



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 2016

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 2016**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31-Dec-16 RM'000	Preceding Year Corresponding Quarter 31-Dec-15 RM'000	Current Year To Date 31-Dec-16 RM'000	Preceding Year Corresponding Period 31-Dec-15 RM'000
Revenue	212,850	153,432	696,565	600,004
Operating expenses	(200,199)	(156,239)	(667,016)	(590,953)
Operating income	<u>(3,166)</u>	<u>3,210</u>	<u>3,112</u>	<u>6,664</u>
Operating profit	9,485	403	32,661	15,715
Finance cost	(1,160)	(1,189)	(4,747)	(4,579)
Profit before tax	8,325	(786)	27,914	11,136
Tax expense	<u>(3,644)</u>	<u>(2,413)</u>	<u>(9,081)</u>	<u>(5,848)</u>
Profit for the period	<u><u>4,681</u></u>	<u><u>(3,199)</u></u>	<u><u>18,833</u></u>	<u><u>5,288</u></u>
Other comprehensive income:				
Currency translation differences	2,621	(628)	1,897	3,246
Changes in fair value of available-for-sale financial assets	-	(3)	-	(3)
Other comprehensive income for the period, net of tax	<u>2,621</u>	<u>(631)</u>	<u>1,897</u>	<u>3,243</u>
Total comprehensive income for the period	<u><u>7,302</u></u>	<u><u>(3,830)</u></u>	<u><u>20,730</u></u>	<u><u>8,531</u></u>
Profit attributable to:				
-Owners of the parent	3,459	(3,739)	14,938	4,034
-Non controlling interest	<u>1,222</u>	<u>540</u>	<u>3,895</u>	<u>1,254</u>
	<u>4,681</u>	<u>(3,199)</u>	<u>18,833</u>	<u>5,288</u>
Total comprehensive income attributable to:				
-Owners of the parent	5,115	(4,110)	16,293	6,083
-Non controlling interest	<u>2,187</u>	<u>430</u>	<u>4,437</u>	<u>2,448</u>
	<u>7,302</u>	<u>(3,830)</u>	<u>20,730</u>	<u>8,531</u>
Earnings per share-basic (sen)	<u>2.54</u>	<u>(2.75)</u>	<u>10.98</u>	<u>2.97</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 2015 and the accompanying explanatory notes attached to the interim financial report.

SAMCHEM HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31-Dec-2016 RM'000	Audited As At 31-Dec-2015 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	34,603	30,846
Investment properties	2,648	2,571
Prepaid land lease payments	1,060	1,042
Quoted investments	48	47
Deferred tax assets	1,363	917
	<u>39,722</u>	<u>35,423</u>
Current Assets		
Inventories	88,612	72,984
Trade and other receivables	167,415	119,487
Tax recoverables	6,086	5,529
Cash and bank balances	53,756	40,939
	<u>315,869</u>	<u>238,939</u>
Total Assets	<u>355,591</u>	<u>274,362</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,000	68,000
Share premium	954	954
Reserves	50,680	42,566
Total shareholders' equity	<u>119,634</u>	<u>111,520</u>
Non controlling interest	10,933	6,945
Total Equity	<u>130,567</u>	<u>118,465</u>
Non Current Liabilities		
Borrowings	3,309	3,233
Retirement benefits obligations	540	359
Deferred tax liabilities	307	1,052
	<u>4,156</u>	<u>4,644</u>
Current Liabilities		
Trade and other payables	88,634	46,715
Borrowings	130,226	104,333
Taxation	2,008	205
	<u>220,868</u>	<u>151,253</u>
	<u>220,868</u>	<u>151,253</u>
Total Liabilities	<u>225,024</u>	<u>155,897</u>
Total Equity and Liabilities	<u>355,591</u>	<u>274,362</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.88</u>	<u>0.82</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2015 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 2016

	Current Year to Date 31-Dec-16 RM'000 (Unaudited)	Preceding year Corresponding Period 31-Dec-15 RM'000 (Unaudited)
Cash Flows from operating activities		
Profit before taxation	27,914	11,136
Adjustment for:		
Depreciation and amortisation	2,922	2,677
Derivative gain	(2)	(7)
Unrealised loss on foreign exchange	2,238	(3,482)
Provision for doubtful debts	54	2,618
Impairment loss on goodwill	-	548
Retirement benefit obligations	-	117
Gain on disposal of PPE and Investment property	(283)	(545)
Provision for slow moving stocks	(344)	446
Interest income	(1,155)	(883)
Interest expenses	4,747	4,579
Operating profit before working capital changes	36,091	17,204
Changes in working capital:		
Receivable	(50,218)	27,284
Inventories	(15,284)	1,060
Payables	40,057	10,924
Cash from operations	10,646	56,472
Income taxes paid	(8,654)	(3,074)
Net cash from operating activities	1,992	53,398
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,583)	(2,447)
Proceeds from disposal of PPE and investment property	372	2,313
Acquisition of non-controlling interest	(400)	(275)
Interest received	1,155	883
Net cash (used in)/ from investing activities	(3,456)	474
Cash flows from financing activities		
Net drawdown/ (repayment) of borrowings	17,761	(34,852)
Dividend paid	(8,060)	(6,120)
Dividend paid to non-controlling interest	(168)	(21)
Uplift of fixed deposit pledged to financial institution	-	14,454
Interest paid	(4,747)	(4,579)
Net cash from/ (used in) financing activities	4,786	(31,118)
Net increase in cash and cash equivalents	3,322	22,754
Cash and cash equivalents at the beginning of period	40,071	17,969
Net effect of exchange rate changes	1,287	(652)
Cash and cash equivalents at the end of period	44,680	40,071
Cash and cash equivalents comprise:		
Cash and bank balances	53,756	40,939
Bank overdraft	(8,677)	(469)
Fixed deposit pledged	(399)	(399)
	44,680	40,071

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 2016**

	← Attributable to owners of the parent →						Total Shareholders' Equity	Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Balance at 1 January 2016	68,000	954	(40,726)	3,209	13	80,070	111,520	6,945	118,465
Profit for the period	-	-	-	-	-	14,938	14,938	3,895	18,833
Other comprehensive income for the period	-	-	-	1,355	-	-	1,355	542	1,897
Total comprehensive income for the period	-	-	-	1,355	-	14,938	16,293	4,437	20,730
Acquisition of non-controlling interest	-	-	-	-	-	(119)	(119)	(281)	(400)
Dividend paid to non controlling interest	-	-	-	-	-	-	-	(168)	(168)
Dividend paid	-	-	-	-	-	(8,060)	(8,060)	-	(8,060)
Total changes in equity for the period	-	-	-	-	-	(8,179)	(8,179)	(449)	(8,628)
Balance at 31 December 2016	68,000	954	(40,726)	4,564	13	86,829	119,634	10,933	130,567

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015**

	← Attributable to owners of the parent →						Total Shareholders' Equity	Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Balance at 1 January 2015	68,000	954	(40,726)	1,091	16	82,306	111,642	4,308	115,950
Profit for the period	-	-	-	-	-	4,034	4,034	1,254	5,288
Other comprehensive income for the period	-	-	-	2,053	(3)	-	2,049	1,194	3,243
Total comprehensive income for the period	-	-	-	2,053	(3)	4,034	6,083	2,448	8,531
Acquisition of subsidiaries	-	-	-	-	-	-	-	400	400
Diluted interest in a subsidiary	-	-	-	65	-	(150)	(85)	(190)	(275)
Dividend paid to non controlling interest	-	-	-	-	-	-	-	(21)	(21)
Dividend paid	-	-	-	-	-	(6,120)	(6,120)	-	(6,120)
Total changes in equity for the period	-	-	-	65	-	(6,270)	(6,205)	189	(6,016)
Balance at 31 December 2015	68,000	954	(40,726)	3,209	13	80,070	111,520	6,945	118,465

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 2015 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 2016

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

A1. Accounting Policies and Basis of Preparation

The condensed financial statement are unaudited and have been prepared in accordance with IAS 34, 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 2015 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 2015. 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 2015.

A2. Significant Accounting Policies

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statement as compared with the consolidated financial statements for 31 December 2015. 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:-

1) MFRSs, Interpretations and amendments effective for 1 January 2016

- MFRS 5, Non-Current Asset Held for Sale and Discontinued Operations
- MFRS 7, Financial Instruments Disclosures
- MFRS 11, Joint Operations
- MFRS 12, Disclosure of Interest in Other Entities
- MFRS 101, Presentation of Financial Statements
- MFRS 116, Property, Plant and Equipment
- MFRS 119, Employee Benefits
- MFRS 127, Equity Method in Separate Financial Statements
- MFRS 138, Intangible Assets
- MFRS 141, Agriculture
- MFRS 10 and MFRS 128, Sale or Contribution of Assets between an investor and its Associate or Joint Venture

2) MFRSs, Interpretations and amendments effective for 1 January 2017

- MFRS 15, Revenue from Contracts with Customers

3) MFRSs, Interpretations and amendments effective for 1 January 2018

- MFRS 9, Financial Instruments (IFRS issued by IASB in July 2014)

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016

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

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 2015.

A4. Seasonal or cyclical factors

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

A5. 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.

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

On 18 May 2016, the Company paid a final single tier dividend of 1.5 sen per share in respect of financial year ended 31 December 2015 amounting to RM2.04 million.

On 20 July 2016, the Company paid a first interim dividend of 1.5 sen per share in respect of the financial year ended 31 December 2016 amounting to RM2.04 million.

On 10 October 2016, the Company paid a second interim dividend of 1.5 sen per share in respect of the financial year ended 31 December 2016 amounting to RM2.04 million.

On 16 December 2016, the Company paid a third interim dividend of 1.5 sen per share in respect of the financial year ended 31 December 2016 amounting to RM2.04 million.

A9. Segmental information

Business Segments

The Group's operations involve primarily the distribution of industrial chemicals as well as the blending of customized solvents. In 2015, the Company acquired subsidiaries in Malaysia whose business operations involve the distribution, service and solution of Audio Video and IT industry.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A9. Segmental information (Cont'd)

Geographical Segments

The Group's chemical distribution and blending activities are segmented based on the geographical location of its main operating segments. The operating segments are located in Malaysia, Indonesia, Vietnam and Singapore. Segment revenue is based on the management reports of the operating segments.

Chemical Distribution And Blending Operations:**Analysed by geographical segments:**

Segment Revenue	Current Quarter 31-Dec-16 RM'000	Preceding Year Corresponding Quarter 31-Dec-15 RM'000	Current Year To Date 31-Dec-16 RM'000	Preceding Year Corresponding Period 31-Dec-15 RM'000
Malaysia	115,920	84,043	365,017	315,759
Indonesia	30,475	17,404	97,139	82,804
Vietnam	61,588	49,007	220,425	197,852
Singapore	1,161	165	3,303	776
Total segment revenue	209,144	150,619	685,884	597,191

Segment Result

Malaysia	4,592	360	14,716	10,758
Indonesia	1,047	(2,645)	3,883	(2,623)
Vietnam	3,124	1,541	10,492	3,257
Singapore	(248)	(194)	(729)	(408)
Profit before tax	8,515	(938)	28,362	10,984

Audio Video And ICT Distribution Operations:**Analysed by geographical segments:**

Segment Revenue	Current Quarter 31-Dec-16 RM'000	Preceding Year Corresponding Quarter 31-Dec-15 RM'000	Current Year To Date 31-Dec-16 RM'000	Preceding Year Corresponding Period 31-Dec-15 RM'000
Malaysia	3,706	2,813	10,681	2,813
Profit before tax	(190)	152	(448)	152
Total Revenue	212,850	153,432	696,565	600,004
Total profit before tax	8,325	(786)	27,914	11,136

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016

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

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.

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 1 June 2016, the Company acquired 60% equity interest, representing 60 ordinary shares of RM1.00 each in Samsentosa Chemicals Sdn Bhd ("Samsentosa Chemicals"). The principal activity of Samsentosa Chemicals is distribution of industrial chemicals. The acquisition will not have a material effect on the earnings per share and net assets per share of the Company for the financial year ending 31 December 2016.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****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 2015 except for the following:

	RM'000
As At 31 December 2015:	109,172
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	23,637
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	-
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	27,905
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	4,143
As At 31 December 2016	<u><u>164,857</u></u>

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 31-Dec-16 RM'000	Current Year To Date 31-Dec-16 RM'000
Purchase of products*	<u>241</u>	<u>919</u>

* 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 2016

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

B1. Performance review

(i) Current Quarter

The Group recorded a higher revenue of RM212.85 million for the current quarter under review, compared to RM153.43 million for the corresponding quarter in the preceding year, which represents an increase of 38.73%. The increase is due to the market positioning of the Group in the region as it continues to strengthen its competitive capabilities.

The Group recorded a higher profit before tax for the current quarter under review of RM8.33 million, representing an increase of RM9.12 million compared to the loss before tax for the corresponding quarter in the preceding year of RM0.79 million. The increase is mainly due to higher sales and higher profit margin.

(ii) Year-to-date

The Group recorded revenue of RM696.56 million for the current financial year-to-date, compared to RM600.00 million for the preceding year, which represents an increase of 16.09%. The increase is due to the market positioning of the Group in the region.

The Group recorded a higher profit before tax for the current financial year-to-date of RM27.91 million, an increase of RM16.77 million or 150.54% compared to the preceding year of RM11.14 million. This increase is mainly due to higher sales and higher profit margin.

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

The Group recorded a profit before tax of RM8.33 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM6.32 million. This increase in profit is mainly due to higher sales and higher 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 forthcoming year ending 31 December 2017.

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 2016**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):

	Preceding Year		Cumulative Quarter	
	Current Quarter 31-Dec-16 RM'000	Corresponding Quarter 31-Dec-15 RM'000	Current Year To Date 31-Dec-16 RM'000	Preceding Year Corresponding Period 31-Dec-15 RM'000
Interest income	(379)	(424)	(1,155)	(883)
(Gain)/Loss on disposal of property, plant and equipment	(243)	30	(283)	(545)
Interest expense	1,160	1,138	4,747	4,579
Depreciation and amortization	667	832	2,922	2,677
Foreign exchange (gain)/ loss-realised	4,357	4,186	454	12,467
Foreign exchange (gain)/loss-unrealised	(1,937)	(4,060)	2,238	(3,482)
(Gain)/ Loss on derivatives-unrealised	(33)	319	(2)	(7)
Provision for doubtful debts	54	2,605	54	2,618
Provision for slow moving stocks	(344)	446	(344)	446

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B6. Taxation

	Current Year Quarter 31-Dec-16 RM'000	Current Year To Date 31-Dec-16 RM'000
Current tax expense	2,679	10,073
Deferred tax expense	965	(992)
	<u>3,644</u>	<u>9,081</u>

The effective tax rate for the current quarter under review and financial year-to-date was higher than the statutory tax rate due to operating losses suffered by certain subsidiaries from which the tax savings were not claimed.

B7. Status of corporate proposal

On 24 May 2016, the Company announced that its dormant wholly-owned subsidiary, SAMCHEM ENVIRO CYCLE SDN BHD, has been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. The winding-up of Samchem Enviro Cycle Sdn Bhd will not have any material effect on the net earnings and net assets of Samchem Group for the financial year ended 31 December 2016 as it is a non-operating subsidiary for the financial year concerned.

On 1 June 2016, the Company announced that its has completed the acquisition of the equity interest of 60%, representing 60 ordinary shares of RM1.00 each in SAMSENTOSA CHEMICALS SDN BHD ("SAMSENTOSA CHEMICALS") by way of transfer of one (1) share from Dato' Ng Lian Poh for a total purchase consideration of RM1.00 and allotment of fifty nine (59) shares satisfied by cash.

On 29 December 2016, the Company announced that it has acquired the remaining of the equity interest of 40%, representing 200,000 ordinary shares of RM1.00 each in SAMPRO DISTRIBUTION SDN BHD ("SAMPRO DISTRIBUTION") from Mr Tong Mun Yee for a total purchase consideration of RM200,000 and satisfied by cash, resulting in the Company holding 100% of the total issued and paid-up share capital in SAMPRO DISTRIBUTION.

On 29 December 2016, the Company announced that it has acquired the remaining of the equity interest of 40%, representing 100,000 ordinary shares of RM1.00 each in MY ONLINE AV SDN BHD ("MY ONLINE AV") from Mr Tong Mun Yee for a total purchase consideration of RM100,000 and satisfied by cash, resulting in the Company holding 100% of the total issued and paid-up share capital in MY ONLINE AV.

On 29 December 2016, the Company announced that it has acquired the remaining of the equity interest of 40%, representing 100,000 ordinary shares of RM1.00 each in SAMSERV SERVICES SDN BHD ("SAMSERV SERVICES") from Mr Tong Mun Yee for a total purchase consideration of RM100,000 and satisfied by cash, resulting in the Company holding 100% of the total issued and paid-up share capital in SAMSERV SERVICES.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B8. Group borrowings and debt securities**

The Group's borrowings as at 31 December 2016 are as follows:-

Secured	RM'000
Long term borrowings:-	
Term loans	1,102
Hire purchase creditors	2,206
	<u>3,308</u>
Short term borrowings:-	
Term loans	606
Bank overdrafts	8,677
Bankers acceptances	26,939
Trade loans	1,709
Hire purchase creditors	1,493
	<u>39,424</u>
Unsecured	
Short term borrowings:-	
Term loans	52,978
Bankers acceptances	37,825
	<u>90,803</u>
Total Borrowings:	<u><u>133,535</u></u>

Included in the above borrowings are term loans and trade loans of RM56.40 million in USD.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016**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 and sales.

The details of the open foreign exchange forward contracts are as follows:

	Amount in original currency USD'000	Average Contract Rate	Contract Value RM'000	Fair Value favourable RM'000
Less than 1 year	359	4.4791	1,608	9

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

(a) The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit and counterparty risks are minimal. There are no transaction costs at the inception of these contracts. The Group is exposed to minimal cash flow risk in view of its healthy cash position.

(b) There are no gain/(loss) arising from fair value changes in financial liabilities in the current quarter under review and financial year-to-date.

B10. Material Litigation

On 15 April 2016, the Company announced that the litigation in the High Court of Malaya at Kuala Lumpur (Commercial Division) has been struck out with no liberty to file afresh and with no order as to cost; and The Anton Pillar Order has been discharged with no order as to costs.

SAMCHEM HOLDINGS BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B11. Proposed Dividend

The proposed dividend of 1.5 sen per share in respect of the financial year ended 31 December 2015 has been approved at the Annual General Meeting of the Company on 29 April 2016 and paid on 18 May 2016.

For the financial year ended 31 December 2016, the Board of Directors have declared a first interim single-tier dividend of 1.5 sen per share. The dividend has been paid on 20 July 2016 to shareholders whose names appear in the Company's Record of Depositors on 30 June 2016.

For the second quarter, the Directors have declared a second interim dividend of 1.5 sen per share in respect of the financial year ending 31 December 2016. The dividend has been paid on 10 October 2016 to shareholders whose names appear in the Company's Record of Depositors on 19 September 2016.

For the third quarter, the Directors have declared a third interim dividend of 1.5 sen per share in respect of the financial year ending 31 December 2016. The dividend will be paid on 16 December 2016 to shareholders whose names appear in the Company's Record of Depositors on 29 November 2016.

For the financial year ended 31 December 2016, the Board of Directors has recommended a final single-tier dividend of 2.00 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:-

	As At 31-Dec-16 RM'000	As At 31-Dec-15 RM'000
Realised profits	88,009	76,716
Unrealised Gains/(losses)	(1,180)	3,354
	<u>86,829</u>	<u>80,070</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B13. Earnings per share

	Current Quarter 31-Dec-16 RM'000	Preceding Year Corresponding Quarter 31-Dec-15 RM'000	Current Year To Date 31-Dec-16 RM'000	Preceding Year Corresponding Period 31-Dec-15 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	3,459	(3,739)	14,938	4,034
Weighted average number of ordinary shares in issue ('000)	136,000	136,000	136,000	136,000
Earnings per share-basic (sen)	<u>2.54</u>	<u>(2.75)</u>	<u>10.98</u>	<u>2.97</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,

Dato' Ng Lian Poh
Group Chief Executive Officer
Date: 23 February 2017