



**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 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 31 DECEMBER 2013**

	<b>Individual Quarter Current Quarter 31-Dec-13 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Dec-12 RM'000</b>	<b>Cumulative Quarter Current Year To Date 31-Dec-13 RM'000</b>	<b>Preceding Year Corresponding Period 31-Dec-12 RM'000</b>
Revenue	141,549	122,474	542,984	526,448
Operating expenses	(138,571)	(121,244)	(528,175)	(509,374)
Operating income	457	1,161	6,806	3,245
Operating profit	3,435	2,391	21,615	20,319
Finance cost	(2,065)	(1,870)	(7,667)	(7,329)
Shares of profit of associates	-	(42)	(3)	(128)
Profit before tax	1,370	479	13,945	12,862
Tax expense	(1,009)	19	(4,470)	(3,542)
<b>Profit for the period</b>	<b>361</b>	<b>498</b>	<b>9,475</b>	<b>9,320</b>
Other comprehensive income:				
Currency translation differences	228	(124)	849	(154)
Changes in fair value of available-for-sale financial assets	14	1	28	4
Credit difference arising from acquisition of non-controlling interest	-	-	(107)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>242</b>	<b>(123)</b>	<b>770</b>	<b>(150)</b>
<b>Total comprehensive income for the period</b>	<b>603</b>	<b>375</b>	<b>10,245</b>	<b>9,170</b>
<b>Profit attributable to:</b>				
-Owners of the parent	335	654	8,767	8,702
-Non controlling interest	26	(156)	708	618
	361	498	9,475	9,320
<b>Total comprehensive income attributable to:</b>				
-Owners of the parent	515	537	9,374	8,628
-Non controlling interest	88	(162)	871	542
	603	375	10,245	9,170

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**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31-Dec-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	32,468	34,833
Investment properties	2,147	2,171
Prepaid land lease payments	1,010	515
Intangible assets	548	548
Investment in associates	831	833
Quoted investments	71	43
Unquoted investments	805	774
Deferred tax assets	308	786
	<u>38,188</u>	<u>40,503</u>
<b>Current Assets</b>		
Inventories	84,633	57,339
Trade and other receivables	132,973	115,857
Tax recoverables	1,400	2,003
Cash and bank balances	39,952	49,099
	<u>258,958</u>	<u>224,298</u>
Non-current asset held for sale	-	4,206
	<u>258,958</u>	<u>228,504</u>
<b>Total Assets</b>	<u>297,146</u>	<u>269,007</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	68,000	68,000
Share premium	954	954
Reserves	39,805	33,831
Total shareholders' equity	<u>108,759</u>	<u>102,785</u>
Non controlling interest	2,758	2,040
<b>Total Equity</b>	<u>111,517</u>	<u>104,825</u>
<b>Non Current Liabilities</b>		
Borrowings	5,576	9,388
Retirement benefits obligations	236	200
Deferred tax liabilities	712	289
	<u>6,524</u>	<u>9,877</u>
<b>Current Liabilities</b>		
Trade and other payables	44,239	36,643
Borrowings	134,369	116,114
Taxation	497	398
	<u>179,105</u>	<u>153,155</u>
Liability attributable to asset held for sale	-	1,150
	<u>179,105</u>	<u>154,305</u>
<b>Total Liabilities</b>	<u>185,629</u>	<u>164,182</u>
<b>Total Equity and Liabilities</b>	<u>297,146</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 31 DECEMBER 2013**

	<b>Current Year to Date 31-Dec-13 RM'000 (Unaudited)</b>	<b>Preceding year Corresponding Period 31-Dec-12 RM'000 (Audited)</b>
Cash Flows from operating activities		
Profit before taxation	13,945	12,862
Adjustment for:		
Depreciation and amortisation	3,287	2,986
Share of (profits)/losses in associated	3	128
Unrealised loss/(gain) on foreign exchange	(2,230)	479
Impairment loss on goodwill	27	400
Impairment loss on investment in associates	-	5
Bad debts recovered	(58)	(13)
Bad debt written off	197	1
Gain on disposal of PPE and Investment property	(1,887)	(165)
Impairment loss on goodwill	-	10
Retirement benefit obligations	36	92
Interest income	(1,044)	(1,183)
Interest expenses	7,667	7,329
PPE written off	1	1
Operating profit before working capital changes	<u>19,944</u>	<u>22,932</u>
Changes in working capital:		
Receivable	(16,106)	9,328
Inventories	(27,294)	(7,053)
Payables	<u>9,335</u>	<u>101</u>
Cash (used in)/from operations	<u>(14,121)</u>	<u>25,308</u>
Income taxes paid	<u>(3,718)</u>	<u>(4,819)</u>
<b>Net cash (used in)/from operating activities</b>	<u>(17,839)</u>	<u>20,489</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,142)	(6,050)
Proceeds from disposal of PPE and investment property	6,366	359
Dividend received from associated company	-	2,640
Acquisition of non-controlling interest	(224)	(4,574)
Interest received	1,013	1,183
<b>Net cash from/(used in) investing activities</b>	<u>6,013</u>	<u>(6,442)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of borrowings	7,262	3,526
Interest paid	(7,666)	(7,329)
Dividend paid	(3,400)	(5,440)
Dividend paid to MI	<u>(36)</u>	<u>(45)</u>
<b>Net cash used in financing activities</b>	<u>(3,840)</u>	<u>(9,288)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(15,666)</u>	<u>4,759</u>
<b>Cash and cash equivalents at the beginning of period</b>	38,730	33,969
<b>Net effect of exchange rate changes</b>	496	2
<b>Cash and cash equivalents at the end of period</b>	<u>23,560</u>	<u>38,730</u>
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances</b>	39,952	49,099
<b>Bank overdraft</b>	<u>(16,392)</u>	<u>(10,369)</u>
	<u>23,560</u>	<u>38,730</u>

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 31 DECEMBER 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	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	686	27	8,767	9,480	871	10,351
<b>Total comprehensive income for the period</b>	-	-	-	-	686	27	8,767	9,480	871	10,351
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 31 December 2013</b>	68,000	954	-	(40,725)	743	35	79,752	108,759	2,758	111,517

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	-	-	-	8,702	8,702	618	9,320
Other comprehensive income for the period	-	-	-	-	(79)	4	-	(75)	(76)	(151)
<b>Total comprehensive income for the period</b>	-	-	-	-	(79)	4	8,702	8,627	542	9,169
Acquisition of non controlling interest	-	-	-	-	-	-	(3,142)	(3,142)	(1,431)	(4,573)
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)	-	-	-	(8,500)	(8,582)	(1,476)	(10,058)
<b>Balance at 31 December 2012</b>	68,000	954	-	(40,725)	56	8	74,492	102,785	2,040	104,825

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 31 DECEMBER 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 31 DECEMBER 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 31 DECEMBER 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	31-Dec-13	31-Dec-12	To Date	Period
	RM'000	RM'000	RM'000	RM'000
Malaysia	109,185	107,892	470,468	482,309
Indonesia	22,533	15,398	73,410	66,209
Vietnam	28,463	21,084	105,678	84,786
Singapore	572	328	3,273	1,551
Total revenue including inter-segment sales	160,753	144,702	652,829	634,855
Elimination of inter-segment sales	(19,205)	(22,228)	(109,845)	(108,407)
Total revenue	141,548	122,474	542,984	526,448
<b>Segment Result</b>				
Malaysia	139	702	11,511	10,660
Indonesia	(264)	(63)	(1,324)	(1,035)
Vietnam	1,497	(111)	3,758	3,465
Singapore	(2)	(7)	3	(101)
Share of profit/(loss) of associates				
-Malaysia	-	(42)	(3)	(50)
-Indonesia	-	-	-	(77)
Profit before tax	1,370	479	13,945	12,862

## 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 2013****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

## A10. Capital commitments

There were no capital commitments at the end of the financial 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

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:

	<b>RM'000</b>
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	(2,178)
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	15,643
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	5,608
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	5,919
As At 31 December 2013	<u><u>152,194</u></u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2013****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.

	<b>Current Quarter 31-Dec-13 RM'000</b>	<b>Current Year To Date 31-Dec-13 RM'000</b>
Purchase of products*	706	2,119
Sales of products*	18	562
	<hr/>	<hr/>

\* 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 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 RM141.55 million for the current quarter under review, compared to RM122.47 million for the corresponding quarter in the preceding year, which represents an increase of 15.58%. The increase is mainly due to higher revenue generated by the foreign subsidiaries.

The Group recorded a higher profit before tax for the current quarter under review of RM1.37 million, representing an increase of RM0.89 million compared to the profit before tax for the corresponding quarter in the preceding year of RM0.48 million mainly due to higher revenue generated in the current quarter under review.

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

The Group recorded revenue of RM542.98 million for the current financial year-to-date, compared to RM526.45 million for the previous financial year-to-date, which represents an increase of 3.14%. The increase in revenue is mainly due to higher revenue generated by the 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 RM13.95 million, which represents an increase of RM1.09 million compared to the profit before tax of RM12.86 million in the previous corresponding period. The increase in profit before tax is mainly due to higher revenue generated 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 RM1.37 million as compared to the immediate preceding quarter of RM3.22 million mainly due to higher operating expenses in the current quarter compared with 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 forthcoming year.

**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 31 DECEMBER 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
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
Interest income	(469)	(228)	(1,044)	(1,183)
Gain on disposal of property, plant and equipment	-	-	(1,887)	(165)
Interest expense	2,065	1,845	7,667	7,329
Depreciation and amortization	850	815	3,287	2,899
Foreign exchange loss/(gain)-realised	(254)	(714)	2,311	2,156
Foreign exchange loss/(gain)-unrealised	49	874	(2,230)	479
Gain on derivatives-unrealised	-	-	-	(178)

## B6. Taxation

	Current Year Quarter	Current Year To Date
	31-Dec-13	31-Dec-13
	RM'000	RM'000
Current tax expense	197	3,550
Deferred tax expense	812	920
	<u>1,009</u>	<u>4,470</u>

The effective tax rate for the current quarter under review was higher than the statutory tax rate due to de-recognition of deferred tax assets in a subsidiary. 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.

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

(e) On 6 February 2014, the Company announced that its wholly-owned subsidiary, Samchem Sdn Bhd ("SSB") had on 6 February 2014 entered into a sale and purchase agreement with Yong Tai Berhad ("YTB") for the disposal of the 40% of the issued and paid-up share capital of Yong Tai Samchem Sdn Bhd ("YTSSB") comprising 800,000 ordinary shares of RM1.00 each at a total cash consideration of RM800,000. After the above disposal, YTSSB has ceased to be an associated company of SSB.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 2013 are as follows:-

<b>Secured</b>	<b>RM'000</b>
Long term borrowings:-	
Term loans	5,152
Hire purchase creditors	424
	<u>5,576</u>
Short term borrowings:-	
Bank overdrafts	16,392
Bankers acceptances	80,696
Trade loans	4,544
Term loans	23,201
Hire purchase creditors	659
	<u>125,492</u>
<b>Unsecured</b>	
Short term borrowings:-	
Term loans	3,320
Bankers acceptances	1,758
Trade loans	3,799
	<u>8,877</u>

Included in the above short term borrowings are trade loans and bankers acceptances of RM25.73 million in USD.

**B9. Financial Instruments**

There were no financial instruments at the end of the financial period.

**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.

**SAMCHEM HOLDINGS BERHAD**

(Company No: 797567 U)

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2013****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B11. Proposed Dividend**

The proposed 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.

For the financial year ended 31 December 2013, the Board of Directors is recommending a first and final dividend of 2.5 sen per share for the shareholders' approval at the forthcoming Annual General Meeting of the Company. The date of book closure for the dividend payment will be announced in due course.

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

The retained profits can be analysed as follows:-

	<b>As At 31-Dec-13 RM'000</b>	<b>As At 31-Dec-12 RM'000</b>
Realised profits	77,926	73,824
Unrealised Gains/(losses)	1,826	668
	<u>79,752</u>	<u>74,492</u>

**B13. Earnings per share**

	<b>Current Quarter 31-Dec-13 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Dec-12 RM'000</b>	<b>Current Year To Date 31-Dec-13 RM'000</b>	<b>Preceding Year Corresponding Period 31-Dec-12 RM'000</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	335	654	8,767	8,702
Weighted average number of ordinary shares in issue ('000)	136,000	136,000	136,000	136,000
Earnings per share-basic (sen)	<u>0.25</u>	<u>0.48</u>	<u>6.45</u>	<u>6.40</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.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2013**

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

By order of the Board,

Ng Thin Poh  
Chairman of the Board  
Date: 27 February 2014