



**SAMCHEM HOLDINGS BERHAD**

(Company No: 797567 U)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED

31 DECEMBER 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 31 DECEMBER 2019**

	Individual Quarter				Cumulative Quarter			
	Preceding Year		Changes		Current		Changes	
	Current	Corresponding			Year	Preceding Year		
	Quarter	Quarter			To Date	Period		
	31-Dec-19	31-Dec-18			31-Dec-19	31-Dec-18		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
REVENUE	294,785	273,162	21,623	8%	1,057,342	1,095,222	(37,880)	-3%
COST OF SALES	(265,794)	(251,005)	(14,789)	6%	(957,434)	(999,356)	41,922	-4%
GROSS PROFIT	28,991	22,157	6,834	31%	99,908	95,866	4,042	4%
OTHER INCOME	3,743	2,916	827	28%	12,229	9,198	3,031	33%
ADMINISTRATIVE EXPENSES	(12,739)	(11,713)	(1,026)	9%	(47,029)	(43,988)	(3,041)	7%
SELLING & DISTRIBUTION EXPENSES	(5,212)	(3,985)	(1,227)	31%	(16,421)	(15,380)	(1,041)	7%
OTHER OPERATING EXPENSES	(1,425)	(391)	(1,034)	264%	(2,544)	(4,111)	1,567	-38%
FINANCE COST	(2,519)	(2,643)	124	-5%	(9,982)	(9,395)	(587)	6%
TOTAL EXPENSES	(21,895)	(18,732)	(3,163)	17%	(75,976)	(72,874)	(3,102)	4%
PROFIT BEFORE TAX	10,839	6,341	4,498	71%	36,161	32,190	3,971	12%
TAX EXPENSES	(3,501)	(1,569)	(1,932)	123%	(10,180)	(8,519)	(1,661)	19%
<b>PROFIT FOR THE PERIOD</b>	<b>7,338</b>	<b>4,772</b>	<b>2,566</b>	<b>54%</b>	<b>25,981</b>	<b>23,671</b>	<b>2,310</b>	<b>10%</b>
Other comprehensive income:								
Currency translation differences	(403)	(793)	390	-49%	(807)	20	(827)	-4135%
<b>Other comprehensive income for the period, net of tax</b>	<b>(403)</b>	<b>(793)</b>	<b>390</b>	<b>-49%</b>	<b>(807)</b>	<b>20</b>	<b>(827)</b>	<b>-4135%</b>
<b>Total comprehensive income for the period</b>	<b>6,935</b>	<b>3,979</b>	<b>2,956</b>	<b>74%</b>	<b>25,174</b>	<b>23,691</b>	<b>1,483</b>	<b>6%</b>
<b>Profit attributable to:</b>								
-Owners of the parent	6,894	4,576	2,318	51%	23,808	21,423	2,385	11%
-Non controlling interest	444	196	248	127%	2,173	2,248	(75)	-3%
	<b>7,338</b>	<b>4,772</b>	<b>2,566</b>	<b>54%</b>	<b>25,981</b>	<b>23,671</b>	<b>2,310</b>	<b>10%</b>
<b>Total comprehensive income attributable to:</b>								
-Owners of the parent	6,696	3,842	2,854	74%	23,008	21,330	1,678	8%
-Non controlling interest	239	137	102	74%	2,166	2,361	(195)	-8%
	<b>6,935</b>	<b>3,979</b>	<b>2,956</b>	<b>74%</b>	<b>25,174</b>	<b>23,691</b>	<b>1,483</b>	<b>6%</b>
Earnings per share (sen)								
- Basic	2.53	1.68	0.85		8.75	7.88	0.88	
- Diluted	2.53	1.68	0.85		8.75	7.88	0.88	

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**

	<b>Unaudited As At 31-Dec-2019 RM'000</b>	<b>Audited As At 31-Dec-2018 RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	41,257	43,268
Investment properties	172	710
Prepaid land lease payments	591	911
Right of use assets	9,176	-
Quoted investments	14	19
Deferred tax assets	490	272
	<u>51,700</u>	<u>45,180</u>
<b>Current Assets</b>		
Inventories	98,631	138,070
Trade and other receivables	235,661	239,632
Tax recoverables	603	9,051
Cash and bank balances	51,823	42,446
	<u>386,718</u>	<u>429,199</u>
<b>Total Assets</b>	<u>438,418</u>	<u>474,379</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	136,954	136,954
Retained profits	46,173	33,253
Reverse acquisition reserve	(40,726)	(40,726)
Others reserves	14,802	15,602
Total shareholders' equity	157,203	145,083
Non controlling interest	12,018	11,359
<b>Total Equity</b>	<u>169,221</u>	<u>156,442</u>
<b>Non Current Liabilities</b>		
Borrowings	7,778	8,751
Retirement benefits obligations	826	626
Lease liabilities	4,911	-
Deferred tax liabilities	395	689
	<u>13,910</u>	<u>10,066</u>
<b>Current Liabilities</b>		
Trade and other payables	82,462	87,452
Lease liabilities	4,384	-
Borrowings	166,551	220,171
Taxation	1,890	248
	<u>255,287</u>	<u>307,871</u>
	<u>255,287</u>	<u>307,871</u>
<b>Total Liabilities</b>	<u>269,197</u>	<u>317,937</u>
<b>Total Equity and Liabilities</b>	<u>438,418</u>	<u>474,379</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019**

	<b>Current Year to Date 31-Dec-19 RM'000</b>	<b>Preceding year Corresponding Period 31-Dec-18 RM'000</b>
<b>Cash Flows from operating activities</b>		
Profit before taxation	36,161	32,190
Adjustment for:		
Amortisation of right of use assets	4,386	-
Bad debts recovered	-	(216)
Depreciation and amortisation	2,417	2,802
FV Adjustment	5	-
Gain on disposal of PPE and Investment property	(591)	(115)
Interest expenses	9,982	9,395
Interest income	(410)	(720)
Loss on dissolution of subsidiary	(8)	-
Property, plant and equipment written off	-	8
Provision for doubtful debts	567	266
Provision for slow moving stocks	718	119
Retirement benefit obligations	-	119
Unrealised loss/(gain) on foreign exchange	285	(468)
Operating profit before working capital changes	<u>53,512</u>	<u>43,380</u>
Changes in working capital:		
Inventories	38,721	(22,033)
Payables	(9,057)	(6,600)
Receivable	<u>3,118</u>	<u>(29,474)</u>
Cash generated from/ (used in) operations	<u>86,294</u>	<u>(14,727)</u>
Income taxes	<u>(218)</u>	<u>(11,091)</u>
<b>Net cash generated from/ (used in) operating activities</b>	<u>86,076</u>	<u>(25,818)</u>
<b>Cash flows from investing activities</b>		
Net cash flow on acquisition of subsidiaries	-	81
Purchase of property, plant and equipment	(3,472)	(9,348)
Purchase of quoted shares investment	-	(19)
Proceeds from disposal of PPE and investment property	1,317	346
Interest received	<u>410</u>	<u>720</u>
<b>Net cash used in investing activities</b>	<u>(1,745)</u>	<u>(8,220)</u>
<b>Cash flows from financing activities</b>		
Net (repayment)/ drawdown of borrowings	(53,774)	31,226
Dividend paid	(10,880)	(8,160)
Dividend paid to non-controlling interest	(1,508)	(170)
Interest paid	<u>(9,982)</u>	<u>(9,395)</u>
<b>Net cash (used in)/ generated from financing activities</b>	<u>(76,144)</u>	<u>13,501</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<u>8,187</u>	<u>(20,537)</u>
<b>Cash and cash equivalents at the beginning of period</b>	<u>41,229</u>	<u>62,048</u>
<b>Net effect of exchange rate changes</b>	<u>2,008</u>	<u>(282)</u>
<b>Cash and cash equivalents at the end of period</b>	<u>51,424</u>	<u>41,229</u>
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances</b>	51,823	42,446
<b>Bank overdraft</b>	-	(818)
<b>Fixed deposit pledged</b>	<u>(399)</u>	<u>(399)</u>
	<u>51,424</u>	<u>41,229</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 31 DECEMBER 2019**

	← Attributable to owners of the parent →					Shareholders' Equity	Total Controlling Interest	Non Total Equity
	Share Capital	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Balance at 1 January 2019</b>	136,954	13,355	(40,726)	2,247	33,253	145,083	11,359	156,442
Profit for the period	-	-	-	-	23,808	23,808	2,173	25,981
Other comprehensive income for the period	-	-	-	(800)	-	(800)	(7)	(807)
<b>Total comprehensive income for the period</b>	-	-	-	(800)	23,808	23,008	2,166	25,174
Loss on dissolution of subsidiary	-	-	-	-	(8)	(8)	-	(8)
Dividend paid to non controlling interest	-	-	-	-	-	-	(1,508)	(1,508)
Dividend paid	-	-	-	-	(10,880)	(10,880)	-	(10,880)
<b>Total changes in equity for the period</b>	-	-	-	-	(10,888)	(10,888)	(1,508)	(12,396)
<b>Balance at 31 December 2019</b>	136,954	13,355	(40,726)	1,447	46,173	157,203	12,018	169,221

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	← Attributable to owners of the parent →					Shareholders' Equity	Total Controlling Interest	Non Total Equity
	Share Capital	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Balance at 1 January 2018</b>	136,954	-	(40,726)	2,340	33,345	131,913	9,728	141,643
Profit for the period	-	-	-	-	21,423	21,423	2,248	23,671
Other comprehensive income for the period	-	-	-	(93)	-	(93)	113	20
<b>Total comprehensive income for the period</b>	-	-	-	(93)	21,423	21,330	2,361	23,691
Capital Reserve	-	13,355	-	-	(13,355)	-	-	-
Decrease in non controlling interest	-	-	-	-	-	-	81	81
Dividend paid to non controlling interest	-	-	-	-	-	-	(811)	(811)
Dividend paid	-	-	-	-	(8,160)	(8,160)	-	(8,160)
<b>Total changes in equity for the period</b>	-	13,355	-	-	(21,515)	(8,160)	(730)	(8,890)
<b>Balance at 31 December 2018</b>	136,954	13,355	(40,726)	2,247	33,253	145,083	11,359	156,442

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 31 DECEMBER 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

MFRS 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 31 DECEMBER 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 1<sup>st</sup> quarter of 2019 amounting to RM2.72 million.

On 18 December 2019, the Company paid a second interim single tier dividend of 1.0 sen per share in respect of 2<sup>nd</sup> quarter of 2019 amounting to RM2.72 million.

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

<b>(i) Segment Revenue</b>	<b>Preceding Year</b>		<b>Changes</b>	
	<b>Current Quarter</b>	<b>Corresponding Quarter</b>		
<b>Analysed by geographical segments:</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
<b><u>Chemical Distribution And Blending Operations:</u></b>				
Malaysia	126,493	133,108	(6,615)	-5%
Indonesia	39,888	33,489	6,399	19%
Vietnam	123,014	103,123	19,891	19%
Singapore	5,110	2,939	2,171	74%
Revenue from chemical distribution and blending operations	294,505	272,659	21,846	8%
<b><u>Audio Video And ICT Distribution Operations:</u></b>				
Revenue from Audio Video And ICT Distribution Operations	280	503	(223)	-44%
<b>Total segment revenue</b>	<b>294,785</b>	<b>273,162</b>	<b>21,623</b>	<b>8%</b>
<b>(ii) Segment Profit before tax</b>				
<b>Analysed by geographical segments:</b>				
<b><u>Chemical Distribution And Blending Operations:</u></b>				
Malaysia	6,501	3,093	3,408	110%
Indonesia	1,703	2,161	(458)	-21%
Vietnam	3,339	2,060	1,279	62%
Singapore	174	(483)	657	-136%
Profit/(loss) before tax from chemical distribution and blending operations	11,717	6,831	4,886	72%
<b><u>Audio Video And ICT Distribution Operations:</u></b>				
Loss before tax from Audio Video And ICT Distribution Operations	(878)	(490)	(388)	79%
<b>Total Segment Profit before tax</b>	<b>10,839</b>	<b>6,341</b>	<b>4,498</b>	<b>71%</b>



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31-Dec-19 RM'000	Preceding Year Corresponding Period 31-Dec-18 RM'000	Changes	
			RM'000	%
<b>(i) Segment Revenue</b>				
<b>Analysed by geographical segments:</b>				
<b><u>Chemical Distribution And Blending Operations:</u></b>				
Malaysia	476,244	543,291	(67,047)	-12%
Indonesia	138,117	150,811	(12,694)	-8%
Vietnam	423,356	383,701	39,655	10%
Singapore	15,825	10,794	5,031	47%
Revenue from chemical distribution and blending operations	1,053,542	1,088,597	(35,055)	-3%
<b><u>Audio Video And ICT Distribution Operations:</u></b>				
Revenue from Audio Video And ICT Distribution Operations	3,800	6,625	(2,825)	-43%
<b>Total segment revenue</b>	<b>1,057,342</b>	<b>1,095,222</b>	<b>(37,880)</b>	<b>-3%</b>
<b>(ii) Segment Profit before tax</b>				
<b>Analysed by geographical segments:</b>				
<b><u>Chemical Distribution And Blending Operations:</u></b>				
Malaysia	21,491	23,778	(2,287)	-10%
Indonesia	5,006	791	4,215	533%
Vietnam	10,546	9,059	1,487	16%
Singapore	847	(275)	1,122	-408%
Profit/(loss) before tax from chemical distribution and blending oper:	37,890	33,353	4,537	14%
<b><u>Audio Video And ICT Distribution Operations:</u></b>				
Loss before tax from Audio Video And ICT Distribution Operations	(1,729)	(1,163)	(566)	49%
<b>Total Segment Profit before tax</b>	<b>36,161</b>	<b>32,190</b>	<b>3,971</b>	<b>12%</b>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 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 and financial year to date, 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 31 DECEMBER 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:

	<b>RM'000</b>
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	(29,705)
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	(2,282)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	4,499
As At 31 December 2019	<u>148,975</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.

	<b>Current Quarter 31-Dec-19 RM'000</b>	<b>Current Year To Date 31-Dec-19 RM'000</b>
Purchase of products*	<u>510</u>	<u>3,085</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 31 DECEMBER 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 31-Dec-19 RM'000	Preceding Year Corresponding Quarter 31-Dec-18 RM'000	RM'000	%
REVENUE	294,785	273,162	21,623	8%
COST OF SALES	(265,794)	(251,005)	(14,789)	6%
GROSS PROFIT	28,991	22,157	6,834	31%
OTHER INCOME	3,743	2,916	827	28%
ADMINISTRATIVE EXPENSES	(12,739)	(11,713)	(1,026)	9%
SELLING & DISTRIBUTION EXPENSES	(5,212)	(3,985)	(1,227)	31%
OTHER OPERATING EXPENSES	(1,425)	(391)	(1,034)	264%
FINANCE COST	(2,519)	(2,643)	124	-5%
TOTAL EXPENSES	(21,895)	(18,732)	(3,163)	17%
PROFIT BEFORE TAX	10,839	6,341	4,498	71%
TAX EXPENSES	(3,501)	(1,569)	(1,932)	123%
<b>Profit for the period</b>	<b>7,338</b>	<b>4,772</b>	<b>2,566</b>	<b>54%</b>

The Group recorded a higher revenue of RM294.79 million for the current quarter under review, compared to RM273.16 million for the corresponding quarter in the preceding year, which represents a increase of 7.9%. The increase is due to higher sales volume in the current quarter under review.

The Group recorded a higher profit before tax for the current quarter under review of RM10.84 million, representing an increase of RM4.50 million compared to the profit before tax for the corresponding quarter in the preceding year of RM6.34 million. This is due to the increase in revenue as well as gross profit margin in the current quarter under review.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31-Dec-19 RM'000	Preceding Year Corresponding Period 31-Dec-18 RM'000	RM'000	%
REVENUE	1,057,342	1,095,222	(37,880)	-3%
COST OF SALES	(957,434)	(999,356)	41,922	-4%
GROSS PROFIT	99,908	95,866	4,042	4%
OTHER INCOME	12,229	9,198	3,031	33%
ADMINISTRATIVE EXPENSES	(47,029)	(43,988)	(3,041)	7%
SELLING & DISTRIBUTION EXPENSES	(16,421)	(15,380)	(1,041)	7%
OTHER OPERATING EXPENSES	(2,544)	(4,111)	1,567	-38%
FINANCE COST	(9,982)	(9,395)	(587)	6%
TOTAL EXPENSES	(75,976)	(72,874)	(3,102)	4%
PROFIT BEFORE TAX	36,161	32,190	3,971	12%
TAX EXPENSES	(10,180)	(8,519)	(1,661)	19%
<b>Profit for the period</b>	25,981	23,671	2,310	10%

The Group recorded a lower revenue of RM1.06 billion for the financial year to date under review, compared to RM1.09 billion for the corresponding quarter in the preceding year, which represents a decrease of 3.5%. The decrease is due to lower average sales price in the current financial year to date. However, the Group recorded higher sales volume in the current financial year.

The Group recorded a higher profit before tax for the financial year to date of RM36.16 million, representing an increase of RM3.97 million compared to the profit before tax of RM32.19 million in the preceding corresponding period. This is due to the increase in gross profit margin for the year under review.

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

	Current Quarter 31-Dec-19 RM'000	Immediate Preceding Quarter 30-Sep-19 RM'000	Changes	
			RM'000	%
REVENUE	294,785	264,556	30,229	11%
COST OF SALES	(265,794)	(240,865)	(24,929)	10%
GROSS PROFIT	28,991	23,691	5,300	22%
OTHER INCOME	3,743	1,779	1,964	110%
ADMINISTRATIVE EXPENSES	(12,739)	(10,737)	(2,002)	-19%
SELLING & DISTRIBUTION EXPENSES	(5,212)	(4,006)	(1,206)	-30%
OTHER OPERATING EXPENSES	(1,425)	(423)	(1,002)	237%
FINANCE COST	(2,519)	(2,252)	(267)	12%
TOTAL EXPENSES	(21,895)	(17,418)	(4,477)	26%
PROFIT BEFORE TAX	10,839	8,052	2,787	35%
TAX EXPENSES	(3,501)	(2,366)	(1,135)	48%
<b>Profit for the period</b>	<b>7,338</b>	<b>5,686</b>	<b>1,652</b>	<b>29%</b>

The Group recorded a profit before tax of RM10.84 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM8.05 million. Profit increased due to the higher sales and gross profit margin.

B3. Prospects for the forthcoming financial year

Market condition is expected to be volatile in the forthcoming year due to concerns over global economic uncertainties, primarily the impact of Covid-19. 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.

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## 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
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
Interest income	(94)	(137)	(410)	(720)
(Gain)/ Loss on disposal of PPE	(457)	26	(591)	(115)
PPE written off	-	-	-	8
Loss on dissolution of subsidiary	(8)	-	(8)	-
Interest expense	2,519	(2,643)	9,982	9,395
Depreciation and amortization	625	714	2,417	2,802
Foreign exchange (gain)/ loss-realised	(1,875)	(2,579)	(7,068)	(917)
Foreign exchange (gain)/ loss-unrealised	(167)	228	285	(468)
Provision for doubtful debts	567	-	567	266

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

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

B6. Taxation

	Current Year Quarter 31-Dec-19 RM'000	Current Year To Date 31-Dec-19 RM'000
Current tax expense	3,713	10,679
Deferred tax expense	(212)	(499)
	<u>3,501</u>	<u>10,180</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.

B7. Status of corporate proposal

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



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

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

B8. Group borrowings and debt securities as at 31 December 2019 are as follows:-

	31-Dec-19		31-Dec-18	
	Borrowing '000	Equivalent RM'000	Borrowing '000	Equivalent RM'000
<b>Long term borrowings</b>				
Secured:-				
Hire purchase creditors				
- MYR	8	8	1,048	1,048
- IDR	1,895	1	292,646	84
Term loans				
- MYR	7,769	7,769	7,619	7,619
<b>Total Long term borrowings</b>		<b>7,778</b>		<b>8,751</b>
<b>Short term borrowings</b>				
Secured:-				
Term loans				
- MYR	990	990	828	828
- USD	-	-	2,088	8,812
- VND	321,146,822	58,491	390,574,839	70,663
Trade Loan				
- MYR	-	-	818	818
Bank overdrafts				
- MYR	-	-	-	-
- VND	-	-	-	-
Bankers acceptances				
- MYR	36,515	36,515	35,318	35,318
Hire purchase creditors				
- IDR	25,962	8	282,330	81
- MYR	50	50	752	752
		<b>96,054</b>		<b>117,272</b>
Unsecured:-				
Bankers acceptances				
- MYR	51,218	51,218	84,239	84,239
Trade Loan				
- MYR	19,279	19,279	18,660	18,660
		<b>70,497</b>		<b>102,899</b>
<b>Total Short term borrowings</b>		<b>166,551</b>		<b>220,171</b>
<b>Total Borrowings:</b>		<b>174,329</b>		<b>228,922</b>
1 USD to MYR		-		4.22
100 IDR to MYR		0.030358		0.028800
100 VND to MYR		0.018213		0.018092

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 24<sup>th</sup> 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 5<sup>th</sup> 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 18<sup>th</sup> 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 dividend will be paid on 18<sup>th</sup> March 2020.

For the financial year ended 31 December 2019, the Board of Directors has recommended a final single-tier dividend of 1.0 sen per share for the Shareholders' approval at the forthcoming Annual General Meeting of the Company. The date of book closure for the dividend payment will be announced in due course.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

## B12. Earnings per share

	Current Quarter 31-Dec-19 RM'000	Preceding Year Corresponding Quarter 31-Dec-18 RM'000	Current Year To Date 31-Dec-19 RM'000	Preceding Year Corresponding Period 31-Dec-18 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	6,894	4,576	23,808	21,423
Weighted average number of ordinary shares in issue ('000)	272,000	272,000	272,000	272,000
Earnings per share-basic (sen)				
- Basic	2.53	1.68	8.75	7.88
- Diluted	2.53	1.68	8.75	7.88

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: 28 February 2020