



SAMCHEM HOLDINGS BERHAD

Registration No: 200701039535 (797567 U)

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

INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED

30 SEPTEMBER 2022

SAMCHEM HOLDINGS BERHAD

Registration No: 200701039535 (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 2022

	Individual Quarter				Cumulative Quarter			
	Current Quarter 30-Sep-22 RM'000	Preceding Year Corresponding Quarter 30-Sep-21 RM'000	Changes		Current Year To Date 30-Sep-22 RM'000	Preceding Year Corresponding Period 30-Sep-21 RM'000	Changes	
			RM'000	%			RM'000	%
REVENUE	317,323	272,814	44,509	16%	1,048,506	975,069	73,437	8%
COST OF SALES	(294,384)	(238,571)	(55,813)	23%	(930,490)	(835,100)	(95,390)	11%
GROSS PROFIT	22,939	34,243	(11,304)	-33%	118,016	139,969	(21,953)	-16%
OTHER INCOME	3,437	2,343	1,094	47%	11,669	5,653	6,016	106%
ADMINISTRATIVE EXPENSES	(12,240)	(11,450)	(790)	7%	(43,966)	(44,038)	72	0%
SELLING & DISTRIBUTION EXPENSES	(4,917)	(4,787)	(130)	3%	(15,364)	(14,951)	(413)	3%
OTHER OPERATING EXPENSES	104	(167)	271	-162%	(1,621)	(1,035)	(586)	57%
FINANCE COST	(2,099)	(1,414)	(685)	48%	(5,756)	(4,167)	(1,589)	38%
TOTAL EXPENSES	(19,152)	(17,818)	(1,334)	7%	(66,707)	(64,191)	(2,516)	4%
PROFIT BEFORE TAX	7,224	18,768	(11,544)	-62%	62,978	81,431	(18,453)	-23%
TAX EXPENSES	(1,659)	(3,857)	2,198	-57%	(13,489)	(18,619)	5,130	-28%
PROFIT FOR THE PERIOD	5,565	14,911	(9,346)	-63%	49,489	62,812	(13,323)	-21%
Other comprehensive income:								
Currency translation differences	2,083	1,680	403	24%	5,925	2,758	3,167	115%
Other comprehensive income for the period, net of tax	2,083	1,680	403	24%	5,925	2,758	3,167	115%
Total comprehensive income for the period	7,648	16,591	(8,943)	-54%	55,414	65,570	(10,156)	-15%
Profit attributable to:								
-Owners of the parent	6,497	12,609	(6,112)	-48%	44,292	50,800	(6,508)	-13%
-Non controlling interest	(932)	2,302	(3,234)	-140%	5,197	12,012	(6,815)	-57%
	5,565	14,911	(9,346)	-63%	49,489	62,812	(13,323)	-21%
Total comprehensive income attributable to:								
-Owners of the parent	8,456	13,914	(5,458)	-39%	48,812	52,730	(3,918)	-7%
-Non controlling interest	(808)	2,677	(3,485)	-130%	6,602	12,840	(6,238)	-49%
	7,648	16,591	(8,943)	-54%	55,414	65,570	(10,156)	-15%
Earnings per share (sen)								
- Basic	1.19	2.32	(1.12)		8.14	9.34	(1.20)	
- Diluted	1.19	2.32	(1.12)		8.14	9.34	(1.20)	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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-2022 RM'000	Audited As At 31-Dec-2021 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	53,440	31,261
Right of use assets	40,161	36,802
Deferred tax assets	950	1,048
	<u>94,551</u>	<u>69,111</u>
Current Assets		
Inventories	164,416	193,412
Trade and other receivables	233,054	307,246
Tax recoverables	2,542	519
Cash and bank balances	98,019	86,014
	<u>498,031</u>	<u>587,191</u>
Non-current asset held for sale	706	910
Total Assets	<u>593,288</u>	<u>657,212</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	136,954	136,954
Retained profits	163,142	134,100
Others reserves	(21,517)	(26,037)
Total shareholders' equity	<u>278,579</u>	<u>245,017</u>
Non controlling interest	36,442	30,450
Total Equity	<u>315,021</u>	<u>275,467</u>
Non Current Liabilities		
Borrowings	14,168	6,703
Retirement benefits obligations	1,429	1,384
Lease liabilities	6,481	2,463
Deferred tax liabilities	727	486
	<u>22,805</u>	<u>11,036</u>
Current Liabilities		
Trade and other payables	70,278	144,127
Lease liabilities	3,047	2,570
Borrowings	177,327	218,118
Taxation	4,810	5,894
	<u>255,462</u>	<u>370,709</u>
	<u>255,462</u>	<u>370,709</u>
Total Liabilities	<u>278,267</u>	<u>381,745</u>
Total Equity and Liabilities	<u>593,288</u>	<u>657,212</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.51</u>	<u>0.45</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Current Year to Date 30-Sep-22 RM'000	Preceding year Corresponding Period 30-Sep-21 RM'000
Cash Flows from operating activities		
Profit before taxation	62,978	81,431
Adjustment for:		
Amortisation of right of use assets	3,813	4,021
Depreciation and amortisation	1,395	1,333
Derecognition - termination of lease	-	(25)
Gain on disposal of PPE	(3,367)	(108)
Interest expenses	5,756	4,167
Interest income	(687)	(501)
(Reversal of) Provision for doubtful debts	(600)	(96)
(Reversal of) Provision for slow moving stocks	(756)	-
Retirement benefit obligations	-	468
Unrealised (gain)/loss on foreign exchange	(927)	(312)
Operating profit before working capital changes	67,605	90,378
Changes in working capital:		
Receivable	76,628	(19,040)
Inventories	29,752	(60,896)
Payables	(74,015)	8,472
Cash used in operations	99,970	18,914
Income taxes	(16,521)	(7,567)
Net cash generated from operating activities	83,449	11,347
Cash flows from investing activities		
Purchase of PPE and right of use assets	(31,840)	(2,749)
Purchase of quoted investment	-	(39)
Proceeds from disposal of PPE	4,322	-
Proceeds from disposal of shares in subsidiary	-	400
Proceeds from disposal of quoted investment	-	104
Acquisition of non-controlling interest	(2,200)	-
Interest received	687	501
Net cash used in investing activities	(29,031)	(1,783)
Cash flows from financing activities		
Net drawdown of borrowings and leasing	(28,780)	2,276
Dividend paid	(13,600)	(8,160)
Dividend paid to non-controlling interest	(60)	(180)
Interest paid	(5,756)	(4,167)
Net cash used in financing activities	(48,196)	(10,231)
Net increase in cash and cash equivalents	6,222	(667)
Cash and cash equivalents at the beginning of period	85,615	78,920
Net effect of exchange rate changes	5,783	3,186
Cash and cash equivalents at the end of period	97,620	81,439
Cash and cash equivalents comprise:		
Cash and bank balances	98,019	81,838
Fixed deposit pledged	(399)	(399)
	97,620	81,439

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 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 2022**

	← Attributable to owners of the parent →						Non Controlling Interest	Total Equity
	Share Capital	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Retained Profits	Total Shareholders' Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance at 1 January 2022	136,954	13,355	(40,726)	1,334	134,100	245,017	30,450	275,467
Profit for the period	-	-	-	-	44,292	44,292	5,197	49,489
Other comprehensive income for the period	-	-	-	4,520	-	4,520	1,405	5,925
Total comprehensive income for the period	-	-	-	4,520	44,292	48,812	6,602	55,414
Acquisition of NCI in subsidiary	-	-	-	-	(1,650)	(1,650)	(550)	(2,200)
Dividend paid to non controlling interest	-	-	-	-	-	-	(60)	(60)
Dividend paid	-	-	-	-	(13,600)	(13,600)	-	(13,600)
Total changes in equity for the period	-	-	-	-	(15,250)	(15,250)	(610)	(15,860)
Balance at 30 September 2022	136,954	13,355	(40,726)	5,854	163,142	278,579	36,442	315,021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	← Attributable to owners of the parent →						Non Controlling Interest	Total Equity
	Share Capital	Capital Reserve	Reverse Acquisition Reserve	Translation Reserve	Retained Profits	Total Shareholders' Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance at 1 January 2021	136,954	13,355	(40,726)	305	78,146	188,034	15,841	203,875
Profit for the period	-	-	-	-	50,800	50,800	12,012	62,812
Other comprehensive income for the period	-	-	-	1,930	-	1,930	828	2,758
Total comprehensive income for the period	-	-	-	1,930	50,800	52,730	12,840	65,570
Acquisition of non-controlling interest	-	-	-	-	-	-	400	400
Dividend paid to non controlling interest	-	-	-	-	-	-	(180)	(180)
Dividend declared	-	-	-	-	(8,160)	(8,160)	-	(8,160)
Total changes in equity for the period	-	-	-	-	(8,160)	(8,160)	220	(7,940)
Balance at 30 September 2021	136,954	13,355	(40,726)	2,235	120,786	232,604	28,901	261,505

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 2021 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 2022**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A1. 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 2021 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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 2021.

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 2021, except for the adoption of the following:

MFRSs/Interpretations/Amendments	Effective date
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 141, <i>Agriculture (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022

The adoption of the above standards/amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

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 2021.

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

The Company has disposed of a factory lot to Sky & Sanders Holdings Sdn Bhd for a consideration of RM 3.8 million in the current financial year. The gain on disposal was RM 2.7 million.

In the current financial year, the Company was granted an insurance claim amounting to RM 1.5 million with respect to damage of inventory and equipment caused by heavy flooding in December 2021.

A5. Material changes in estimates

There were no changes in estimates that have a material effect in the current quarter under review.

A6. Issuance, cancellation, repurchase, resale and repayment of debt and equity securities

There have been no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

A7. Dividends paid

On 17 May 2022, the Company paid a fourth interim single dividend of 1.5 sen per share in respect of financial year ended 31 December 2021 amounting to RM8.16 million.

On 15 July 2022, the Company paid a first interim single dividend of 1.0 sen per share in respect of financial year ended 31 December 2022 amounting to RM5.44 million.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**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

(i) Segment Revenue	Preceding Year		Changes	
	Current Quarter	Corresponding Quarter		
Analysed by geographical segments:	30-Sep-22	30-Sep-21		
	RM'000	RM'000	RM'000	%
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	163,928	106,625	57,303	54%
Indonesia	23,024	43,681	(20,657)	-47%
Vietnam	123,017	116,807	6,210	5%
Singapore	7,344	5,701	1,643	29%
Revenue from chemical distribution and blending operations	317,313	272,814	44,499	16%
<u>Audio Video Operations:</u>				
Revenue from Audio Video Operations	10	-	10	
Total segment revenue	317,323	272,814	44,509	16%

(ii) Segment Profit before tax**Analysed by geographical segments:****Chemical Distribution And Blending Operations:**

Malaysia	10,964	7,653	3,311	43%
Indonesia	(423)	3,579	(4,002)	-112%
Vietnam	(3,457)	7,543	(11,000)	-146%
Singapore	86	(1)	87	-8700%
Profit before tax from chemical distribution and blending operations	7,170	18,774	(11,604)	-62%

Audio Video Operations:

Profit/ (Loss) before tax from Audio Video Operations	54	(6)	60	-1000%
Total Segment Profit before tax	7,224	18,768	(11,544)	-62%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

A8. Segmental information

(ii) Year-To-Date

	Current Year To Date 30-Sep-22 RM'000	Preceding Year Corresponding Period 30-Sep-21 RM'000	Changes RM'000 %	
<u>(i) Segment Revenue</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	508,849	378,320	130,529	35%
Indonesia	80,590	122,969	(42,379)	-34%
Vietnam	435,021	456,112	(21,091)	-5%
Singapore	24,028	17,665	6,363	36%
Revenue from chemical distribution and blending operations	1,048,488	975,066	73,422	8%
<u>Audio Video Operations:</u>				
Revenue from Audio Video Operations	18	3	15	500%
Total segment revenue	1,048,506	975,069	73,437	8%
<u>(ii) Segment Profit before tax</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	43,204	30,347	12,857	42%
Indonesia	3,788	11,512	(7,724)	-67%
Vietnam	14,921	39,101	(24,180)	-62%
Singapore	1,051	491	560	114%
Profit before tax from chemical distribution and blending operations	62,964	81,451	(18,487)	-23%
<u>Audio Video Operations:</u>				
Profit/ (Loss) before tax from Audio Video Operations	14	(20)	34	-170%
Total Segment Profit before tax	62,978	81,431	(18,453)	-23%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

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

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

As at 30 September 2022, there were no capital commitments other than those stated below:

	RM'000
Approved and contracted for	
- Building in progress	<u>7,902</u>

A11. Material events subsequent to the end of period reported

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

A12. Changes in the composition of the Group

On 7 June 2022, the Company had entered into a Sale and Purchase Agreement with a non-controlling shareholder to purchase 40% of the issued share capital in Samsentosa Chemicals Sdn Bhd (“SCS”), a subsidiary of the Company, for a consideration of RM 2.2 million. The transfer of shares was effected on 6 July 2022 (“**Completion**”). Following the Completion, the Company’s shareholdings in SCS increased from 60% to 100% and accordingly SCS has become a wholly owned subsidiary of the Company.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**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 30 September 2022 except for the following:

	RM'000
As At 31 December 2021	300,237
Changes during the period:	
Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries	(18,389)
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	(27,274)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	(8,458)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	(59,617)
As At 30 September 2022	186,499

A14. Related party transactions

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

	Current Quarter 30-Sep-22 RM'000	Current Year to date 30-Sep-22 RM'000
Sales & Purchase of products*	299	1,419

* 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 2022**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-22 RM'000	Preceding Year Corresponding Quarter 30-Sep-21 RM'000		
REVENUE	317,323	272,814	44,509	16%
COST OF SALES	(294,384)	(238,571)	(55,813)	23%
GROSS PROFIT	22,939	34,243	(11,304)	-33%
OTHER INCOME	3,437	2,343	1,094	47%
ADMINISTRATIVE EXPENSES	(12,240)	(11,450)	(790)	7%
SELLING & DISTRIBUTION EXPENSES	(4,917)	(4,787)	(130)	3%
OTHER OPERATING EXPENSES	104	(167)	271	-162%
FINANCE COST	(2,099)	(1,414)	(685)	48%
TOTAL EXPENSES	(19,152)	(17,818)	(1,334)	7%
PROFIT BEFORE TAX	7,224	18,768	(11,544)	-62%
TAX EXPENSES	(1,659)	(3,857)	2,198	-57%
Profit for the period	5,565	14,911	(9,346)	-63%

The Group recorded a higher revenue of RM317.32 million for the current quarter under review, compared to RM272.81 million for the corresponding quarter in the preceding year, which represents an increase of 16.31%. The revenue increase is due to an increase in sales volume in the current quarter under review compared to the corresponding quarter.

The Group recorded a lower profit before tax for the current quarter of RM7.22 million, representing a decrease of 61.5% compared to the profit before tax for the corresponding quarter in the preceding year of RM18.77 million. The decrease is mainly due to narrower margins arising from the competitive business environment in the current quarter under review.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**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-22 RM'000	Preceding Year Corresponding Period 30-Sep-21 RM'000	RM'000	%
REVENUE	1,048,506	975,069	73,437	8%
COST OF SALES	(930,490)	(835,100)	(95,390)	11%
GROSS PROFIT	118,016	139,969	(21,953)	-16%
OTHER INCOME	11,669	5,653	6,016	106%
ADMINISTRATIVE EXPENSES	(43,966)	(44,038)	72	0%
SELLING & DISTRIBUTION EXPENSES	(15,364)	(14,951)	(413)	3%
OTHER OPERATING EXPENSES	(1,621)	(1,035)	(586)	57%
FINANCE COST	(5,756)	(4,167)	(1,589)	38%
TOTAL EXPENSES	(66,707)	(64,191)	(2,516)	4%
PROFIT BEFORE TAX	62,978	81,431	(18,453)	-23%
TAX EXPENSES	(13,489)	(18,619)	5,130	-28%
Profit for the period	49,489	62,812	(13,323)	-21%

The Group recorded a higher revenue of RM 1,048.51 million for the financial year to date under review, compared to RM 975.07 million for the corresponding quarter in the preceding year, which represents an increase of 7.53%.

The Group recorded a lower profit before tax for the financial year to date of RM62.98 million, representing a decrease of RM18.45 million compared to the profit before tax of RM81.43 million in the preceding corresponding period. This is mainly due to lower margins for the year to date under review.

SAMCHEM HOLDINGS BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**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-22 RM'000	Immediate Preceding Quarter 30-Jun-22 RM'000	Changes	
			RM'000	%
REVENUE	317,323	366,671	(49,348)	-13%
COST OF SALES	(294,384)	(320,868)	26,484	-8%
GROSS PROFIT	22,939	45,803	(22,864)	-50%
OTHER INCOME	3,437	5,658	(2,221)	-39%
ADMINISTRATIVE EXPENSES	(12,240)	(15,728)	3,488	-22%
SELLING & DISTRIBUTION EXPENSES	(4,917)	(5,155)	238	-5%
OTHER OPERATING EXPENSES	104	(1,914)	2,018	-105%
FINANCE COST	(2,099)	(2,019)	(80)	4%
TOTAL EXPENSES	(19,152)	(24,816)	5,664	-23%
PROFIT BEFORE TAX	7,224	26,645	(19,421)	-73%
TAX EXPENSES	(1,659)	(5,379)	3,720	-69%
Profit for the period	5,565	21,266	(15,701)	-74%

The Group recorded a lower profit before tax of RM7.23 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM26.65 million. This is mainly due to declining chemical prices.

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

B3. Prospects for the remaining financial year

Our performance is driven by the demand and supply for chemicals in the market, regional consumption and economic conditions and can be affected by exchange rate fluctuations, competition, disruptions to demand and supply as well as Covid-19 pandemic challenges. The management will continue to focus on operational efficiencies and expansion of new products and service offerings to improve the Group's performance. Barring unforeseen circumstances, the Board of Directors are cautiously optimistic of the Group's performance for the remaining financial year.

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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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**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-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Interest income	(217)	(212)	(687)	(501)
Gain on disposal of PPE	(187)	(65)	(3,367)	(64)
Interest expense	2,099	1,414	5,756	4,167
Depreciation and amortization	1,815	1,639	5,208	5,354
Foreign exchange (gain)/ loss-realised	787	(907)	1,501	(2,683)
Foreign exchange (gain)/ loss-unrealised	(887)	(678)	(927)	(312)
Derecognition - termination of lease	-	(25)	-	(25)
Provision for doubtful debts	-	-	(600)	(96)
Gain on disposal of quoted investment	-	(44)	-	(44)
Provision/(reversal) for slow moving stocks	(756)	-	(756)	-
Insurance claim received	-	-	(1,495)	-

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B6. Taxation

	Current Year Quarter 30-Sep-22 RM'000	Current Year To Date 30-Sep-22 RM'000
Current tax expense	1,541	13,137
Deferred tax expense	118	352
	<u>1,659</u>	<u>13,489</u>

The effective tax rate for the current year to date under review is lower than the statutory tax mainly due to lower tax rates in Indonesia and Vietnam, as well as a gain on disposal of property not subject to corporate tax, in the current year to-date under review.

B7. Status of corporate proposal

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

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

	30-Sep-22		30-Sep-21	
	Borrowing	Equivalent	Borrowing	Equivalent
	'000	RM'000	'000	RM'000
Long term borrowings				
Secured:-				
Term loans				
- MYR	14,168	14,168	6,665	6,665
Total Long term borrowings		14,168		6,665
Short term borrowings				
Secured:-				
Term loans				
- MYR	860	860	834	834
Trade Loan				
- USD	2,985	13,880	6,327	26,891
- VND	286,708,682	54,864	460,191,325	84,666
Bankers acceptances				
- MYR	104,998	104,998	54,413	54,413
Unsecured:-				
Foreign currency trade loans				
- USD	586	2,725	1,253	5,325
Total Short term borrowings		177,327		172,129
Total Borrowings:		191,495		178,794

1 USD to MYR

4.65

100 VND to MYR

0.019136

4.25

0.018398

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 are 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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B11. Proposed Dividend**

For the first quarter of 2022, the Board of Directors has declared a first interim single-tier dividend of 1.0 sen per share. The dividend has been paid on 15th July 2022.

For the second quarter of 2022, the Board of Directors has declared a second interim single-tier dividend of 1.0 sen per share. The dividend has been paid on 12th October 2022.

For the third quarter of 2022, the Board of Directors has declared a third interim single-tier dividend of 0.6 sen per share. The date of book closure for the dividend payment will be announced in due course.

B12. Earnings per share

	Current Quarter 30-Sep-22 RM'000	Preceding Year Corresponding Quarter 30-Sep-21 RM'000	Current Year To Date 30-Sep-22 RM'000	Preceding Year Corresponding Period 30-Sep-21 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	6,497	12,609	44,292	50,800
Weighted average number of ordinary shares in issue ('000)	544,000	544,000	544,000	544,000
Earnings per share-basic (sen)				
- Basic	1.19	2.32	8.14	9.34
- Diluted	1.19	2.32	8.14	9.34

There are no potential dilutive ordinary shares outstanding as at end of the current quarter under review.

By Order of the Board,

Mr. Ng Thin Poh
Executive Chairman/ Chief Executive Officer
Date: 14 November 2022