



SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED

30 JUNE 2013

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013**

	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year	Corresponding
	30-Jun-13	Quarter	To Date	Period
	RM'000	30-Jun-12	30-Jun-13	30-Jun-12
	RM'000	RM'000	RM'000	RM'000
Revenue	139,422	131,053	264,643	263,101
Operating expenses	(135,547)	(125,892)	(256,360)	(251,709)
Operating income	<u>1,620</u>	<u>587</u>	<u>4,739</u>	<u>1,577</u>
Operating profit	5,495	5,748	13,022	12,969
Finance cost	(1,984)	(2,004)	(3,664)	(3,464)
Shares of profit of associates	<u>-</u>	<u>(13)</u>	<u>(3)</u>	<u>(48)</u>
Profit before tax	3,511	3,731	9,355	9,457
Tax expense	<u>(1,050)</u>	<u>(1,297)</u>	<u>(2,577)</u>	<u>(2,654)</u>
Profit for the period	<u><u>2,461</u></u>	<u><u>2,434</u></u>	<u><u>6,778</u></u>	<u><u>6,803</u></u>
Other comprehensive income:				
Currency translation differences	246	179	336	44
Changes in fair value of available-for-sale financial assets	(2)	(1)	(2)	4
	<u>(107)</u>	<u>-</u>	<u>(107)</u>	<u>-</u>
Other comprehensive income for the period, net of tax	<u><u>137</u></u>	<u><u>178</u></u>	<u><u>227</u></u>	<u><u>48</u></u>
Total comprehensive income for the period	<u><u>2,598</u></u>	<u><u>2,612</u></u>	<u><u>7,005</u></u>	<u><u>6,851</u></u>
Profit attributable to:				
-Owners of the parent	2,327	2,660	6,309	6,544
-Non controlling interest	<u>134</u>	<u>(226)</u>	<u>469</u>	<u>259</u>
	<u><u>2,461</u></u>	<u><u>2,434</u></u>	<u><u>6,778</u></u>	<u><u>6,803</u></u>
Total comprehensive income attributable to:				
-Owners of the parent	2,429	2,775	6,503	6,586
-Non controlling interest	<u>169</u>	<u>(163)</u>	<u>502</u>	<u>265</u>
	<u><u>2,598</u></u>	<u><u>2,612</u></u>	<u><u>7,005</u></u>	<u><u>6,851</u></u>
Earnings per share-basic (sen)	<u>1.71</u>	<u>1.96</u>	<u>4.64</u>	<u>4.81</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 2012 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

	Unaudited As At 30-Jun-13 RM'000	Audited As At 31-Dec-12 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	33,553	34,833
Investment properties	2,159	2,171
Prepaid land lease payments	494	515
Intangible assets	548	548
Investment in associates	830	833
Quoted investments	41	43
Unquoted investments	802	774
Deferred tax assets	499	786
	<u>38,926</u>	<u>40,503</u>
Current Assets		
Inventories	76,160	57,339
Trade and other receivables	141,514	115,857
Derivative asset	83	-
Tax recoverables	1,568	2,003
Cash and bank balances	56,802	49,099
	<u>276,127</u>	<u>224,298</u>
Non-current asset held for sale	-	4,206
	<u>276,127</u>	<u>228,504</u>
Total Assets	<u>315,053</u>	<u>269,007</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,000	68,000
Share premium	954	954
Reserves	36,934	33,831
Total shareholders' equity	<u>105,888</u>	<u>102,785</u>
Non controlling interest	2,389	2,040
Total Equity	<u>108,277</u>	<u>104,825</u>
Non Current Liabilities		
Borrowings	7,079	9,388
Retirement benefits obligations	208	200
Deferred tax liabilities	437	289
	<u>7,724</u>	<u>9,877</u>
Current Liabilities		
Trade and other payables	52,101	36,643
Borrowings	146,671	116,114
Taxation	280	398
	<u>199,052</u>	<u>153,155</u>
Liability attributable to asset held for sale	-	1,150
	<u>199,052</u>	<u>154,305</u>
Total Liabilities	<u>206,776</u>	<u>164,182</u>
Total Equity and Liabilities	<u>315,053</u>	<u>269,007</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.78</u>	<u>0.76</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 2012 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 FLOWS FOR THE PERIOD ENDED 30 JUNE 2013

	Current Year to Date 30-Jun-13 RM'000 (Unaudited)	Preceding year Corresponding Period 30-Jun-12 RM'000 (Unaudited)
Cash Flows from operating activities		
Profit before taxation	9,355	9,457
Adjustment for:		
Depreciation and amortisation	1,608	1,442
Share of (profits)/losses in associated	3	48
Fair value (gain)/loss on derivative financial instruments	(83)	(180)
Unrealised loss/(gain) on foreign exchange	(743)	(429)
Gain on disposal of PPE and Investment property	(1,886)	(153)
Interest income	(385)	(531)
Interest expenses	3,664	3,463
Operating profit before working capital changes	11,533	13,117
Changes in working capital:		
Receivable	(25,968)	(3,832)
Inventories	(18,820)	(13,779)
Payables	17,206	20,330
Cash (used in)/from operations	(16,049)	15,836
Income taxes paid	(2,687)	(1,861)
Net cash (used in)/from operating activities	(18,736)	13,975
Cash flows from investing activities		
Purchase of property, plant and equipment	(228)	(5,870)
Proceeds from disposal of PPE and investment property	6,356	259
Dividend received from associated company	-	2,640
Acquisition of non-controlling interest	(224)	(4,574)
Interest received	355	524
Net cash from/(used in) investing activities	6,259	(7,021)
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	20,524	2,638
Interest paid	(3,664)	(3,463)
Dividend paid	(3,400)	-
Dividend paid to MI	(36)	-
Net cash from/(used in) financing activities	13,424	(825)
Net decrease in cash and cash equivalents	947	6,129
Cash and cash equivalents at the beginning of period	38,730	33,971
Net effect of exchange rate changes	190	20
Cash and cash equivalents at the end of period	39,867	40,120
Cash and cash equivalents comprise:		
Cash and bank balances	56,802	53,802
Bank overdraft	(16,935)	(13,682)
	39,867	40,120

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 30 JUNE 2013**

	← 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			
Balance at 1 January 2013	68,000	954	-	(40,725)	57	8	74,492	102,786	2,040	104,826
Profit for the period	-	-	-	-	-	-	6,309	6,309	502	6,811
Other comprehensive income for the period	-	-	-	-	302	(2)	-	300	-	300
Total comprehensive income for the period	-	-	-	-	302	(2)	6,309	6,609	502	7,111
Acquisition of non-controlling interest	-	-	-	-	-	-	(107)	(107)	(117)	(224)
Dividend paid to non controlling interest	-	-	-	-	-	-	-	-	(36)	(36)
Dividend paid	-	-	-	-	-	-	(3,400)	(3,400)	-	(3,400)
Total changes in equity for the period	-	-	-	-	-	-	(3,507)	(3,507)	(153)	(3,660)
Balance at 30 June 2013	68,000	954	-	(40,725)	359	6	77,294	105,888	2,389	108,277

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2012**

	← 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			
Balance at 1 January 2012	68,000	954	82	(40,725)	135	4	74,290	102,740	2,974	105,714
Profit for the period	-	-	-	-	-	-	6,544	6,544	259	6,803
Other comprehensive income for the period	-	-	-	-	38	4	-	42	6	48
Total comprehensive income for the period	-	-	-	-	38	4	6,544	6,586	265	6,851
Acquisition of non-controlling interest	-	-	-	-	-	-	(3,083)	(3,083)	(1,491)	(4,574)
Total changes in equity for the period	-	-	-	-	-	-	(3,083)	(3,083)	(1,491)	(4,574)
Balance at 30 June 2012	68,000	954	82	(40,725)	173	8	77,751	106,243	1,748	107,991

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 2012 and the accompanying explanatory notes attached to the interim financial report.

SAMCHEM HOLDINGS BERHAD

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013

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

A1. Accounting Policies and Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those adopted in the Group's audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following:

MFRSs/Amendments/Interpretations	Effective date
Amendments to MFRS 101, <i>Presentation of Financial Statements</i>	1 July 2012
MFRS 10, <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11, <i>Joint Arrangements</i>	1 January 2013
MFRS 12, <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13, <i>Fair Value Measurement</i>	1 January 2013
MFRS 119, <i>Employee Benefits</i>	1 January 2013
MFRS 127, <i>Separate Financial Statements</i>	1 January 2013
MFRS 128, <i>Investment in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2013
Amendments to MFRS 10, <i>Consolidated Financial Statements</i>	1 January 2013
Amendments to MFRS 11, <i>Joint Arrangements</i>	1 January 2013
Amendments to MFRS 12, <i>Disclosure of Interests in Other Entities</i>	1 January 2013
IC Int 20, <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to IC Int 2, <i>Members' Shares in Co-operative Entities & Similar Instruments</i>	1 January 2013

The initial application of the aforesaid applicable standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoptions.

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 2012.

A3. Seasonal or cyclical factors

The principal business operations of the Group are not significantly affected by seasonal or cyclical factors.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013

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

A4. Items of unusual nature and amount

There were no items affecting assets, liabilities, equity, net income or cash flows 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 2.5 sen per share in respect of the financial year ended 31 December 2012 has been approved at the Annual General Meeting of the Company on 22 May 2013 and paid on 28 June 2013.

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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A8. Segmental information (Cont'd)

Analysed by geographical segments:	Preceding Year		Current Year	Preceding Year
	Current Quarter	Corresponding Quarter		
Segment Revenue	30-Jun-13	30-Jun-12	To Date	Period
	RM'000	RM'000	30-Jun-13	30-Jun-12
			RM'000	RM'000
Malaysia	130,869	115,260	245,549	236,492
Indonesia	16,426	15,347	31,957	35,016
Vietnam	26,518	21,679	48,222	40,605
Singapore	849	104	1,602	104
Total revenue including inter-segment sales	174,662	152,390	327,330	312,217
Elimination of inter-segment sales	(35,240)	(21,337)	(62,687)	(49,116)
Total revenue	139,422	131,053	264,643	263,101
Segment Result				
Malaysia	3,342	3,848	8,333	8,749
Indonesia	(378)	(358)	(303)	(846)
Vietnam	553	300	1,333	1,679
Singapore	(6)	(46)	(5)	(77)
Share of profit/(loss) of associates				
-Malaysia	-	-	(3)	-
-Indonesia	-	(13)	-	(48)
Profit before tax	3,511	3,731	9,355	9,457

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 30 JUNE 2013

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

A10. Capital commitments

	As at 30-Jun-13 RM'000
Capital expenditure:	
Approved and contracted for:	
Property, plant and equipment	<u>51</u>
Approved but not contracted for:	
Property, plant and equipment	<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 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 2012 except for the following:

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A13. Changes in contingent liabilities and contingent assets (Cont'd)

	RM'000
As At 31 December 2012:	127,202
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	18,248
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	(1,215)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	3,786
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	5,314
As At 30 June 2013	<u><u>153,335</u></u>

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-Jun-13 RM'000	Current Year To Date 30-Jun-13 RM'000
Purchase of products*	570	984
Sales of products*	232	304

* 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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013

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

B1. Performance review

(i) Current Quarter

The Group recorded revenue of RM139.42 million for the current quarter under review, compared to RM131.05 million for the corresponding quarter in the preceding year, which represents an increase of 6.39%. The increase is mainly due to higher revenue generated by the local subsidiaries as well as Vietnam subsidiary.

The Group recorded a lower profit before tax for the current quarter under review of RM3.51 million, representing a decrease of RM0.22 million compared to the profit before tax for the corresponding quarter in the preceding year of RM3.73 million mainly due to higher expenses in the current quarter under review.

(ii) Year-to-date

The Group recorded revenue of RM264.64 million for the current financial year-to-date, compared to RM263.10 million for the previous financial year-to-date, which represents an increase of 0.58%. The increase in revenue is mainly due to higher revenue generated by the local subsidiaries as well as Vietnam subsidiary in the current financial year-to-date compared to the previous financial year-to-date.

The Group recorded a lower profit before tax for the current financial year-to-date of RM9.36 million, which represents a decrease of RM0.1 million compared to the profit before tax of RM9.46 million in the previous corresponding period. The decline in profit before tax is mainly due to more competitive sales pricing which resulted in a lower gross profit margin in the current financial year-to-date compared to the previous 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 RM3.51 million as compared to the immediate preceding quarter of RM5.84 million mainly due to gain on disposal of land in the immediate preceding quarter.

B3. Prospects for the current financial year

Barring any unforeseen circumstances, the Group and the Directors expect that the Group's performance will be positive for the remaining periods of the financial year ending 31 December 2013.

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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B5. Profit for the period

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
	RM'000	RM'000	RM'000	RM'000
Interest income	(189)	(252)	(385)	(531)
Gain on disposal of property, plant and equipment	(16)	(53)	(1,886)	(153)
Interest expense	1,984	2,003	3,664	3,463
Depreciation and amortization	801	743	1,608	1,442
Foreign exchange loss-realised	367	1,510	372	2,126
Foreign exchange gain-unrealised	(130)	(1,102)	(743)	(508)
Gain on derivatives-unrealised	(108)	(5)	(83)	(2)

B6. Taxation

	Current Year Quarter	Current Year To Date
	30-Jun-13	30-Jun-13
	RM'000	RM'000
Current tax expense	1,051	2,134
Deferred tax expense	(1)	443
	<u>1,050</u>	<u>2,577</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.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B7. Status of corporate proposal**

(a) TN Chemie Sdn Bhd ("TNC") is a wholly-owned subsidiary of the Company. On the 11 April 2013, TNC entered into a sale and purchase agreement with an Indonesian individual, to dispose off its entire 30% equity interest in PT Multisquare ("PTMS"), for a total cash consideration of RM1.00. Upon completion of the disposal, PTMS will cease to be an associated company of TNC.

(b) Samchemsphere Indochina (Vietnam) Company Limited ("SICL") is a wholly owned subsidiary of Samchemsphere Export Sdn Bhd ("SSE") which is a subsidiary of the Company. On the 13 March 2013, SICL increased its paid-up capital by a cash injection of USD 107,500 thus increasing its paid-up capital from USD 192,500 to USD 300,000.

(c) On 10 June 2013, the Company entered into a Share Sale Agreement with the non-controlling shareholders to acquire a 24% equity interest in Samchem Enviro Sdn Bhd for cash consideration of RM224,448. The Company now holds 100% equity interest in Samchem Enviro Sdn Bhd.

(d) The Company held 93% of equity interest in PT Samchem Prasadha("PTSP"). On 13 June 2013, PTSP issue new shares of 1,000,000 at USD0.10 per share to its existing shareholders. Its paid-up capital increased from USD1,000,000 to USD2,000,000. The Company had subscribed for the entire new shares of PTSP for a total cash consideration of USD1,000,000 and now holds 96.5% equity interest in PTSP.

B8. Group borrowings and debt securities

The Group's borrowings as 30 June 2013 are as follows:-

Secured	RM'000
Long term borrowings:-	
Term loans	6,372
Hire purchase creditors	707
	<u>7,079</u>
Short term borrowings:-	
Bank overdrafts	16,515
Bankers acceptances	96,557
Trade loans	2,174
Term loans	16,275
Hire purchase creditors	787
	<u>132,308</u>
Unsecured	
Short term borrowings:-	
Bank overdrafts	420
Bankers acceptances	6,675
Trade loans	7,268
	<u>14,363</u>

Included in the above short term borrowings are trade loans and bankers acceptances of RM23.00 million in USD.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B9. Financial Instruments**

The Group has entered into some foreign exchange forward contracts to hedge its exposure to fluctuations in foreign currency arising from its 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	416	3.0000	1,248	83

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

- (a) The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit and counterparty risks are minimal. There are no transaction costs at the inception of these contracts. The Group is exposed to minimal cash flow risk in view of its healthy cash position.
- (b) There are no gain/(loss) arising from fair value changes in financial liabilities in the current quarter under review.

B10. 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.

B11. Proposed Dividend

For the financial year ended 31 December 2012, the Board of Directors has recommended a first and final dividend of 2.5 sen per share which has been approved at the Annual General Meeting of the Company held on 22 May 2013 and paid on 28 June 2013.

SAMCHEM HOLDINGS BERHAD

(Company No: 797567 U)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2013**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B12. Breakdown of Realised and Unrealised Profits and Losses

The retained profits can be analysed as follows:-

	As At 30-Jun-13 RM'000	As At 30-Jun-12 RM'000
Realised profits	76,406	78,028
Unrealised Gains/(losses)	888	(277)
	<u>77,294</u>	<u>77,751</u>

B13. Earnings per share

	Current Quarter 30-Jun-13 RM'000	Preceding Year Corresponding Quarter 30-Jun-12 RM'000	Current Year To Date 30-Jun-13 RM'000	Preceding Year Corresponding Period 30-Jun-12 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,327	2,660	6,309	6,544
Weighted average number of ordinary shares in issue ('000)	136,000	136,000	136,000	136,000
Earnings per share-basic (sen)	<u>1.71</u>	<u>1.96</u>	<u>4.64</u>	<u>4.81</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.

By order of the Board,

Ng Thin Poh
Chairman of the Board
Date: 23 August 2013