



**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 JUNE 2023

**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 JUNE 2023**

|  | Individual Quarter                     |   |                 |             | Cumulative Quarter                                |  |                 |             |
|--|--|---|-----------------|-------------|---|--|-----------------|-------------|
|  | Current Quarter<br>30-Jun-23<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30-Jun-22<br>RM'000 | Changes         |             | Current<br>Year<br>To Date<br>30-Jun-23<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>30-Jun-22<br>RM'000 | Changes         |             |
|  |  |   | RM'000          | %           |   |  | RM'000          | %           |
| REVENUE  | 276,235                                | 366,671   | (90,436)        | -25%        | 531,624   | 731,184  | (199,560)       | -27%        |
| COST OF SALES  | (248,141)                              | (320,868)   | 72,727          | -23%        | (477,825)   | (636,106)  | 158,281         | -25%        |
| GROSS PROFIT   | 28,094                                 | 45,803  | (17,709)        | -39%        | 53,799  | 95,078   | (41,279)        | -43%        |
| OTHER INCOME   | 2,133                                  | 5,658   | (3,525)         | -62%        | 7,703   | 8,231  | (528)           | -6%         |
| ADMINISTRATIVE EXPENSES                                      | (14,402)                               | (15,728)  | 1,326           | -8%         | (28,488)  | (31,726)   | 3,238           | -10%        |
| SELLING & DISTRIBUTION EXPENSES                              | (5,853)                                | (5,155)   | (698)           | 14%         | (10,996)  | (10,447)   | (549)           | 5%          |
| OTHER OPERATING EXPENSES                                     | (69)                                   | (1,914)   | 1,845           | -96%        | (1,785)   | (1,725)  | (60)            | 3%          |
| FINANCE COST   | (2,010)                                | (2,019)   | 9               | 0%          | (3,842)   | (3,657)  | (185)           | 5%          |
| TOTAL EXPENSES   | (22,334)                               | (24,816)  | 2,482           | -10%        | (45,111)  | (47,555)   | 2,444           | -5%         |
| PROFIT BEFORE TAX  | 7,893                                  | 26,645  | (18,752)        | -70%        | 16,391  | 55,754   | (39,363)        | -71%        |
| TAX EXPENSES   | (1,888)                                | (5,379)   | 3,491           | -65%        | (3,844)   | (11,831)   | 7,987           | -68%        |
| <b>PROFIT FOR THE PERIOD</b>                                 | <b>6,005</b>                           | <b>21,266</b>   | <b>(15,261)</b> | <b>-72%</b> | <b>12,547</b>                                     | <b>43,923</b>  | <b>(31,376)</b> | <b>-71%</b> |
| Other comprehensive income:                                  |  |   |                 |             |   |  |                 |             |
| Currency translation differences                             | 7,362                                  | 3,038   | 4,324           | 142%        | 9,618   | 3,842  | 5,776           | 150%        |
| <b>Other comprehensive income for the period, net of tax</b> | <b>7,362</b>                           | <b>3,038</b>  | <b>4,324</b>    | <b>142%</b> | <b>9,618</b>                                      | <b>3,842</b>   | <b>5,776</b>    | <b>150%</b> |
| <b>Total comprehensive income for the period</b>             | <b>13,367</b>                          | <b>24,304</b>   | <b>(10,937)</b> | <b>-45%</b> | <b>22,165</b>                                     | <b>47,765</b>  | <b>(25,600)</b> | <b>-54%</b> |
| <b>Profit attributable to:</b>                               |  |   |                 |             |   |  |                 |             |
| -Owners of the parent  | 5,395                                  | 18,205  | (12,810)        | -70%        | 11,930  | 37,795   | (25,865)        | -68%        |
| -Non controlling interest                                    | 610                                    | 3,061   | (2,451)         | -80%        | 617   | 6,128  | (5,511)         | -90%        |
| <b>Total comprehensive income attributable to:</b>           | <b>6,005</b>                           | <b>21,266</b>   | <b>(15,261)</b> | <b>-72%</b> | <b>12,547</b>                                     | <b>43,923</b>  | <b>(31,376)</b> | <b>-71%</b> |
| -Owners of the parent  | 10,964                                 | 20,234  | (9,270)         | -46%        | 19,359  | 40,355   | (20,996)        | -52%        |
| -Non controlling interest                                    | 2,403                                  | 4,070   | (1,667)         | -41%        | 2,806   | 7,410  | (4,604)         | -62%        |
|  | <b>13,367</b>                          | <b>24,304</b>   | <b>(10,937)</b> | <b>-45%</b> | <b>22,165</b>                                     | <b>47,765</b>  | <b>(25,600)</b> | <b>-54%</b> |
| Earnings per share (sen)                                     |  |   |                 |             |   |  |                 |             |
| - Basic  | 0.99                                   | 3.35  | (2.35)          |             | 2.19  | 6.95   | (4.75)          |             |
| - Diluted  | 0.99                                   | 3.35  | (2.35)          |             | 2.19  | 6.95   | (4.75)          |             |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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<br/>30-Jun-2023<br/>RM'000</b> | <b>Audited As At<br/>31-Dec-2022<br/>RM'000</b> |
|--|---|---|
| <b>ASSETS</b>  |   |   |
| <b>Non Current Assets</b>  |   |   |
| Property, plant and equipment  | 65,267  | 64,336  |
| Right of use assets  | 35,661  | 35,537  |
| Deferred tax assets  | 726   | 792   |
|  | <u>101,654</u>                                    | <u>100,665</u>                                  |
| <b>Current Assets</b>  |   |   |
| Inventories  | 123,078   | 137,409   |
| Trade and other receivables  | 204,997   | 204,830   |
| Tax recoverables   | 7,000   | 3,925   |
| Cash and bank balances   | 93,822  | 78,945  |
|  | <u>428,897</u>                                    | <u>425,109</u>                                  |
| Non-current asset held for sale  | -   | 702   |
| <b>Total Assets</b>  | <u>530,551</u>                                    | <u>526,476</u>                                  |
| <b>EQUITY AND LIABILITIES</b>  |   |   |
| <b>Equity</b>  |   |   |
| Share capital  | 136,954   | 136,954   |
| Retained profits   | 160,973   | 156,230   |
| Other reserves   | (19,283)  | (27,371)  |
| Total shareholders' equity   | <u>278,644</u>                                    | <u>265,813</u>                                  |
| Non controlling interest   | 27,113  | 24,307  |
| <b>Total Equity</b>  | <u>305,757</u>                                    | <u>290,120</u>                                  |
| <b>Non Current Liabilities</b>   |   |   |
| Borrowings   | 25,598  | 17,589  |
| Retirement benefits obligations  | 1,137   | 1,028   |
| Lease liabilities  | 1,446   | 2,720   |
| Deferred tax liabilities   | 836   | 803   |
|  | <u>29,017</u>                                     | <u>22,140</u>                                   |
| <b>Current Liabilities</b>   |   |   |
| Trade and other payables   | 63,070  | 89,081  |
| Lease liabilities  | 3,034   | 2,709   |
| Borrowings   | 129,406   | 119,657   |
| Taxation   | 267   | 2,769   |
|  | <u>195,777</u>                                    | <u>214,216</u>                                  |
| <b>Total Liabilities</b>   | <u>224,794</u>                                    | <u>236,356</u>                                  |
| <b>Total Equity and Liabilities</b>  | <u>530,551</u>                                    | <u>526,476</u>                                  |
| Net assets per ordinary share attributable to ordinary equity holders of the parent (RM) | <u>0.51</u>                                       | <u>0.49</u>                                     |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 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 JUNE 2023**

|   | Current<br>Year to Date<br>30-Jun-23<br>RM'000 | Preceding year<br>Corresponding<br>Period<br>30-Jun-22<br>RM'000 |
|---|--|--|
| <b>Cash Flows from operating activities</b>                         |  |  |
| Profit before taxation  | 16,391   | 55,754   |
| Adjustment for:   |  |  |
| Amortisation of right of use assets                                 | 1,405  | 2,491  |
| Depreciation and amortisation                                       | 1,568  | 902  |
| Gain on disposal of PPE   | (2,226)  | (3,180)  |
| Interest expenses   | 3,842  | 3,657  |
| Interest income   | (479)  | (470)  |
| Property, plant and equipment written off                           | (22)   | (124)  |
| (Reversal of) Provision for doubtful debts                          | -  | (600)  |
| (Reversal of) Provision for inventory written down                  | (459)  | -  |
| Retirement benefit obligations                                      | (86)   | -  |
| Unrealised (gain)/loss on foreign exchange                          | (1,394)  | (40)   |
| Operating profit before working capital changes                     | 18,540   | 58,390   |
| Changes in working capital:   |  |  |
| Receivable  | 1,226  | 29,723   |
| Inventories   | 14,789   | (40,481)   |
| Payables  | (14,661)                                       | (52,804)   |
| Cash generated from/ (used in) operations                           | 19,894   | (5,172)  |
| Income taxes  | (9,009)  | (12,814)   |
| <b>Net cash generated from/ (used in) operating activities</b>      | <b>10,885</b>                                  | <b>(17,986)</b>  |
| <b>Cash flows from investing activities</b>                         |  |  |
| Purchase of PPE and right of use assets                             | (1,870)  | (10,343)   |
| Proceeds from disposal of PPE                                       | 3,815  | 4,032  |
| Interest received   | 479  | 470  |
| <b>Net cash generated from/ (used in) from investing activities</b> | <b>2,424</b>                                   | <b>(5,841)</b>   |
| <b>Cash flows from financing activities</b>                         |  |  |
| Net (repayment)/drawdown of borrowings and leasing                  | 5,674  | 44,105   |
| Dividend paid   | (6,528)  | (8,160)  |
| Dividend paid to non-controlling interest                           | -  | (60)   |
| Interest paid   | (3,842)  | (3,657)  |
| <b>Net cash (used in)/ generated from financing activities</b>      | <b>(4,696)</b>                                 | <b>32,228</b>  |
| <b>Net increase in cash and cash equivalents</b>                    | <b>8,613</b>                                   | <b>8,401</b>   |
| <b>Cash and cash equivalents at the beginning of period</b>         | <b>78,546</b>                                  | <b>85,615</b>  |
| <b>Net effect of exchange rate changes</b>                          | <b>6,264</b>                                   | <b>4,547</b>   |
| <b>Cash and cash equivalents at the end of period</b>               | <b>93,423</b>                                  | <b>98,563</b>  |
| <b>Cash and cash equivalents comprise:</b>                          |  |  |
| <b>Cash and bank balances</b>                                       | <b>93,822</b>                                  | <b>98,962</b>  |
| <b>Fixed deposit pledged</b>  | <b>(399)</b>                                   | <b>(399)</b>   |
|   | <b>93,423</b>                                  | <b>98,563</b>  |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 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 JUNE 2023**

|  | ← 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 2023</b>                 | 136,954                                  | 13,355          | (40,726)                    | 659                 | 155,571          | 265,813                    | 24,307                   | 290,120      |
| Profit for the period                            | -  | -               | -                           | -                   | 11,930           | 11,930                     | 617                      | 12,547       |
| Other comprehensive income for the period        | -  | -               | -                           | 7,429               | -                | 7,429                      | 2,189                    | 9,618        |
| <b>Total comprehensive income for the period</b> | -  | -               | -                           | 7,429               | 11,930           | 19,359                     | 2,806                    | 22,165       |
| Dividend paid                                    | -  | -               | -                           | -                   | (6,528)          | (6,528)                    | -                        | (6,528)      |
| <b>Total changes in equity for the period</b>    | -  | -               | -                           | -                   | (6,528)          | (6,528)                    | -                        | (6,528)      |
| <b>Balance at 30 Jun 2023</b>                    | 136,954                                  | 13,355          | (40,726)                    | 8,088               | 160,973          | 278,644                    | 27,113                   | 305,757      |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2022**

|  | ← 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 2022</b>                 | 136,954                                  | 13,355          | (40,726)                    | 1,334               | 134,100          | 245,017                    | 30,450                   | 275,467      |
| Profit for the period                            | -  | -               | -                           | -                   | 37,795           | 37,795                     | 6,128                    | 43,923       |
| Other comprehensive income for the period        | -  | -               | -                           | 2,560               | -                | 2,560                      | 1,282                    | 3,842        |
| <b>Total comprehensive income for the period</b> | -  | -               | -                           | 2,560               | 37,795           | 40,355                     | 7,410                    | 47,765       |
| Dividend paid to non controlling interest        | -  | -               | -                           | -                   | (8,160)          | (8,160)                    | (60)                     | (8,220)      |
| <b>Total changes in equity for the period</b>    | -  | -               | -                           | -                   | (8,160)          | (8,160)                    | (60)                     | (8,220)      |
| <b>Balance at 30 June 2022</b>                   | 136,954                                  | 13,355          | (40,726)                    | 3,894               | 163,735          | 277,212                    | 37,800                   | 315,012      |

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 2022 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 JUNE 2023****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 2022 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 2022.

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 2022, except for the adoption of the following:

| <b>MFRSs/Interpretations/Amendments</b>   | <b>Effective date</b> |
|---|-----------------------|
| Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)</i> | 1 January 2023        |
| Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>  | 1 January 2023        |
| Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)</i>  | 1 January 2023        |
| Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>                     | 1 January 2023        |
| Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>                     | 1 January 2023        |
| Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>   | 1 January 2023        |
| Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>   | 1 January 2023        |
| Amendments to MFRS 141, <i>Agriculture (Annual Improvements to MFRS Standards 2018–2020)</i>  | 1 January 2023        |

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 JUNE 2023**

**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 2022.

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 MTIS Industrial Supplies Sdn Bhd for a consideration of RM3.15 million in the current financial year. The gain on disposal was RM 2.1 million and was recognised in the first quarter of the current financial year.

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 10 January 2023, the Company paid a third interim single tier dividend of 0.6 sen per share in respect of financial year ended 31 December 2022 amounting to RM3.26 million.

On 5 May 2023, the Company paid a fourth interim single tier dividend of 0.6 sen per share in respect of financial year ended 31 December 2022 amounting to RM3.26 million.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023****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>30-Jun-23</b>       | <b>30-Jun-22</b>             |                 |             |
|  | <b>RM'000</b>          | <b>RM'000</b>                | <b>RM'000</b>   | <b>%</b>    |
| <b><u>Chemical Distribution And Blending Operations:</u></b>         |                        |                              |                 |             |
| Malaysia   | 129,138                | 176,100                      | (46,962)        | -27%        |
| Indonesia  | 16,657                 | 24,919                       | (8,262)         | -33%        |
| Vietnam  | 123,570                | 156,553                      | (32,983)        | -21%        |
| Singapore  | 6,870                  | 9,094                        | (2,224)         | -24%        |
| Revenue from chemical distribution and blending operations           | 276,235                | 366,666                      | (90,431)        | -25%        |
| <b><u>Audio Video Operations:</u></b>                                |                        |                              |                 |             |
| Revenue from Audio Video Operations                                  | -                      | 5                            | (5)             | -100%       |
| <b>Total segment revenue</b>   | <b>276,235</b>         | <b>366,671</b>               | <b>(90,436)</b> | <b>-25%</b> |
| <br>   |                        |                              |                 |             |
| <b>(ii) Segment Profit before tax</b>                                |                        |                              |                 |             |
| <b>Analysed by geographical segments:</b>                            |                        |                              |                 |             |
| <b><u>Chemical Distribution And Blending Operations:</u></b>         |                        |                              |                 |             |
| Malaysia   | 5,256                  | 16,565                       | (11,309)        | -68%        |
| Indonesia  | 265                    | 1,320                        | (1,055)         | -80%        |
| Vietnam  | 1,989                  | 8,309                        | (6,320)         | -76%        |
| Singapore  | 384                    | 490                          | (106)           | -22%        |
| Profit before tax from chemical distribution and blending operations | 7,894                  | 26,684                       | (18,790)        | -70%        |
| <b><u>Audio Video Operations:</u></b>                                |                        |                              |                 |             |
| Profit/ (Loss) before tax from Audio Video Operations                | (1)                    | (39)                         | 38              | -97%        |
| <b>Total Segment Profit before tax</b>                               | <b>7,893</b>           | <b>26,645</b>                | <b>(18,752)</b> | <b>-70%</b> |



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

## A8. Segmental information

## (ii) Year-To-Date

|  | Current<br>Year<br>To Date<br>30-Jun-23<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>30-Jun-22<br>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   | 267,971   | 344,922  | (76,951)         | -22%        |
| Indonesia  | 36,173  | 57,566   | (21,393)         | -37%        |
| Vietnam  | 214,857   | 312,004  | (97,147)         | -31%        |
| Singapore  | 12,623  | 16,684   | (4,061)          | -24%        |
| Revenue from chemical distribution and blending operations           | 531,624   | 731,176  | (199,552)        | -27%        |
| <b><u>Audio Video Operations:</u></b>                                |   |  |                  |             |
| Revenue from Audio Video Operations                                  | -   | 8  | (8)              | -100%       |
| <b>Total segment revenue</b>   | <b>531,624</b>                                    | <b>731,184</b>   | <b>(199,560)</b> | <b>-27%</b> |
| <b>(ii) Segment Profit before tax</b>                                |   |  |                  |             |
| <b>Analysed by geographical segments:</b>                            |   |  |                  |             |
| <b><u>Chemical Distribution And Blending Operations:</u></b>         |   |  |                  |             |
| Malaysia   | 13,756  | 32,240   | (18,484)         | -57%        |
| Indonesia  | 88  | 4,211  | (4,123)          | -98%        |
| Vietnam  | 1,918   | 18,378   | (16,460)         | -90%        |
| Singapore  | 630   | 965  | (335)            | -35%        |
| Profit before tax from chemical distribution and blending operations | 16,392  | 55,794   | (39,402)         | -71%        |
| <b><u>Audio Video Operations:</u></b>                                |   |  |                  |             |
| Profit/ (Loss) before tax from Audio Video Operations                | (1)   | (40)   | 39               | -98%        |
| <b>Total Segment Profit before tax</b>                               | <b>16,391</b>                                     | <b>55,754</b>  | <b>(39,363)</b>  | <b>-71%</b> |

**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 30 JUNE 2023**

**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 June 2023, there were no capital commitments other than those stated below:

|                             | RM'000       |
|-----------------------------|--------------|
| Approved and contracted for |              |
| - Building in progress      | <u>6,553</u> |

A11. Material events subsequent to the end of period reported

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

A12. Changes in the composition of the Group

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023****A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING****A13. Changes in contingent liabilities and contingent assets**

The changes in the contingent liabilities and contingent assets of the Group since the Statement of Financial Position as at 31 December 2022 are as follows:

|   | <b>RM'000</b>  |
|---|----------------|
| As At 31 December 2022  | 166,985        |
| Changes during the period:  |                |
| Corporate guarantee provided by the Company to financial institutions in respect of financing facilities granted to local subsidiaries            | (2,371)        |
| Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries | (37,527)       |
| Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries                            | (11,097)       |
| Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary                          | 12,170         |
| As At 30 June 2023  | <u>128,160</u> |

**A14. Related party transactions**

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

|                               | <b>Current<br/>Quarter<br/>30-Jun-23<br/>RM'000</b> | <b>Current<br/>Year to<br/>date<br/>30-Jun-23<br/>RM'000</b> |
|-------------------------------|---|--|
| Sales & Purchase of products* | <u>338</u>  | <u>779</u>   |

\* Company in which a director of the subsidiaries have substantial financial interests

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

## B1. Performance review

(i) Current Quarter

|                                 | Individual Quarter                     |   | Changes         |             |
|---------------------------------|--|---|-----------------|-------------|
|                                 | Current Quarter<br>30-Jun-23<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30-Jun-22<br>RM'000 |                 |             |
| REVENUE                         | 276,235                                | 366,671   | (90,436)        | -25%        |
| COST OF SALES                   | (248,141)                              | (320,868)   | 72,727          | -23%        |
| GROSS PROFIT                    | 28,094                                 | 45,803  | (17,709)        | -39%        |
| OTHER INCOME                    | 2,133                                  | 5,658   | (3,525)         | -62%        |
| ADMINISTRATIVE EXPENSES         | (14,402)                               | (15,728)  | 1,326           | -8%         |
| SELLING & DISTRIBUTION EXPENSES | (5,853)                                | (5,155)   | (698)           | 14%         |
| OTHER OPERATING EXPENSES        | (69)                                   | (1,914)   | 1,845           | -96%        |
| FINANCE COST                    | (2,010)                                | (2,019)   | 9               | 0%          |
| TOTAL EXPENSES                  | (22,334)                               | (24,816)  | 2,482           | -10%        |
| PROFIT BEFORE TAX               | 7,893                                  | 26,645  | (18,752)        | -70%        |
| TAX EXPENSES                    | (1,888)                                | (5,379)   | 3,491           | -65%        |
| <b>Profit for the period</b>    | <b>6,005</b>                           | <b>21,266</b>   | <b>(15,261)</b> | <b>-72%</b> |

The Group recorded a lower revenue of RM276.24 million for the current quarter under review, compared to RM366.67 million for the corresponding quarter in the preceding year, which represents a decrease of 24.66%. The revenue decrease is due to a decrease in average selling price and sales volume in the current quarter under review compared to the corresponding quarter.

The Group recorded a profit before tax of RM7.89 million for the current quarter, compared to the profit before tax for the corresponding quarter in the preceding year of RM26.65 million. This is mainly due to lower sales volume and margins in the current quarter under review.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023****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<br>30-Jun-23<br>RM'000 | Preceding Year Corresponding Period<br>30-Jun-22<br>RM'000 | RM'000          | %           |
| REVENUE                         | 531,624                                     | 731,184  | (199,560)       | -27%        |
| COST OF SALES                   | (477,825)                                   | (636,106)  | 158,281         | -25%        |
| GROSS PROFIT                    | 53,799                                      | 95,078   | (41,279)        | -43%        |
| OTHER INCOME                    | 7,703                                       | 8,231  | (528)           | -6%         |
| ADMINISTRATIVE EXPENSES         | (28,488)                                    | (31,726)   | 3,238           | -10%        |
| SELLING & DISTRIBUTION EXPENSES | (10,996)                                    | (10,447)   | (549)           | 5%          |
| OTHER OPERATING EXPENSES        | (1,785)                                     | (1,725)  | (60)            | 3%          |
| FINANCE COST                    | (3,842)                                     | (3,657)  | (185)           | 5%          |
| TOTAL EXPENSES                  | (45,111)                                    | (47,555)   | 2,444           | -5%         |
| PROFIT BEFORE TAX               | 16,391                                      | 55,754   | (39,363)        | -71%        |
| TAX EXPENSES                    | (3,844)                                     | (11,831)   | 7,987           | -68%        |
| <b>Profit for the period</b>    | <b>12,547</b>                               | <b>43,923</b>  | <b>(31,376)</b> | <b>-71%</b> |

The Group recorded a lower revenue of RM531.62 million for the financial year to date under review, compared to RM731.18 million for the corresponding quarter in the preceding year, which represents a decrease of 27.29%. The decrease is due to lower average selling price and volume for the year to date under review.

The Group recorded a lower profit before tax for the financial year to date of RM16.39 million, representing a decrease of RM39.36 million compared to the profit before tax of RM55.75 million in the preceding corresponding period. This is mainly due to lower margins for the year to date under review.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023****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<br/>Quarter<br/>30-Jun-23<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>31-Mar-23<br/>RM'000</b> | <b>Changes</b> |          |
|---------------------------------|---|---|----------------|----------|
|                                 |   |   | <b>RM'000</b>  | <b>%</b> |
| REVENUE                         | 276,235   | 255,389   | 20,846         | 8%       |
| COST OF SALES                   | (248,141)   | (229,684)   | (18,457)       | 8%       |
| GROSS PROFIT                    | 28,094  | 25,705  | 2,389          | 9%       |
| OTHER INCOME                    | 2,133   | 5,570   | (3,437)        | -62%     |
| ADMINISTRATIVE EXPENSES         | (14,402)  | (14,086)  | (316)          | 2%       |
| SELLING & DISTRIBUTION EXPENSES | (5,853)   | (5,143)   | (710)          | 14%      |
| OTHER OPERATING EXPENSES        | (69)  | (1,716)   | 1,647          | -96%     |
| FINANCE COST                    | (2,010)   | (1,832)   | (178)          | 10%      |
| TOTAL EXPENSES                  | (22,334)  | (22,777)  | 443            | -2%      |
| PROFIT BEFORE TAX               | 7,893   | 8,498   | (605)          |          |
| TAX EXPENSES                    | (1,888)   | (1,956)   | 68             | -3%      |
| <b>Profit for the period</b>    | <b>6,005</b>  | <b>6,542</b>  | <b>(537)</b>   |          |

The Group recorded a lower profit before tax of RM7.89 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM8.50 million. Despite the current quarter attaining higher revenues and margins, profit before tax compared to the preceding quarter was lower chiefly due to a one off disposal gain of a factory lot of RM2.1 million recognised in the preceding quarter.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023**

**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 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. Barring unforeseen circumstances, the Board of Directors are cautiously optimistic of the Group's performance for the remaining financial year. Despite forecasting a challenging and dynamic year ahead, we will be able to weather through the tough economic conditions.

**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 JUNE 2023****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-Jun-23          | 30-Jun-22                            | 30-Jun-23            | 30-Jun-22                           |
|  | RM'000             | RM'000                               | RM'000               | RM'000                              |
| Interest income                          | (210)              | (256)                                | (479)                | (470)                               |
| Gain on disposal of PPE                  | (83)               | (2,909)                              | (2,226)              | (3,180)                             |
| PPE written off                          | -                  | -                                    | (22)                 | -                                   |
| Interest expense                         | 2,010              | 2,019                                | 3,842                | 3,657                               |
| Depreciation and amortization            | 1,437              | 1,534                                | 2,973                | 3,393                               |
| Foreign exchange (gain)/ loss-realised   | (242)              | 1,805                                | (519)                | 714                                 |
| Foreign exchange (gain)/ loss-unrealised | (1,049)            | (404)                                | (1,394)              | (40)                                |
| Impairment losses on trade receivables   | -                  | (300)                                | -                    | (600)                               |



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## B6. Taxation

|                      | Current Year Quarter<br>30-Jun-23<br>RM'000 | Current Year To Date<br>30-Jun-23<br>RM'000 |
|----------------------|---|---|
| Current tax expense  | 1,725                                       | 3,692                                       |
| Deferred tax expense | 163   | 152   |
|                      | <u>1,888</u>                                | <u>3,844</u>                                |

## B7. Status of corporate proposal

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023**

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

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

|                                    | 30-Jun-23  |                | 30-Jun-22 |                |
|------------------------------------|------------|----------------|-----------|----------------|
|                                    | Borrowing  | Equivalent     | Borrowing | Equivalent     |
|                                    | '000       | RM'000         | '000      | RM'000         |
| <b>Long term borrowings</b>        |            |                |           |                |
| Secured:-                          |            |                |           |                |
| Hire purchase creditors            |            |                |           |                |
| - MYR                              | 4,131      | 4,131          | 2,860     | 2,860          |
| - IDR                              | -          | -              | 67        | 2              |
| Term loans                         |            |                |           |                |
| - MYR                              | 14,002     | 14,002         | 6,550     | 6,550          |
| - VND                              | 37,799,125 | 7,465          | -         | -              |
| <b>Total Long term borrowings</b>  |            | <b>25,598</b>  |           | <b>9,412</b>   |
| <b>Short term borrowings</b>       |            |                |           |                |
| Secured:-                          |            |                |           |                |
| Term loans                         |            |                |           |                |
| - MYR                              | 520        | 520            | 857       | 857            |
| - VND                              | 5,399,875  | 1,066          | -         | -              |
| Trade Loan                         |            |                |           |                |
| - MYR                              | 6,460      | 6,460          | 3,527     | 15,695         |
| - VND                              | 2,325,868  | 45,931         | 5,779,445 | 109,769        |
| Bankers acceptances                |            |                |           |                |
| - MYR                              | 70,357     | 70,357         | 119,214   | 119,214        |
| Hire purchase creditors            |            |                |           |                |
| - IDR                              | 3,872      | 122            | 898       | 27             |
| - MYR                              | 705        | 705            | 867       | 867            |
| Unsecured:-                        |            |                |           |                |
| Foreign currency trade loans       |            |                |           |                |
| - USD                              | 903        | 4,245          | 2,785     | 12,394         |
| <b>Total Short term borrowings</b> |            | <b>129,406</b> |           | <b>258,823</b> |
| <b>Total Borrowings:</b>           |            | <b>155,004</b> |           | <b>268,235</b> |

1 USD to MYR  
100 IDR to MYR  
100 VND to MYR

|          |          |
|----------|----------|
| 4.70     | 4.45     |
| 0.031506 | 0.030064 |
| 0.019748 | 0.018993 |

B9. Financial Instruments

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023**

**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 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.

**B11. Proposed Dividend**

For the first quarter of 2023, the Board of Directors has declared a first interim dividend of 0.5 sen per share. The dividend will be paid on 25<sup>th</sup> July 2023.

For the second quarter of 2023, the Board of Directors has declared a second interim dividend of 0.5 sen per share. 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 30 JUNE 2023****B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

## B12. Earnings per share

|   | Current<br>Quarter<br>30-Jun-23<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30-Jun-22<br>RM'000 | Current<br>Year<br>To Date<br>30-Jun-23<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>30-Jun-22<br>RM'000 |
|---|---|---|---|--|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 5,395                                     | 18,205  | 11,930  | 37,795   |
| Weighted average number of ordinary shares in issue ('000)            | 544,000                                   | 544,000   | 544,000   | 544,000  |
| Earnings per share-basic (sen)  |   |   |   |  |
| - Basic   | 0.99                                      | 3.35  | 2.19  | 6.95   |
| - Diluted   | 0.99                                      | 3.35  | 2.19  | 6.95   |

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  
Date: 15<sup>th</sup> August 2023