



**Multi-Chem Limited**

*(Incorporated in Singapore. Registration Number: 198500318Z)*

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## Interim Financial Statements and Dividend Announcement

*For the financial period from 1 January 2015 to 30 September 2015*

**Interim Financial Statements and Dividend Announcement**  
*For the financial period from 1 January 2015 to 30 September 2015*

**CONSOLIDATED INCOME STATEMENT**

Group	3 months ended			9 months ended		
	30/9/2015	30/9/2014	Change	30/9/2015	30/9/2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	83,868	73,944	13	251,025	212,570	18
Cost of sales	(71,858)	(61,755)	16	(211,623)	(179,088)	18
<b>Gross profit</b>	<b>12,010</b>	<b>12,189</b>	<b>(1)</b>	<b>39,402</b>	<b>33,482</b>	<b>18</b>
<b>Other items of income</b>						
- Interest income	126	93	35	388	288	35
- Other income	433	420	3	1,349	1,644	(18)
<b>Other items of expense</b>						
- Selling and distribution costs	(5,767)	(5,571)	4	(17,056)	(16,508)	3
- Administrative expenses	(5,893)	(4,770)	24	(17,497)	(14,720)	19
- Finance costs	(155)	(111)	40	(478)	(404)	18
- Share of results of an associate, net of tax	-	(9)	Nm	(30)	(246)	(88)
<b>Profit before income tax</b>	<b>754</b>	<b>2,241</b>	<b>(66)</b>	<b>6,078</b>	<b>3,536</b>	<b>72</b>
Income tax expense	(472)	(801)	(41)	(1,889)	(1,570)	20
<b>Profit for the financial period</b>	<b>282</b>	<b>1,440</b>	<b>(80)</b>	<b>4,189</b>	<b>1,966</b>	<b>113</b>
<b>Profit attributable to:</b>						
Owners of the parent	(312)	1,421	(122)	3,120	1,723	81
Non-controlling interests	594	19	3,026	1,069	243	340
	<b>282</b>	<b>1,440</b>	<b>(80)</b>	<b>4,189</b>	<b>1,966</b>	<b>113</b>
<b>Earnings per share for profit attributable to owners of the parent during the financial period</b> (expressed in cents per share)						
Basic	(0.35) cents	1.58 cents		3.46 cents	1.91 cents	
Diluted	(0.35) cents	1.58 cents		3.46 cents	1.91 cents	

**Interim Financial Statements and Dividend Announcement**

For the financial period from 1 January 2015 to 30 September 2015

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			9 months ended		
	30/9/2015	30/9/2014	Change	30/9/2015	30/9/2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the financial period</b>	282	1,440	(80)	4,189	1,966	113
<i>Other comprehensive income for the financial period:</i>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency differences						
on translation of foreign operations	2,547	1,860	37	3,594	(276)	(1,402)
Reclassification of currency translation difference on liquidation of a subsidiary	-	128	Nm	-	128	Nm
Available-for-sale financial assets fair value gains	32	-	Nm	111	-	Nm
	2,579	1,988	30	3,705	(148)	(2,603)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the financial period, net of tax	2,579	1,988	30	3,705	(148)	(2,603)
<b>Total comprehensive income for the financial period</b>	<b>2,861</b>	<b>3,428</b>	<b>(17)</b>	<b>7,894</b>	<b>1,818</b>	<b>334</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	1,967	3,322	(41)	6,431	1,547	316
Non-controlling interests	894	106	743	1,463	271	440
	<b>2,861</b>	<b>3,428</b>	<b>(17)</b>	<b>7,894</b>	<b>1,818</b>	<b>334</b>

**Interim Financial Statements and Dividend Announcement***For the financial period from 1 January 2015 to 30 September 2015***NOTES TO CONSOLIDATED INCOME STATEMENT**

The profit before income tax is arrived at after (charging)/crediting:

Group	3 months ended			9 months ended		
	30/9/2015	30/9/2014	Change	30/9/2015	30/9/2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	433	150	189	1,349	937	44
Interest income	126	93	35	388	288	35
Interest expense	(155)	(111)	40	(478)	(404)	18
Depreciation of property, plant and equipment	(1,405)	(1,516)	(7)	(3,944)	(3,714)	6
(Allowance)/Write-back of allowance for doubtful third parties trade receivables	(143)	177	(181)	(1,388)	(38)	3,553
Doubtful third parties trade receivables written off	(5)	-	Nm	(17)	-	Nm
Allowance for inventory obsolescence	(859)	(1,243)	(31)	(2,091)	(2,576)	(19)
Inventories written off	-	(62)	Nm	(34)	(273)	(88)
Foreign exchange (loss)/gain, net	(596)	182	(427)	(690)	619	(211)
(Loss)/Gain on disposals of plant and equipment	(2)	133	(102)	(21)	88	(124)
Plant and equipment written off	-	(1)	Nm	(18)	(22)	(18)

**Nm : Not meaningful**

**Interim Financial Statements and Dividend Announcement**

For the financial period from 1 January 2015 to 30 September 2015

**STATEMENTS OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>30/9/15</b>	<b>31/12/14</b>	<b>30/9/15</b>	<b>31/12/14</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	22,268	23,571	3,909	3,597
Investment property	-	-	1,692	1,718
Investments in subsidiaries	-	-	31,299	31,299
Investment in an associate	-	224	-	224
Club memberships	406	380	-	-
Deferred tax assets	2,131	1,986	-	-
Available-for-sale investment	4,045	3,647	4,045	3,647
Other receivables	638	708	-	-
Prepayment	741	804	741	804
	<b>30,229</b>	<b>31,320</b>	<b>41,686</b>	<b>41,289</b>
<b>Current assets</b>				
Inventories	32,398	33,479	435	301
Trade and other receivables	79,990	75,994	30,084	32,264
Prepayments	1,093	830	248	238
Current income tax recoverable	3,629	3,396	551	551
Cash and cash equivalents	36,367	43,629	3,125	11,142
	<b>153,477</b>	<b>157,328</b>	<b>34,443</b>	<b>44,496</b>
Less:				
<b>Current liabilities</b>				
Trade and other payables	62,794	59,386	3,196	2,965
Finance lease payables	190	129	155	91
Bank borrowings	19,823	33,506	3,640	13,414
Current income tax payable	582	764	-	-
	<b>83,389</b>	<b>93,785</b>	<b>6,991</b>	<b>16,470</b>
<b>Net current assets</b>	<b>70,088</b>	<b>63,543</b>	<b>27,452</b>	<b>28,026</b>
Less:				
<b>Non-current liabilities</b>				
Finance lease payables	190	165	190	143
Bank borrowings	2,850	3,333	2,850	3,219
	<b>3,040</b>	<b>3,498</b>	<b>3,040</b>	<b>3,362</b>
	<b>97,277</b>	<b>91,365</b>	<b>66,098</b>	<b>65,953</b>
<b>Equity</b>				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve	5,449	2,249	-	-
Available-for-sale reserve	167	56	167	56
Other reserve	4,796	4,796	-	-
Retained earnings	43,275	42,137	28,643	28,609
<b>Equity attributable to owners of the parent</b>	<b>90,975</b>	<b>86,526</b>	<b>66,098</b>	<b>65,953</b>
Non-controlling interests	6,302	4,839	-	-
<b>Total equity</b>	<b>97,277</b>	<b>91,365</b>	<b>66,098</b>	<b>65,953</b>

**Interim Financial Statements and Dividend Announcement**  
*For the financial period from 1 January 2015 to 30 September 2015*

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		9 months ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
Profit before income tax	754	2,241	6,078	3,536
Adjustments for:				
- Allowance/(Write back of Allowance) for doubtful third parties trade receivables	143	(177)	1,388	38
- Allowance for inventory obsolescence	859	1,243	2,091	2,576
- Currency translation adjustment	812	407	1,177	103
- Depreciation of property, plant and equipment	1,405	1,516	3,944	3,714
- Doubtful third parties trade receivables written off	5	-	17	-
- Loss/(Gain) on disposals of plant and equipment	2	(133)	21	(88)
- Interest expense	155	111	478	404
- Interest income	(126)	(93)	(388)	(288)
- Inventories written off	-	62	34	273
- Plant and equipment written off	-	1	18	22
- Share of results of an associate	-	9	30	246
Operating cash flows before working capital changes	4,009	5,187	14,888	10,536
Working capital changes:				
- Inventories	(9,807)	(3,767)	(1,044)	911
- Trade and other receivables	4,161	(4,322)	(5,331)	5,481
- Prepayments	(14)	(750)	(200)	(916)
- Trade and other payables	9,055	2,274	3,408	(4,970)
Cash generated from/(used in) operations	7,404	(1,378)	11,721	11,042
Interest received	126	93	388	288
Income tax paid	(1,142)	(769)	(2,274)	(2,478)
Net cash generated from/(used in) operating activities	6,388	(2,054)	9,835	8,852

**Interim Financial Statements and Dividend Announcement**  
*For the financial period from 1 January 2015 to 30 September 2015*

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30/9/2015</b>	<b>30/9/2014</b>	<b>30/9/2015</b>	<b>30/9/2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds from liquidation of an associate	-	-	194	-
Proceeds from disposals of plant and equipment	34	247	66	370
Purchase of available-for-sale investment	-	(353)	-	(353)
Purchase of plant and equipment	(313)	(85)	(991)	(836)
Net cash used in investing activities	(279)	(191)	(731)	(819)
<b>FINANCING ACTIVITIES</b>				
(Increase)/Decrease in fixed deposits pledged	(439)	(7,555)	7,480	(6,972)
Proceeds from bank borrowings	12,736	25,206	49,021	52,256
Repayments of bank borrowings	(23,561)	(28,578)	(63,187)	(62,954)
Repayments of finance lease payables	(45)	(31)	(114)	(94)
Interest paid	(155)	(111)	(478)	(404)
Dividends paid to owners of the parent	-	-	(1,982)	(1,982)
Net cash used in financing activities	(11,464)	(11,069)	(9,260)	(20,150)
Net change in cash and cash equivalents	(5,355)	(13,314)	(156)	(12,117)
Cash and cash equivalents at beginning of financial period	38,968	39,365	33,718	38,870
Effects of exchange rate changes on cash and cash equivalents	323	632	374	(70)
<b>Cash and cash equivalents at end of financial period</b>	<b>33,936</b>	<b>26,683</b>	<b>33,936</b>	<b>26,683</b>

**Note 1**

*Cash and cash equivalents at end of financial period comprise of:*

Cash and cash equivalents as per Statement of Financial Position	36,367	35,265	36,367	35,265
Less: Fixed deposits pledged with banks	(2,431)	(8,582)	(2,431)	(8,582)
	<b>33,936</b>	<b>26,683</b>	<b>33,936</b>	<b>26,683</b>

**Interim Financial Statements and Dividend Announcement**  
*For the financial period from 1 January 2015 to 30 September 2015*

**STATEMENTS OF CHANGES IN EQUITY**

Group	Share capital \$'000	Premium on acquisition of non-controlling interests \$'000	Available-for-sale reserve \$'000	Foreign currency translation reserve \$'000	Statutory surplus reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2015	37,288	(123)	56	2,249	4,919	42,137	86,526	4,839	91,365
<b>Profit for the financial period</b>	-	-	-	-	-	3,120	3,120	1,069	4,189
<b>Other comprehensive income for the financial period</b>									
Foreign currency differences on translation of foreign operations	-	-	-	3,200	-	-	3,200	394	3,594
Available-for-sale financial assets fair value gains	-	-	111	-	-	-	111	-	111
<b>Total comprehensive income for the financial period</b>	-	-	111	3,200	-	3,120	6,431	1,463	7,894
<b>Contributions by and distributions to the owners of the parent</b>									
Dividends	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
<b>Total transactions with the owners of the parent</b>	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
<b>Balance at 30 September 2015</b>	<b>37,288</b>	<b>(123)</b>	<b>167</b>	<b>5,449</b>	<b>4,919</b>	<b>43,275</b>	<b>90,975</b>	<b>6,302</b>	<b>97,277</b>
Balance at 1 January 2014	37,288	(123)	-	468	6,132	39,039	82,804	4,061	86,865
<b>Profit for the financial period</b>	-	-	-	-	-	1,723	1,723	243	1,966
<b>Other comprehensive income for the financial period</b>									
Foreign currency differences on translation of foreign operations	-	-	-	(176)	-	-	(176)	28	(148)
<b>Total comprehensive income for the financial period</b>	-	-	-	(176)	-	1,723	1,547	271	1,818
<b>Contributions by and distributions to the owners of the parent</b>									
Dividends	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
<b>Total transactions with the owners of the parent</b>	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
<b>Balance at 30 September 2014</b>	<b>37,288</b>	<b>(123)</b>	<b>-</b>	<b>292</b>	<b>6,132</b>	<b>38,780</b>	<b>82,369</b>	<b>4,332</b>	<b>86,701</b>



**Multi-Chem Limited**

Registration No. 198500318Z

**Interim Financial Statements and Dividend Announcement***For the financial period from 1 January 2015 to 30 September 2015***STATEMENTS OF CHANGES IN EQUITY (Continued)**

<b>Company</b>	<b>Share capital \$'000</b>	<b>Retained earnings \$'000</b>	<b>Available- for- sale reserve \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2015	37,288	28,609	56	65,953
<b>Profit for the financial period</b>	-	2,016	-	2,016
Other comprehensive income for the financial period				
Available-for-sale financial assets fair value gains	-	-	111	111
<b>Total comprehensive income for the financial period</b>	-	2,016	111	2,127
<b>Transaction with the owners</b>				
Dividends	-	(1,982)	-	(1,982)
<b>Total transactions with the owners</b>	-	(1,982)	-	(1,982)
<b>Balance at 30 September 2015</b>	<b>37,288</b>	<b>28,643</b>	<b>167</b>	<b>66,098</b>
Balance at 1 January 2014	37,288	33,852	-	71,140
<b>Profit for the financial period</b>	-	497	-	497
<b>Total comprehensive income for the financial period</b>	-	497	-	497
<b>Transactions with the owners</b>				
Dividends	-	(1,982)	-	(1,982)
<b>Total transactions with the owners</b>	-	(1,982)	-	(1,982)
<b>Balance at 30 September 2014</b>	<b>37,288</b>	<b>32,367</b>	<b>-</b>	<b>69,655</b>

## **Interim Financial Statements and Dividend Announcement**

*For the financial period from 1 January 2015 to 30 September 2015*

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**A review of the financial performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **REVENUE**

The Group achieved a turnover of \$83.9m for the three months ended 30 September 2015 ("3Q2015"), an increase of 13.5% or \$10.0m compared to the revenue of \$73.9m for the three months ended 30 September 2014 ("3Q2014"). For the nine months ended 30 September 2015 ("9M2015"), the Group achieved turnover of \$251.0m, a year-on-year increase of 18.1% or \$38.4m, compared to revenue of \$212.6m achieved for the nine months ended 30 September 2014 ("9M2014").

In comparison to the three months ended 30 June 2015 ("2Q2015"), the revenue for 3Q2015 decreased marginally by 1.4% or \$1.2m from \$85.1m in 2Q2015 to \$83.9m in 3Q2015.

For 3Q2015, the IT Division accounted for 91.8% of Group revenue, while PCB Division accounted for the remaining 8.2% of Group revenue.

**Interim Financial Statements and Dividend Announcement**

*For the financial period from 1 January 2015 to 30 September 2015*

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**REVENUE**

**PCB Division**

Revenue in this Division decreased by 13.8% or \$1.1m, from \$8.0m in 3Q2014 to \$6.9m in 3Q2015. The decrease is mainly due to the economics slowdown in China. Comparing 3Q2015 to 2Q2015, revenue in this Division increased marginally by 1.5% or \$0.1m from \$6.8m in 2Q2015 to \$6.9m in 3Q2015.

**IT Division**

The IT distribution business achieved a quarterly revenue of \$77.0m in 3Q2015, an increase by 16.8% or \$11.1m, from \$65.9m in 3Q2014. On a nine month basis, this business grew by 19.4% or \$37.5m, from \$193.5m in 9M2014 to \$231.0m in 9M2015. The growth was mainly due to the closing of a few big deals in 9M2015.

Comparing 3Q2015 to 2Q2015, revenue decreased marginally by 1.7% or \$1.3m, from \$78.3m in 2Q2015 to \$77.0m in 3Q2015.

**Interim Financial Statements and Dividend Announcement**

*For the financial period from 1 January 2015 to 30 September 2015*

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**PROFIT BEFORE TAX (“PBT”)**

The Group registered a PBT of \$754,000 in 3Q2015, as compared to a PBT of \$2.2m in 3Q2014.

The drop in PBT was due to the following:-

- (1) Relatively unchanged gross profit, resulted from a lower gross profit margin from 16.5% in 3Q2014 to 14.3% in 3Q2015, despite a 13.5% or \$10.0m increase in revenue. The decrease in the gross profit margin was mainly due to decrease in turnover in the high operating leverage PCB Division. Given the fixed cost of depreciation on laser and mechanical drilling machines, the gross margin is particularly sensitive to changes in production volumes;
- (2) Net foreign exchange loss of \$596,000 in 3Q2015 as compared to gain of \$182,000 in 3Q2014 due to the high volatility of USD against the local currencies. Excluding net foreign exchange loss, the Group reported a PBT of \$1.4m for 3Q2015 compared to PBT of \$2.0m for 3Q2014;
- (3) An allowance for doubtful third parties trade receivables of \$143,000 in 3Q3015, as compared to a write-back of allowance for doubtful third parties trade receivables of \$177,000 in 3Q2014; and
- (4) A loss on disposal of plant and equipment of \$2,000 in 3Q2015, as compared to a gain on disposal of plant and equipment of \$133,000 in 3Q2014.

The drop in PBT was however ameliorated by the following:

- (1) A decrease in depreciation of property, plant and equipment from \$1.5m in 3Q2014 to \$1.4m in 3Q2015; and
- (2) A decrease in allowance for inventory obsolescence from \$1.2m in 3Q2014 to \$859,000 in 3Q2015.

Comparing 3Q2015 to 2Q2015, the Group PBT stood at \$754,000 in 3Q2015 as compared to \$3.1m in 2Q2015 mainly due to highly volatile currency movement and lower revenue at lower gross profit margin.

**Interim Financial Statements and Dividend Announcement**  
*For the financial period from 1 January 2015 to 30 September 2015*

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**PROFIT AFTER TAX (“PAT”)**

Group PAT decreased from \$1.4m in 3Q2014 to \$282,000 in 3Q2015. Comparing 3Q2015 to 2Q2015, Group PAT dropped from \$2.4m in 2Q2015 to \$282,000 in 3Q2015. This decrease was in line with the decrease in PBT.

Income tax expenses comprised mainly current income tax and deferred tax of the Company and its subsidiaries.

**Interim Financial Statements and Dividend Announcement***For the financial period from 1 January 2015 to 30 September 2015*

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**STATEMENTS OF FINANCIAL POSITION REVIEW**

Presented below is a review of material changes in the key statements of financial position items for the financial period ended 30 September 2015.

**Cash and cash equivalents** at the Group level decreased by \$7.2m from \$43.6m to \$36.4m mainly due to payment of dividend and repayment of bank borrowings. At the Company level, cash and cash equivalents decreased from \$11.1m to \$3.1m. The decrease was mainly due to repayment of bank borrowings.

**Trade and other receivables** of the Group increased by \$3.9m from \$76.7m to \$80.6m, due to higher revenue achieved in 3Q2015 as compared to 4Q2014. The decrease at the Company level of \$2.2m from \$32.3m to \$30.1m was mainly due to repayment received from a subsidiary.

**Inventories** at the Group level decreased by \$1.1m from \$33.5m to \$32.4m due to better inventory management.

**Investment in an associate** at both Group and Company level decreased to zero following the liquidation of the associate and capital return from the associate.

**Property, plant and equipment** decreased by \$1.3m from \$23.6m to \$22.3m at the Group level mainly due to depreciation charge and disposal of equipment, net of purchase of new equipment. The increase at the Company level is mainly due to purchase of new equipment, net of depreciation charged.

**Trade and other payables** increased by \$3.4m from \$59.4m to \$62.8m at the Group level mainly due to inventory purchased in 3Q2015 for the delivery in 4Q2015. Trade and other payables at the Company level remained relatively unchanged.

**Borrowings** decreased at both Group and Company level mainly due to repayment of loans to banks, net of drawdown of loans from the banks.

**Foreign currency translation reserve** at the Group level increased from \$2.2m to \$5.4m mainly due to appreciating United States Dollar and Chinese Renminbi against Singapore dollar.

**Interim Financial Statements and Dividend Announcement**

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**CASH FLOW ANALYSIS**

Net cash of \$9.8m was generated from operating activities in 9M2015, as compared to net cash of \$8.9m generated from 9M2014. This was mainly due to lower payment to trade and other payables, net of lower collections from trade and other receivables.

Net cash of \$731,000 was used in investing activities in 9M2015 as compared to \$819,000 used in 9M2014. The changes were mainly due to capital return of \$194,000 from the associate following the liquidation.

Net cash of \$9.3m was used in financing activities in 9M2015 as opposed to \$20.2m used in 9M2014. The change was mainly due to the lifting of the pledged fixed deposit of \$7.5m, proceeds from bank borrowings of \$49.0m, net of repayment of bank borrowings of \$63.2m and dividend payment of \$2.0m in 9M2015, as compared to increase in pledged fixed deposit of \$7.0m, repayment of bank borrowings of \$63.0m and dividend payment of \$2.0m, net of proceeds of bank borrowings of \$52.3m in 9M2014.

Cash and cash equivalents stood at \$33.9m as at end of 30 September 2015, up from \$26.7m as at the end of 30 September 2014.

**Interim Financial Statements and Dividend Announcement**

*For the financial period from 1 January 2015 to 30 September 2015*

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**A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next twelve months.**

**PCB**

Comparing 3Q2015 to 3Q2014, the revenue for this quarter decreased by 13.8% or \$1.1m, from \$8.0m in 3Q2014 to \$6.9m in 3Q2015. On a nine month basis, revenue increased by \$0.9m from \$19.1m in 9M2014 to \$20.0m in 9M2015. The increase was mainly due to the slightly increase in demand of electronic products in year 2015.

The Group is currently one of the leading PCB drilling service providers in terms of capacity and technology in Eastern China. As at 30 September 2015, the Group has 143 mechanical drilling machines and 22 laser drilling machines. The Group will continue to be selective of its customers, rationalise operations, manage headcount to cut cost and conserve cash.

**IT**

The IT Division through the Singapore and the regional offices achieved a year-on-year revenue growth of 16.8% and 19.4% in 3Q2015 and 9M2015 respectively over the corresponding periods in year 2014.

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Blue Coat, Check Point, Citrix, Imperva, Riverbed and RSA.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Education Services Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Allot, Blue Coat, Check Point, Citrix, Nutanix and Riverbed courses. The Education Services Division is able to provide training courses for MobileIron and SolarWinds too. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

As at 30 September 2015, the Group's IT business has a presence in 29 cities in 15 countries in the Asia Pacific region. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.



**Interim Financial Statements and Dividend Announcement**  
*For the financial period from 1 January 2015 to 30 September 2015*

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**IT** (Continued)

The near term outlook in the IT Division is dependent on events such as those political or economic in nature and such events could affect business in certain markets. With the USA interest rates expected to increase by end of year 2015, the cost of business is expected to increase as well. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group as more efforts are put into growing the IT business.

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

**Interim Financial Statements and Dividend Announcement***For the financial period from 1 January 2015 to 30 September 2015*

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**Risk Factors**

The Group's primary business risk in its PCB business is the exposure to the electronics products sector. Our customers are PCB manufacturers, most of whom will be exposed to the cyclical nature of the electronics business. Any downturn in the electronics cycle will result in a cutback in outsourcing, which will impact the Group negatively. Additionally, with the typically heavy capital investment required in the manufacturing service business, the Group will be adversely affected should there be a downturn in the electronics business due to the high fixed costs in this business.

The Group's success in the China market will depend on our ability to maintain our technological, quality assurance, capacity and pricing advantage over our competitors. Additionally, we have to monitor trade debts closely as collection of accounts receivable generally takes longer in China. The Group is tightening the credit assessment on customers for all regions.

The Group, with significant investment in China, is also exposed to the political, legal and economic climates of the country. Such risks pertaining to the political, legal and economic climates also extend to the other markets in which the Group is operating.

We are also exposed to foreign exchange risks as we mainly transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Thai baht, Malaysian ringgit, and to a lesser extent, Euro, Indonesian rupiah, Philippines peso, Hong Kong dollars, Indian rupee, Korean won, Japanese yen and Australian dollar. The Group may, from time to time, enter into borrowing and foreign exchange arrangements to reduce its foreign currency exposure. The Group expects to be exposed to a higher foreign exchange risk with the current volatility of the US dollar against some of the local currencies we collect from the customers.

In the area of IT distribution, the Group is subject to the risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. Despite such risks, the Group has taken steps to align with the leading names in the IT arena and as such, there is a good probability that such companies will take steps to ensure that their products maintain the technological edge. The Group also monitors its stock on a quarterly basis and will make provisions where necessary.

**Interim Financial Statements and Dividend Announcement**  
*For the financial period from 1 January 2015 to 30 September 2015*

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**Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The actual results for 9M2015 were largely in line with the prospect commentary disclosed to the shareholders on 5 February 2015.

**Interim Financial Statements and Dividend Announcement***For the financial period from 1 January 2015 to 30 September 2015***NOTES TO THE FINANCIAL STATEMENTS****1. AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES****Amount repayable in one year or less, or on demand**

As at 30 Sep 2015		As at 31 Dec 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,943	17,070	9,369	24,266

**Amount repayable after one year**

As at 30 Sep 2015		As at 31 Dec 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,040	-	3,498	-

**Additional information and details of any collateral**

The secured borrowings are secured on the Group's two properties, three motor vehicles, available-for-sale investment and fixed deposits placed with the financial institutions.

**2. SHARE CAPITAL**

	Issued shares '000	Share capital \$'000	Total share capital \$'000
Group			
Balance at 1 Jan 2015	<b>360,381</b>	<b>37,288</b>	<b>37,288</b>
Balance at 30 Sep 2015 due to share consolidation	<b>90,095</b>	<b>37,288</b>	<b>37,288</b>
Balance at 1 Jan 2014 and 30 Sep 2014	<b>360,381</b>	<b>37,288</b>	<b>37,288</b>

**3. A statement showing all sales, transfers, disposal, cancellation and/or issue of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2014. In addition, the Group also adopted various revisions to the FRS, which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

**Interim Financial Statements and Dividend Announcement***For the financial period from 1 January 2015 to 30 September 2015***NOTES TO THE FINANCIAL STATEMENTS**

5. **If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures presented in the announcement have not been audited or reviewed by our auditors.

7. **Where the figures have been audited or reviewed, the auditor's report (including any qualification of emphasis of a matter).**

Not applicable.

8. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

<u>Group</u> Earnings per share attributable to owners of the parent during the financial period (expressed in cents per share)	3 months ended		9 months ended	
	30-Sep-2015	30-Sep-2014 (Restated)	30-Sep-2015	30-Sep-2014 (Restated)
(i) Based on weighted average number of shares	(0.35) cents	1.58 cents	3.46 cents	1.91 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	(0.35) cents	1.58 cents	3.46 cents	1.91 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

9. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30-Sep-2015	31-Dec-2014	30-Sep-2015	31-Dec-2014
Net asset value per share based on existing issued share capital as at the respective period	100.98 cents	24.01 cents	73.36 cents	18.30 cents

The net asset value per ordinary share at the end of the current period and the immediately preceding financial year have been calculated based on 90,095,000 and 360,381,000 ordinary shares respectively.

**Interim Financial Statements and Dividend Announcement**

*For the financial period from 1 January 2015 to 30 September 2015*

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**NOTES TO THE FINANCIAL STATEMENTS**

**10. DIVIDEND**

**(a) Current Financial Period Reported On**

No dividend was declared/recommended for the financial period ended 30 September 2015.

**(b) Dividend for financial period ended 30 September 2014**

No dividend was declared/recommended for the financial period ended 30 September 2014.

**11. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions. If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate from shareholders for IPTs obtained.

**12. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirmed that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Foo Suan Sai  
Chief Executive Officer  
30 October 2015

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**Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**

We, Foo Suan Sai and Han Juat Hoon, being two Directors of Multi-Chem Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the third quarter ended 30 September 2015 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai  
Chief Executive Officer  
Singapore, 30 October 2015

Han Juat Hoon  
Chief Operating Officer  
Singapore, 30 October 2015