



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 2019

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 2019

	Individual Quarter				Cumulative Quarter			
	Current Quarter 30-Sep-19 RM'000	Preceding Year Corresponding Quarter 30-Sep-18 RM'000	Changes		Current Year To Date 30-Sep-19 RM'000	Preceding Year Corresponding Period 30-Sep-18 RM'000	Changes	
			RM'000	%			RM'000	%
REVENUE	264,556	279,967	(15,411)	-6%	762,557	822,060	(59,503)	-7%
COST OF SALES	(240,865)	(257,965)	17,100	-7%	(691,639)	(748,351)	56,712	-8%
GROSS PROFIT	23,691	22,002	1,689	8%	70,918	73,709	(2,791)	-4%
OTHER INCOME	1,779	1,698	81	5%	8,485	7,156	1,329	19%
ADMINISTRATIVE EXPENSES	(10,737)	(9,163)	(1,574)	17%	(34,290)	(32,275)	(2,015)	6%
SELLING & DISTRIBUTION EXPENSES	(4,006)	(3,870)	(136)	4%	(11,209)	(11,395)	186	-2%
OTHER OPERATING EXPENSES	(423)	(1,637)	1,214	-74%	(1,119)	(4,595)	3,476	-76%
FINANCE COST	(2,252)	(2,535)	283	-11%	(7,463)	(6,752)	(711)	11%
TOTAL EXPENSES	(17,418)	(17,205)	(213)	1%	(54,081)	(55,017)	936	-2%
PROFIT BEFORE TAX	8,052	6,495	1,557	24%	25,322	25,848	(526)	-2%
TAX EXPENSES	(2,366)	(1,771)	(595)	34%	(6,679)	(6,950)	271	-4%
PROFIT FOR THE PERIOD	5,686	4,724	962	20%	18,643	18,898	(255)	-1%
Other comprehensive income:								
Currency translation differences	775	830	(55)	-7%	(404)	813	(1,217)	-150%
Other comprehensive income for the period, net of tax	775	830	(55)	-7%	(404)	813	(1,217)	-150%
Total comprehensive income for the period	6,461	5,554	907	16%	18,239	19,711	(1,472)	-7%
Profit attributable to:								
-Owners of the parent	5,300	4,218	1,082	26%	16,914	16,846	68	0%
-Non controlling interest	386	506	(120)	-24%	1,729	2,052	(323)	-16%
	5,686	4,724	962	20%	18,643	18,898	(255)	-1%
Total comprehensive income attributable to:								
-Owners of the parent	5,828	4,761	1,067	22%	16,312	17,486	(1,174)	-7%
-Non controlling interest	633	793	(160)	-20%	1,927	2,225	(298)	-13%
	6,461	5,554	907	16%	18,239	19,711	(1,472)	-7%
Earnings per share (sen)								
- Basic	1.95	1.55	0.40		6.22	6.19	0.03	
- Diluted	1.95	1.55	0.40		6.22	6.19	0.03	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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-2019 RM'000	Audited As At 31-Dec-2018 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	42,379	43,268
Investment properties	721	710
Prepaid land lease payments	339	911
Right of use assets	906	-
Quoted investments	19	19
Deferred tax assets	302	272
	<u>44,666</u>	<u>45,180</u>
Current Assets		
Inventories	111,649	138,070
Trade and other receivables	255,142	239,633
Tax recoverables	1,153	9,051
Cash and bank balances	44,427	42,446
	<u>412,371</u>	<u>429,200</u>
Total Assets	<u>457,037</u>	<u>474,380</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	136,954	136,954
Retained profits	44,727	46,608
Capital Reserve	13,355	-
Reverse acquisition reserve	(40,726)	(40,726)
Others reserves	1,645	2,247
Total shareholders' equity	<u>155,955</u>	<u>145,083</u>
Non controlling interest	13,196	11,360
Total Equity	<u>169,151</u>	<u>156,443</u>
Non Current Liabilities		
Borrowings	7,834	8,751
Retirement benefits obligations	645	626
Lease liabilities	306	-
Deferred tax liabilities	425	689
	<u>9,210</u>	<u>10,066</u>
Current Liabilities		
Trade and other payables	98,882	87,452
Lease liabilities	620	-
Borrowings	177,233	220,171
Taxation	1,941	248
	<u>278,676</u>	<u>307,871</u>
	<u>278,676</u>	<u>307,871</u>
Total Liabilities	<u>287,886</u>	<u>317,937</u>
Total Equity and Liabilities	<u>457,037</u>	<u>474,380</u>
Net assets per ordinary share attributable to	<u>0.57</u>	<u>0.53</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2018 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 2019

	Current Year to Date 30-Sep-19 RM'000	Preceding year Corresponding Period 30-Sep-18 RM'000
Cash Flows from operating activities		
Profit before taxation	25,322	25,848
Adjustment for:		
Amortisation of right of use assets	476	-
Bad debts recovered	-	(2)
Depreciation and amortisation	1,792	2,069
Derivative (gain)/ loss	-	(42)
Gain on disposal of PPE and Investment property	(134)	(141)
Interest expenses	7,452	6,752
Interest income	(316)	(583)
Provision for slow moving stocks	254	(12)
Unrealised loss/(gain) on foreign exchange	452	(697)
Operating profit before working capital changes	<u>35,298</u>	<u>33,192</u>
Changes in working capital:		
Inventories	26,166	(24,382)
Payables	10,993	8,018
Receivable	(15,963)	(25,943)
Cash generated from/ (used in) operations	<u>56,494</u>	<u>(9,115)</u>
Income taxes	2,907	(8,005)
Net cash generated from/ (used in) operating activities	<u>59,401</u>	<u>(17,120)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,514)	(5,488)
Proceeds from disposal of PPE and investment property	1,060	141
Interest received	316	583
Net cash used in investing activities	<u>(1,138)</u>	<u>(4,764)</u>
Cash flows from financing activities		
Net (repayment)/ drawdown of borrowings	(44,913)	14,554
Dividend paid	(5,440)	(5,440)
Dividend paid to non-controlling interest	(90)	(811)
Interest paid	(7,452)	(6,752)
Net cash (used in)/ generated from financing activities	<u>(57,895)</u>	<u>1,551</u>
Net increase/ (decrease) in cash and cash equivalents	368	(20,333)
Cash and cash equivalents at the beginning of period	41,229	62,049
Net effect of exchange rate changes	555	916
Cash and cash equivalents at the end of period	<u>42,152</u>	<u>42,632</u>
Cash and cash equivalents comprise:		
Cash and bank balances	44,427	43,031
Bank overdraft	(1,876)	-
Fixed deposit pledged	(399)	(399)
	<u>42,152</u>	<u>42,632</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2018 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 2019**

	← Attributable to owners of the parent →						Total Controlling Interest	Non Total Equity
	Share Capital	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Retained Profits	Shareholders' Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance at 1 January 2019	136,954	13,355	(40,726)	2,247	33,253	145,083	11,359	156,443
Profit for the period	-	-	-	-	16,914	16,914	1,729	18,643
Other comprehensive income for the period	-	-	-	(602)	-	(602)	198	(404)
Total comprehensive income for the period	-	-	-	(602)	16,914	16,312	1,927	18,239
Dividend paid to non controlling interest	-	-	-	-	-	-	(90)	(90)
Dividend paid	-	-	-	-	(5,440)	(5,440)	-	(5,440)
Total changes in equity for the period	-	-	-	-	(5,440)	(5,440)	(90)	(5,530)
Balance at 30 September 2019	136,954	13,355	(40,726)	1,645	44,727	155,955	13,196	169,151

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

	← Attributable to owners of the parent →						Total Controlling Interest	Non Total Equity
	Share Capital	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Retained Profits	Shareholders' Equity		
	RM'000	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
Issuance of shares by subsidiary to NCI	-	-	-	-	-	-	(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

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 2018 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 2019

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

A1. (i) 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 2018 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 2018. 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 2018.

(ii) New MFRSs, adopted during the financial year

The Group and the Company have adopted the following new MFRSs Framework that were issued by Malaysian Accounting Standards Board during the financial year;

New MFRSs

MRFS 16 Leases

Amendments/ Improvements to MFRSs

MFRS 3 Business Combinations

MFRS 9 Financial Instruments

MFRS 11 Joint Arrangement

MFRS 15 Revenue from Contracts with Customers

MFRS 112 Income Taxes

MFRS 119 Employee Benefits

MFRS 123 Borrowing Costs

MFRS 128 Investments in Associates and Joint Ventures

MFRS 140 Investment Property

New IC Interpretation

IC Int 23 Uncertainty over income tax treatments

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

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

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 2018.

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 and financial year-to-date.

A7. Dividends paid

On 24 June 2019, the Company paid a final single tier dividend of 1.0 sen per share in respect of financial year ended 31 December 2018 amounting to RM2.72 million.

On 5 August 2019, the Company paid a first interim single tier dividend of 1.0 sen per share in respect of 1st quarter of 2019 amounting to RM2.72 million.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019**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	Current	Preceding Year	Changes	
	Quarter	Corresponding		
Analysed by geographical segments:	30-Sep-19	30-Sep-18	RM'000	%
	RM'000	RM'000		
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	118,072	136,306	(18,234)	-13%
Indonesia	39,281	45,450	(6,169)	-14%
Vietnam	104,114	93,763	10,351	11%
Singapore	2,057	1,981	76	4%
Revenue from chemical distribution and blending operations	263,524	277,500	(13,976)	-5%
<u>Audio Video And ICT Distribution Operations:</u>				
Revenue from Audio Video And ICT Distribution Operations	1,032	2,467	(1,435)	-58%
Total segment revenue	264,556	279,967	(15,411)	-6%
(ii) Segment Profit before tax				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	4,914	6,814	(1,900)	-28%
Indonesia	769	(1,170)	1,939	-166%
Vietnam	2,488	1,220	1,268	104%
Singapore	(66)	(143)	77	-54%
Profit/(loss) before tax from chemical distribution and blending operations	8,105	6,721	1,384	21%
<u>Audio Video And ICT Distribution Operations:</u>				
Loss before tax from Audio Video And ICT Distribution Operations	(53)	(226)	173	-77%
Total Segment Profit before tax	8,052	6,495	1,557	24%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A8. Segmental information

(i) Year-To-date

	Current Year To Date 30-Sep-19 RM'000	Preceding Year Corresponding Period 30-Sep-18 RM'000	Changes	
			RM'000	%
<u>(i) Segment Revenue</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	349,682	410,183	(60,501)	-15%
Indonesia	98,229	117,322	(19,093)	-16%
Vietnam	300,342	280,578	19,764	7%
Singapore	10,715	7,855	2,860	36%
Revenue from chemical distribution and blending operations	758,968	815,938	(56,970)	-7%
<u>Audio Video And ICT Distribution Operations:</u>				
Revenue from Audio Video And ICT Distribution Operations	3,589	6,122	(2,533)	-41%
Total segment revenue	762,557	822,060	(59,503)	-7%
<u>(ii) Segment Profit before tax</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	14,990	20,684	(5,694)	-28%
Indonesia	3,303	(1,370)	4,673	-341%
Vietnam	7,206	6,999	207	3%
Singapore	673	208	465	224%
Profit/(loss) before tax from chemical distribution and blending oper:	26,172	26,521	(349)	-1%
<u>Audio Video And ICT Distribution Operations:</u>				
Loss before tax from Audio Video And ICT Distribution Operations	(850)	(673)	(177)	26%
Total Segment Profit before tax	25,322	25,848	(526)	-2%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

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 2019, there were no commitments other than those stated below:

	RM'000
Approved and contracted for	
- Purchase of Land	<u>571</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

There were no changes in the composition of the Group in the current quarter under review, including business combinations, acquisition or disposal of subsidiaries and restructuring and discontinuing operations.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019**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 2018 except for the following:

	RM'000
As At 31 December 2018:	183,372
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	(28,318)
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	(6,909)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	(6,732)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	(6,354)
As At 30 September 2019	<u><u>135,059</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-Sep-19 RM'000	Current Year To Date 30-Sep-19 RM'000
Purchase of products*	<u>704</u>	<u>2,576</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 2019**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-19 RM'000	Preceding Year Corresponding Quarter 30-Sep-18 RM'000	RM'000	%
REVENUE	264,556	279,967	(15,411)	-6%
COST OF SALES	(240,865)	(257,965)	17,100	-7%
GROSS PROFIT	23,691	22,002	1,689	8%
OTHER INCOME	1,779	1,698	81	5%
ADMINISTRATIVE EXPENSES	(10,737)	(9,163)	(1,574)	17%
SELLING & DISTRIBUTION EXPENSES	(4,006)	(3,870)	(136)	4%
OTHER OPERATING EXPENSES	(423)	(1,637)	1,214	-74%
FINANCE COST	(2,252)	(2,535)	283	-11%
TOTAL EXPENSES	(17,418)	(17,205)	(213)	1%
PROFIT BEFORE TAX	8,052	6,495	1,557	24%
TAX EXPENSES	(2,366)	(1,771)	(595)	34%
Profit for the period	5,686	4,724	962	20%

The Group recorded a lower revenue of RM264.56 million for the current quarter under review, compared to RM279.97 million for the corresponding quarter in the preceding year, which represents a decrease of 5.5%. The decrease is due to lower sales price in the current quarter despite the higher sales volume.

The Group recorded a higher profit before tax for the current quarter under review of RM8.05 million, representing an increase of RM1.55 million compared to the profit before tax for the corresponding quarter in the preceding year of RM6.50 million. The increase is due to lower cost of sales in the current quarter.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019**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-19 RM'000	Preceding Year Corresponding Period 30-Sep-18 RM'000	RM'000	%
REVENUE	762,557	822,060	(59,503)	-7%
COST OF SALES	(691,639)	(748,351)	56,712	-8%
GROSS PROFIT	70,918	73,709	(2,791)	-4%
OTHER INCOME	8,485	7,156	1,329	19%
ADMINISTRATIVE EXPENSES	(34,290)	(32,275)	(2,015)	6%
SELLING & DISTRIBUTION EXPENSES	(11,209)	(11,395)	186	-2%
OTHER OPERATING EXPENSES	(1,119)	(4,595)	3,476	-76%
FINANCE COST	(7,463)	(6,752)	(711)	11%
TOTAL EXPENSES	(54,081)	(55,017)	936	-2%
PROFIT BEFORE TAX	25,322	25,848	(526)	-2%
TAX EXPENSES	(6,679)	(6,950)	271	-4%
Profit for the period	18,643	18,898	(255)	-1%

The Group recorded a lower revenue of RM762.56 million for the financial year to date under review, compared to RM822.06 million for the corresponding quarter in the preceding year, which represents a decrease of 7.24%. The decrease is due to lower sales price in the current financial year to date, despite the higher sales volume.

The Group recorded a lower profit before tax for the financial year to date of RM25.32 million, representing a decrease of RM0.53 million compared to the profit before tax of RM25.85 million in the preceding corresponding period. This is due to lower sales revenue in the current financial year to date.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019**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-19 RM'000	Immediate Preceding Quarter 30-Jun-19 RM'000	Changes	
			RM'000	%
REVENUE	264,556	238,371	26,185	11%
COST OF SALES	(240,865)	(213,187)	(27,678)	13%
GROSS PROFIT	23,691	25,184	(1,493)	-6%
OTHER INCOME	1,779	2,954	(1,175)	-40%
ADMINISTRATIVE EXPENSES	(10,737)	(12,008)	1,271	11%
SELLING & DISTRIBUTION EXPENSES	(4,006)	(3,608)	(398)	-11%
OTHER OPERATING EXPENSES	(423)	(335)	(88)	26%
FINANCE COST	(2,252)	(2,362)	110	-5%
TOTAL EXPENSES	(17,418)	(18,313)	895	-5%
PROFIT BEFORE TAX	8,052	9,825	(1,773)	-18%
TAX EXPENSES	(2,366)	(2,388)	22	-1%
Profit for the period	5,686	7,437	(1,751)	-24%

The Group recorded a profit before tax of RM8.05 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM9.83 million. Profit decreased due to drop in profit margin.

B3. Prospects for current financial year

Market condition is expected to be volatile in the forthcoming quarter and concerns over global economic uncertainties have resulted in softening consumer demand. The Management will continue to focus on operational efficiency to improve the Group's performance.

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 SEPTEMBER 2019**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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	RM'000	RM'000	RM'000	RM'000
Interest income	(88)	(177)	(316)	(583)
(Gain)/ Loss on disposal of PPE	23	(8)	(134)	(141)
Interest expense	2,248	2,535	7,452	6,752
Depreciation and amortization	456	936	1,792	2,069
Foreign exchange (gain)/ loss-realised	(1,392)	1,522	(5,193)	1,458
Foreign exchange (gain)/ loss-unrealised	65	(694)	452	(697)
(Gain)/ Loss on derivatives-unrealised	-	(42)	-	(42)
Provision for slow moving stocks	254	-	254	(12)

B6. Taxation

	Current Year Quarter	Current Year To Date
	30-Sep-19	30-Sep-19
	RM'000	RM'000
Current tax expense	2,236	6,965
Deferred tax expense	130	(286)
	<u>2,366</u>	<u>6,679</u>

The effective tax rate for the current quarter under review and financial year to date is higher than the statutory tax rate due to certain non deductible expenses.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B7. Status of corporate proposal**

There were no corporate proposals announced but not completed as at the date of this announcement.

B8. Group borrowings and debt securities as at 30 September 2019 are as follows:-

	30-Sep-19		30-Sep-18	
	Borrowing '000	Equivalent RM'000	Borrowing '000	Equivalent RM'000
Long term borrowings				
Secured:-				
Hire purchase creditors				
- MYR	629	629	1,023	1,023
- IDR	2,149,952	645	-	-
Term loans				
- MYR	6,559	6,559	3,820	3,820
Total Long term borrowings		7,833		4,843
Short term borrowings				
Secured:-				
Term loans				
- MYR	562	562	180	180
- USD	1,892	8,042	2,190	9,156
- VND	363,796,283	66,644	371,992,463	66,676
Trade Loan				
- MYR	-	-	-	-
Bank overdrafts				
- MYR	1,876	1,876	-	-
- VND	-	-	-	-
Bankers acceptances				
- MYR	34,281	34,281	33,482	33,482
Hire purchase creditors				
- IDR	484,431	145	-	-
- MYR	715	715	915	915
		112,265		110,409
Unsecured:-				
Bankers acceptances				
- MYR	54,990	54,990	67,088	67,088
Trade Loan				
- MYR	9,979	9,979	29,336	29,336
		64,969		96,424
Total Short term borrowings		177,234		206,833
Total Borrowings:		185,067		211,676

1 USD to MYR

4.25

4.18

100 IDR to MYR

0.030009

-

100 VND to MYR

0.018319

0.017924

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

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

The proposed dividend of 1.0 sen per share in respect of the financial year ended 31 December 2018 has been approved at the Annual General Meeting of the company on 30 May 2019 and paid on 24th June 2019.

For the first quarter of 2019, the Board of Directors has declared a first interim single-tier dividend of 1.0 sen per share. The dividend was paid on 5th August 2019.

For the second quarter of 2019, the Board of Directors has declared a second interim single-tier dividend of 1.0 sen per share. The dividend will be paid on 18th December 2019.

For the third quarter of 2019, the Board of Directors has declared a third 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 SEPTEMBER 2019**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B12. Earnings per share

	Current Quarter 30-Sep-19 RM'000	Preceding Year Corresponding Quarter 30-Sep-18 RM'000	Current Year To Date 30-Sep-19 RM'000	Preceding Year Corresponding Period 30-Sep-18 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	5,300	4,218	16,914	16,846
Weighted average number of ordinary shares in issue ('000)	272,000	272,000	272,000	272,000
Earnings per share-basic (sen)				
- Basic	1.95	1.55	6.22	6.19
- Diluted	1.95	1.55	6.22	6.19

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: 8 November 2019