



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

31 DECEMBER 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 31 DECEMBER 2023**

	Individual Quarter				Cumulative Quarter			
	Preceding Year		Changes		Preceding Year		Changes	
	Current Quarter 31-Dec-23 RM'000	Corresponding Quarter 31-Dec-22 RM'000	RM'000	%	Current Year To Date 31-Dec-23 RM'000	Corresponding Period 31-Dec-22 RM'000	RM'000	%
REVENUE	308,307	273,306	35,001	13%	1,162,467	1,321,813	(159,346)	-12%
COST OF SALES	(269,090)	(248,804)	(20,286)	8%	(1,034,813)	(1,170,753)	135,940	-12%
GROSS PROFIT	39,217	24,502	14,715	60%	127,654	151,060	(23,406)	-15%
OTHER INCOME	5,497	(3,405)	8,902	-261%	16,556	8,369	8,187	98%
ADMINISTRATIVE EXPENSES	(17,722)	(14,093)	(3,629)	26%	(62,884)	(59,329)	(3,555)	6%
SELLING & DISTRIBUTION EXPENSES	(6,970)	(2,632)	(4,338)	165%	(24,748)	(24,314)	(434)	2%
OTHER OPERATING EXPENSES	1,125	(5,198)	6,323	-122%	(1,172)	(7,415)	6,243	-84%
FINANCE COST	(1,935)	(1,453)	(482)	33%	(7,441)	(7,395)	(46)	1%
TOTAL EXPENSES	(25,502)	(23,376)	(2,126)	9%	(96,245)	(98,453)	2,208	-2%
PROFIT BEFORE TAX	19,212	(2,279)	21,491	-943%	47,965	60,976	(13,011)	-21%
TAX EXPENSES	(6,109)	(1,797)	(4,312)	240%	(12,577)	(15,563)	2,986	-19%
PROFIT FOR THE PERIOD	13,103	(4,076)	17,179	-421%	35,388	45,413	(10,025)	-22%
Other comprehensive income:								
Currency translation differences	(1,686)	(6,806)	5,120	-75%	5,557	(878)	6,435	-733%
Other comprehensive income for the period, net of tax	(1,686)	(6,806)	5,120	-75%	5,557	(878)	6,435	-733%
Total comprehensive income for the period	11,417	(10,882)	22,299	-205%	40,945	44,535	(3,590)	-8%
Profit attributable to:								
-Owners of the parent	10,354	(2,130)	12,484	-586%	30,777	42,162	(11,385)	-27%
-Non controlling interest	2,749	(1,946)	4,695	-241%	4,611	3,251	1,360	42%
Total comprehensive income attributable to:	13,103	(4,076)	17,179	-421%	35,388	45,413	(10,025)	-22%
-Owners of the parent	9,010	(7,325)	16,335	-223%	35,104	41,487	(6,383)	-15%
-Non controlling interest	2,407	(3,557)	5,964	-168%	5,841	3,048	2,793	92%
	11,417	(10,882)	22,299	-205%	40,945	44,535	(3,590)	-8%
Earnings per share (sen)								
- Basic	1.90	(0.39)	2.29		5.66	7.75	(2.09)	
- Diluted	1.90	(0.39)	2.29		5.66	7.75	(2.09)	

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31-Dec-2023 RM'000	Audited As At 31-Dec-2022 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	71,873	64,336
Right of use assets	33,195	35,537
Deferred tax assets	577	792
	<u>105,645</u>	<u>100,665</u>
Current Assets		
Inventories	115,077	137,409
Trade and other receivables	228,854	204,830
Tax recoverables	6,867	3,925
Cash and bank balances	69,272	78,945
	<u>420,070</u>	<u>425,109</u>
Non-current asset held for sale	-	702
Total Assets	<u>525,715</u>	<u>526,476</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	136,954	136,954
Retained profits	177,630	156,230
Other reserves	(27,371)	(27,371)
Total shareholders' equity	<u>287,213</u>	<u>265,813</u>
Non controlling interest	30,791	24,307
Total Equity	<u>318,004</u>	<u>290,120</u>
Non Current Liabilities		
Borrowings	29,075	17,589
Retirement benefits obligations	1,395	1,028
Lease liabilities	1,976	2,720
Deferred tax liabilities	1,543	803
	<u>33,989</u>	<u>22,140</u>
Current Liabilities		
Trade and other payables	42,335	89,081
Lease liabilities	1,946	2,709
Borrowings	125,547	119,657
Taxation	3,894	2,769
	<u>173,722</u>	<u>214,216</u>
Total Liabilities	<u>207,711</u>	<u>236,356</u>
Total Equity and Liabilities	<u>525,715</u>	<u>526,476</u>
Net assets per ordinary share attributable to ordinary equity holders of the parent (RM)	<u>0.53</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 31 DECEMBER 2023

	Current Year to Date 31-Dec-23 RM'000	Preceding year Corresponding Period 31-Dec-22 RM'000
Cash Flows from operating activities		
Profit before taxation	47,965	60,976
Adjustment for:		
Amortisation of right of use assets	3,194	4,236
Bad debts recovered	(54)	-
Depreciation and amortisation	3,344	2,816
Derecognition - termination of lease	(42)	(6)
Gain on disposal of PPE	(2,325)	(3,532)
Impairment loss on trade receivables	-	2,494
Reversal of Impairment loss on trade receivables	(115)	(2,097)
Interest expenses	7,441	7,395
Interest income	(1,132)	(711)
Property, plant and equipment written off	(62)	3
Provision for inventory written down	144	5,180
Reversal of Provision for inventory written down	(5,458)	(12)
Retirement benefit obligations	(260)	(86)
Unrealised loss on foreign exchange	286	624
Operating profit before working capital changes	<u>52,926</u>	<u>77,280</u>
Changes in working capital:		
Receivable	(24,141)	102,051
Inventories	27,645	50,835
Payables	<u>(34,966)</u>	<u>(55,670)</u>
Cash generated from operations	21,464	174,496
Retirement benefit paid	-	(7)
Income taxes	<u>(13,368)</u>	<u>(21,330)</u>
Net cash generated from operating activities	<u>8,096</u>	<u>153,159</u>
Cash flows from investing activities		
Purchase of PPE and right of use assets	(19,253)	(33,721)
Proceeds from disposal of PPE	12,266	4,505
Disposal/ (Acquisition) of non-controlling interest	400	(2,204)
Interest received	<u>1,132</u>	<u>711</u>
Net cash (used in) from investing activities	<u>(5,455)</u>	<u>(30,709)</u>
Cash flows from financing activities		
Net drawdown/ (repayment) of borrowings and leasing	4,736	(93,400)
Dividend paid	(11,968)	(19,040)
Dividend paid to non-controlling interest	(1,493)	(8,638)
Interest paid	<u>(7,441)</u>	<u>(7,395)</u>
Net cash (used in) financing activities	<u>(16,166)</u>	<u>(128,473)</u>
Net increase in cash and cash equivalents	(13,525)	(6,023)
Cash and cash equivalents at the beginning of period	78,791	85,860
Net effect of exchange rate changes	<u>3,852</u>	<u>(1,046)</u>
Cash and cash equivalents at the end of period	<u>69,118</u>	<u>78,791</u>
Cash and cash equivalents comprise:		
Cash and bank balances	69,272	78,945
Fixed deposit pledged	<u>(154)</u>	<u>(154)</u>
	<u>69,118</u>	<u>78,791</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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	-	30,777	30,777	4,611	35,388
Other comprehensive income for the period	-	-	-	4,327	-	4,327	1,230	5,557
Total comprehensive income for the period	-	-	-	4,327	30,777	35,104	5,841	40,945
Disposal of shares in subsidiary	-	-	-	-	(393)	(393)	793	400
Dilution of interest in subsidiary	-	-	-	-	(1,343)	(1,343)	1,343	-
Dividend paid to non controlling interest	-	-	-	-	-	-	(1,493)	(1,493)
Dividend paid	-	-	-	-	(11,968)	(11,968)	-	(11,968)
Total changes in equity for the period	-	-	-	-	(13,704)	(13,704)	643	(13,061)
Balance at 31 December 2023	136,954	13,355	(40,726)	4,986	172,644	287,213	30,791	318,004

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	-	42,162	42,162	3,251	45,413
Other comprehensive income for the period	-	-	-	(675)	-	(675)	(203)	(878)
Total comprehensive income for the period	-	-	-	(675)	42,162	41,487	3,048	44,535
Acquisition of NCI in subsidiary	-	-	-	-	(1,651)	(1,651)	(553)	(2,204)
Dividend paid to non controlling interest	-	-	-	-	-	-	(8,638)	(8,638)
Dividend paid	-	-	-	-	(19,040)	(19,040)	-	(19,040)
Total changes in equity for the period	-	-	-	-	(20,691)	(20,691)	(9,191)	(29,882)
Balance at 31 December 2022	136,954	13,355	(40,726)	659	155,571	265,813	24,307	290,120

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 31 DECEMBER 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
<u>New MFRS</u>	
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023
MFRS 3, Business Combinations	1 January 2023
MFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2023
MFRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2023
MFRS 9, Financial instruments	1 January 2023
MFRS 15, Revenue from Contracts with Customers	1 January 2023
MFRS 17, Insurance Contracts	1 January 2023
MFRS 101, Presentation of Financial Statements	1 January 2023
MFRS 107, Statements of Cash Flows	1 January 2023
MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112, Income Taxes	1 January 2023
MFRS 116, Property, Plant and Equipment	1 January 2023
MFRS 119, Employee Benefits	1 January 2023
MFRS 128, Investments in Associates and Joint Ventures	1 January 2023
MFRS 132, Financial Instruments: Presentation	1 January 2023
MFRS 136, Impairment of Assets	1 January 2023
MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2023
MFRS 138, Intangible Assets	1 January 2023
MFRS 140, Investment Property	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 31 DECEMBER 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.

On 16 October 2023, the Company paid a second 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 31 DECEMBER 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

(i) Segment Revenue	Preceding Year		Changes	
	Current Quarter	Corresponding Quarter		
Analysed by geographical segments:	31-Dec-23	31-Dec-22		
	RM'000	RM'000	RM'000	%
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	147,835	138,831	9,004	6%
Indonesia	19,459	19,094	365	2%
Vietnam	132,732	107,024	25,708	24%
Singapore	8,281	8,359	(78)	-1%
Revenue from chemical distribution and blending operations	308,307	273,308	34,999	13%
<u>Audio Video Operations:</u>				
Revenue from Audio Video Operations	-	(2)	2	-100%
Total segment revenue	308,307	273,306	35,001	13%

(ii) Segment Profit before tax**Analysed by geographical segments:**

<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	8,340	7,431	909	12%
Indonesia	21	(2,533)	2,554	-101%
Vietnam	10,486	(7,285)	17,771	-244%
Singapore	365	233	132	57%
Profit before tax from chemical distribution and blending operations	19,212	(2,154)	21,366	-992%
<u>Audio Video Operations:</u>				
Profit/ (Loss) before tax from Audio Video Operations	-	(125)	125	-100%
Total Segment Profit before tax	19,212	(2,279)	21,491	-943%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023**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 31-Dec-23 RM'000	Preceding Year Corresponding Period 31-Dec-22 RM'000	Changes RM'000 %	
<u>(i) Segment Revenue</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	561,489	647,681	(86,192)	-13%
Indonesia	77,436	99,684	(22,248)	-22%
Vietnam	493,895	542,045	(48,150)	-9%
Singapore	29,647	32,387	(2,740)	-8%
Revenue from chemical distribution and blending operations	1,162,467	1,321,797	(159,330)	-12%
<u>Audio Video Operations:</u>				
Revenue from Audio Video Operations	-	16	(16)	-100%
Total segment revenue	1,162,467	1,321,813	(159,346)	-12%
<u>(ii) Segment Profit before tax</u>				
Analysed by geographical segments:				
<u>Chemical Distribution And Blending Operations:</u>				
Malaysia	29,646	49,604	(19,958)	-40%
Indonesia	361	1,234	(873)	-71%
Vietnam	16,095	8,964	7,131	80%
Singapore	1,869	1,285	584	45%
Profit before tax from chemical distribution and blending operations	47,971	61,087	(13,116)	-21%
<u>Audio Video Operations:</u>				
Profit/ (Loss) before tax from Audio Video Operations	(6)	(111)	105	-95%
Total Segment Profit before tax	47,965	60,976	(13,011)	-21%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 2023, there were no capital commitments other than those stated below:

	RM'000
Approved and contracted for	
- Prime Movers To Be Delivered	<u>497</u>

A11. Material events subsequent to the end of period reported

On 11 December 2023, SC Udes Sdn Bhd, a subsidiary of the Company, had entered into an agreement to acquire 100% of the issued share capital in CKJ Logistics Sdn Bhd, for a consideration of RM8,530,000. CKJ Logistics Sdn Bhd is into the logistics services business, focusing on the transport of liquid and gaseous products. The acquisition will enhance the Company's value chain capabilities in adding further competencies and capacities to our logistics' competitive advantages. The purchase was completed on 1 February 2024.

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 RM 400,000 from the Company. Following the Completion, the Company's shareholdings in SC Udes Sdn Bhd has decreased from 80% to 60%.

Sampro Distribution Sdn Bhd ("Sampro"), a 60% owned subsidiary of the Company, has ceased operations and is currently dormant. The Board of Directors has decided to dissolve Sampro by way of voluntary winding up and as such a capital raising exercise was done for this purpose. The capital was raised to allow for Sampro to settle all its commitments and debts owing. The Company has subscribed for additional 3.36 million shares in Sampro for a consideration of RM3.36 million on 5th December 2023, with the minority shareholder declining their rights to the new subscription of shares. As a result, the Company's shareholdings in Sampro has increased from 60% to 95%. This exercise is not expected to have any material financial impact on the Group.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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	(3,522)
Corporate guarantee provided by the Company to overseas financial institutions in respect of financing facilities granted to foreign subsidiaries	(31,716)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to local subsidiaries	(18,161)
Corporate guarantee provided by the Company to suppliers in respect of credit facilities granted to a foreign subsidiary	8,958
As At 31 December 2023	122,544

A14. Related party transactions

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

	Current Quarter 31-Dec-23 RM'000	Current Year to date 31-Dec-23 RM'000
Sales & Purchase of products*	1,028	2,523

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

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31-Dec-23 RM'000	Preceding Year Corresponding Quarter 31-Dec-22 RM'000	RM'000	%
REVENUE	308,307	273,306	35,001	13%
COST OF SALES	(269,090)	(248,804)	(20,286)	8%
GROSS PROFIT	39,217	24,502	14,715	60%
OTHER INCOME	5,497	(3,405)	8,902	-261%
ADMINISTRATIVE EXPENSES	(17,722)	(14,093)	(3,629)	26%
SELLING & DISTRIBUTION EXPENSES	(6,970)	(2,632)	(4,338)	165%
OTHER OPERATING EXPENSES	1,125	(5,198)	6,323	-122%
FINANCE COST	(1,935)	(1,453)	(482)	33%
TOTAL EXPENSES	(25,502)	(23,376)	(2,126)	9%
PROFIT BEFORE TAX	19,212	(2,279)	21,491	-943%
TAX EXPENSES	(6,109)	(1,797)	(4,312)	240%
Profit for the period	13,103	(4,076)	17,179	-421%

The Group recorded a higher revenue of RM308.31 million for the current quarter under review, compared to RM273.31 million for the corresponding quarter in the preceding year, which represents an increase of 12.81%. 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 RM19.21 million for the current quarter, compared to the loss before tax for the corresponding quarter in the preceding year of RM2.28 million. This is mainly due to higher profit margins as well as higher contributions from other income.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31-Dec-23 RM'000	Preceding Year Corresponding Period 31-Dec-22 RM'000	RM'000	%
REVENUE	1,162,467	1,321,813	(159,346)	-12%
COST OF SALES	(1,034,813)	(1,170,753)	135,940	-12%
GROSS PROFIT	127,654	151,060	(23,406)	-15%
OTHER INCOME	16,556	8,369	8,187	98%
ADMINISTRATIVE EXPENSES	(62,884)	(59,329)	(3,555)	6%
SELLING & DISTRIBUTION EXPENSES	(24,748)	(24,314)	(434)	2%
OTHER OPERATING EXPENSES	(1,172)	(7,415)	6,243	-84%
FINANCE COST	(7,441)	(7,395)	(46)	1%
TOTAL EXPENSES	(96,245)	(98,453)	2,208	-2%
PROFIT BEFORE TAX	47,965	60,976	(13,011)	-21%
TAX EXPENSES	(12,577)	(15,563)	2,986	-19%
Profit for the period	35,388	45,413	(10,025)	-22%

The Group recorded a lower revenue of RM1,162.47 million for the financial year to date under review, compared to RM1,321.81 million for the corresponding period in the preceding year, which represents a decrease of 12.05%. 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 RM47.97 million, representing a decrease of RM13.01 million compared to the profit before tax of RM60.98 million in the preceding corresponding period. This is mainly due to lower margins for the year to date under review.

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

	Current Quarter 31-Dec-23 RM'000	Immediate Preceding Quarter 30-Sep-23 RM'000	Changes	
			RM'000	%
REVENUE	308,307	322,534	(14,227)	-4%
COST OF SALES	(269,090)	(287,897)	18,807	-7%
GROSS PROFIT	39,217	34,637	4,580	13%
OTHER INCOME	5,497	3,356	2,141	64%
ADMINISTRATIVE EXPENSES	(17,722)	(16,674)	(1,048)	6%
SELLING & DISTRIBUTION EXPENSES	(6,970)	(6,782)	(188)	3%
OTHER OPERATING EXPENSES	1,125	(512)	1,637	-320%
FINANCE COST	(1,935)	(1,663)	(272)	16%
TOTAL EXPENSES	(25,502)	(25,631)	129	-1%
PROFIT BEFORE TAX	19,212	12,362	6,850	55%
TAX EXPENSES	(6,109)	(2,624)	(3,485)	133%
Profit for the period	13,103	9,738	3,365	35%

The Group recorded a higher profit before tax of RM19.21 million for the current quarter under review as compared to the profit before tax in the immediate preceding quarter of RM12.36 million. The higher profit before tax compared to the preceding quarter is due to better gross profit margins.

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

B3. Prospects for the coming financial year

Our FY2023 performance showcases our resilience in navigating a turbulent market landscape, particularly subdued chemical demand faced earlier in the year. However, the pick-up in demand and stabilising prices across key markets in recent months offer optimism for further improvements in the market.

Over the past year, we have expanded our warehousing capacity in both Malaysia and Vietnam, a strategic initiative poised to unlock new opportunities for growth. This expansion is pivotal to facilitate our penetration into new client's segment and to broaden our product portfolio offering. In addition, we aim to capitalise on the potential opportunities arising from both the shifting trends of Chinese manufacturers' supply chain, as well as the relocation of global chemical plants to this region.

While we acknowledge the potential challenge of rising inflation in 2024, we remain cautiously optimistic on a more favourable overall operating environment, particularly in the second half of the year. This outlook is bolstered by anticipated improvements in the economic landscape and heightened demand driven by increased construction and infrastructure activities within our key markets. Barring unforeseen circumstances, the Board of Directors are cautiously optimistic of the Group's performance for the coming 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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B5. Profit for the period

Profit for the period is arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Interest income	(301)	(281)	(1,132)	(711)
Gain on disposal of PPE	(129)	111	(2,325)	(3,532)
PPE written off	(40)	-	(62)	-
Interest expense	1,935	1,453	7,441	7,395
Depreciation and amortization	1,976	1,825	6,538	7,052
Foreign exchange (gain)/ loss-realised	(2,940)	(1,672)	(3,642)	(171)
Foreign exchange (gain)/ loss-unrealised	1,663	1,551	286	624
Derecognition - termination of lease	(42)	-	(42)	(6)
Provision/ (reversal) for trade receivables	(115)	-	(115)	397
Provision for inventory written down	144	5,945	144	5,180
Reversal of Provision for inventory written down	(4,223)	(12)	(5,458)	(12)
Insurance claim received	(76)	-	(1,814)	-

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

B6. Taxation

	Current Year Quarter	Current Year To Date
	31-Dec-23	31-Dec-23
	RM'000	RM'000
Current tax expense	5,216	11,586
Deferred tax expense	893	991
	<u>6,109</u>	<u>12,577</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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B8. Group borrowings and debt securities are as follows:-

	31-Dec-23		31-Dec-22	
	Borrowing	Equivalent	Borrowing	Equivalent
	'000	RM'000	'000	RM'000
Long term borrowings				
Secured:-				
Hire purchase creditors				
- MYR	2,899	2,899	3,614	3,614
- IDR	-	-	1,966	56
Term loans				
- MYR	14,521	14,521	13,919	13,919
- VND	610,262	11,655	-	-
Total Long term borrowings		29,075		17,589
Short term borrowings				
Secured:-				
Term loans				
- MYR	1,921	1,921	1,271	1,271
- VND	203,421	3,885	-	-
Trade Loan				
- MYR	4,036	4,036	-	-
- VND	2,420,053	46,219	2,110,720	38,596
Bankers acceptances				
- MYR	58,254	58,254	76,180	76,180
Hire purchase creditors				
- IDR	1,952	59	4,108	117
- MYR	1,290	1,290	1,254	1,254
Unsecured:-				
Foreign currency trade loans				
- USD	2,121	9,883	500	2,239
Total Short term borrowings		125,547		119,657
Total Borrowings:		154,622		137,246

1 USD to MYR

4.66

4.48

100 IDR to MYR

0.030228

0.028479

100 VND to MYR

0.019098

0.018286

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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 dividend was paid on 15th January 2024.

For the fourth quarter of 2024, the Board of Directors has proposed a fourth interim dividend of 0.8 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 31 DECEMBER 2023**B. ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B12. Earnings per share

	Current Quarter 31-Dec-23 RM'000	Preceding Year Corresponding Quarter 31-Dec-22 RM'000	Current Year To Date 31-Dec-23 RM'000	Preceding Year Corresponding Period 31-Dec-22 RM'000
Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	10,354	(2,130)	30,777	42,162
Weighted average number of ordinary shares in issue ('000)	544,000	544,000	544,000	544,000
Earnings per share-basic (sen)				
- Basic	1.90	(0.39)	5.66	7.75
- Diluted	1.90	(0.39)	5.66	7.75

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: 23rd February 2024