



**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 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 SEPTEMBER 2013**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>30-Sep-13</b>	<b>Quarter</b>	<b>To Date</b>	<b>Period</b>
	<b>RM'000</b>	<b>30-Sep-12</b>	<b>30-Sep-13</b>	<b>30-Sep-12</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	136,792	140,873	401,435	403,974
Operating expenses	(133,243)	(136,339)	(389,603)	(388,130)
Operating income	<u>1,610</u>	<u>426</u>	<u>6,348</u>	<u>2,084</u>
Operating profit	5,159	4,960	18,180	17,928
Finance cost	(1,939)	(1,996)	(5,602)	(5,459)
Shares of profit of associates	<u>-</u>	<u>(38)</u>	<u>(3)</u>	<u>(86)</u>
Profit before tax	3,220	2,926	12,575	12,383
Tax expense	<u>(884)</u>	<u>(907)</u>	<u>(3,461)</u>	<u>(3,561)</u>
<b>Profit for the period</b>	<u><u>2,336</u></u>	<u><u>2,019</u></u>	<u><u>9,114</u></u>	<u><u>8,822</u></u>
Other comprehensive income:				
Currency translation differences	286	(74)	621	(30)
Changes in fair value of available-for-sale financial assets	15	(1)	14	3
Credit difference arising from acquisition of non-controlling interest	-	-	(107)	-
<b>Other comprehensive income for the period, net of tax</b>	<u>301</u>	<u>(75)</u>	<u>528</u>	<u>(27)</u>
<b>Total comprehensive income for the period</b>	<u><u>2,637</u></u>	<u><u>1,944</u></u>	<u><u>9,642</u></u>	<u><u>8,795</u></u>
<b>Profit attributable to:</b>				
-Owners of the parent	2,122	1,504	8,431	8,048
-Non controlling interest	<u>214</u>	<u>515</u>	<u>683</u>	<u>774</u>
	<u>2,336</u>	<u>2,019</u>	<u>9,114</u>	<u>8,822</u>
<b>Total comprehensive income attributable to:</b>				
-Owners of the parent	2,356	1,505	8,859	8,091
-Non controlling interest	<u>281</u>	<u>439</u>	<u>783</u>	<u>704</u>
	<u>2,637</u>	<u>1,944</u>	<u>9,642</u>	<u>8,795</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.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 30-Sep-13 RM'000</b>	<b>Audited As At 31-Dec-12 RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	32,887	34,833
Investment properties	2,153	2,171
Prepaid land lease payments	485	515
Intangible assets	548	548
Investment in associates	830	833
Quoted investments	56	43
Unquoted investments	802	774
Deferred tax assets	438	786
	<u>38,199</u>	<u>40,503</u>
<b>Current Assets</b>		
Inventories	89,086	57,339
Trade and other receivables	142,703	115,857
Derivative asset	102	-
Tax recoverables	1,619	2,003
Cash and bank balances	50,576	49,099
	<u>284,086</u>	<u>224,298</u>
Non-current asset held for sale	-	4,206
	<u>284,086</u>	<u>228,504</u>
<b>Total Assets</b>	<u>322,285</u>	<u>269,007</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	68,000	68,000
Share premium	954	954
Reserves	39,290	33,831
Total shareholders' equity	<u>108,244</u>	<u>102,785</u>
Non controlling interest	2,670	2,040
<b>Total Equity</b>	<u>110,914</u>	<u>104,825</u>
<b>Non Current Liabilities</b>		
Borrowings	5,781	9,388
Retirement benefits obligations	213	200
Deferred tax liabilities	34	289
	<u>6,028</u>	<u>9,877</u>
<b>Current Liabilities</b>		
Trade and other payables	52,028	36,643
Borrowings	152,942	116,114
Taxation	373	398
	<u>205,343</u>	<u>153,155</u>
Liability attributable to asset held for sale	-	1,150
	<u>205,343</u>	<u>154,305</u>
<b>Total Liabilities</b>	<u>211,371</u>	<u>164,182</u>
<b>Total Equity and Liabilities</b>	<u>322,285</u>	<u>269,007</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.80</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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	<b>Current Year to Date 30-Sep-13 RM'000 (Unaudited)</b>	<b>Preceding year Corresponding Period 30-Sep-12 RM'000 (Unaudited)</b>
Cash Flows from operating activities		
Profit before taxation	12,575	12,383
Adjustment for:		
Depreciation and amortisation	2,437	2,168
Share of (profits)/losses in associated	3	86
Fair value (gain)/loss on derivative financial instruments	(102)	(80)
Unrealised loss/(gain) on foreign exchange	(2,279)	(423)
Provision for doubtful debts	49	-
Gain on disposal of PPE and Investment property	(1,887)	(212)
Interest income	(575)	(544)
Interest expenses	5,602	5,460
Operating profit before working capital changes	<u>15,823</u>	<u>18,838</u>
Changes in working capital:		
Receivable	(25,668)	(11,412)
Inventories	(31,746)	(11,648)
Payables	17,138	14,210
Cash (used in)/from operations	<u>(24,453)</u>	<u>9,988</u>
Income taxes paid	<u>(3,865)</u>	<u>(3,075)</u>
<b>Net cash (used in)/from operating activities</b>	<b><u>(28,318)</u></b>	<b><u>6,913</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(236)	(6,396)
Proceeds from disposal of PPE and investment property	6,357	722
Dividend received from associated company	-	2,640
Acquisition of non-controlling interest	(224)	(4,574)
Interest received	546	537
<b>Net cash from/(used in) investing activities</b>	<b><u>6,443</u></b>	<b><u>(7,071)</u></b>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of borrowings	24,589	17,126
Interest paid	(5,602)	(5,459)
Dividend paid	(3,400)	(5,440)
Dividend paid to MI	(36)	(45)
<b>Net cash from financing activities</b>	<b><u>15,551</u></b>	<b><u>6,182</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b><u>(6,324)</u></b>	<b><u>6,024</u></b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>38,730</b>	<b>33,971</b>
<b>Net effect of exchange rate changes</b>	<b>328</b>	<b>(21)</b>
<b>Cash and cash equivalents at the end of period</b>	<b><u>32,734</u></b>	<b><u>39,974</u></b>
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances</b>	<b>50,576</b>	<b>56,811</b>
<b>Bank overdraft</b>	<b><u>(17,842)</u></b>	<b><u>(16,837)</u></b>
	<b><u>32,734</u></b>	<b><u>39,974</u></b>

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 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			
<b>Balance at 1 January 2013</b>	68,000	954	-	(40,725)	57	8	74,492	102,786	2,040	104,826
Profit for the period	-	-	-	-	-	-	8,431	8,431	683	9,114
Other comprehensive income for the period	-	-	-	-	520	14	-	534	100	634
<b>Total comprehensive income for the period</b>	-	-	-	-	520	14	8,431	8,965	783	9,748
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)
<b>Total changes in equity for the period</b>	-	-	-	-	-	-	(3,507)	(3,507)	(153)	(3,660)
<b>Balance at 30 September 2013</b>	68,000	954	-	(40,725)	577	22	79,416	108,244	2,670	110,914

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 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			
<b>Balance at 1 January 2012</b>	68,000	954	82	(40,725)	135	4	74,290	102,740	2,974	105,714
Profit for the period	-	-	-	-	-	-	8,048	8,048	774	8,822
Other comprehensive income for the period	-	-	-	-	40	3	-	43	(70)	(27)
<b>Total comprehensive income for the period</b>	-	-	-	-	40	3	8,048	8,091	704	8,795
Acquisition of non controlling interest	-	-	-	-	-	-	(3,083)	(3,083)	(1,491)	(4,574)
Transfer from capital reserve	-	-	(82)	-	-	-	82	-	-	-
Dividend paid to non controlling interest	-	-	-	-	-	-	-	-	(45)	(45)
Dividend paid	-	-	-	-	-	-	(5,440)	(5,440)	-	(5,440)
<b>Total changes in equity for the period</b>	-	-	(82)	-	-	-	(8,441)	(8,523)	(1,536)	(10,059)
<b>Balance at 30 September 2012</b>	68,000	954	-	(40,725)	175	7	73,897	102,308	2,142	104,450

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.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 &amp; 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.

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

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

## A8. Segmental information (Cont'd)

<b>Analysed by geographical segments:</b>	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
<b>Segment Revenue</b>	<b>Quarter</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>30-Sep-13</b>	<b>30-Sep-12</b>	<b>To Date</b>	<b>Period</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>30-Sep-13</b>	<b>30-Sep-12</b>
			<b>RM'000</b>	<b>RM'000</b>
Malaysia	115,736	137,926	361,285	374,417
Indonesia	18,917	15,795	50,874	50,811
Vietnam	28,993	23,097	77,215	63,702
Singapore	1,099	1,119	2,701	1,223
Total revenue including inter-segment sales	<u>164,745</u>	<u>177,937</u>	<u>492,075</u>	<u>490,153</u>
Elimination of inter-segment sales	(27,953)	(37,064)	(90,640)	(86,179)
Total revenue	<u>136,792</u>	<u>140,873</u>	<u>401,435</u>	<u>403,974</u>
<b>Segment Result</b>				
Malaysia	3,040	1,231	11,374	9,886
Indonesia	(758)	(126)	(1,061)	(972)
Vietnam	928	1,898	2,261	3,676
Singapore	10	(39)	4	(121)
Share of profit/(loss) of associates				
-Malaysia	-	(42)	(3)	(42)
-Indonesia	-	4	-	(44)
Profit before tax	<u>3,220</u>	<u>2,926</u>	<u>12,575</u>	<u>12,383</u>

## A9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter under review and financial year-to-date.



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

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

A10. Capital commitments

	<b>As at 30-Sep-13 RM'000</b>
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

On 11<sup>th</sup> April 2013, TN Chemie Sdn Bhd, a wholly owned subsidiary of the Company, disposed off its entire 30% equity interest in its associated company, PT Multisquare ("PTMS"). With the disposal, PTMS has ceased to be an associated company of TN Chemie Sdn Bhd.

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:

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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	12,260
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	6,679
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	763
As At 30 September 2013	<u><u>145,689</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-Sep-13 RM'000	Current Year To Date 30-Sep-13 RM'000
Purchase of products*	429	1,412
Sales of products*	240	544

\* 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 30 SEPTEMBER 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 RM136.79 million for the current quarter under review, compared to RM140.87 million for the corresponding quarter in the preceding year, which represents a drop of 2.90%. The decrease is mainly due to lower revenue generated by the local subsidiaries.

The Group recorded a higher profit before tax for the current quarter under review of RM3.22 million, representing an increase of RM0.29 million compared to the profit before tax for the corresponding quarter in the preceding year of RM2.93 million mainly due to higher GP margin in the current quarter under review.

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

The Group recorded revenue of RM401.44 million for the current financial year-to-date, compared to RM403.97 million for the previous financial year-to-date, which represents a drop of 0.63%. The decrease in revenue is mainly due to lower revenue generated by the local 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 RM12.57 million, which represents an increase of RM0.19 million compared to the profit before tax of RM12.38 million in the previous corresponding period. The increase in profit before tax is mainly due to gain on disposal of land in current financial year-to-date. The gain on the disposal of land was net off against a lower gross profit margin in the current financial year-to-date compared to the previous financial year-to-date, resulting in lower net increase in profit before tax in the current financial year.

**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 RM3.22 million as compared to the immediate preceding quarter of RM3.51 million mainly due to lower revenue generated in the current 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.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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-Sep-13	30-Sep-12	30-Sep-13	30-Sep-12
	RM'000	RM'000	RM'000	RM'000
Interest income	(190)	(13)	(575)	(544)
Gain on disposal of property, plant and equipment	(1)	(59)	(1,887)	(212)
Interest expense	1,938	1,997	5,602	5,460
Depreciation and amortization	829	726	2,437	2,168
Foreign exchange loss-realised	2,193	998	2,565	3,124
Foreign exchange gain-unrealised	(1,536)	85	(2,279)	(423)
Gain on derivatives-unrealised	(19)	(79)	(102)	(80)

**B6. Taxation**

	Current Year Quarter	Current Year To Date
	30-Sep-13	30-Sep-13
	RM'000	RM'000
Current tax expense	1,219	3,354
Deferred tax expense	(335)	107
	<u>884</u>	<u>3,461</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.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 direct 70% owned 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. The management intends to transfer SSE's entire shareholding in SICL to Samchem Sphere Company Limited ("SSCL"), which is a direct 80% owned subsidiary of SSE.

Upon completion of the transfer, SICL will become a wholly owned subsidiary of SSCL and an indirect 80% owned subsidiary of SSE. The Company's effective equity interest will be reduced from 70% to 56% following the transfer of SICL to SSCL.

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

(d) The Company held 93% of equity interest in PT Samchem Prasandha ("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.

**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 SEPTEMBER 2013****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B8. Group borrowings and debt securities**

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

<b>Secured</b>	<b>RM'000</b>
Long term borrowings:-	
Term loans	5,417
Hire purchase creditors	364
	<u>5,781</u>
Short term borrowings:-	
Bank overdrafts	17,351
Bankers acceptances	93,976
Trade loans	3,519
Term loans	22,895
Hire purchase creditors	906
	<u>138,647</u>
<b>Unsecured</b>	
Short term borrowings:-	
Bank overdrafts	491
Bankers acceptances	3,260
Trade loans	10,544
	<u>14,295</u>

Included in the above short term borrowings are trade loans and bankers acceptances of RM33.00 million in USD.

**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	4,200	3.2557	13,674	102

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

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

## B9. Financial Instruments(Cont'd)

- (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 or loss arising from fair value changes in financial liabilities in the current quarter under review and financial year-to-date.

## 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.

## B12. Breakdown of Realised and Unrealised Profits and Losses

The retained profits can be analysed as follows:-

	<b>As At 30-Sep-13 RM'000</b>	<b>As At 30-Sep-12 RM'000</b>
Realised profits	76,631	73,229
Unrealised Gains/(losses)	2,785	668
	<u>79,416</u>	<u>73,897</u>

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

## B13. Earnings per share

	Current Quarter 30-Sep-13 RM'000	Preceding Year Corresponding Quarter 30-Sep-12 RM'000	Current Year To Date 30-Sep-13 RM'000	Preceding Year Corresponding Period 30-Sep-12 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	2,122	1,504	8,431	8,048
Weighted average number of ordinary shares in issue ('000)	136,000	136,000	136,000	136,000
Earnings per share-basic (sen)	<u>1.56</u>	<u>1.11</u>	<u>6.20</u>	<u>5.92</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: 25 November 2013