



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 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 SEPTEMBER 2018

	Individual Quarter				Cumulative Quarter			
	Preceding Year		Changes		Current Year To Date	Preceding Year Corresponding Period	Changes	
	Current Quarter	Corresponding Quarter						
	30-Sep-18	30-Sep-17	RM'000	%	30-Sep-18	30-Sep-17	RM'000	%
REVENUE	279,967	242,615	37,352	15%	822,060	676,176	145,884	22%
COST OF SALES	(257,965)	(217,028)	(40,937)	19%	(748,351)	(605,493)	(142,858)	24%
GROSS PROFIT	22,002	25,587	(3,585)	-14%	73,709	70,683	3,026	4%
OTHER INCOME	1,698	4,196	(2,498)	-60%	7,156	9,568	(2,412)	-25%
ADMINISTRATIVE EXPENSES	(9,163)	(11,036)	1,873	-17%	(32,275)	(32,987)	712	-2%
SELLING & DISTRIBUTION EXPENSES	(3,870)	(3,662)	(208)	6%	(11,395)	(10,816)	(579)	5%
OTHER OPERATING EXPENSES	(1,637)	(3,321)	1,684	-51%	(4,595)	(6,804)	2,209	-32%
FINANCE COST	(2,535)	(1,519)	(1,016)	67%	(6,752)	(4,848)	(1,904)	39%
TOTAL EXPENSES	(17,205)	(19,538)	2,333	-12%	(55,017)	(55,455)	438	-1%
PROFIT BEFORE TAX	6,495	10,245	(3,750)	-37%	25,848	24,796	1,052	4%
TAX EXPENSES	(1,771)	(3,045)	1,274	-42%	(6,950)	(7,112)	162	-2%
PROFIT FOR THE PERIOD	4,724	7,200	(2,476)	-34%	18,898	17,684	1,214	7%
Other comprehensive income:								
Currency translation differences	830	(524)	1,354	-258%	813	(1,498)	2,311	-154%
Other comprehensive income for the period, net of tax	830	(524)	1,354	-258%	813	(1,498)	2,311	-154%
Total comprehensive income for the period	5,554	6,676	(1,122)	-17%	19,711	16,186	3,525	22%
Profit attributable to:								
-Owners of the parent	4,218	6,313	(2,095)	-33%	16,846	14,697	2,149	15%
-Non controlling interest	506	887	(381)	-43%	2,052	2,987	(935)	-31%
	4,724	7,200	(2,476)	-34%	18,898	17,684	1,214	7%
Total comprehensive income attributable to:								
-Owners of the parent	4,761	5,984	(1,223)	-20%	17,486	13,891	3,595	26%
-Non controlling interest	793	692	101	15%	2,225	2,295	(70)	-3%
	5,554	6,676	(1,122)	-17%	19,711	16,186	3,525	22%
Earnings per share (sen)								
- Basic	1.55	2.32	(0.77)		6.19	5.40	0.79	
- Diluted	1.55	2.32	(0.77)		6.19	5.40	0.79	

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-Sep-2018 RM'000	Audited As At 31-Dec-2017 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	39,456	36,396
Investment properties	887	746
Prepaid land lease payments	917	918
Deferred tax assets	1,133	1,472
	<u>42,393</u>	<u>39,532</u>
Current Assets		
Inventories	140,549	116,155
Trade and other receivables	236,320	209,746
Tax recoverables	7,352	6,855
Derivative asset	42	-
Cash and bank balances	43,031	63,677
	<u>427,294</u>	<u>396,433</u>
Total Assets	<u>469,687</u>	<u>435,965</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	136,954	136,954
Retained profits	44,751	33,345
Reverse acquisition reserve	(40,726)	(40,726)
Others reserves	2,981	2,341
Total shareholders' equity	143,960	131,914
Non controlling interest	11,074	9,728
Total Equity	<u>155,034</u>	<u>141,642</u>
Non Current Liabilities		
Borrowings	4,843	2,212
Retirement benefits obligations	538	450
Deferred tax liabilities	375	588
	<u>5,756</u>	<u>3,250</u>
Current Liabilities		
Trade and other payables	101,480	93,412
Borrowings	206,833	196,137
Taxation	584	1,524
	<u>308,897</u>	<u>291,073</u>
	<u>308,897</u>	<u>291,073</u>
Total Liabilities	<u>314,653</u>	<u>294,323</u>
Total Equity and Liabilities	<u>469,687</u>	<u>435,965</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.53</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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Current Year to Date 30-Sep-18 RM'000 (Unaudited)	Preceding year Corresponding Period 30-Sep-17 RM'000 (Unaudited)
Cash Flows from operating activities		
Profit before taxation	25,848	24,796
Adjustment for:		
Bad debts recovered	(2)	-
Depreciation and amortisation	2,069	2,470
Derivative (gain)/ loss	(42)	9
Gain on disposal of PPE and Investment property	(141)	(18)
Interest expenses	6,752	4,848
Interest income	(583)	(848)
Loss on disposal of shares in subsidiary	-	400
Provision for doubtful debts	-	76
Provision for slow moving stocks	(12)	-
Unrealised (gain)/loss on foreign exchange	(697)	3,272
Operating profit before working capital changes	<u>33,192</u>	<u>35,005</u>
Changes in working capital:		
Inventories	(24,382)	(24,725)
Payables	8,018	14,957
Receivable	(25,943)	(39,169)
Cash used in operations	<u>(9,115)</u>	<u>(13,932)</u>
Income taxes paid	<u>(8,005)</u>	<u>(8,184)</u>
Net cash used in operating activities	<u>(17,120)</u>	<u>(22,116)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,488)	(1,836)
Proceeds from disposal of PPE and investment property	141	880
Proceeds from disposal of shares in subsidiary	-	2,924
Acquisition of non-controlling interest	-	(4,190)
Interest received	583	848
Net cash used in investing activities	<u>(4,764)</u>	<u>(1,374)</u>
Cash flows from financing activities		
Net drawdown of borrowings	14,554	36,855
Dividend paid	(5,440)	(2,720)
Dividend paid to non-controlling interest	(811)	(3,143)
Interest paid	(6,752)	(4,848)
Net cash from financing activities	<u>1,551</u>	<u>26,144</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(20,333)</u>	<u>2,654</u>
Cash and cash equivalents at the beginning of period	<u>62,049</u>	<u>44,715</u>
Net effect of exchange rate changes	<u>916</u>	<u>(1,713)</u>
Cash and cash equivalents at the end of period	<u>42,632</u>	<u>45,656</u>
Cash and cash equivalents comprise:		
Cash and bank balances	43,031	48,406
Bank overdraft	-	(2,351)
Fixed deposit pledged	(399)	(399)
	<u>42,632</u>	<u>45,656</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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	16,846	16,846	2,052	18,898
Other comprehensive income for the period	-	-	-	640	-	-	640	173	813
Total comprehensive income for the period	-	-	-	640	-	16,846	17,486	2,225	19,711
Decrease in non controlling interest	-	-	-	-	-	-	-	(68)	(68)
Dividend paid to non controlling interest	-	-	-	-	-	-	-	(811)	(811)
Dividend paid	-	-	-	-	-	(5,440)	(5,440)	-	(5,440)
Total changes in equity for the period	-	-	-	-	-	(5,440)	(5,440)	(879)	(6,319)
Balance at 30 September 2018	136,954	-	(40,726)	2,981	-	44,751	143,960	11,074	155,034

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	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 interests in subsidiary	-	-	-	-	-	-	-	195	195
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)	-	-	-	(70,447)	(2,447)	(4,281)	(6,728)
Balance at 30 September 2017	136,954	-	(40,726)	3,619	5	31,103	130,955	9,083	140,038

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 SEPTEMBER 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.

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

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

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.

On 8 August 2018, the Company paid a first interim single tier dividend of 1.0 sen per share in respect of 1st quarter of 2018 amounting to RM2.72 million.

On 9 November 2018, the Company paid the second interim dividend of 1.0 sen per share in respect of 2nd quarter of 2018 amounting to RM2.72 million.

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

(i) Segment Revenue	Preceding Year		Changes	
	Current Quarter	Corresponding Quarter		
Analysed by geographical segments:	30-Sep-18	30-Sep-17	RM'000	%
	RM'000	RM'000		
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	136,306	128,972	7,334	6%
Indonesia	45,450	32,882	12,568	38%
Vietnam	93,763	75,383	18,380	24%
Singapore	1,981	2,762	(781)	-28%
Revenue from chemical distribution and blending operations	277,500	239,999	37,501	16%
<u>Audio Video And ICT Distribution Operations:</u>				
Revenue from Audio Video And ICT Distribution Operations	2,467	2,616	(149)	-6%
Total segment revenue	279,967	242,615	37,352	15%

(ii) Segment Profit before tax**Analysed by geographical segments:**

<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	6,814	6,313	501	8%
Indonesia	(1,170)	540	(1,710)	-317%
Vietnam	1,220	3,386	(2,166)	-64%
Singapore	(143)	185	(328)	177%
Profit/(loss) before tax from chemical distribution and blending operations	6,721	10,424	(3,703)	-36%
<u>Audio Video And ICT Distribution Operations:</u>				
Loss before tax from Audio Video And ICT Distribution Operations	(226)	(179)	(47)	-26%
Total Segment Profit/(loss) before tax	6,495	10,245	(3,750)	-37%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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-Sep-18 RM'000	Preceding Year Corresponding Period 30-Sep-17 RM'000	Changes	
			RM'000	%
<u>(i) Segment Revenue</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	410,183	360,835	49,348	14%
Indonesia	117,322	94,449	22,873	24%
Vietnam	280,578	206,541	74,037	36%
Singapore	7,855	7,403	452	6%
Revenue from chemical distribution and blending operations	815,938	669,228	146,710	22%
<u>Audio Video And ICT Distribution Operations:</u>				
Revenue from Audio Video And ICT Distribution Operations	6,122	6,948	(826)	-12%
Total segment revenue	822,060	676,176	145,884	22%
<u>(ii) Segment Profit before tax</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	20,684	13,619	7,065	52%
Indonesia	(1,370)	2,268	(3,638)	-160%
Vietnam	6,999	9,152	(2,153)	-24%
Singapore	208	114	94	-82%
Profit/(loss) before tax from chemical distribution and blending oper:	26,521	25,153	1,368	5%
<u>Audio Video And ICT Distribution Operations:</u>				
Loss before tax from Audio Video And ICT Distribution Operations	(673)	(357)	(316)	-89%
Total Segment Profit/(loss) before tax	25,848	24,796	1,052	4%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 and financial year to date.

A10. Capital commitments

As at 30 September 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-subsiidiary of Samchemsphere Export Sdn Bhd ("SESB"), a 100% owned-subsiidiary of the Company, had incorporated a 60% owned-subsiidiary 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 SEPTEMBER 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 September 2018	<u>157,764</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-Sep-18 RM'000	Current Year To Date 30-Sep-18 RM'000
Purchase of products*	<u>3,299</u>	<u>5,546</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 SEPTEMBER 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-Sep-18 RM'000	Preceding Year Corresponding Quarter 30-Sep-17 RM'000	RM'000	%
REVENUE	279,967	242,615	37,352	15%
COST OF SALES	(257,965)	(217,028)	(40,937)	19%
GROSS PROFIT	22,002	25,587	(3,585)	-14%
OTHER INCOME	1,698	4,196	(2,498)	-60%
ADMINISTRATIVE EXPENSES	(9,163)	(11,036)	1,873	-17%
SELLING & DISTRIBUTION EXPENSES	(3,870)	(3,662)	(208)	6%
OTHER OPERATING EXPENSES	(1,637)	(3,321)	1,684	-51%
FINANCE COST	(2,535)	(1,519)	(1,016)	67%
TOTAL EXPENSES	(17,205)	(19,538)	2,333	-12%
PROFIT BEFORE TAX	6,495	10,245	(3,750)	-37%
TAX EXPENSES	(1,771)	(3,045)	1,274	-42%
Profit for the period	4,724	7,200	(2,476)	-34%

The Group recorded a higher revenue of RM279.97million for the current quarter under review, compared to RM242.62 million for the corresponding quarter in the preceding year, which represents an increase of 15.39%. The increase is due to a higher sales volume in the current quarter.

The Group recorded a lower profit before tax for the current quarter under review of RM4.72 million, representing a decrease of RM3.75 million compared to the profit before tax for the corresponding quarter in the preceding year of RM10.25 million. This is mainly due to a drop in profit margin and foreign exchange losses in Indonesia as a results of the weakening of Rupiah. In our opinion, the trade tension between US and China had caused some uncertainties in the chemical industry. We are aware of some instances where suppliers had off-loaded their chemicals at low prices.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Performance review**

(ii) Year-To-Date

	Cumulative Quarter		Changes	
	Current Year To Date 30-Sep-18 RM'000	Preceding Year Corresponding Period 30-Sep-17 RM'000	RM'000	%
REVENUE	822,060	676,176	145,884	22%
COST OF SALES	(748,351)	(605,493)	(142,858)	24%
GROSS PROFIT	73,709	70,683	3,026	4%
OTHER INCOME	7,156	9,568	(2,412)	-25%
ADMINISTRATIVE EXPENSES	(32,275)	(32,987)	712	-2%
SELLING & DISTRIBUTION EXPENSES	(11,395)	(10,816)	(579)	5%
OTHER OPERATING EXPENSES	(4,595)	(6,804)	2,209	-32%
FINANCE COST	(6,752)	(4,848)	(1,904)	39%
TOTAL EXPENSES	(55,017)	(55,455)	438	-1%
PROFIT BEFORE TAX	25,848	24,796	1,052	4%
TAX EXPENSES	(6,950)	(7,112)	162	-2%
Profit for the period	18,898	17,684	1,214	7%

The Group recorded a higher revenue of RM822.06 million for the financial year to date under review, compared to RM676.18 million for the corresponding quarter in the preceding year, which represents an increase of 21.57%. 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 RM25.85 million, representing an increase of RM1.05 million compared to the profit before tax for the corresponding quarter in the preceding year of RM24.80 million. This is mainly due to higher sales in the current financial year to date.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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-Sep-18 RM'000	Immediate Preceding Quarter 30-Jun-18 RM'000	Changes	
			RM'000	%
REVENUE	279,967	280,016	(49)	0%
COST OF SALES	(257,965)	(255,742)	(2,223)	1%
GROSS PROFIT	22,002	24,274	(2,272)	-9%
OTHER INCOME	1,698	2,448	(750)	-31%
ADMINISTRATIVE EXPENSES	(9,163)	(11,130)	1,967	-18%
SELLING & DISTRIBUTION EXPENSES	(3,870)	(3,941)	71	-2%
OTHER OPERATING EXPENSES	(1,637)	(1,986)	349	-18%
FINANCE COST	(2,535)	(2,374)	(161)	7%
TOTAL EXPENSES	(17,205)	(19,431)	2,226	-11%
PROFIT BEFORE TAX	6,495	7,291	(796)	-11%
TAX EXPENSES	(1,771)	(2,083)	312	-15%
Profit for the period	4,724	5,208	(484)	-9%

The Group recorded a profit before tax of RM6.50 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM7.29 million. This decrease in profit is mainly due to lower gross profit margin and losses in foreign exchange in Indonesia due to the weakening Rupiah in the current quarter under review. In our opinion, the trade tension between US and China had caused some uncertainties in the chemical industry. We are aware of some instances where suppliers had off-loaded their chemicals at low prices.

SAMCHEM HOLDINGS BERHAD

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

B5. Profit for the period

Profit for the period is arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Interest income	(177)	(245)	(583)	(848)
(Gain)/ Loss on disposal of PPE	(8)	45	(141)	(18)
(Gain)/ Loss on partial disposal of shares in subsidiary	-	-	-	400
Interest expense	2,535	1,518	6,752	4,848
Depreciation and amortization	936	840	2,069	2,470
Foreign exchange (gain)/ loss-realised	1,522	(1,745)	1,458	(4,383)
Foreign exchange (gain)/ loss-unrealised	(694)	1,130	(697)	2,897
(Gain)/ Loss on derivatives-unrealised	(42)	-	(42)	9

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

B6. Taxation

	Current Year Quarter 30-Sep-18 RM'000	Current Year To Date 30-Sep-18 RM'000
Current tax expense	1,825	6,612
Deferred tax expense	(54)	338
	<u>1,771</u>	<u>6,950</u>

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

B7. Status of corporate proposal

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

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

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

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

	30-Sep-18		30-Sep-17	
	Borrowing '000	Equivalent RM'000	Borrowing '000	Equivalent RM'000
Long term borrowings				
Secured:-				
Hire purchase creditors				
- MYR	1,023	1,023	1,997	1,997
Term loans				
- MYR	3,820	3,820	585	585
Total Long term borrowings		4,843		2,582
Short term borrowings				
Secured:-				
Term loans				
- MYR	180	180	606	606
Short term loan				
- USD	2,190	9,156	2,684	11,676
- VND	371,992,463	66,676	158,607,560	30,359
Bank overdrafts				
- MYR	-	-	2,351	2,351
- VND	-	-	-	-
Bankers acceptances				
- MYR	33,482	33,482	24,524	24,524
Hire purchase creditors				
- IDR	-	-	453,850	145
- MYR	915	915	529	529
		110,409		70,190
Unsecured:-				
Bankers acceptances				
- MYR	67,088	67,088	72,509	72,509
Trade Loan				
- MYR	29,336	29,336	19,031	19,031
		96,424		91,540
Total Short term borrowings		206,833		161,730
Total Borrowings:		211,676		164,312
1 USD to MYR		4.18		4.35
100 IDR to MYR		-		0.031300
100 VND to MYR		0.017924		0.019141

B9. Financial Instruments

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****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 per share in respect of the financial year ended 31 December 2017 has been approved at the Annual General Meeting of the company on 18 May 2018 and paid on 13th June 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 dividend was paid on 9th Nov 2018.

B12. Earnings per share

	Current Quarter 30-Sep-18 RM'000	Preceding Year Corresponding Quarter 30-Sep-17 RM'000	Current Year To Date 30-Sep-18 RM'000	Preceding Year Corresponding Period 30-Sep-17 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	4,218	6,313	16,846	14,697
Weighted average number of ordinary shares in issue ('000)	272,000	272,000	272,000	272,000
Earnings per share-basic (sen)				
- Basic	1.55	2.32	6.19	5.40
- Diluted	1.55	2.32	6.19	5.40

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: 9 November 2018