



**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 2020

**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 2020**

	Individual Quarter				Cumulative Quarter			
	Preceding Year		Changes		Current	Preceding Year	Changes	
	Current	Corresponding			Year	Corresponding		
	Quarter	Quarter			To Date	Period		
	31-Dec-20	31-Dec-19			31-Dec-20	31-Dec-19		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
REVENUE	304,596	294,785	9,811	3%	1,052,723	1,057,342	(4,619)	0%
COST OF SALES	(258,924)	(265,794)	6,870	-3%	(921,137)	(956,444)	35,307	-4%
GROSS PROFIT	45,672	28,991	16,681	58%	131,586	100,898	30,688	30%
OTHER INCOME	1,846	3,743	(1,897)	-51%	8,615	11,158	(2,543)	-23%
ADMINISTRATIVE EXPENSES	(13,068)	(12,739)	(329)	3%	(49,792)	(46,757)	(3,035)	6%
SELLING & DISTRIBUTION EXPENSES	(4,771)	(5,212)	441	-8%	(16,155)	(16,501)	346	-2%
OTHER OPERATING EXPENSES	(2,424)	(1,425)	(999)	70%	(6,888)	(2,590)	(4,298)	166%
FINANCE COST	(736)	(2,519)	1,783	-71%	(7,222)	(10,088)	2,866	-28%
TOTAL EXPENSES	(20,999)	(21,895)	896	-4%	(80,057)	(75,936)	(4,121)	5%
PROFIT BEFORE TAX	26,519	10,839	15,680	145%	60,144	36,120	24,024	67%
TAX EXPENSES	(5,402)	(3,501)	(1,901)	54%	(13,833)	(10,187)	(3,646)	36%
<b>PROFIT FOR THE PERIOD</b>	<b>21,117</b>	<b>7,338</b>	<b>13,779</b>	<b>188%</b>	<b>46,311</b>	<b>25,933</b>	<b>20,378</b>	<b>79%</b>
Other comprehensive income:								
Currency translation differences	(308)	(403)	95	-24%	(1,630)	(803)	(827)	103%
<b>Other comprehensive income for the period, net of tax</b>	<b>(308)</b>	<b>(403)</b>	<b>95</b>	<b>-24%</b>	<b>(1,630)</b>	<b>(803)</b>	<b>(827)</b>	<b>103%</b>
<b>Total comprehensive income for the period</b>	<b>20,809</b>	<b>6,935</b>	<b>13,874</b>	<b>200%</b>	<b>44,681</b>	<b>25,130</b>	<b>19,551</b>	<b>78%</b>
<b>Profit attributable to:</b>								
-Owners of the parent	18,011	6,894	11,117	161%	40,613	23,763	16,850	71%
-Non controlling interest	3,106	444	2,662	600%	5,698	2,170	3,528	163%
	21,117	7,338	13,779	188%	46,311	25,933	20,378	79%
<b>Total comprehensive income attributable to:</b>								
-Owners of the parent	18,045	6,696	11,349	169%	39,349	22,966	16,383	71%
-Non controlling interest	2,764	239	2,525	1056%	5,332	2,164	3,168	146%
	20,809	6,935	13,874	200%	44,681	25,130	19,551	78%
Earnings per share (sen)								
- Basic	6.62	2.53	4.09		14.93	8.74	6.19	
- Diluted	6.62	2.53	4.09		14.93	8.74	6.19	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**SAMCHEM HOLDINGS BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31-Dec-2020 RM'000</b>	<b>Audited As At 31-Dec-2019 RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	25,372	26,503
Right of use assets	23,147	24,690
Quoted investments	21	13
Deferred tax assets	838	490
	<u>49,378</u>	<u>51,696</u>
<b>Current Assets</b>		
Inventories	126,810	98,809
Trade and other receivables	220,495	229,702
Tax recoverables	1,876	6,777
Cash and bank balances	78,260	51,999
	<u>427,441</u>	<u>387,287</u>
<b>Total Assets</b>	<u>476,819</u>	<u>438,983</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	136,954	136,954
Retained profits	78,045	46,136
Others reserves	(27,184)	(25,921)
Total shareholders' equity	187,815	157,169
Non controlling interest	15,816	12,016
<b>Total Equity</b>	<u>203,631</u>	<u>169,185</u>
<b>Non Current Liabilities</b>		
Borrowings	7,369	7,932
Retirement benefits obligations	1,295	826
Lease liabilities	3,397	4,875
Deferred tax liabilities	283	394
	<u>12,344</u>	<u>14,027</u>
<b>Current Liabilities</b>		
Trade and other payables	85,584	82,825
Lease liabilities	4,131	4,637
Derivative liability	19	-
Borrowings	165,663	166,331
Taxation	5,447	1,978
	<u>260,844</u>	<u>255,771</u>
	<u>260,844</u>	<u>255,771</u>
<b>Total Liabilities</b>	<u>273,188</u>	<u>269,798</u>
<b>Total Equity and Liabilities</b>	<u>476,819</u>	<u>438,983</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.69</u>	<u>0.57</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2019 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 2020**

	<b>Current Year to Date 31-Dec-20 RM'000</b>	<b>Preceding year Corresponding Period 31-Dec-19 RM'000</b>
<b>Cash Flows from operating activities</b>		
Profit before taxation	60,144	36,120
Adjustment for:		
Amortisation of right of use assets	4,724	5,084
Bad debts recovered	(23)	(153)
Depreciation and amortisation	1,051	1,910
FV Adjustment	(8)	6
Gain on disposal of PPE and Investment property	(116)	(878)
Interest expenses	7,222	10,087
Interest income	(577)	(420)
Property, plant and equipment written off	-	62
Provision for doubtful debts	3,589	632
Provision for slow moving stocks	(45)	721
Retirement benefit obligations	468	160
Unrealised (gain)/loss on foreign exchange	1,010	215
Operating profit before working capital changes	<u>77,439</u>	<u>53,546</u>
Changes in working capital:		
Inventories	(27,956)	38,540
Payables	(316)	(6,796)
Receivable	4,631	9,248
Cash generated from operations	<u>53,798</u>	<u>94,538</u>
Income taxes	<u>(5,466)</u>	<u>(6,869)</u>
<b>Net cash generated from operating activities</b>	<u>48,332</u>	<u>87,669</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,061)	(1,024)
Proceeds from disposal of PPE and investment property	270	1,775
Acquisition of non-controlling interest	(81)	-
Interest received	577	420
<b>Net cash (used in)/generated from investing activities</b>	<u>(3,295)</u>	<u>1,171</u>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings and leasing	(3,205)	(59,267)
Dividend paid	(8,704)	(8,160)
Dividend paid to non-controlling interest	(1,540)	(2,059)
Interest paid	(7,222)	(10,087)
<b>Net cash used in financing activities</b>	<u>(20,671)</u>	<u>(79,573)</u>
<b>Net increase in cash and cash equivalents</b>	24,366	9,267
<b>Cash and cash equivalents at the beginning of period</b>	51,600	41,229
<b>Net effect of exchange rate changes</b>	1,895	1,104
<b>Cash and cash equivalents at the end of period</b>	<u>77,861</u>	<u>51,600</u>
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances</b>	78,260	51,999
<b>Fixed deposit pledged</b>	(399)	(399)
	<u>77,861</u>	<u>51,600</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2019 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 2020**

	← Attributable to owners of the parent →					Total Shareholders' Equity	Non Controlling Interest	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 2020</b>	136,954	13,355	(40,726)	1,450	46,136	157,169	12,016	169,185
Profit for the period	-	-	-	-	40,613	40,613	5,698	46,311
Other comprehensive income for the period	-	-	-	(1,263)	-	(1,263)	(367)	(1,630)
<b>Total comprehensive income for the period</b>	-	-	-	(1,263)	40,613	39,350	5,331	44,681
Acquisition of non-controlling interest	-	-	-	-	-	-	(81)	(81)
Dividend paid to non controlling interest	-	-	-	-	-	-	(1,450)	(1,450)
Dividend declared	-	-	-	-	(8,704)	(8,704)	-	(8,704)
<b>Total changes in equity for the period</b>	-	-	-	-	(8,704)	(8,704)	(1,531)	(10,235)
<b>Balance at 31 December 2020</b>	136,954	13,355	(40,726)	187	78,045	187,815	15,816	203,631

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	← Attributable to owners of the parent →					Total Shareholders' Equity	Non Controlling Interest	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	11,360	156,443
Profit for the period	-	-	-	-	23,763	23,763	2,170	25,933
Other comprehensive income for the period	-	-	-	(797)	-	(797)	(6)	(803)
<b>Total comprehensive income for the period</b>	-	-	-	(797)	23,763	22,966	2,164	25,130
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>	-	-	-	-	(10,880)	(10,880)	(1,508)	(12,388)
<b>Balance at 31 December 2019</b>	136,954	13,355	(40,726)	1,450	46,136	157,169	12,016	169,185

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 2019 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 2020**

**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 statements 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 2019 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 2019. 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 2019.

The Group have adopted the following new MFRSs Framework (where applicable) that were issued by Malaysian Accounting Standards Board during the financial year.

Amendments to MFRS 3	Business Combination - Definition of Business
Amendment to MFRS 9	Financial Instruments, MFRS 139, Financial Instruments Recognition and Measurement and MFRS 7, Financial Instruments: Disclosure - Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Materials

The adoption of new standards do not have any material financial impact to the Group.

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021**

MFRS 17	Insurance Contracts
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**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or non-current
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**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020**

**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 2019.

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 18 March 2020, the Company paid a third interim single-tier dividend of 1.0 sen per share in respect of financial year ended 31 December 2019 amounting to RM2.72 million.

On 17 August 2020, the Company paid a final single-tier dividend of 1.0 sen per share in respect of financial year ended 31 December 2019 amounting to RM2.72 million.

On 22 October 2020, the Company paid a first single-tier dividend of 1.0 sen per share in respect of financial year ended 31 December 2020 amounting to RM2.72 million.

On 22 December 2020, the Company paid a second single-tier dividend of 1.2 sen per share in respect of financial year ended 31 December 2020 amounting to RM3.26million.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020****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's businesses in the distribution, service and solution of Audio Video industry is mostly residual.

**(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-20</b>	<b>31-Dec-19</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	127,715	126,493	1,222	1%
Indonesia	31,156	39,888	(8,732)	-22%
Vietnam	141,609	123,014	18,595	15%
Singapore	4,113	5,110	(997)	-20%
Revenue from chemical distribution and blending operations	304,593	294,505	10,088	3%
<b><u>Audio Video Operations:</u></b>				
Revenue from Audio Video Operations	3	280	(277)	-99%
<b>Total segment revenue</b>	<b>304,596</b>	<b>294,785</b>	<b>9,811</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	11,566	6,470	5,096	79%
Indonesia	5,394	1,703	3,691	217%
Vietnam	9,484	3,385	6,099	180%
Singapore	(48)	159	(207)	-130%
Profit before tax from chemical distribution and blending operations	26,396	11,717	14,679	125%
<b><u>Audio Video Operations:</u></b>				
Gain/(Loss) before tax from Audio Video Operations	123	(878)	1,001	-114%
<b>Total Segment Profit before tax</b>	<b>26,519</b>	<b>10,839</b>	<b>15,680</b>	<b>145%</b>



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

## A8. Segmental information

## (ii) Year-To-date

<u>(i) Segment Revenue</u>	Current	Preceding Year	Changes	
	Year To Date 31-Dec-20 RM'000	Corresponding Period 31-Dec-19 RM'000	RM'000	%
<b>Analysed by geographical segments:</b>				
<b><u>Chemical Distribution And Blending Operations:</u></b>				
Malaysia	458,717	476,244	(17,527)	-4%
Indonesia	132,311	138,117	(5,806)	-4%
Vietnam	450,113	423,356	26,757	6%
Singapore	11,562	15,825	(4,263)	-27%
Revenue from chemical distribution and blending operations	1,052,703	1,053,542	(839)	0%
<b><u>Audio Video Operations:</u></b>				
Revenue from Audio Video Operations	20	3,800	(3,780)	-99%
<b>Total segment revenue</b>	<b>1,052,723</b>	<b>1,057,342</b>	<b>(4,619)</b>	<b>0%</b>
<b>(ii) Segment Profit before tax</b>				
<b>Analysed by geographical segments:</b>				
<b><u>Chemical Distribution And Blending Operations:</u></b>				
Malaysia	32,774	21,418	11,356	53%
Indonesia	9,576	5,006	4,570	91%
Vietnam	17,937	10,592	7,345	69%
Singapore	(114)	833	(947)	-114%
Profit before tax from chemical distribution and blending operations	60,173	37,849	22,324	59%
<b><u>Audio Video Operations:</u></b>				
Loss before tax from Audio Video Operations	(29)	(1,729)	1,700	-98%
<b>Total Segment Profit before tax</b>	<b>60,144</b>	<b>36,120</b>	<b>24,024</b>	<b>67%</b>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020**

**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

There were no capital commitments at the end of the financial period.

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 3<sup>rd</sup> June 2020, Samchem Sphere Joint Stock ("SCSCL"), a 63.25% owned-subsiidiary of Samchemsphere Export Sdn Bhd ("SESB") had acquired the remaining 40% shares in Samchem Sphere (Myanmar) Company Limited ("SCSML") for cash consideration of USD 20,000. Upon completion of the acquisition, SCSML is now a wholly owned subsidiary of SCSCL.

On 27<sup>th</sup> July 2020, the Company incorporated a new subsidiary and subscribed for 2 ordinary shares in SC Terminal Sdn Bhd ("SCT") representing 100% of the issued and paid-up share capital of RM2.00 for a consideration of RM2.00 which was wholly satisfied in cash.

On 25<sup>th</sup> August 2020, the Company incorporated a new subsidiary and subscribed for 100,000 ordinary shares in Samchem Inorganic Chemicals Sdn Bhd ("SIC") representing 100% of the issued and paid-up share capital of RM100,000 for a consideration of RM100,000 which was wholly satisfied in cash.

On 26<sup>th</sup> August 2020, the Company incorporated a new subsidiary and subscribed for 2 ordinary shares in SC Udes Sdn Bhd ("SCU") representing 100% of the issued and paid-up share capital of RM2.00 for a consideration of RM2.00 which was wholly satisfied in cash.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020****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 2019 except for the following:

As At 31 December 2019	207,466
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	6,311
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	3,300
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	3,448
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	4,721
As At 31 December 2020	<u>225,246</u>

**A14. Related party transactions**

The Group has the following transactions with the related parties during the current quarter under review.

	<b>Current Quarter 31-Dec-20 RM'000</b>	<b>Current Year to date 31-Dec-20 RM'000</b>
Purchase of products *	<u>537</u>	<u>2,357</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 2020****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

## B1. Performance review

**(i) Current Quarter**

	Current	Preceding Year	Changes	
	Quarter	Corresponding		
	31-Dec-20	31-Dec-19	RM'000	%
	RM'000	RM'000		
REVENUE	304,596	294,785	9,811	3%
COST OF SALES	(258,924)	(265,794)	6,870	-3%
GROSS PROFIT	45,672	28,991	16,681	58%
OTHER INCOME	1,846	3,743	(1,897)	-51%
ADMINISTRATIVE EXPENSES	(13,068)	(12,739)	(329)	3%
SELLING & DISTRIBUTION EXPENSES	(4,771)	(5,212)	441	-8%
OTHER OPERATING EXPENSES	(2,424)	(1,425)	(999)	70%
FINANCE COST	(736)	(2,519)	1,783	-71%
TOTAL EXPENSES	(20,999)	(21,895)	896	-4%
PROFIT BEFORE TAX	26,519	10,839	15,680	145%
TAX EXPENSES	(5,402)	(3,501)	(1,901)	54%
<b>Profit for the period</b>	<b>21,117</b>	<b>7,338</b>	<b>13,779</b>	<b>188%</b>

The Group recorded a revenue of RM304.60 million for the current quarter under review, compared to RM294.79 million for the corresponding quarter in the preceding year, which represents an increase of 3.33%. The revenue increase is mainly due to the increase in selling price in the current quarter under review.

The Group recorded a higher profit before tax for the current quarter of RM26.52 million, representing an increase of 144.65% compared to the profit before tax for the corresponding quarter in the preceding year of RM10.84 million. The increase is mainly due to margin expansion as well as a reduction in finance costs.

**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 31 DECEMBER 2020****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-20 RM'000	Preceding Year Corresponding Period 31-Dec-19 RM'000	RM'000	%
REVENUE	1,052,723	1,057,342	(4,619)	0%
COST OF SALES	(921,137)	(956,444)	35,307	-4%
GROSS PROFIT	131,586	100,898	30,688	30%
OTHER INCOME	8,615	11,158	(2,543)	-23%
ADMINISTRATIVE EXPENSES	(49,792)	(46,757)	(3,035)	6%
SELLING & DISTRIBUTION EXPENSES	(16,155)	(16,501)	346	-2%
OTHER OPERATING EXPENSES	(6,888)	(2,590)	(4,298)	166%
FINANCE COST	(7,222)	(10,088)	2,866	-28%
TOTAL EXPENSES	(80,057)	(75,936)	(4,121)	5%
PROFIT BEFORE TAX	60,144	36,120	24,024	67%
TAX EXPENSES	(13,833)	(10,187)	(3,646)	36%
<b>Profit for the period</b>	<b>46,311</b>	<b>25,933</b>	<b>20,378</b>	<b>79%</b>

The Group recorded a slightly lower revenue of RM1.053 billion for the financial year to date under review, compared to RM1.057 billion for the corresponding period in the preceding year, which represents a marginal decrease of 0.38%. The decrease is due to dampened demand regionally in the current financial year.

The Group recorded a higher profit before tax for the financial year to date of RM60.14 million, representing an increase of RM24.02 million compared to the profit before tax of RM36.12 million in the preceding corresponding period. This is mainly due to the higher gross profit margin and lower finance costs in the current financial year to date.

**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 31 DECEMBER 2020****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

	<b>Current Quarter 31-Dec-20 RM'000</b>	<b>Immediate Preceding Quarter 30-Sep-20 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
REVENUE	304,596	288,610	15,986	6%
COST OF SALES	(258,924)	(255,094)	(3,830)	2%
GROSS PROFIT	45,672	33,516	12,156	36%
OTHER INCOME	1,846	1,742	104	6%
ADMINISTRATIVE EXPENSES	(13,068)	(12,993)	(75)	-1%
SELLING & DISTRIBUTION EXPENSES	(4,771)	(3,785)	(986)	-26%
OTHER OPERATING EXPENSES	(2,424)	(1,858)	(566)	30%
FINANCE COST	(736)	(1,927)	1,191	-62%
TOTAL EXPENSES	(20,999)	(20,563)	(436)	2%
PROFIT BEFORE TAX	26,519	14,695	11,824	80%
TAX EXPENSES	(5,402)	(3,500)	(1,902)	54%
<b>Profit for the period</b>	21,117	11,195	9,922	89%

The Group recorded a higher profit before tax of RM26.52 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM14.70 million. This is due to the higher revenue and higher gross profit margin as well as lower finance costs in the current quarter under review.

**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 31 DECEMBER 2020**

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

B3. Prospects for the forthcoming financial year

Market conditions are expected to be volatile in the forthcoming year due to concerns over uncertainties in global economic recovery from the impact of Covid-19 pandemic. Our performance is driven by the demand and supply balance of chemicals in our product portfolio, regional consumption and GDP growth and can be affected by exchange rate fluctuations, Covid-19 pandemic challenges, competition and disruptions to demand and supply. The management will continue to focus on operational efficiencies and expansion of new products and service offerings 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**

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020****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
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Interest income	(120)	(94)	(577)	(420)
Gain on disposal of PPE	(48)	(457)	(116)	(878)
Interest expense	736	2,519	7,222	10,087
Depreciation and amortization	952	625	5,775	6,994
Foreign exchange (gain)/ loss-realised	(1,151)	(1,875)	(2,613)	(6,998)
Foreign exchange (gain)/ loss-unrealised	(1,192)	(167)	1,010	215
Provision for doubtful debts	3,588	567	3,589	567
Provision/(reversal) for slow moving stock	(45)	718	(45)	721

**B6. Taxation**

	Current Year Quarter	Current Year To Date
	31-Dec-20	31-Dec-20
	RM'000	RM'000
Current tax expense	5,803	14,232
Deferred tax expense	(401)	(399)
	<u>5,402</u>	<u>13,833</u>

The effective tax rate for the current year to date under review is lower than than the statutory tax mainly due to higher contribution from Indonesia and Vietnam which have lower Income Tax rates of 22% and 20% respectively.



**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 31 DECEMBER 2020****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B7. Status of corporate proposal**

Samchem Sphere (Myanmar) Company Limited (“SCSML”) is a 60% owned subsidiary of Sam Chem Sphere Joint Stock (“SCSCL”), in which the Company has a 63.25% equity interest via a wholly owned subsidiary, Samchemsphere Export Sdn Bhd (“SESB”). On 3 June 2020, SCSCL acquired the remaining 40% shares in SCSML from its Non Controlling shareholders, Mr Dennis Ho Chin Chye and Mr Leong Ka Fai, for a total amount of USD 20,000 (equivalent to RM87,887). Upon completion of the acquisition, SCSML is now a wholly owned subsidiary of SCSCL.

**B8. Group borrowings and debt securities are as follows:-**

	31-Dec-20		31-Dec-19	
	Borrowing '000	Equivalent RM'000	Borrowing '000	Equivalent RM'000
<b>Long term borrowings</b>				
Secured:-				
Term loans				
- MYR	7,369	7,369	7,932	7,932
<b>Total Long term borrowings</b>		7,369		7,932
<b>Short term borrowings</b>				
Secured:-				
Term loans				
- MYR	589	589	990	828
Trade Loan				
- USD	10,043	41,379	7,035	29,687
- VND	340,901,705	61,889	264,003,734	48,083
Bank overdrafts				
- MYR	-	-	-	-
Bankers acceptances				
- MYR	61,806	61,806	87,733	87,733
<b>Total Short term borrowings</b>		165,663		166,331
<b>Total Borrowings:</b>		173,032		174,263
1 USD to MYR		4.12		4.22
100 VND to MYR		0.018155		0.018213

**SAMCHEM HOLDINGS BERHAD**

(Company No: 797567 U)

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020**

**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 final dividend of 1.0 sen per share in respect of the financial year ended 31 December 2019 has been approved at the Annual General Meeting of the company on 28<sup>th</sup> July 2020 and paid on 17<sup>th</sup> August 2020.

For the second quarter of 2020, the Board of Directors have declared a first interim single-tier dividend of 1.0 sen per share. The dividend has been paid on 22<sup>nd</sup> October 2020.

For the third quarter of 2020, the Board of Directors has declared a second interim single-tier dividend of 1.2 sen per share. The dividend has been paid on 22<sup>nd</sup> December 2020.

For the financial year ended 31 December 2020, the Board of Directors has recommended a final single-tier dividend of 2.0 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.

**SAMCHEM HOLDINGS BERHAD**

(Company No: 797567 U)

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

## B12. Earnings per share

	Current Quarter 31-Dec-20 RM'000	Preceding Year Corresponding Quarter 31-Dec-19 RM'000	Current Year To Date 31-Dec-20 RM'000	Preceding Year Corresponding Period 31-Dec-19 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	18,011	6,894	40,613	23,763
Weighted average number of ordinary shares in issue ('000)	272,000	272,000	272,000	272,000
Earnings per share-basic (sen)				
- Basic	6.62	2.53	14.93	8.74
- Diluted	6.62	2.53	14.93	8.74

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  
Executive Chairman/ Chief Executive Officer  
Date: 23 February 2021