



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 JUNE 2018

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 JUNE 2018

	Individual Quarter				Cumulative Quarter			
	Preceding Year		Changes		Current	Preceding Year	Changes	
	Current	Corresponding			Year	Corresponding		
	Quarter	Quarter			To Date	Period		
	30-Jun-18	30-Jun-17	RM'000	%	30-Jun-18	30-Jun-17	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
REVENUE	279,265	215,995	63,270	29%	542,093	433,562	108,531	25%
COST OF SALES	(254,991)	(195,435)	(59,556)	30%	(490,386)	(388,465)	(101,921)	26%
GROSS PROFIT	24,274	20,560	3,714	18%	51,707	45,097	6,610	15%
OTHER INCOME	2,448	2,688	(240)	-9%	5,459	5,372	87	2%
ADMINISTRATIVE EXPENSES	(11,130)	(10,279)	(851)	8%	(23,112)	(21,952)	(1,160)	5%
SELLING & DISTRIBUTION EXPENSES	(3,941)	(3,726)	(215)	6%	(7,525)	(7,154)	(371)	5%
OTHER OPERATING EXPENSES	(1,986)	(2,024)	38	-2%	(2,959)	(3,482)	523	-15%
FINANCE COST	(2,374)	(1,745)	(629)	36%	(4,217)	(3,330)	(887)	27%
TOTAL EXPENSES	(19,431)	(17,774)	(1,657)	9%	(37,813)	(35,918)	(1,895)	5%
PROFIT BEFORE TAX	7,291	5,474	1,817	33%	19,353	14,551	4,802	33%
TAX EXPENSES	(2,083)	(1,483)	(600)	40%	(5,179)	(4,067)	(1,112)	27%
PROFIT FOR THE PERIOD	5,208	3,991	1,217	30%	14,174	10,484	3,690	35%
Other comprehensive income:								
Currency translation differences	602	(938)	1,540	-164%	(16)	(975)	959	-98%
Other comprehensive income for the period, net of tax	602	(938)	1,540	-164%	(16)	(975)	959	-98%
Total comprehensive income for the period	5,810	3,053	2,757	90%	14,158	9,509	4,649	49%
Profit attributable to:								
-Owners of the parent	4,514	3,374	1,140	34%	12,628	8,384	4,244	51%
-Non controlling interest	694	617	77	12%	1,546	2,100	(554)	-26%
	5,208	3,991	1,217	30%	14,174	10,484	3,690	35%
Total comprehensive income attributable to:								
-Owners of the parent	4,971	2,928	2,043	70%	12,726	7,906	4,820	61%
-Non controlling interest	839	125	714	571%	1,432	1,603	(171)	-11%
	5,810	3,053	2,757	90%	14,158	9,509	4,649	49%
Earnings per share (sen)								
- Basic	1.66	1.24	0.42		4.64	3.08	1.56	
- Diluted	1.66	1.24	0.42		4.64	3.08	1.56	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 30-Jun-2018 RM'000	Audited As At 31-Dec-2017 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	39,858	36,396
Investment properties	870	746
Prepaid land lease payments	890	918
Deferred tax assets	1,049	1,472
	<u>42,667</u>	<u>39,532</u>
Current Assets		
Inventories	144,920	116,155
Trade and other receivables	251,860	209,746
Tax recoverables	6,133	6,855
Cash and bank balances	50,081	63,677
	<u>452,994</u>	<u>396,433</u>
Total Assets	<u>495,661</u>	<u>435,965</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	136,954	136,954
Retained profits	43,248	33,345
Reverse acquisition reserve	(40,726)	(40,726)
Others reserves	2,439	2,341
Total shareholders' equity	141,915	131,914
Non controlling interest	10,430	9,728
Total Equity	<u>152,345</u>	<u>141,642</u>
Non Current Liabilities		
Borrowings	957	2,212
Retirement benefits obligations	544	450
Deferred tax liabilities	425	588
	<u>1,926</u>	<u>3,250</u>
Current Liabilities		
Trade and other payables	120,363	93,412
Borrowings	219,341	196,137
Taxation	1,686	1,524
	<u>341,390</u>	<u>291,073</u>
Total Liabilities	<u>343,316</u>	<u>294,323</u>
Total Equity and Liabilities	<u>495,661</u>	<u>435,965</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.52</u>	<u>0.48</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2017 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 2018

	Current Year to Date 30-Jun-18 RM'000 (Unaudited)	Preceding year Corresponding Period 30-Jun-17 RM'000 (Unaudited)
Cash Flows from operating activities		
Profit before taxation	19,353	14,551
Adjustment for:		
Bad debts recovered	(2)	-
Depreciation and amortisation	1,133	1,630
Derivative loss	-	8
FV Adjustment	(5)	-
Gain on disposal of PPE and Investment property	(133)	(63)
Interest expenses	4,217	3,330
Interest income	(406)	(603)
Loss on disposal of shares in subsidiary	-	400
Unrealised (gain)/loss on foreign exchange	(3)	1,767
Operating profit before working capital changes	<u>24,154</u>	<u>21,020</u>
Changes in working capital:		
Inventories	(28,764)	(22,609)
Payables	26,908	(12,120)
Receivable	<u>(42,029)</u>	<u>(26,920)</u>
Cash used in operations	(19,731)	(40,629)
Income taxes paid	<u>(3,859)</u>	<u>(5,472)</u>
Net cash used in operating activities	<u>(23,590)</u>	<u>(46,101)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,983)	(1,482)
Proceeds from disposal of PPE and investment property	133	532
Interest received	406	603
Net cash used in investing activities	<u>(4,444)</u>	<u>(347)</u>
Cash flows from financing activities		
Net drawdown of borrowings	23,176	61,814
Dividend paid	(2,720)	(2,720)
Dividend paid to non-controlling interest	(811)	(48)
Interest paid	<u>(4,217)</u>	<u>(3,330)</u>
Net cash from financing activities	<u>15,428</u>	<u>55,716</u>
Net increase in cash and cash equivalents	(12,606)	9,268
Cash and cash equivalents at the beginning of period	62,049	44,715
Net effect of exchange rate changes	239	(1,239)
Cash and cash equivalents at the end of period	<u>49,682</u>	<u>52,744</u>
Cash and cash equivalents comprise:		
Cash and bank balances	50,081	60,533
Bank overdraft	-	(7,390)
Fixed deposit pledged	<u>(399)</u>	<u>(399)</u>
	<u>49,682</u>	<u>52,744</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

SAMCHEM HOLDINGS BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018**

	← Attributable to owners of the parent →					Retained Profits	Total Shareholders' Equity	Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000				
Balance at 1 January 2018	136,954	-	(40,726)	2,341	-	33,345	131,914	9,728	141,642
Profit for the period	-	-	-	-	-	12,628	12,628	1,546	14,174
Other comprehensive income for the period	-	-	-	98	-	-	98	(114)	(16)
Total comprehensive income for the period	-	-	-	98	-	12,628	12,726	1,432	14,158
Issuance of shares by subsidiary to non controlling interest	-	-	-	-	-	-	-	81	81
FV Adjustment	-	-	-	-	-	(5)	(5)	-	(5)
Dividend paid to non controlling interest	-	-	-	-	-	-	-	(811)	(811)
Dividend paid	-	-	-	-	-	(2,720)	(2,720)	-	(2,720)
Total changes in equity for the period	-	-	-	-	-	(2,725)	(2,725)	(730)	(3,455)
Balance at 30 June 2018	136,954	-	(40,726)	2,439	-	43,248	141,915	10,430	152,345

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017**

	← Attributable to owners of the parent →					Retained Profits	Total Shareholders' Equity	Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Reverse Acquisition Reserve	Translation Reserve	Fair Value Reserve				
	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	-	-	-	-	-	8,384	8,384	2,100	10,484
Other comprehensive income for the period	-	-	-	(478)	-	-	(478)	(497)	(975)
Total comprehensive income for the period	-	-	-	(478)	-	8,384	7,906	1,603	9,509
Disposal of shares in subsidiary	-	-	-	-	-	-	-	400	400
Bonus issue	68,000	-	-	-	-	(68,000)	-	-	-
Dilution of interest in subsidiary	-	-	-	-	-	-	-	-	-
Dividend paid to non controlling interest	-	-	-	-	-	-	-	(3,143)	(3,143)
Dividend paid	-	-	-	-	-	(2,720)	(2,720)	-	(2,720)
Transition to no par value regime	954	(954)	-	-	-	-	-	-	-
Total changes in equity for the period	68,954	(954)	-	-	-	(70,720)	(2,720)	(2,743)	(5,463)
Balance at 31 June 2017	136,954	-	(40,726)	3,947	5	24,517	124,697	9,929	134,626

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 2017 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 JUNE 2018

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 the Malaysia Financial Reporting Standards (“MFRSs”) 134, Interim Financial Reporting and chapter 9 Part K of the Bursa Securities Listing Requirements and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2017 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 2017. 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 2017.

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 2017.

A3. Seasonal or cyclical factors

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

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.

A7. Dividends paid

On 13 June 2018, the Company paid a final single tier dividend of 1.0 sen per share in respect of financial year ended 31 December 2017 amounting to RM2.72 million.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A8. Segmental information****Business Segments**

The Group operates mainly in the business involving the distribution of industrial chemicals with operations in the blending of customized solvents. The Company has a small operation in Malaysia whose business involves the distribution, service and solution of Audio Video and IT industry.

(i) Current Quarter

	Current Quarter 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	Changes	
			RM'000	%
<u>(i) Segment Revenue</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	118,166	116,061	2,105	2%
Indonesia	33,187	28,459	4,728	17%
Vietnam	101,991	65,601	36,390	55%
Singapore	23,686	3,572	20,114	563%
Revenue from chemical distribution and blending operations	<u>277,030</u>	<u>213,693</u>	<u>63,337</u>	<u>30%</u>
<u>Audio Video And ICT Distribution Operations:</u>				
Revenue from Audio Video And ICT Distribution Operations	2,235	2,302	(67)	-3%
Total segment revenue	<u><u>279,265</u></u>	<u><u>215,995</u></u>	<u><u>63,270</u></u>	<u><u>29%</u></u>
(ii) Segment Profit before tax				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	6,062	3,771	2,291	61%
Indonesia	(1,285)	377	(1,662)	-441%
Vietnam	2,652	1,665	987	59%
Singapore	62	(230)	292	127%
Profit/(loss) before tax from chemical distribution and blending operations	<u>7,491</u>	<u>5,583</u>	<u>1,908</u>	<u>34%</u>
<u>Audio Video And ICT Distribution Operations:</u>				
Loss before tax from Audio Video And ICT Distribution Operations	(200)	(109)	(91)	-83%
Total Segment Profit/(loss) before tax	<u><u>7,291</u></u>	<u><u>5,474</u></u>	<u><u>1,817</u></u>	<u><u>33%</u></u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A8. Segmental information

(ii) Year-To-date

	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000	Changes	
			RM'000	%
<u>(i) Segment Revenue</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	274,163	232,491	41,672	18%
Indonesia	71,586	61,657	9,929	16%
Vietnam	186,815	130,441	56,374	43%
Singapore	5,874	4,641	1,233	27%
Revenue from chemical distribution and blending operations	538,438	429,230	109,208	25%
<u>Audio Video And ICT Distribution Operations:</u>				
Revenue from Audio Video And ICT Distribution Operations	3,655	4,332	(677)	-16%
Total segment revenue	542,093	433,562	108,531	25%
<u>(ii) Segment Profit before tax</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	13,870	6,727	7,143	106%
Indonesia	(200)	1,728	(1,928)	-112%
Vietnam	5,779	6,345	(566)	-9%
Singapore	351	(71)	422	594%
Profit/(loss) before tax from chemical distribution and blending oper.	19,800	14,729	5,071	34%
<u>Audio Video And ICT Distribution Operations:</u>				
Loss before tax from Audio Video And ICT Distribution Operations	(447)	(178)	(269)	-151%
Total Segment Profit/(loss) before tax	19,353	14,551	4,802	33%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018

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

A9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter under review.

A10. Capital commitments

As at 30 June 2018, there were no commitments other than those stated below:

	RM'000
Approved and contracted for	
- Purchase of Land	<u>4,975</u>

A11. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A12. Changes in the composition of the Group

On 24th April 2018, Sam Chem Sphere Joint Stock ("SCSCL"), a 63.25% owned-subsiary of Samchemsphere Export Sdn Bhd ("SESB"), a 100% owned-subsiary of the Company, had incorporated a 60% owned-subsiary in Samchem Sphere (Myanmar) Company Limited for cash consideration of USD30,000 (equivalent to MYR 121,500.00).

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****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 2017 except for the following:

	RM'000
As At 31 December 2017:	172,576
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	2,012
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	(8,503)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	(8,321)
As At 30 June 2018	<u><u>157,764</u></u>

A14. Related party transactions

The Group has the following transactions with the related parties during the current quarter under review and financial year-to-date.

	Current Quarter 30-Jun-18 RM'000	Current Year To Date 30-Jun-18 RM'000
Purchase of products*	<u>2,246</u>	<u>2,246</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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B1. Performance review

(i) Current Quarter

	Individual Quarter		Changes	
	Current Quarter 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	RM'000	%
REVENUE	279,265	215,995	63,270	29%
COST OF SALES	(254,991)	(195,435)	(59,556)	30%
GROSS PROFIT	24,274	20,560	3,714	18%
OTHER INCOME	2,448	2,688	(240)	-9%
ADMINISTRATIVE EXPENSES	(11,130)	(10,279)	(851)	8%
SELLING & DISTRIBUTION EXPENSES	(3,941)	(3,726)	(215)	6%
OTHER OPERATING EXPENSES	(1,986)	(2,024)	38	-2%
FINANCE COST	(2,374)	(1,745)	(629)	36%
TOTAL EXPENSES	(19,431)	(17,774)	(1,657)	9%
PROFIT BEFORE TAX	7,291	5,474	1,817	33%
TAX EXPENSES	(2,083)	(1,483)	(600)	40%
Profit for the period	5,208	3,991	1,217	30%

The Group recorded a higher revenue of RM279.27million for the current quarter under review, compared to RM216.00 million for the corresponding quarter in the preceding year, which represents an increase of 29.3%. The increase is due to a higher sales volume in the current quarter.

The Group recorded a higher profit before tax for the current quarter under review of RM7.29 million, representing an increase of RM1.82 million compared to the profit before tax for the corresponding quarter in the preceding year of RM5.47 million. This is mainly due to the increase in sales in the current quarter under review.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B1. Performance review

(i) Year-To-Date

	Cumulative Quarter		Changes	
	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000	RM'000	%
REVENUE	542,093	433,562	108,531	25%
COST OF SALES	(490,386)	(388,465)	(101,921)	26%
GROSS PROFIT	51,707	45,097	6,610	15%
OTHER INCOME	5,459	5,372	87	2%
ADMINISTRATIVE EXPENSES	(23,112)	(21,952)	(1,160)	5%
SELLING & DISTRIBUTION EXPENSES	(7,525)	(7,154)	(371)	5%
OTHER OPERATING EXPENSES	(2,959)	(3,482)	523	-15%
FINANCE COST	(4,217)	(3,330)	(887)	27%
TOTAL EXPENSES	(37,813)	(35,918)	(1,895)	5%
PROFIT BEFORE TAX	19,353	14,551	4,802	33%
TAX EXPENSES	(5,179)	(4,067)	(1,112)	27%
Profit for the period	14,174	10,484	3,690	35%

The Group recorded a higher revenue of RM542.09 million for the financial year to date under review, compared to RM433.56 million for the corresponding quarter in the preceding year, which represents an increase of 25.03%. The increase is due to a higher sales volume in the current financial year to date.

The Group recorded a higher profit before tax for the current quarter under review of RM19.35 million, representing an increase of RM4.8 million compared to the profit before tax for the corresponding quarter in the preceding year of RM14.55 million. This is mainly due to the increase in sales in the current financial year to date.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

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

	Current Quarter 30-Jun-18 RM'000	Immediate Preceding Quarter 31-Mar-18 RM'000	Changes	
			RM'000	%
REVENUE	279,265	262,828	16,437	6%
COST OF SALES	(254,991)	(235,395)	(19,596)	8%
GROSS PROFIT	24,274	27,433	(3,159)	-12%
OTHER INCOME	2,448	3,011	(563)	-19%
ADMINISTRATIVE EXPENSES	(11,130)	(11,982)	852	-7%
SELLING & DISTRIBUTION EXPENSES	(3,941)	(3,584)	(357)	10%
OTHER OPERATING EXPENSES	(1,986)	(973)	(1,013)	104%
FINANCE COST	(2,374)	(1,843)	(531)	29%
TOTAL EXPENSES	(19,431)	(18,382)	(1,049)	6%
PROFIT BEFORE TAX	7,291	12,062	(4,771)	-40%
TAX EXPENSES	(2,083)	(3,096)	1,013	-33%
Profit for the period	5,208	8,966	(3,758)	-42%

The Group recorded a profit before tax of RM7.29 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM12.06 million. This decrease in profit is mainly due to lower gross profit margin and losses in foreign exchange in the current quarter under review.

B3. Prospects for the current financial year

The Group and the Directors expect that the Group's performance for the year will be positive, driven by continued cost reduction measures, increased operational efficiency and growth in sales.

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.

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 JUNE 2018**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 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000
Interest income	(158)	(264)	(406)	(603)
(Gain)/ Loss on disposal of PPE	(110)	-	(133)	(63)
(Gain)/ Loss on partial disposal of shares in subsidiary	-	400	-	400
Interest expense	2,374	1,745	4,217	3,330
Depreciation and amortization	460	838	1,133	1,630
Foreign exchange (gain)/ loss-realised	1,291	(1,734)	(64)	(2,638)
Foreign exchange (gain)/ loss-unrealised	(216)	1,624	(3)	1,767
(Gain)/ Loss on derivatives-unrealised	-	-	-	8

B6. Taxation

	Current Year Quarter 30-Jun-18 RM'000	Current Year To Date 30-Jun-18 RM'000
Current tax expense	1,797	4,787
Deferred tax expense	286	392
	<u>2,083</u>	<u>5,179</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 JUNE 2018**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B7. Status of corporate proposal**

On 24th April 2018, the Company announced that Sam Chem Sphere Joint Stock (“SCSCL”), a 63.25% owned-subsiary of Samchemsphere Export Sdn Bhd (“SESB”), a 100% owned-subsiary of the Company, had incorporated a 60% owned-subsiary in Samchem Sphere (Myanmar) Company Limited for cash consideration of USD30,000 (United States Dollar Thirty Thousand)

B8. Group borrowings and debt securities as at 30 June 2018 are as follows:-

	31/06/2018		31/06/2017	
	Borrowing '000	Equivalent RM'000	Borrowing '000	Equivalent RM'000
Long term borrowings				
Secured:-				
Hire purchase creditors				
- MYR	957	957	2,694	2,694
Term loans	-	-	758	758
- MYR				
Total Long term borrowings		957		3,452
Short term borrowings				
Secured:-				
Term loans				
- MYR	715	715	606	606
Short term loan				
- USD	1,911	7,796	3,948	17,370
- VND	364,419,308	64,725	30,926,018	5,987
Bank overdrafts				
- MYR	-	-	4,134	4,134
- VND	-	-	168,110	3,256
Bankers acceptances				
- MYR	18,413	18,413	30,942	30,942
Hire purchase creditors				
- IDR	62,946	18	583,928	188
- MYR	1,034	1,016	422	422
		92,683		62,905
Unsecured:-				
Bankers acceptances				
- MYR	93,786	93,786	87,832	87,832
Trade Loan				
- MYR	32,872	32,872	40,120	40,120
		126,658		127,952
Total Short term borrowings		219,341		190,857
Total Borrowings:		220,298		194,309
1 USD to MYR		4.08		4.40
100 IDR to MYR		0.028596		0.032196
100 VND to MYR		0.017761		0.019359

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018

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 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 2017, the Board of Directors has recommended a final single tier dividend of 1.00 sen per share for the shareholders' approval at the forthcoming Annual General Meeting on the 18 May 2018.

For the first quarter of 2018, the Board of Directors has declared a first interim single-tier dividend of 1.0 sen per share. The dividend was paid on 8th August 2018.

For the second quarter, the Board of Directors has declared a second interim single-tier dividend of 1.0 sen per share. The date of closure will be announced in due course.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B12. Earnings per share

	Current Quarter 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	4,514	3,374	12,628	8,384
Weighted average number of ordinary shares in issue ('000)	272,000	272,000	272,000	272,000
Earnings per share-basic (sen)				
- Basic	1.66	1.24	4.64	3.08
- Diluted	1.66	1.24	4.64	3.08

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 August 2018