated from/(used in) operations	<u>27,271</u>	<u>(15,668)</u>
Income taxes paid	(4,300)	(4,071)
Net cash generated from/(used in) operating activities	<u>22,971</u>	<u>(19,739)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,920)	(4,009)
Proceeds from disposal of property, plant and equipment	208	53
Acquisition of subsidiary, net of cash acquired	-	542
Proceeds from disposal of quoted shares	133	-
Interest received	662	649
Net cash used in investing activities	<u>(917)</u>	<u>(2,765)</u>
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	(6,598)	24,616
Interest paid	(5,150)	(2,834)
Proceeds from issuances of shares by subsidiary to minority shareholders	921	341
Dividend paid to non controlling interest	(81)	-
Dividend paid to shareholders of the Company	(4,760)	(3,808)
Net cash (used in)/generated from financing activities	<u>(15,668)</u>	<u>18,315</u>
Net increase/(decrease) in cash and cash equivalents	6,386	(4,189)
Cash and cash equivalents at the beginning of period	29,305	46,771
Net effect of exchange rate changes	68	(675)
Cash and cash equivalents at the end of period	<u>35,759</u>	<u>41,907</u>
Cash and cash equivalents comprise:		
Cash and bank balances	48,945	48,445
Bank overdraft	(13,186)	(6,538)
	<u>35,759</u>	<u>41,907</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 SEPTEMBER 2011

	← Attributable to owners of the parent →						Total Shareholders' Equity	Non Controlling 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	
Balance as at 1 January 2011	68,000	954	82	(40,725)	(133)	17	61,272	89,467	659	90,126
Capital contribution by non controlling interest	-	-	-	-	-	-	-	-	921	921
Dividend paid to non controlling interest	-	-	-	-	-	-	-	-	(81)	(81)
Dividend paid to shareholders of the Company	-	-	-	-	-	-	(4,760)	(4,760)	-	(4,760)
Total comprehensive income for the period	-	-	-	-	132	(18)	14,811	14,925	1,743	16,668
Balance as at 30 September 2011	68,000	954	82	(40,725)	(1)	(1)	71,323	99,632	3,242	102,874

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	← Attributable to owners of the parent →						Total Shareholders' Equity	Non Controlling 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	
Balance as at 1 January 2010	68,000	954	82	(40,725)	224	-	48,822	77,357	521	77,878
Effect of adopting FRS 139	-	-	-	-	-	-	159	159	-	159
Capital contribution by non controlling interest	-	-	-	-	-	-	-	-	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	-	-	(285)	-	(513)	-	10,681	9,883	(1,232)	8,651
Balance as at 30 September 2010	68,000	954	(203)	(40,725)	(289)	-	55,854	83,591	(275)	83,316

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 2010 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 SEPTEMBER 2011**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 2010. 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 2010.

As of 1 January 2011, the Group has adopted the following new and revised FRSs, IC Interpretations and Amendments effective for the financial period 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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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 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

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results.

The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses by the subsidiary as well as the loss of control of a subsidiary.

Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

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

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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

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 2010.

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 3.5 sen per share in respect of the financial year ended 31 December 2010 has been approved at the Annual General Meeting of the Company on 27 May 2011 and paid on 23 June 2011.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A8. Segmental information

Analysed by geographical segments:	Current Quarter 30-Sep-11 RM'000	Preceding Year Corresponding Quarter 30-Sep-10 RM'000	Current Year To Date 30-Sep-11 RM'000	Preceding Year Corresponding Period 30-Sep-10 RM'000
Segment Revenue				
Malaysia	108,744	122,765	342,143	361,936
Indonesia	19,667	13,162	61,384	31,587
Vietnam	15,824	11,983	48,206	25,791
Total revenue including inter-segment sales	144,235	147,910	451,733	419,314
Elimination of inter-segment sales	(21,617)	(32,670)	(71,427)	(78,623)
Total revenue	122,618	115,240	380,306	340,691
Segment Result				
Malaysia	5,907	4,873	17,685	15,333
Indonesia	441	(762)	3,080	(2,083)
Vietnam	632	(105)	1,743	71
Singapore	(24)	-	(17)	-
Share of profit/(loss) of associates				
-Malaysia	-	164	158	644
-Indonesia	(19)	(6)	(40)	18
Profit before tax	6,937	4,164	22,609	13,983

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 SEPTEMBER 2011**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A10. Capital commitments

There were no material capital commitments at the end of the interim period.

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

There were no changes in the composition of the Group in the current quarter under review and financial year-to-date.

A13. Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities and contingent assets since the Statement of Financial Position as at 31 December 2010 except for the following:

	RM'000
As At 31 December 2010:	108,356
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	29,594
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	3,645
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	5,635
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	8,010
As At 30 September 2011	<u>155,240</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A14. Related party transactions

The Group has the following transactions with the related parties during the current quarter under review and financial year-to-date:

	Current Quarter 30-Sep-11 RM'000	Current Year To Date 30-Sep-11 RM'000
Sales of Products*	566	1,619
Purchase of products*	280	1,120
Transport and logistics services*	11	32

* Companies in which directors of the 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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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 RM122.62 million for the current quarter under review, compared to RM115.24 million for the corresponding quarter in the preceding year, which represents an increase of 6.40%. The increase in revenue is mainly due to higher revenue generated by the Group's foreign subsidiaries in the current quarter compared to the corresponding quarter.

The Group recorded a higher profit before tax for the current quarter under review of RM6.94 million, representing an increase of RM2.78 million compared to the profit before tax of RM4.16 million for the corresponding quarter in the preceding year. The increase in profit before tax is mainly due to the turnaround in the Group's foreign subsidiary's performance from losses in the preceding year corresponding quarter to profits in the current quarter.

(ii) Year-to-date

The Group recorded a revenue of RM 380.31 million for the current financial year-to-date, compared to RM 340.69 million for the previous corresponding period, which represents an increase of 11.63%. The increase in revenue is mainly due to higher revenue generated by the Group's foreign subsidiaries in the current financial year-to-date compared to the previous financial year-to-date.

The Group recorded a higher profit before tax for the current financial year-to-date of RM 22.61 million, which represents an increase of RM 8.63 million compared to the profit before tax of RM 13.98 million in the previous corresponding period. The increase in profit before tax is mainly due to the turnaround in the Group's foreign subsidiary's performance losses in the preceding year to date to profits in the current financial year-to-date. The Group recorded a higher gross profit margin in the current year-to-date.

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

The Group recorded a lower profit before tax for the current quarter under review of RM 6.94 million as compared to the immediate preceding quarter of RM8.68 million due to a lower revenue as well as a lower gross profit margin in the current quarter as compared to the immediate preceding quarter.

B3. Prospects for the current financial year

Barring any unforeseen circumstances, the Group and the Directors are optimistic that the Group's prospect will be positive for the remaining period of the financial year ending 31 December 2011.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**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

	Current Year Quarter 30-Sep-11 RM'000	Current Year To Date 30-Sep-11 RM'000
Current tax expense	1,272	5,286
Deferred tax expense	486	878
	<u>1,758</u>	<u>6,164</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.

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:

	Current Year Quarter 30-Sep-11 RM'000	Current Year To Date 30-Sep-11 RM'000
Total cost of purchases	<u>-</u>	<u>-</u>
Total proceeds from disposals	<u>-</u>	<u>133</u>
Profits on disposal	<u>-</u>	<u>23</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**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 30 September 2011 (classified as available-for-sale financial assets in the Consolidated Statement of Financial Position) are as follows:

	As at 30-Sep-11 RM'000
Total investment at cost	<u>35</u>
Total investment at book value	<u>34</u>
Total investment at market value	<u>34</u>

B8. Status of corporate proposal

There were no corporate proposals announced but not completed as at the date of this announcement.

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.

On 7 March 2011, STPL increased its paid-up capital from SGD1.00 to SGD100,000. The Company had subscribed for 100% of the increased paid-up share capital of STPL for a total cash consideration of SGD 99,999.

B9. As at 15 November 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	1,612
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>13,780</u>

*On 5 July 2011, the Company announced that the Board of Directors had resolved to allocate the unutilized proceeds of RM1,612,000 for working capital purposes to finance its existing core business locally and overseas and it is proposed that the utilization of these proceeds be deferred to the fourth quarter of 2011.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**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 September 2011 are as follows:-

Secured	RM'000
Long term borrowings:-	
Term loans	7,360
Hire purchase creditors	1,668
	<u>9,028</u>
Short term borrowings:-	
Bank overdrafts	12,648
Bankers acceptances	67,250
Trade loans	19,330
Term loans	2,014
Hire purchase creditors	872
	<u>102,114</u>
Unsecured	
Short term borrowings:-	
Bank overdrafts	538
Bankers acceptances	4,564
	<u>5,102</u>
Total Borrowings:	<u>116,244</u>

Included in the above short term borrowings are term loan of RM 0.64 million in USD and trade loan of RM9.18 million 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 its sales.

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	1,481	3.1011	4,593	(220)

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.

SAMCHEM HOLDINGS BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B11. Financial Instruments (Cont'd)

(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.

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

The proposed dividend of 3.5 sen per share in respect of the financial year ended 31 December 2010 has been approved at the Annual General Meeting of the Company on 27 May 2011 and paid on 23 June 2011.

B14. Breakdown of Realised and Unrealised Profits and Losses

The retained profits can be analysed as follows:-

	As At 30-Sep-11 RM'000	As At 30-Sep-10 RM'000
Realised profits	71,796	57,620
Unrealised Losses	(473)	(1,766)
	<u>71,323</u>	<u>55,854</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B15. Earnings per share

	Current Quarter 30-Sep-11 RM'000	Preceding Year Corresponding Quarter 30-Sep-10 RM'000	Current Year To Date 30-Sep-11 RM'000	Preceding Year Corresponding Period 30-Sep-10 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	4,653	3,294	14,811	10,839
Weighted average number of ordinary shares in issue ('000)	136,000	136,000	136,000	136,000
Earnings per share-basic (sen)	<u>3.42</u>	<u>2.42</u>	<u>10.89</u>	<u>7.97</u>

There are 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: 21 November 2011