



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 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 SEPTEMBER 2023

	Individual Quarter				Cumulative Quarter			
	Preceding Year		Changes		Current	Preceding Year	Changes	
	Current	Corresponding			Year	Corresponding		
	Quarter	Quarter			To Date	Period		
	30-Sep-23	30-Sep-22	RM'000	%	30-Sep-23	30-Sep-22	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
REVENUE	322,534	317,323	5,211	2%	854,159	1,048,506	(194,347)	-19%
COST OF SALES	(287,897)	(294,384)	6,487	-2%	(765,722)	(930,490)	164,768	-18%
GROSS PROFIT	34,637	22,939	11,698	51%	88,437	118,016	(29,579)	-25%
OTHER INCOME	3,356	3,437	(81)	-2%	11,059	11,669	(610)	-5%
ADMINISTRATIVE EXPENSES	(16,674)	(12,240)	(4,434)	36%	(45,162)	(43,966)	(1,196)	3%
SELLING & DISTRIBUTION EXPENSES	(6,782)	(4,917)	(1,865)	38%	(17,778)	(15,364)	(2,414)	16%
OTHER OPERATING EXPENSES	(512)	104	(616)	-592%	(2,297)	(1,621)	(676)	42%
FINANCE COST	(1,663)	(2,099)	436	-21%	(5,506)	(5,756)	250	-4%
TOTAL EXPENSES	(25,631)	(19,152)	(6,479)	34%	(70,743)	(66,707)	(4,036)	6%
PROFIT BEFORE TAX	12,362	7,224	5,138	71%	28,753	62,978	(34,225)	-54%
TAX EXPENSES	(2,624)	(1,659)	(965)	58%	(6,468)	(13,489)	7,021	-52%
PROFIT FOR THE PERIOD	9,738	5,565	4,173	75%	22,285	49,489	(27,204)	-55%
Other comprehensive income:								
Currency translation differences	(2,374)	2,083	(4,457)	-214%	7,244	5,925	1,319	22%
Other comprehensive income for the period, net of tax	(2,374)	2,083	(4,457)	-214%	7,244	5,925	1,319	22%
Total comprehensive income for the period	7,364	7,648	(284)	-4%	29,529	55,414	(25,885)	-47%
Profit attributable to:								
-Owners of the parent	8,493	6,497	1,996	31%	20,423	44,292	(23,869)	-54%
-Non controlling interest	1,245	(932)	2,177	-234%	1,862	5,197	(3,335)	-64%
	9,738	5,565	4,173	75%	22,285	49,489	(27,204)	-55%
Total comprehensive income attributable to:								
-Owners of the parent	6,736	8,456	(1,720)	-20%	26,095	48,812	(22,717)	-47%
-Non controlling interest	628	(808)	1,436	-178%	3,434	6,602	(3,168)	-48%
	7,364	7,648	(284)	-4%	29,529	55,414	(25,885)	-47%
Earnings per share (sen)								
- Basic	1.56	1.19	0.37		3.75	8.14	(4.39)	
- Diluted	1.56	1.19	0.37		3.75	8.14	(4.39)	

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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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 30-Sep-2023 RM'000	Audited As At 31-Dec-2022 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	69,532	64,336
Right of use assets	34,402	35,537
Deferred tax assets	696	792
	<u>104,630</u>	<u>100,665</u>
Current Assets		
Inventories	125,948	137,409
Trade and other receivables	241,355	204,830
Tax recoverables	7,634	3,925
Cash and bank balances	82,302	78,945
	<u>457,239</u>	<u>425,109</u>
Non-current asset held for sale	-	702
Total Assets	<u>561,869</u>	<u>526,476</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	136,954	136,954
Retained profits	166,353	156,230
Other reserves	(21,040)	(27,371)
Total shareholders' equity	<u>282,267</u>	<u>265,813</u>
Non controlling interest	28,550	24,307
Total Equity	<u>310,817</u>	<u>290,120</u>
Non Current Liabilities		
Borrowings	28,290	17,589
Retirement benefits obligations	1,113	1,028
Lease liabilities	1,122	2,720
Deferred tax liabilities	762	803
	<u>31,287</u>	<u>22,140</u>
Current Liabilities		
Trade and other payables	97,794	89,081
Lease liabilities	2,525	2,709
Borrowings	118,744	119,657
Taxation	702	2,769
	<u>219,765</u>	<u>214,216</u>
Total Liabilities	<u>251,052</u>	<u>236,356</u>
Total Equity and Liabilities	<u>561,869</u>	<u>526,476</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.52</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 SEPTEMBER 2023

	Current Year to Date 30-Sep-23 RM'000	Preceding year Corresponding Period 30-Sep-22 RM'000
Cash Flows from operating activities		
Profit before taxation	28,753	62,978
Adjustment for:		
Amortisation of right of use assets	2,246	3,813
Bad debts recovered	(30)	-
Depreciation and amortisation	2,316	1,395
Gain on disposal of PPE	(2,196)	(3,367)
Interest expenses	5,506	5,756
Interest income	(831)	(687)
Property, plant and equipment written off	(22)	-
(Reversal of) Provision for doubtful debts	-	(600)
(Reversal of) Provision for inventory written down	(1,236)	(756)
Retirement benefit obligations	(86)	-
Unrealised (gain)/loss on foreign exchange	(1,377)	(927)
Operating profit before working capital changes	33,043	67,605
Changes in working capital:		
Receivable	(35,119)	76,628
Inventories	12,697	29,752
Payables	20,038	(74,015)
Cash generated from operations	30,659	99,970
Income taxes	(12,256)	(16,521)
Net cash generated from operating activities	18,403	83,449
Cash flows from investing activities		
Purchase of PPE and right of use assets	(7,465)	(31,840)
Proceeds from disposal of PPE	4,048	4,322
Proceeds from disposal of shares in subsidiary	560	-
(Acquisition)/disposal of non-controlling interest	-	(2,200)
Interest received	831	687
Net cash (used in) from investing activities	(2,026)	(29,031)
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings and leasing	(3,128)	(28,780)
Dividend paid	(9,248)	(13,600)
Dividend paid to non-controlling interest	(144)	(60)
Interest paid	(5,506)	(5,756)
Net cash (used in) financing activities	(18,026)	(48,196)
Net increase in cash and cash equivalents	(1,649)	6,222
Cash and cash equivalents at the beginning of period	78,546	85,615
Net effect of exchange rate changes	5,006	5,783
Cash and cash equivalents at the end of period	81,903	97,620
Cash and cash equivalents comprise:		
Cash and bank balances	82,302	98,019
Fixed deposit pledged	(399)	(399)
	81,903	97,620

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 SEPTEMBER 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			
Balance at 1 January 2023	136,954	13,355	(40,726)	659	155,571	265,813	24,307	290,120
Profit for the period	-	-	-	-	20,423	20,423	1,862	22,285
Other comprehensive income for the period	-	-	-	5,672	-	5,672	1,572	7,244
Total comprehensive income for the period	-	-	-	5,672	20,423	26,095	3,434	29,529
Disposal of shares in subsidiary	-	-	-	-	-	-	953	953
Dilution of interest in subsidiary	-	-	-	-	(393)	(393)	-	(393)
Dividend paid to non controlling interest	-	-	-	-	-	-	(144)	(144)
Dividend paid	-	-	-	-	(9,248)	(9,248)	-	(9,248)
Total changes in equity for the period	-	-	-	-	(9,641)	(9,641)	809	(8,832)
Balance at 30 September 2023	136,954	13,355	(40,726)	6,331	166,353	282,267	28,550	310,817

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

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 SEPTEMBER 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:

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 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 SEPTEMBER 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.

On 25 July 2023, the Company paid a first interim single tier dividend of 0.5 sen per share in respect of financial year ended 31 December 2023 amounting to RM2.72 million.

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

<u>(i) Segment Revenue</u>	Preceding Year		Changes	
	Current Quarter 30-Sep-23 RM'000	Corresponding Quarter 30-Sep-22 RM'000	RM'000	%
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	146,406	163,928	(17,522)	-11%
Indonesia	21,079	23,024	(1,945)	-8%
Vietnam	146,306	123,017	23,289	19%
Singapore	8,743	7,344	1,399	19%
Revenue from chemical distribution and blending operations	322,534	317,313	5,221	2%
<u>Audio Video Operations:</u>				
Revenue from Audio Video Operations	-	10	(10)	-100%
Total segment revenue	322,534	317,323	5,211	2%
(ii) Segment Profit before tax				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	7,552	10,964	(3,412)	-31%
Indonesia	252	(423)	675	-160%
Vietnam	3,690	(3,457)	7,147	-207%
Singapore	874	86	788	916%
Profit before tax from chemical distribution and blending operations	12,368	7,170	5,198	72%
<u>Audio Video Operations:</u>				
Profit/ (Loss) before tax from Audio Video Operations	(6)	54	(60)	-111%
Total Segment Profit before tax	12,362	7,224	5,138	71%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023**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	Corresponding		
Analysed by geographical segments:	To Date	Period		
	30-Sep-23	30-Sep-22	RM'000	%
	RM'000	RM'000	RM'000	%
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	414,378	508,849	(94,471)	-19%
Indonesia	57,252	80,590	(23,338)	-29%
Vietnam	361,163	435,021	(73,858)	-17%
Singapore	21,366	24,028	(2,662)	-11%
Revenue from chemical distribution and blending operations	854,159	1,048,488	(194,329)	-19%
<u>Audio Video Operations:</u>				
Revenue from Audio Video Operations	-	18	(18)	-100%
Total segment revenue	854,159	1,048,506	(194,347)	-19%
(ii) Segment Profit before tax				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	21,307	43,204	(21,897)	-51%
Indonesia	340	3,788	(3,448)	-91%
Vietnam	5,608	14,921	(9,313)	-62%
Singapore	1,504	1,051	453	43%
Profit before tax from chemical distribution and blending operations	28,759	62,964	(34,205)	-54%
<u>Audio Video Operations:</u>				
Profit/ (Loss) before tax from Audio Video Operations	(6)	14	(20)	-143%
Total Segment Profit before tax	28,753	62,978	(34,225)	-54%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 2023, there were no capital commitments other than those stated below:

	RM'000
Approved and contracted for	
- Building in progress	<u>1,019</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 6 July 2023, a non-controlling shareholder of SC Udes Sdn Bhd, a subsidiary of the Company, had completed the exercise of option to purchase 20% of the issued share capital in SC Udes Sdn Bhd, for a consideration of consideration of RM 400,000 from the Company.

Following the Completion, the Company's shareholdings in SC Udes has decreased from 80% to 60%.

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

	RM'000
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	(11,862)
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	(6,219)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	28,316
As At 30 September 2023	<u>139,693</u>

A14. Related party transactions

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

	Current Quarter 30-Sep-23 RM'000	Current Year to date 30-Sep-23 RM'000
Sales & Purchase of products*	<u>716</u>	<u>1,495</u>

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 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 30-Sep-23 RM'000	Preceding Year Corresponding Quarter 30-Sep-22 RM'000	RM'000	%
REVENUE	322,534	317,323	5,211	2%
COST OF SALES	(287,897)	(294,384)	6,487	-2%
GROSS PROFIT	34,637	22,939	11,698	51%
OTHER INCOME	3,356	3,437	(81)	-2%
ADMINISTRATIVE EXPENSES	(16,674)	(12,240)	(4,434)	36%
SELLING & DISTRIBUTION EXPENSES	(6,782)	(4,917)	(1,865)	38%
OTHER OPERATING EXPENSES	(512)	104	(616)	-592%
FINANCE COST	(1,663)	(2,099)	436	-21%
TOTAL EXPENSES	(25,631)	(19,152)	(6,479)	34%
PROFIT BEFORE TAX	12,362	7,224	5,138	71%
TAX EXPENSES	(2,624)	(1,659)	(965)	58%
Profit for the period	9,738	5,565	4,173	75%

The Group recorded a higher revenue of RM322.53 million for the current quarter under review, compared to RM317.32 million for the corresponding quarter in the preceding year, which represents an increase of 1.64%. 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 profit before tax of RM12.36 million for the current quarter, compared to the profit before tax for the corresponding quarter in the preceding year of RM7.22 million. This is mainly due to higher profit margins in the current quarter under review.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 30-Sep-23 RM'000	Preceding Year Corresponding Period 30-Sep-22 RM'000	RM'000	%
REVENUE	854,159	1,048,506	(194,347)	-19%
COST OF SALES	(765,722)	(930,490)	164,768	-18%
GROSS PROFIT	88,437	118,016	(29,579)	-25%
OTHER INCOME	11,059	11,669	(610)	-5%
ADMINISTRATIVE EXPENSES	(45,162)	(43,966)	(1,196)	3%
SELLING & DISTRIBUTION EXPENSES	(17,778)	(15,364)	(2,414)	16%
OTHER OPERATING EXPENSES	(2,297)	(1,621)	(676)	42%
FINANCE COST	(5,506)	(5,756)	250	-4%
TOTAL EXPENSES	(70,743)	(66,707)	(4,036)	6%
PROFIT BEFORE TAX	28,753	62,978	(34,225)	-54%
TAX EXPENSES	(6,468)	(13,489)	7,021	-52%
Profit for the period	22,285	49,489	(27,204)	-55%

The Group recorded a lower revenue of RM854.16 million for the financial year to date under review, compared to RM1,048.51 million for the corresponding period in the preceding year, which represents a decrease of 18.54%. The decrease is due to lower average selling price for the year to date under review.

The Group recorded a lower profit before tax for the financial year to date of RM28.75 million, representing a decrease of RM34.23 million compared to the profit before tax of RM62.98 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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(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

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

	Current Quarter 30-Sep-23 RM'000	Immediate Preceding Quarter 30-Jun-23 RM'000	Changes	
			RM'000	%
REVENUE	322,534	276,235	46,299	17%
COST OF SALES	(287,897)	(248,141)	(39,756)	16%
GROSS PROFIT	34,637	28,094	6,543	23%
OTHER INCOME	3,356	2,133	1,223	57%
ADMINISTRATIVE EXPENSES	(16,674)	(14,402)	(2,272)	16%
SELLING & DISTRIBUTION EXPENSES	(6,782)	(5,853)	(929)	16%
OTHER OPERATING EXPENSES	(512)	(69)	(443)	642%
FINANCE COST	(1,663)	(2,010)	347	-17%
TOTAL EXPENSES	(25,631)	(22,334)	(3,297)	15%
PROFIT BEFORE TAX	12,362	7,893	4,469	57%
TAX EXPENSES	(2,624)	(1,888)	(736)	39%
Profit for the period	9,738	6,005	3,733	62%

The Group recorded a higher profit before tax of RM12.36 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM7.89 million. The higher profit before tax compared to the preceding quarter can be attributed to improvements in both sales volume and margins.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 SEPTEMBER 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 30-Sep-23 RM'000	Preceding Year Corresponding Quarter 30-Sep-22 RM'000	Current Year To Date 30-Sep-23 RM'000	Preceding Year Corresponding Period 30-Sep-22 RM'000
Interest income	(352)	(217)	(831)	(687)
Gain on disposal of PPE	30	(187)	(2,196)	(3,367)
PPE written off	-	-	(22)	-
Interest expense	1,664	2,099	5,506	5,756
Depreciation and amortization	1,589	1,815	4,562	5,208
Foreign exchange (gain)/ loss-realised	(183)	787	(702)	1,501
Foreign exchange (gain)/ loss-unrealised	17	(887)	(1,377)	(927)
Impairment losses on trade receivables	-	-	-	(600)
Provision/ (reversal) for slow moving stocks	-	(756)	-	-
Inventories written down	(777)	-	(1,236)	(756)
Insurance claim received	(1,738)	-	(1,738)	(1,495)

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

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

B6. Taxation

	Current Year Quarter 30-Sep-23 RM'000	Current Year To Date 30-Sep-23 RM'000
Current tax expense	2,678	6,370
Deferred tax expense	(54)	98
	<u>2,624</u>	<u>6,468</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 SEPTEMBER 2023**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

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

	30-Sep-23		30-Sep-22	
	Borrowing '000	Equivalent RM'000	Borrowing '000	Equivalent RM'000
Long term borrowings				
Secured:-				
Hire purchase creditors				
- MYR	3,801	3,801	3,732	3,732
- IDR	-	-	2,901	89
Term loans				
- MYR	13,624	13,624	14,168	14,168
- VND	562,694	10,865	-	-
Total Long term borrowings		28,290		17,989
Short term borrowings				
Secured:-				
Term loans				
- MYR	520	520	860	860
- VND	80,999	1,564	-	-
Trade Loan				
- MYR	-	-	2,985	13,880
- VND	2,482,948	47,943	2,867,057	54,864
Bankers acceptances				
- MYR	61,333	61,333	104,998	104,998
Hire purchase creditors				
- IDR	2,885	89	4,237	130
- MYR	705	705	740	740
Unsecured:-				
Foreign currency trade loans				
- USD	1,387	6,590	586	2,725
Total Short term borrowings		118,744		178,197
Total Borrowings:		147,034		196,186

1 USD to MYR

4.75

4.65

100 IDR to MYR

0.030846

0.030683

100 VND to MYR

0.019309

0.019136

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 was paid on 25th 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 dividend was paid on 16th October 2023.

For the third quarter of 2023, the Board of Directors has declared a third interim dividend of 0.6 sen per share. The date of payment shall be announced in due course.

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

B12. Earnings per share

	Current Quarter 30-Sep-23 RM'000	Preceding Year Corresponding Quarter 30-Sep-22 RM'000	Current Year To Date 30-Sep-23 RM'000	Preceding Year Corresponding Period 30-Sep-22 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	8,493	6,497	20,423	44,292
Weighted average number of ordinary shares in issue ('000)	544,000	544,000	544,000	544,000
Earnings per share-basic (sen)				
- Basic	1.56	1.19	3.75	8.14
- Diluted	1.56	1.19	3.75	8.14

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: 15th November 2023