



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 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 31 DECEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31-Dec-11 RM'000	Preceding Year Corresponding Quarter 31-Dec-10 RM'000	Current Year To Date 31-Dec-11 RM'000	Preceding Year Corresponding Period 31-Dec-10 RM'000
Revenue	129,356	129,854	509,662	470,545
Operating expenses	(127,101)	(121,798)	(482,553)	(446,884)
Operating income	<u>3,067</u>	<u>929</u>	<u>5,856</u>	<u>2,769</u>
Operating profit	5,322	8,985	32,965	26,430
Finance cost	(1,700)	(2,034)	(6,851)	(6,158)
Shares of profit of associates	<u>(305)</u>	<u>178</u>	<u>(187)</u>	<u>840</u>
Profit before tax	3,317	7,129	25,927	21,112
Tax expense	<u>(532)</u>	<u>(1,127)</u>	<u>(6,697)</u>	<u>(5,228)</u>
Profit for the period	<u>2,785</u>	<u>6,002</u>	<u>19,230</u>	<u>15,884</u>
Other comprehensive income:				
Currency translation differences	110	442	351	(346)
Changes in fair value of available-for-sale financial assets	5	17	(13)	16
Capital Reserve	-	285	-	-
Other comprehensive income for the period, net of tax	<u>115</u>	<u>744</u>	<u>338</u>	<u>(330)</u>
Total comprehensive income for the period	<u>2,900</u>	<u>6,746</u>	<u>19,568</u>	<u>15,554</u>
Profit attributable to:				
-Owners of the parent	2,790	5,260	17,601	16,099
-Non controlling interest	<u>(5)</u>	<u>742</u>	<u>1,629</u>	<u>(214)</u>
	<u>2,785</u>	<u>6,002</u>	<u>19,230</u>	<u>15,885</u>
Total comprehensive income attributable to:				
-Owners of the parent	2,932	5,717	17,857	15,758
-Non controlling interest	<u>(32)</u>	<u>1,030</u>	<u>1,711</u>	<u>(204)</u>
	<u>2,900</u>	<u>6,746</u>	<u>19,568</u>	<u>15,554</u>
Earnings per share-basic (sen)	<u>2.05</u>	<u>3.87</u>	<u>12.94</u>	<u>11.84</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 31-Dec-11 RM'000	Audited As At 31-Dec-10 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	37,408	32,999
Investment properties	424	2,481
Prepaid land lease payments	622	687
Intangible assets	557	558
Investment in associates	3,607	3,607
Quoted investments	39	152
Unquoted investments	744	715
Deferred tax assets	211	499
	<u>43,612</u>	<u>41,698</u>
Current Assets		
Inventories	49,861	46,996
Trade and other receivables	127,412	121,791
Tax recoverables	590	428
Derivative assets	-	48
Cash and bank balances	48,002	38,599
	<u>225,865</u>	<u>207,862</u>
Total Assets	<u>269,477</u>	<u>249,560</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,000	68,000
Share premium	954	954
Reserves	33,610	20,513
Total shareholders' equity	102,564	89,467
Non controlling interest	3,210	659
Total Equity	<u>105,774</u>	<u>90,126</u>
Non Current Liabilities		
Borrowings	8,114	9,672
Retirement benefits obligations	33	32
Deferred tax liabilities	683	105
	<u>8,830</u>	<u>9,809</u>
Current Liabilities		
Trade and other payables	37,645	39,602
Borrowings	116,692	109,276
Taxation	536	747
Total Current Liabilities	<u>154,873</u>	<u>149,625</u>
Total Liabilities	<u>163,703</u>	<u>159,434</u>
Total Equity and Liabilities	<u>269,477</u>	<u>249,560</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.75</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 31 DECEMBER 2011

	Current Year to Date 31-Dec-11 RM'000 (Unaudited)	Preceding year Corresponding Period 31-Dec-10 RM'000 (Audited)
Cash Flows from operating activities		
Profit before taxation	25,927	21,112
Adjustment for:		
-Non-cash items	6,730	8,389
Operating profit before working capital changes	<u>32,657</u>	<u>29,501</u>
Changes in working capital:		
-Receivable	(4,751)	(35,860)
-Inventories	(2,865)	(14,673)
-Payables	(2,135)	7,667
Cash generated from/(used in) operations	<u>22,906</u>	<u>(13,365)</u>
Income taxes paid	(6,211)	(3,595)
Net cash generated from/(used in) operating activities	<u>16,695</u>	<u>(16,960)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,450)	(8,149)
Proceeds from disposal of property, plant and equipment	1,969	2,509
Acquisition of subsidiary, net of cash acquired	-	97
Purchase of quoted shares	-	(303)
Proceeds from disposal of quoted shares	133	221
Interest received	938	851
Net cash used in investing activities	<u>(2,410)</u>	<u>(4,774)</u>
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	1,217	13,638
Interest paid	(6,851)	(6,158)
Proceeds from issuances of shares by subsidiary to minority shareholders	921	342
Dividend paid to non controlling interest	(81)	(12)
Dividend paid to shareholders of the Company	(4,760)	(3,808)
Net cash (used in)/generated from financing activities	<u>(9,554)</u>	<u>4,002</u>
Net increase/(decrease) in cash and cash equivalents	4,731	(17,731)
Cash and cash equivalents at the beginning of period	29,305	46,771
Net effect of exchange rate changes	31	266
Cash and cash equivalents at the end of period	<u>34,067</u>	<u>29,306</u>
Cash and cash equivalents comprise:		
Cash and bank balances	48,002	38,599
Bank overdraft	(13,935)	(9,293)
	<u>34,067</u>	<u>29,306</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 31 DECEMBER 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	-	-	-	-	269	(13)	17,601	17,857	1,711	19,568
Balance as at 31 December 2011	68,000	954	82	(40,725)	136	4	74,113	102,564	3,210	105,774

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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)	225	-	48,822	77,358	521	77,879
Effect of adopting FRS 139	-	-	-	-	-	-	159	159	-	159
Capital contribution by non controlling interest	-	-	-	-	-	-	-	-	342	342
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-
Dividend paid to shareholders of the Company	-	-	-	-	-	-	(3,808)	(3,808)	-	(3,808)
Total comprehensive income for the period	-	-	-	-	(357)	16	16,099	15,758	(204)	15,554
Balance as at 31 December 2010	68,000	954	82	(40,725)	(132)	16	61,272	89,467	659	90,126

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 31 DECEMBER 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 31 DECEMBER 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.

MFRS Framework issued but not yet effective

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework") in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and new/revised Standards that will be effective after 1 January 2012.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011

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

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer. As such, the Group will prepare its first financial statements using the MFRS Framework for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework.

The Group is currently in the process of determining the financial impact arising from the adoption of the MFRS Framework.

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 31 DECEMBER 2011**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A8. Segmental information****Business Segments**

The Group operates solely in the business segment involving the distribution of industrial chemicals with operations in the blending of customized solvents.

Geographical Segments

The Group's activities are segmented based on the location of its subsidiaries. The subsidiaries are located in Malaysia, Indonesia, Vietnam and Singapore. Segment revenue is based on the management reports of the subsidiaries.

Analysed by geographical segments:

	Current Quarter 31-Dec-11 RM'000	Preceding Year Corresponding Quarter 31-Dec-10 RM'000	Current Year To Date 31-Dec-11 RM'000	Preceding Year Corresponding Period 31-Dec-10 RM'000
Segment Revenue				
Malaysia	107,808	115,431	449,951	477,367
Indonesia	22,919	24,315	84,302	55,902
Vietnam	22,319	17,226	70,525	43,017
Total revenue including inter-segment sales	153,046	156,972	604,778	576,286
Elimination of inter-segment sales	(23,690)	(27,118)	(95,116)	(105,741)
Total revenue	129,356	129,854	509,662	470,545
Segment Result				
Malaysia	3,758	6,998	22,305	21,551
Indonesia	80	343	3,160	(1,740)
Vietnam	(215)	(390)	674	461
Singapore	(1)	-	(25)	-
Share of profit/(loss) of associates				
-Malaysia	(290)	192	(132)	836
-Indonesia	(15)	(14)	(55)	4
Profit before tax	3,317	7,129	25,927	21,112

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 31 DECEMBER 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	4,374
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	1,614
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	5,728
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	10,033
As At 31 December 2011	<u>130,105</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31-Dec-11 RM'000	Current Year To Date 31-Dec-11 RM'000
Sales of products*	83	2,212

* Company in which a director 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 31 DECEMBER 2011

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

B1. Performance review

(i) Current Quarter

The Group recorded revenue of RM129.36 million for the current quarter under review, compared to RM129.85 million for the corresponding quarter in the preceding year, which represents a decrease of 0.38%. The decrease is mainly due to lower revenue generated by the local subsidiaries resulting from a weaker domestic market. However, the effect from the decrease in lower revenue from local subsidiaries is offset by higher revenue generated by the foreign subsidiaries.

The Group recorded a lower profit before tax for the current quarter under review of RM3.32 million, representing a decrease of RM3.81 million compared to the profit before tax of RM7.13 million for the corresponding quarter in the preceding year. The decline in profit before tax is mainly due to lower gross profit margin in the current quarter as compared to the preceding quarter.

(ii) Year-to-date

The Group recorded revenue of RM509.66 million for the current financial year-to-date, compared to RM470.55 million for the previous financial year-to-date, which represents an increase of 8.31%. 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 RM25.93 million, which represents an increase of RM4.82 million compared to the profit before tax of RM 21.11 million in the previous corresponding period. The increase in profit before tax is mainly due to the turnaround in the Indonesian subsidiary's performance from losses in the preceding year-to-date to profits in the current financial 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 RM3.32 million as compared to the immediate preceding quarter of RM6.94 million due to lower gross profit margin in the current quarter as compared to the immediate preceding quarter.

B3. Prospects for the forthcoming year

Barring any unforeseen circumstances, the Group and the Directors are optimistic that the Group's prospect will be positive for the forthcoming year.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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. Profit for the period

Profit for the period is arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31-Dec-11 RM'000	Preceding Year Corresponding Quarter 31-Dec-10 RM'000	Current Year To Date 31-Dec-11 RM'000	Preceding Year Corresponding Period 31-Dec-10 RM'000
Interest income	(286)	(142)	(967)	(851)
Gain on disposal of property, plant and equipment	(1,215)	(1,181)	(1,408)	(1,177)
Gain on disposal of quoted investment	-	-	(23)	-
Interest expense	1,701	2,087	6,851	6,158
Depreciation and amortization	713	619	2,744	2,540
Foreign exchange (gain)/loss-realised	2,103	788	3,615	1,045
Foreign exchange (gain)/loss-unrealised	(863)	78	(1,105)	2,221
(Gain)/loss on derivatives-unrealised	(41)	(70)	227	(48)

B6. Taxation

	Current Year Quarter 31-Dec-11 RM'000	Current Year To Date 31-Dec-11 RM'000
Current tax expense	551	5,838
Deferred tax expense	(19)	859
	<u>532</u>	<u>6,697</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B6. Taxation (Cont'd)**

The effective tax rate for the current quarter under review was lower than the statutory tax rate mainly due to certain non-taxable gains and the effective tax rate for the current financial year-to-date was higher than the statutory tax rate mainly due to certain non-deductible expenses.

B7. 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.

B8. As at 22 February 2012, 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	3,000
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	15,168

*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. These proceeds have been utilized for working capital purposes in the fourth quarter of 2011.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B9. 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	6,834
Hire purchase creditors	1,280
	<u>8,114</u>
Short term borrowings:-	
Bank overdrafts	13,453
Bankers acceptances	49,750
Trade loans	43,116
Term loans	1,569
Hire purchase creditors	924
	<u>108,812</u>
Unsecured	
Short term borrowings:-	
Bank overdrafts	482
Bankers acceptances	7,398
	<u>7,880</u>
Total Borrowings:	<u>124,806</u>

Included in the above short term borrowings are trade loans of RM8.19 million in USD.

B10. 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	1,507	3.0571	4,607	(178)

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 31 DECEMBER 2011**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B10. 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.

B11. 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.

B12. 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.

For the financial year ended 31 December 2011, the Board of Directors is recommending a first and final dividend of 4.0 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.

B13. Breakdown of Realised and Unrealised Profits and Losses

The retained profits can be analysed as follows:-

	As At 31-Dec-11 RM'000	As At 31-Dec-10 RM'000
Realised profits	73,658	63,038
Unrealised Gains/(losses)	455	(1,766)
	<u>74,113</u>	<u>61,272</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B14. Earnings per share

	Current Quarter 31-Dec-11 RM'000	Preceding Year Corresponding Quarter 31-Dec-10 RM'000	Current Year To Date 31-Dec-11 RM'000	Preceding Year Corresponding Period 31-Dec-10 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,790	5,260	17,601	16,099
Weighted average number of ordinary shares in issue ('000)	136,000	136,000	136,000	136,000
Earnings per share-basic (sen)	<u>2.05</u>	<u>3.87</u>	<u>12.94</u>	<u>11.84</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: 24 February 2012