



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 2017

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 2017**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30-Sep-17 RM'000	Preceding Year Corresponding Quarter 30-Sep-16 RM'000	Current Year To Date 30-Sep-17 RM'000	Preceding Year Corresponding Period 30-Sep-16 RM'000
Revenue	242,615	171,262	676,176	483,715
Operating expenses	(235,047)	(164,208)	(656,100)	(466,816)
Operating income	4,196	352	9,568	6,278
Operating profit	11,764	7,406	29,644	23,177
Finance cost	(1,519)	(1,085)	(4,848)	(3,587)
Profit before tax	10,245	6,321	24,796	19,590
Tax expense	(3,045)	(2,093)	(7,112)	(5,437)
Profit for the period	7,200	4,228	17,684	14,153
Other comprehensive income:				
Currency translation differences	(524)	796	(1,498)	(724)
Other comprehensive income for the period, net of tax	(524)	796	(1,498)	(724)
Total comprehensive income for the period	6,676	5,024	16,186	13,429
Profit attributable to:				
-Owners of the parent	6,313	3,262	14,697	11,480
-Non controlling interest	887	966	2,987	2,673
	7,200	4,228	17,684	14,153
Total comprehensive income attributable to:				
-Owners of the parent	5,984	3,777	13,891	11,179
-Non controlling interest	692	1,247	2,295	2,250
	6,676	5,024	16,186	13,429
Earnings per share (sen)				
- Basic	2.83	2.40	6.60	8.44
- Diluted	2.83	1.46	6.60	5.15

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 30-Sep-2017 RM'000	Audited As At 31-Dec-2016 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	34,303	36,522
Investment properties	916	844
Prepaid land lease payments	1,005	1,060
Quoted investments	40	40
Deferred tax assets	923	1,165
	<u>37,187</u>	<u>39,631</u>
Current Assets		
Inventories	113,338	88,612
Trade and other receivables	196,323	160,512
Tax recoverables	6,482	5,933
Cash and bank balances	48,406	53,791
	<u>364,549</u>	<u>308,848</u>
Non-current asset held for sale	738	-
Total Assets	<u><u>402,474</u></u>	<u><u>348,479</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	136,000	68,000
Share premium	954	954
Retained profits	31,103	86,853
Reverse acquisition reserve	(40,725)	(40,725)
Others reserves	3,623	4,429
Total shareholders' equity	<u>130,955</u>	<u>119,511</u>
Non controlling interest	9,083	11,069
Total Equity	<u><u>140,038</u></u>	<u><u>130,580</u></u>
Non Current Liabilities		
Borrowings	2,582	3,641
Retirement benefits obligations	520	540
Deferred tax liabilities	330	288
	<u>3,432</u>	<u>4,469</u>
Current Liabilities		
Trade and other payables	96,460	81,484
Borrowings	161,730	130,141
Taxation	814	1,805
	<u>259,004</u>	<u>213,430</u>
	<u>259,004</u>	<u>213,430</u>
Total Liabilities	<u><u>262,436</u></u>	<u><u>217,899</u></u>
Total Equity and Liabilities	<u><u>402,474</u></u>	<u><u>348,479</u></u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.48</u>	<u>0.88</u>

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

	Current Year to Date 30-Sep-17 RM'000 (Unaudited)	Preceding year Corresponding Period 30-Sep-16 RM'000 (Unaudited)
Cash Flows from operating activities		
Profit before taxation	24,796	19,590
Adjustment for:		
Depreciation and amortisation	2,470	2,255
Derivative loss	9	31
Unrealised loss on foreign exchange	3,272	4,175
Provision for doubtful debts	76	-
Loss on disposal of shares in subsidiaries	400	-
Gain on disposal of PPE and Investment property	(18)	(40)
Provision for slow moving stocks	-	(69)
Interest income	(848)	(776)
Interest expenses	4,848	3,587
Operating profit before working capital changes	<u>35,005</u>	<u>28,753</u>
Changes in working capital:		
Receivable	(39,169)	(44,249)
Inventories	(24,725)	(7,440)
Payables	14,957	39,018
Cash (used in)/ from operations	<u>(13,932)</u>	<u>16,082</u>
Income taxes paid	<u>(8,184)</u>	<u>(4,174)</u>
Net cash (used in)/ from operating activities	<u>(22,116)</u>	<u>11,908</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,836)	(1,859)
Proceeds from disposal of PPE and investment property	880	40
Proceeds from disposal of shares in subsidiary	2,924	-
Acquisition of non-controlling interest	(4,190)	-
Interest received	848	776
Net cash used in investing activities	<u>(1,374)</u>	<u>(1,043)</u>
Cash flows from financing activities		
Net drawdown of borrowings	36,855	2,474
Dividend paid	(2,720)	(4,080)
Dividend paid to non-controlling interest	(3,143)	-
Interest paid	(4,848)	(3,587)
Net cash from/ (used in) financing activities	<u>26,144</u>	<u>(5,193)</u>
Net increase in cash and cash equivalents	2,654	5,672
Cash and cash equivalents at the beginning of period	44,715	40,071
Net effect of exchange rate changes	<u>(1,713)</u>	<u>(747)</u>
Cash and cash equivalents at the end of period	<u>45,656</u>	<u>44,996</u>
Cash and cash equivalents comprise:		
Cash and bank balances	48,406	53,697
Bank overdraft	(2,351)	(8,302)
Fixed deposit pledged	(399)	(399)
	<u>45,656</u>	<u>44,996</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2017**

	← 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 2017	68,000	954	(40,726)	4,425	5	86,853	119,511	11,069	130,580
Profit for the period	-	-	-	-	-	14,697	14,697	2,987	17,684
Other comprehensive income for the period	-	-	-	(806)	-	-	(806)	(692)	(1,498)
Total comprehensive income for the period	-	-	-	(806)	-	14,697	13,891	2,295	16,186
Accretion of interest in subsidiary	-	-	-	-	-	273	273	(1,333)	(1,060)
Bonus issue	68,000	-	-	-	-	(68,000)	-	-	-
Dilution of interest in subsidiary	-	-	-	-	-	-	-	195	195
Dividend paid to non controlling interest	-	-	-	-	-	-	-	(3,143)	(3,143)
Dividend paid	-	-	-	-	-	(2,720)	(2,720)	-	(2,720)
Total changes in equity for the period	68,000	-	-	-	-	(70,447)	(2,447)	(4,281)	(6,728)
Balance at 30 September 2017	136,000	954	(40,726)	3,619	5	31,103	130,955	9,083	140,038

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	6,944	118,464
Profit for the period	-	-	-	-	-	11,480	11,480	2,673	14,153
Other comprehensive income for the period	-	-	-	(301)	-	-	(301)	(423)	(724)
Total comprehensive income for the period	-	-	-	(301)	-	11,480	11,179	2,250	13,429
Acquisition of non-controlling interest	-	-	-	-	-	(4,080)	(4,080)	-	(4,080)
Total changes in equity for the period	-	-	-	-	-	(4,080)	(4,080)	-	(4,080)
Balance at 30 September 2016	68,000	954	(40,726)	2,908	13	87,470	118,619	9,194	127,813

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 2016 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 2017

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 2016 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 2016. 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 2016.

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 2016. 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) The adoption of the below amendments/ improvements to MFRSs did not have any significant effect on the financial statement of the Group and the Company;

- MFRS 5, Non-Current Asset Held for Sale and Discontinued Operations
- MFRS 7, Financial Instruments Disclosures
- MFRS 10, Consolidated Financial Statement
- 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

2) MFRSs, Interpretations and amendments effective for 1 January 2018 and 1 January 2019

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers
- MFRS 16, Leases

3) Amendments/ improvements to MFRSs effective from 1 January 2017 and 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 30 SEPTEMBER 2017

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 2016.

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 was a bonus issue of 1 to 1 during the financial year-to-date.

A8. Dividends paid

On 16 June 2017, the Company paid a final single tier dividend of 1.0 sen per share in respect of financial year ended 31 December 2016 amounting to RM2.72 million.

On 10 October 2017, the Company paid a first interim dividend of 1.0 sen per share in respect of financial year ended 31 December 2017 amounting to RM2.72 million.

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. The Company also 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 30 SEPTEMBER 2017**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A9. Segmental information (Cont'd)

(i) Chemical Distribution And Blending Operations:**Analysed by geographical segments:**

Segment Revenue	Current	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year	Corresponding
	30-Sep-17	30-Sep-16	To Date	Period
	RM'000	RM'000	30-Sep-17	30-Sep-16
			RM'000	RM'000
Malaysia	128,972	98,920	360,835	284,049
Indonesia	32,882	23,040	94,449	66,664
Vietnam	75,383	45,818	206,541	123,885
Singapore	2,762	912	7,403	2,142
Total segment revenue	<u>239,999</u>	<u>168,690</u>	<u>669,228</u>	<u>476,740</u>

Segment Profit before tax

Malaysia	6,313	2,626	13,619	10,078
Indonesia	540	1,183	2,268	2,838
Vietnam	3,386	2,703	9,152	7,368
Singapore	185	(150)	114	(481)
Profit before tax	<u>10,424</u>	<u>6,362</u>	<u>25,153</u>	<u>19,803</u>

(ii) Audio Video And ICT Distribution Operations:**Analysed by geographical segments:****Segment Revenue**

Malaysia	<u>2,616</u>	<u>2,572</u>	<u>6,948</u>	<u>6,975</u>
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Segment Profit before tax

Malaysia	<u>(179)</u>	<u>(41)</u>	<u>(357)</u>	<u>(213)</u>
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Total Revenue	<u>242,615</u>	<u>171,262</u>	<u>676,176</u>	<u>483,715</u>
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Total Profit before tax	<u>10,245</u>	<u>6,321</u>	<u>24,796</u>	<u>19,590</u>
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017

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

The Company had disposed of the equity interest of 40%, representing 100,000 ordinary shares in MY ONLINE AV SDN BHD (Company No. 1152191-P) ("MY ONLINE AV") to Mr Lee Kong Hoi for a total consideration of RM1.00 and satisfied by cash, resulting the Company's holding 60% of the total issued and paid-up share capital in MY ONLINE AV.

The Company had disposed of the equity interest of 40%, representing 100,000 ordinary shares in SAMSERV SERVICES SDN BHD (Company No. 1151667-D) ("SAMSERV SERVICES") to Mr. Lee Kong Hoi for a total consideration of RM1.00 and satisfied by cash, resulting the Company's holding 60% of the total issued and paid-up share capital in SAMSERV SERVICES.

The Company had disposed of the equity interest of 40%, representing 200,000 ordinary shares in SAMPRO DISTRIBUTION SDN BHD (Company No. 1151665-U) ("SAMPRO DISTRIBUTION") to Mr. Lee Kong Hoi for a total consideration of RM1.00 and satisfied by cash, resulting the Company's holding 60% of the total issued and paid-up share capital in SAMPRO DISTRIBUTION.

The Company had acquired the remaining 30% non-controlling interest in Samchemsphere Export Sdn Bhd ("SESB") from Mr Dennis Ho Chin Chye, for a total consideration of RM4,189,959, resulting in the Company holding 100% equity interest in SESB. Subsequently, SESB disposed of 16.75% shares in Sam Chem Sphere Joint Stock Company ("SCSJV"), representing 167,500 ordinary shares for a total consideration of VND 10 billion (equivalent to RM2,924,242) to Mr Dennis Ho Chin Chye. After the above transactions, SESB holds 63.25% shares in SCSJV. The Company's effective interest in SCSJV has increased from 56% to 63.25%.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**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 2016 except for the following:

	RM'000
As At 31 December 2016:	164,857
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	36,536
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	(17,701)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	8,319
As At 30 Sep 2017	<u><u>192,011</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 30-Sep-17 RM'000	Current Year To Date 30-Sep-17 RM'000
Purchase of products*	-	<u>1,139</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 30 SEPTEMBER 2017

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 RM242.62 million for the current quarter under review, compared to RM171.26 million for the corresponding quarter in the preceding year, which represents an increase of 41.67%. The increase is mainly due to the strategic market positioning of the Group in the region.

The Group recorded a higher profit before tax for the current quarter under review of RM10.24 million, representing an increase of RM3.92 million compared to the profit before tax for the corresponding quarter in the preceding year of RM6.32 million. This increase is mainly due to higher sales in the current quarter.

(ii) Year-to-date

The Group recorded revenue of RM676.18 million for the current financial year-to-date, compared to RM483.71 million for the corresponding quarter in the preceding year, which represents an increase of 39.79%. The increase in revenue is mainly due to the strategic market positioning of the Group in the region.

The Group recorded a higher profit before tax for the current financial year-to-date of RM24.8 million, an increase of 26.6% from the profit before tax for the corresponding quarter in the preceding year of RM19.59million. This increase is mainly due to higher sales in the current 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 profit before tax of RM10.24million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM5.47 million. This increase in profit is mainly due to higher sales and 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 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 30 SEPTEMBER 2017**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-17	Quarter	To Date	Period
	RM'000	30-Sep-16	30-Sep-17	30-Sep-16
		RM'000	RM'000	RM'000
Interest income	(245)	(303)	(848)	(776)
(Gain)/ Loss on disposal of PPE	45	(4)	(18)	(40)
(Gain)/ Loss on partial disposal of share in subsidiary	-	-	400	-
Interest expense	1,518	1,085	4,848	3,587
Depreciation and amortization	840	1,042	2,470	2,255
Foreign exchange (gain)/ loss-realised	(1,745)	1	(4,383)	(3,904)
Foreign exchange (gain)/ loss-unrealised	1,130	(455)	2,897	4,175
(Gain)/ Loss on derivatives-unrealised	-	24	9	(31)
Provision for doubtful debts	76	-	76	-

B6. Taxation

	Current Year Quarter	Current Year To Date
	30-Sep-17	30-Sep-17
	RM'000	RM'000
Current tax expense	2,889	6,688
Deferred tax expense	156	424
	<u>3,045</u>	<u>7,112</u>

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B7. Status of corporate proposal**

The Company announced that the proposed Bonus Issue of 136,000,000 new ordinary shares in respect of the financial year ended 31 December 2016 has been approved by the shareholders in the Extraordinary General Meeting held on 20 April 2017. Bonus Issue of 136,000,000 new ordinary shares has been credited as fully paid-up on the basis of 1 bonus share for each existing shareholders on 12 May 2017.

On 28 July 2017, the Company announced that it had disposed of the equity interest of 40%, representing 100,000 ordinary shares in MY ONLINE AV SDN BHD (Company No. 1152191-P) ("MY ONLINE AV") to Mr Lee Kong Hoi for a total consideration of RM1.00 and satisfied by cash, resulting the Company's holding 60% of the total issued and paid-up share capital in MY ONLINE AV.

On 28 July 2017, the Company announced that it had disposal of the equity interest of 40%, representing 100,000 ordinary shares in SAMSERV SERVICES SDN BHD (Company No. 1151667-D) ("SAMSERV SERVICES") to Mr. Lee Kong Hoi for a total consideration of RM1.00 and satisfied by cash, resulting the Company's holding 60% of the total issued and paid-up share capital in SAMSERV SERVICES.

On 28 July 2017, the Company announced that it had disposal of the equity interest of 40%, representing 200,000 ordinary shares in SAMPRO DISTRIBUTION SDN BHD (Company No. 1151665-U) ("SAMPRO DISTRIBUTION") to Mr. Lee Kong Hoi for a total consideration of RM1.00 and satisfied by cash, resulting the Company's holding 60% of the total issued and paid-up share capital in SAMPRO DISTRIBUTION.

On 11 August 2017, the Company announced that Samchemsphere Export Sdn Bhd ("SESB"), a 70% owned-subsiary of the Company, has completed the disposal of 167,500 shares valued VND 10 billion (equivalent to RM2,924,242) to Mr. Dennis Ho Chin Chye and satisfied by cash, resulting the Company's holding 63.25% of the total issued and share capital of Sam Chem Sphere Joint Stock Company.

On 11 August 2017, the Company announced that it had completed the acquisition of the equity interest of 30%, representing 30,000 ordinary shares in SAMCHEMSPHERE EXPORT SDN BHD (Company No. 752785-X) ("SAMCHEMSPHERE EXPORT") from Mr. Dennis Ho Chin Chye for a total purchase consideration of RM4,189,959.00 and satisfied by cash, resulting the Company's holding 100% of the total issued and paid-up share capital in SAMCHEMSPHERE EXPORT.

On 31 October 2017, the Company announced that its wholly owned subsidiary company, Samchem Sdn Bhd had entered into a Sale and Purchase Agreement with Central Spectrum (M) Sdn Bhd (Company No. 183136-D) to acquire a piece of Industrial Land, Lot 35, Phase 3C, Pulau Indah Industrial Park measuring 4.60 acres for a total purchase consideration of RM11,421,432.00.

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 2017**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 2017 are as follows:-

Secured	RM'000
Long term borrowings:-	
Term loans	585
Hire purchase creditors	1,997
	<u>2,582</u>
Short term borrowings:-	
Term loans	606
Short term loan	42,035
Bank overdrafts	2,351
Bankers acceptances	24,524
Hire purchase creditors	674
	<u>70,190</u>
Unsecured	
Short term borrowings:-	
Foreign currency Trade Loan	19,031
Bankers acceptances	72,509
	<u>91,540</u>
Total Borrowings:	<u><u>164,312</u></u>

Included in the above borrowings are term loans and trade loans of RM57.13 million in USD.

B9. Financial Instruments

There were no financial instruments at the end of 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

The proposed dividend of 1.0 sen per share in respect of the financial year ended 31 December 2016 has been approved at the Annual General Meeting of the Company on 18 May 2017 and paid on 16 June 2017.

For the second quarter, the Board of Directors has declared a first interim single-tier dividend of 1.0 sen per share in respect of the financial year ending 31 December 2017. The dividend has been paid on 10 Oct 2017 to shareholders whose names appear in the Company's Record of Depositors on 25 Sep 2017.

For the third quarter, the Board of Directors has declared a second interim dividend of 1.0 sen per share in respect of the financial year ending 31 December 2017. The date of book closure for the dividend payment will be announced soon.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B12. Breakdown of Realised and Unrealised Profits and Losses

The retained profits can be analysed as follows:-

	As At 30-Sep-17 RM'000	As At 30-Sep-16 RM'000
Realised profits	33,416	89,693
Unrealised Gains/(losses)	(2,313)	(2,223)
	<u>31,103</u>	<u>87,470</u>

B13. Earnings per share

	Current Quarter 30-Sep-17 RM'000	Preceding Year Corresponding Quarter 30-Sep-16 RM'000	Current Year To Date 30-Sep-17 RM'000	Preceding Year Corresponding Period 30-Sep-16 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	6,313	3,262	14,697	11,480
Weighted average number of ordinary shares in issue ('000)	222,816	136,000	222,816	136,000
Earnings per share-basic (sen)				
- Basic	2.83	2.40	6.60	8.44
- Diluted	<u>2.83</u>	<u>1.46</u>	<u>6.60</u>	<u>5.15</u>

There are 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,

Mr. Ng Thin Poh
Chairman/ CEO
Date: 10 Nov 2017