



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 2014

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 2014**

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|--|
| | Current Quarter 30-Sep-14 RM'000 | Preceding Year Corresponding Quarter 30-Sep-13 RM'000 | Current Year To Date 30-Sep-14 RM'000 | Preceding Year Corresponding Period 30-Sep-13 RM'000 |
| Revenue | 154,282 | 136,792 | 473,033 | 401,435 |
| Operating expenses | (148,888) | (133,243) | (457,943) | (389,603) |
| Operating income | 949 | 1,610 | 3,621 | 6,348 |
| Operating profit | 6,343 | 5,159 | 18,711 | 18,180 |
| Finance cost | (2,442) | (1,939) | (6,750) | (5,602) |
| Shares of profit of associates | - | - | - | (3) |
| Profit before tax | 3,901 | 3,220 | 11,961 | 12,575 |
| Tax expense | (1,241) | (884) | (3,728) | (3,461) |
| Profit for the period | 2,660 | 2,336 | 8,233 | 9,114 |
| Other comprehensive income: | | | | |
| Currency translation differences | 130 | 286 | (398) | 621 |
| Changes in fair value of available-for-sale financial assets | - | 15 | (10) | 14 |
| Credit difference arising from acquisition of non-controlling interest | - | - | - | (107) |
| Other comprehensive income for the period, net of tax | 130 | 301 | (408) | 528 |
| Total comprehensive income for the period | 2,790 | 2,637 | 7,825 | 9,642 |
| Profit attributable to: | | | | |
| -Owners of the parent | 1,830 | 2,122 | 6,795 | 8,431 |
| -Non controlling interest | 830 | 214 | 1,438 | 683 |
| | 2,660 | 2,336 | 8,233 | 9,114 |
| Total comprehensive income attributable to: | | | | |
| -Owners of the parent | 1,936 | 2,356 | 6,578 | 8,859 |
| -Non controlling interest | 854 | 281 | 1,247 | 783 |
| | 2,790 | 2,637 | 7,825 | 9,642 |
| Earnings per share-basic (sen) | 1.35 | 1.56 | 5.00 | 6.20 |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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-Sep-14 RM'000 | Audited As At 31-Dec-13 RM'000 |
|--|---|---|
| ASSETS | | |
| Non Current Assets | | |
| Property, plant and equipment | 32,257 | 32,473 |
| Investment properties | 1,929 | 2,147 |
| Prepaid land lease payments | 877 | 867 |
| Intangible assets | 548 | 548 |
| Investment in associates | - | 832 |
| Quoted investments | 61 | 70 |
| Unquoted investments | - | 805 |
| Deferred tax assets | 341 | 349 |
| | <u>36,013</u> | <u>38,091</u> |
| Current Assets | | |
| Inventories | 103,593 | 84,598 |
| Trade and other receivables | 168,648 | 131,718 |
| Tax recoverables | 65 | 3,880 |
| Cash and bank balances | 51,300 | 40,959 |
| | <u>323,606</u> | <u>261,155</u> |
| | <u>359,619</u> | <u>299,246</u> |
| Total Assets | | |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 68,000 | 68,000 |
| Share premium | 954 | 954 |
| Reserves | 42,806 | 39,628 |
| Total shareholders' equity | 111,760 | 108,582 |
| Non controlling interest | 3,944 | 2,709 |
| Total Equity | <u>115,704</u> | <u>111,291</u> |
| Non Current Liabilities | | |
| Borrowings | 5,183 | 5,473 |
| Retirement benefits obligations | 233 | 236 |
| Deferred tax liabilities | 108 | 720 |
| | <u>5,524</u> | <u>6,429</u> |
| Current Liabilities | | |
| Trade and other payables | 53,008 | 45,670 |
| Borrowings | 185,253 | 135,427 |
| Taxation | 130 | 429 |
| | <u>238,391</u> | <u>181,526</u> |
| | <u>243,915</u> | <u>187,955</u> |
| Total Liabilities | <u>243,915</u> | <u>187,955</u> |
| Total Equity and Liabilities | <u>359,619</u> | <u>299,246</u> |
| Net assets per ordinary share attributable to ordinary equity holders of the parent (RM) | <u>0.82</u> | <u>0.80</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 2013 and the accompanying explanatory notes attached to the interim financial report.

SAMCHEM HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014

| | Current Year to Date 30-Sep-14 RM'000 (Unaudited) | Preceding year Corresponding Period 30-Sep-13 RM'000 (Unaudited) |
|---|--|---|
| Cash Flows from operating activities | | |
| Profit before taxation | 11,961 | 12,575 |
| Adjustment for: | | |
| Depreciation and amortisation | 2,156 | 2,437 |
| Share of loss in associate | - | 3 |
| Unrealised loss/(gain) on foreign exchange | 782 | (2,279) |
| Provision for doubtful debts | - | 49 |
| Fair value (gain)/loss on derivative financial instruments | - | (102) |
| Loss on disposal of associate | 32 | - |
| PPE and investment property written off | 204 | - |
| Income from matured insurance policy | (142) | - |
| Gain on disposal of PPE and Investment property | (138) | (1,887) |
| Interest income | (724) | (575) |
| Interest expenses | 6,749 | 5,602 |
| Operating profit before working capital changes | <u>20,880</u> | <u>15,823</u> |
| Changes in working capital: | | |
| Receivable | (36,510) | (25,668) |
| Inventories | (19,120) | (31,746) |
| Payables | 8,755 | 17,138 |
| Cash used in operations | <u>(25,995)</u> | <u>(24,453)</u> |
| Income taxes paid | (3,407) | (3,865) |
| Net cash used in operating activities | <u>(29,402)</u> | <u>(28,318)</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,228) | (236) |
| Proceeds from disposal of PPE and investment property | 475 | 6,357 |
| Proceeds from matured insurance policy | 947 | - |
| Proceeds from disposal of associate | 800 | - |
| Acquisition of non-controlling interest | - | (224) |
| Interest received | 724 | 546 |
| Net cash from investing activities | <u>718</u> | <u>6,443</u> |
| Cash flows from financing activities | | |
| Net drawdown/(repayment) of borrowings | 44,167 | 24,589 |
| Dividend paid | (3,400) | (3,400) |
| Dividend paid to non-controlling interest | (12) | (36) |
| Interest paid | (6,750) | (5,602) |
| Net cash from financing activities | <u>34,005</u> | <u>15,551</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>5,321</u> | <u>(6,324)</u> |
| Cash and cash equivalents at the beginning of period | <u>23,623</u> | <u>38,730</u> |
| Net effect of exchange rate changes | <u>(359)</u> | <u>328</u> |
| Cash and cash equivalents at the end of period | <u>28,585</u> | <u>32,734</u> |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 51,300 | 50,576 |
| Bank overdraft | <u>(22,715)</u> | <u>(17,842)</u> |
| | <u>28,585</u> | <u>32,734</u> |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014**

| | ← 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 2014 | 68,000 | 954 | - | (40,726) | 593 | 36 | 79,725 | 108,582 | 2,709 | 111,291 |
| Profit for the period | - | - | - | - | - | - | 6,795 | 6,795 | 1,438 | 8,233 |
| Other comprehensive income for the period | - | - | - | - | (207) | (10) | - | (217) | (191) | (408) |
| Total comprehensive income for the period | - | - | - | - | (207) | (10) | 6,795 | 6,578 | 1,247 | 7,825 |
| Dividend paid to non controlling interest | - | - | - | - | - | - | - | - | (12) | (12) |
| Dividend paid | - | - | - | - | - | - | (3,400) | (3,400) | - | (3,400) |
| Total changes in equity for the period | - | - | - | - | - | - | (3,400) | (3,400) | (12) | (3,412) |
| Balance at 30 September 2014 | 68,000 | 954 | - | (40,726) | 386 | 26 | 83,120 | 111,760 | 3,944 | 115,704 |

**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 | | | |
| Balance at 1 January 2013 | 68,000 | 954 | - | (40,726) | 57 | 9 | 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 |
| Total comprehensive income for the period | - | - | - | - | 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) |
| Total changes in equity for the period | - | - | - | - | - | - | (3,507) | (3,507) | (153) | (3,660) |
| Balance at 30 September 2013 | 68,000 | 954 | - | (40,726) | 577 | 23 | 79,416 | 108,244 | 2,670 | 110,914 |

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 2013 and the accompanying explanatory notes attached to the interim financial report.

SAMCHEM HOLDINGS BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014

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 2013 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 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2. Significant Accounting Policies

At the date of authorization of these interim financial statements, the following MFRS, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014:

- Amendments to MFRS 19, Employee Benefits-Defined Benefit Plans: Employee Contributions
- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- MFRS 9, Financial Instruments-Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
- Amendments to MFRS 7, Financial Instruments:Disclosures-Mandatory Effective Date of MFRS 9 and Transition Disclosures

A3. Auditors' report

There was no qualification on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2013.

A4. 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 2014

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

A5. Items of unusual nature and amount

In August 2014, an investment property of a subsidiary was damaged by a fire outbreak and the amount of the building written off was RM200,000. The Group has filed claim for the losses incurred. The insurance claim receivable is yet to be determined.

A6. 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.

A7. 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.

A8. Dividends paid

A first and final single tier dividend of 2.5 sen per share in respect of the financial year ended 31 December 2013 has been approved at the Annual General Meeting of the Company on 22 May 2014 and paid on 11 July 2014.

A9. 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 2014**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A9. Segmental information (Cont'd)

| Analysed by geographical segments: | Preceding Year | | Current Year | Preceding Year |
|---|-----------------|-----------------------|--------------|----------------|
| | Current Quarter | Corresponding Quarter | | |
| Segment Revenue | 30-Sep-14 | 30-Sep-13 | To Date | Period |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 132,688 | 115,736 | 403,987 | 361,285 |
| Indonesia | 19,077 | 18,917 | 64,366 | 50,874 |
| Vietnam | 42,066 | 28,993 | 113,109 | 77,215 |
| Singapore | 196 | 1,099 | 1,069 | 2,701 |
| Total revenue including inter-segment sales | 194,027 | 164,745 | 582,531 | 492,075 |
| Elimination of inter-segment sales | (39,745) | (27,953) | (109,498) | (90,640) |
| Total revenue | 154,282 | 136,792 | 473,033 | 401,435 |
| Segment Result | | | | |
| Malaysia | 2,092 | 3,040 | 7,791 | 11,374 |
| Indonesia | (464) | (758) | (521) | (1,061) |
| Vietnam | 2,293 | 928 | 4,708 | 2,261 |
| Singapore | (20) | 10 | (17) | 4 |
| Share of profit/(loss) of associates | | | | |
| -Malaysia | - | - | - | (3) |
| Profit before tax | 3,901 | 3,220 | 11,961 | 12,575 |

A10. 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.

A11. Capital commitments

There were no capital commitments at the end of the financial period.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A12. 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.

A13. Changes in the composition of the Group

On 26 February 2014, Sam Chem Sphere Company Limited ("SCSCL"), a 80% owned-subsiary of Samchemsphere Export Sdn Bhd ("SESB"), a 70% owned-subsiary of the Company, incorporated a 100% owned-subsiary ie Sann Sphere (Cambodia) Co. Ltd for a cash consideration of 40,000,000 Riel (equivalent to approximately RM32,800).

A14. 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 2013 except for the following:

| | RM'000 |
|---|-----------------------|
| As At 31 December 2013: | 152,195 |
| Changes during the period: | |
| Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries | 14,400 |
| Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries | (7,443) |
| Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries | (1,824) |
| Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary | (5,441) |
| As At 30 Sep 2014 | <u><u>151,887</u></u> |

SAMCHEM HOLDINGS BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A15. 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-14 RM'000 | Current Year To Date 30-Sep-14 RM'000 |
|-----------------------|---|--|
| Purchase of products* | 986 | 2,755 |
| Sales of products* | 544 | 1,166 |

* 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 2014

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

B1. Performance review

(i) Current Quarter

The Group recorded revenue of RM154.28 million for the current quarter under review, compared to RM136.79 million for the corresponding quarter in the preceding year, which represents an increase of 12.78%. The increase is mainly due to higher revenue generated by the subsidiary in Vietnam.

The Group recorded a higher profit before tax for the current quarter under review of RM3.90 million, representing an increase of RM0.68 million compared to the profit before tax for the corresponding quarter in the preceding year of RM3.22 million. The higher profit before tax is due to higher revenue and profit margin in the current quarter under review.

(ii) Year-to-date

The Group recorded revenue of RM473.03.75 million for the current financial year-to-date, compared to RM401.43 million for the previous financial year-to-date, which represents an increase of 17.84%. The increase in revenue is mainly due to higher revenue generated by the local subsidiaries as well as foreign subsidiaries 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 RM11.96 million, which represents a decrease of RM0.61 million compared to the profit before tax of RM12.57 million in the previous corresponding period. The higher profit before tax in the previous corresponding period is mainly due to gain on disposal of land of RM1.87 million.

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

The Group recorded a higher profit before tax for the current quarter under review of RM3.90 million as compared to the immediate preceding quarter of RM2.80 million mainly due to higher profit margin in the current quarter under review.

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 2014.

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 2014**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 | Preceding Year | Current | Preceding Year |
| | Quarter | Corresponding | Year | Corresponding |
| | 30-Sep-14 | Quarter | To Date | Period |
| | RM'000 | 30-Sep-13 | 30-Sep-14 | 30-Sep-13 |
| | | RM'000 | RM'000 | RM'000 |
| Interest income | (259) | (190) | (724) | (575) |
| Gain on disposal of property, plant and equipment | - | (1) | (138) | (1,887) |
| PPE and IP written off | 204 | - | 204 | - |
| Interest expense | 2,441 | 1,938 | 6,749 | 5,602 |
| Depreciation and amortization | 706 | 829 | 2,156 | 2,437 |
| Foreign exchange loss/(gain)-realised | (548) | 2,193 | (1,226) | 2,565 |
| Foreign exchange loss/(gain)-unrealised | (708) | (1,536) | 782 | (2,279) |
| Loss/(gain) on derivatives-unrealised | - | (19) | - | (102) |

B6. Taxation

| | Current Year Quarter | Current Year To Date |
|----------------------|----------------------|----------------------|
| | 30-Sep-14 | 30-Sep-14 |
| | RM'000 | RM'000 |
| Current tax expense | 1,636 | 4,417 |
| Deferred tax expense | (395) | (689) |
| | <u>1,241</u> | <u>3,728</u> |

The effective tax rate for the current quarter under review was higher than the statutory tax rate due to certain non deductible expenses.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B7. Status of corporate proposal**

(a) 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.

(b) On 26 February 2014, the Company announced that Sam Chem Sphere Company Limited ("SCSCL"), a 80% owned-subsiary of Samchemsphere Export Sdn Bhd ("SESB"), a 70% owned-subsiary of the Company, had incorporated a 100% owned-subsiary ie Samm Sphere (Cambodia) Co. Ltd for a cash consideration of 40,000,000 Riel (equivalent to approximately RM32,800).

B8. Group borrowings and debt securities

The Group's borrowings as 30 September 2014 are as follows:-

| Secured | RM'000 |
|--------------------------|----------------|
| Long term borrowings:- | |
| Term loans | 4,472 |
| Hire purchase creditors | 711 |
| | <u>5,183</u> |
| Short term borrowings:- | |
| Bank overdrafts | 22,139 |
| Bankers acceptances | 90,602 |
| Trade loans | 26,884 |
| Term loans | 2,789 |
| Hire purchase creditors | 1,069 |
| | <u>143,483</u> |
| Unsecured | |
| Short term borrowings:- | |
| OD | 576 |
| Revolving Credit | 18,020 |
| Bankers acceptances | 11,474 |
| Trade loans | 11,700 |
| | <u>41,770</u> |
| Total Borrowings: | <u>190,436</u> |

Included in the above borrowings are term loans and trade loans of RM56.10 million in USD.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

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.

B11. Proposed Dividend

For the financial year ended 31 December 2013, 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 2014 and paid on 11 July 2014.

B12. Breakdown of Realised and Unrealised Profits and Losses

The retained profits can be analysed as follows:-

| | As At 30-Sep-14 RM'000 | As At 30-Sep-13 RM'000 |
|---------------------------|---------------------------------------|---------------------------------------|
| Realised profits | 83,669 | 78,773 |
| Unrealised Gains/(losses) | (549) | 643 |
| | <u>83,120</u> | <u>79,416</u> |

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 2014**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B13. Earnings per share

| | Current Quarter 30-Sep-14 RM'000 | Preceding Year Corresponding Quarter 30-Sep-13 RM'000 | Current Year To Date 30-Sep-14 RM'000 | Preceding Year Corresponding Period 30-Sep-13 RM'000 |
|---|---|---|---|--|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 1,830 | 2,122 | 6,795 | 8,431 |
| Weighted average number of ordinary shares in issue ('000) | 136,000 | 136,000 | 136,000 | 136,000 |
| Earnings per share-basic (sen) | <u>1.35</u> | <u>1.56</u> | <u>5.00</u> | <u>6.20</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 November 2014