

CHEMICAL INDUSTRIES (FAR EAST) LIMITED

(Company Registration No. : 196200046K)

UNAUDITED RESULTS FOR HALF YEAR ENDED 30 SEPTEMBER 2016

1(a)(i) [A statement of profit or loss and other comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year](#)

Consolidated Statement of Profit or Loss

	THE GROUP		Increase/ (Decrease) %
	30 Sep 2016 S\$'000	30 Sep 2015 S\$'000	
Revenue	25,362	46,420	(45.4)
Cost of sales	(17,325)	(32,420)	(46.6)
Gross Profit	8,037	14,000	(42.6)
Other income (net)	387	456	(15.1)
Distribution expenses	(1,414)	(1,643)	(13.9)
Administrative expenses	(3,653)	(4,282)	(14.7)
Finance costs	(197)	(294)	(33.0)
Profit before tax	3,160	8,237	(61.6)
Income tax expense	(680)	(1,701)	(60.0)
Profit for the year attributable to owners of the company	2,480	6,536	(62.1)

Consolidated Statement of Profit or Loss And Other Comprehensive Income

	THE GROUP		Increase/ (Decrease) %
	30 Sep 2016 S\$'000	30 Sep 2015 S\$'000	
Profit for the year	2,480	6,536	(62.1)
Other comprehensive income (net of tax):			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale investments	(2)	(128)	(98.4)
Total comprehensive income for the year attributable to owners of the company	2,478	6,408	(61.3)

1(a)(ii) Notes to statement of profit or loss for the Group

Profit before income tax is arrived at after crediting/(charging) the following:

	THE GROUP		
	30 Sep 2016 S\$'000	30 Sep 2015 S\$'000	Increase/ (Decrease) %
Dividend income	23	15	53.3
Interest income	9	2	350.0
Net foreign exchange gain	207	346	(40.2)
Others	148	93	59.1
Other operating income (expense)	<u>387</u>	<u>456</u>	(15.1)
Depreciation	(3,150)	(4,187)	(24.8)
Interest on borrowings	(197)	(294)	(33.0)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	THE GROUP		THE COMPANY	
	30 Sep 2016 S\$'000	31 Mar 2016 S\$'000	30 Sep 2016 S\$'000	31 Mar 2016 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	38,384	48,017	31,704	41,635
Trade and other receivables	9,948	10,032	9,865	9,945
Due from subsidiaries	0	0	10,105	3,518
Inventories	5,241	6,111	5,483	6,287
Total current assets	<u>53,573</u>	<u>64,160</u>	<u>57,157</u>	<u>61,385</u>
NON-CURRENT ASSETS				
Property, plant and equipment	35,084	37,188	34,405	36,514
Investment properties	39,800	39,800	0	0
Subsidiaries	0	0	6,383	6,383
Available-for-sale investments	609	602	609	602
Total non-current Assets	<u>75,493</u>	<u>77,590</u>	<u>41,397</u>	<u>43,499</u>
TOTAL ASSETS	<u>129,066</u>	<u>141,750</u>	<u>98,554</u>	<u>104,884</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans	2,910	10,539	2,910	10,539
Trade and other payables	5,331	3,507	4,845	2,995
Due to subsidiaries	0	0	339	2,478
Current portion of long-term bank loans	7,240	9,952	7,240	9,952
Current portion of finance leases	113	111	9	9
Income tax payable	4,505	4,899	4,348	4,698
Total current liabilities	<u>20,099</u>	<u>29,008</u>	<u>19,691</u>	<u>30,671</u>
NON-CURRENT LIABILITIES				
Finance leases	61	118	34	39
Deferred tax liabilities	4,805	4,925	4,767	4,886
Total non-current liabilities	<u>4,866</u>	<u>5,043</u>	<u>4,801</u>	<u>4,925</u>
CAPITAL AND RESERVES				
Share capital	75,945	75,945	75,945	75,945
Reserves	884	886	433	435
Accumulated profit (losses)	27,272	30,868	(2,316)	(7,092)
Total equity	<u>104,101</u>	<u>107,699</u>	<u>74,062</u>	<u>69,288</u>
TOTAL LIABILITIES AND EQUITY	<u>129,066</u>	<u>141,750</u>	<u>98,554</u>	<u>104,884</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities, together with comparative figures as at the end of the immediately preceding financial year.

	30 Sep 2016 S\$'000	31 Mar 2016 S\$'000
Amount repayable within one year		
Secured	10,263	20,602
Unsecured	0	0
	<u>10,263</u>	<u>20,602</u>
Amount repayable after one year		
Secured	61	118
Unsecured	0	0
	<u>61</u>	<u>118</u>
Total	<u>10,324</u>	<u>20,720</u>

Details of Collaterals

Details of bank loans and bank overdrafts are as follows:

(a) Bank loans of \$7,240,000 (31 March 2016: \$9,952,000) of the group and company are secured by the following:

- i) a first all monies mortgage over the company's leasehold buildings;
- ii) a first fixed and floating charge over all the company's assets;
- iii) a first fixed charge over all cash and bank balances and fixed deposits of the company;
- iv) assignment by way of security, all relevant insurance policies of the company; and
- v) a negative pledge over all the company's assets.

The bank loans bear interest at 1.75% above bank's swap rate per annum.

(b) Finance leases amounting to \$174,000 (31 March 2016: \$229,000) are secured by plant and equipment under these finance lease arrangements.

(c) Short-term bank loans amounting to \$2,910,000 (31 March 2016: \$10,539,000) are secured on the same terms as above.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	THE GROUP	
	30 Sep 2016 S\$'000	30 Sep 2015 S\$'000
Operating activities:		
Profit before tax	3,160	8,237
Adjustments for:		
Depreciation of property, plant and equipment	3,150	4,187
Gain from fair value adjustment on derivative financial instruments	0	(1,435)
Amortisation of front end fee	38	38
Foreign exchange differences	21	13
Dividend income	(9)	(15)
Interest expense	197	294
Interest income	(9)	(2)
Operating cash flows before movements in working capital	6,548	11,317
Trade and other receivables	72	515
Inventories	870	(65)
Trade and other payables	1,837	(604)
Cash generated from operations	9,327	11,163
Dividends paid	(6,076)	(1,139)
Income tax paid	(1,194)	(914)
Interest paid	(197)	(294)
Interest received	9	2
Dividends received	9	15
Net cash from operating activities	1,878	8,833
Investing activities		
Purchase of property, plant and equipment	(1,046)	(270)
Additions to available-for-sale investments	(9)	(7)
Net cash used in investing activities	(1,055)	(277)
Financing activities		
Repayment of short-term bank loans	(7,641)	(1,358)
Repayment of long-term bank loans	(2,750)	(2,750)
Repayment of obligations under finance leases	(55)	(73)
Net cash used in financing activities	(10,446)	(4,181)
Net (decrease) increase in cash and cash equivalents	(9,623)	4,375
Cash and cash equivalents at the beginning of the year	48,017	27,315
Effect of exchange rate changes on the balances of cash held in foreign currencies	(10)	354
Cash and cash equivalents at end of the year (Note A)	38,384	32,044

Note A

Cash and cash equivalents consist of:

	THE GROUP	
	30 Sep 2016 S\$'000	30 Sep 2015 S\$'000
Cash and cash equivalents	38,384	32,044
Bank overdrafts	0	0
	38,384	32,044

1(d)(i) Statement of Changes in Equity (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Translation reserve	Investment revaluation reserve	Total reserves	Accumulated profits	Attributable to equity holders of the company S\$'000
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP						
Balance at 1 April 2016	75,945	451	435	886	30,868	107,699
<u>Total comprehensive income for the year</u>						
Profit for the year	0	0	0	0	2,480	2,480
Other comprehensive income	0	0	(2)	(2)	0	(2)
Total	<u>0</u>	<u>0</u>	<u>(2)</u>	<u>(2)</u>	<u>2,480</u>	<u>2,478</u>
Dividends paid, representing transactions with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,076)</u>	<u>(6,076)</u>
Balance at 30 September 2016	<u>75,945</u>	<u>451</u>	<u>433</u>	<u>884</u>	<u>27,272</u>	<u>104,101</u>
Balance at 1 April 2015	75,945	451	558	1,009	19,298	96,252
<u>Total comprehensive income for the year</u>						
Profit for the year	0	0	0	0	6,536	6,536
Other comprehensive income	0	0	(128)	(128)	0	(128)
Total	<u>0</u>	<u>0</u>	<u>(128)</u>	<u>(128)</u>	<u>6,536</u>	<u>6,408</u>
Dividends paid, representing transactions with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,139)</u>	<u>(1,139)</u>
Balance at 30 September 2015	<u>75,945</u>	<u>451</u>	<u>430</u>	<u>881</u>	<u>24,695</u>	<u>101,521</u>

	Share capital	Investment revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>COMPANY</u>				
Balance at 1 April 2016	75,945	435	(7,092)	69,288
<u>Total comprehensive income for the year</u>				
Profit for the year	0	0	10,852	13,852
Other comprehensive income	0	(2)	0	(2)
Total	<u>0</u>	<u>(2)</u>	<u>10,852</u>	<u>13,850</u>
Dividends paid, representing transaction with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>(6,076)</u>	<u>(6,076)</u>
Balance at 30 September 2016	<u>75,945</u>	<u>433</u>	<u>(2,316)</u>	<u>74,062</u>
Balance at 1 April 2015	75,945	558	(18,313)	58,190
<u>Total comprehensive income for the year</u>				
Profit for the year	0	0	5,773	5,773
Other comprehensive income	0	(128)	0	(128)
Total	<u>0</u>	<u>(128)</u>	<u>5,773</u>	<u>5,645</u>
Dividends paid, representing transaction with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>(1,139)</u>	<u>(1,139)</u>
Balance at 30 September 2015	<u>75,945</u>	<u>430</u>	<u>(13,679)</u>	<u>62,696</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There has been no change in the Company's issued share capital since the end of the previous period reported on.

The number of issued and fully paid up ordinary shares as at 30 September 2016 and 31 March 2016 was 75,945,399.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	THE COMPANY	
	30 Sep 2016	31 Mar 2016
Total number of issued shares excluding treasury shares	75,945,399	75,945,399

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter

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.

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 March 2016.

5 Changes in the accounting policies and methods of computation, including any required by an accounting standard

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 April 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year

	THE GROUP	
	30 Sep 2016	30 Sep 2015
(i) Based on weighted average number of ordinary shares in issue	3.27 cts	8.61 cts
(ii) On a fully diluted basis	3.27 cts	8.61 cts

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the current financial period reported on and immediately preceding financial year

	THE GROUP		THE COMPANY	
	30 Sep 2016	31 Mar 2016	30 Sep 2016	31 Mar 2016
Net asset value per ordinary share based on issued share capital of the Company at the end of financial year.	137 cts	142 cts	98 cts	91 cts

8 A review of the performance of the Group

Group Statement of Profit or Loss

For the half year ended 30 September 2016, Group revenue decreased by approximately 45.4% or S\$21.058 million to S\$25.362 million as compared to S\$46.420 million of the previous corresponding period. This was attributable to cessation of business of certain pipeline customers in Singapore in the previous financial year FY 2016 and given the current global economic position, the Group is unable to find new customers to completely replace their offtake.

Correspondingly, Gross profit decreased to S\$8.037 million as compared to S\$14.000 million of the previous corresponding period, a decrease of 42.6% or S\$5.963 million. However, the Group was able to improve its gross profit margin marginally by 1.5% to 31.7%.

Group other income (net) decreased by 15.1% to S\$387,000 mainly attributable to lower foreign exchange gain recognised in the half year ended 30 September 2016 as compared to the previous correspondingly period.

Distribution expenses decreased by 13.9% to S\$1.414 million in the current period as compared to the previous corresponding period mainly attributable to cessation of certain pipeline costs resulting from the cessation of business of certain pipeline customers.

Group administrative expenses at S\$3.653 million for the current period, was S\$629,000 lower than the previous corresponding period mainly due to lower performance-related remuneration expenses as a result of lower profitability.

Group finance costs decreased by 33.0% to S\$197,000 as the Group made repayment for its bank loans during the year.

As a result of above, Group pre-tax profit came in at S\$2.480 million as compared to S\$6.536 million in the previous corresponding period.

Group Statement of Financial Position

Despite the lower profitability, the Group was able to maintain a healthy net cash position S\$38.384 million. The decrease of net cash position of S\$9.633 million was mainly attributable to the payment of dividend for FY 2016 as well as repayment of bank loans during the year as disclosed in the Group's Cash flow statement.

Group's property, plant and equipment at S\$35.084 million were lower by S\$2.104 million due mainly to depreciation in the current period.

In line with lower demand of its products as a result of loss of certain customers as disclosed above, the Group held lower inventories as at 30 September 2016, a 14.2% decrease as compared to the end of the immediately preceding year.

Trade and other payables rose by 52.0% or S\$1.824 million to S\$5.331 million due mainly to timing differences in settlement of debts.

Group short-term bank loans relating to trade financing decreased by 72.4% to S\$2.910 million as compared to S\$10.539 million as at 31 March 2016 as the Group made repayment during the current period. In addition, the Group decreased its reliance on trade financing activities by utilising its cash resources for current year trade purchases to lower trade financing related finance costs.

The Group's long-term bank loans of S\$7.240 million as at 30 September 2016 is S\$2.712 million lower as compared to S\$9.952 million as at 31 March 2016 due to scheduled installment payment in the month of May 2016. The long-term bank loans will be fully repaid in the month of November 2016.

Group's income tax payable decreased to S\$4.505 million, decreased by 8.0% due to repayment of tax liabilities during the year and lower tax provision for the current period.

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

No.

10 A commentary at the date of the announcement of the significant trends and 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 12 months

As previously announced on 18 May 2016, Group's revenue and profitability will be reduced in FY 2017 as compared to FY 2016 given the current economic position.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

An interim special one-tier tax exempt dividend of 12 cents per ordinary share totaling S\$9,113,000 for the financial half year ended 30 September 2016.

The Group is declaring a one-off interim special one-tier tax exempt dividend of 12 cents to return surplus cash to shareholders after taking into consideration the Group's cash flow requirements for the next twelve months. This includes the repayment of the remaining S\$7.240 million long-term bank loans in November 2016. After these payments, the Group continues to maintain a healthy cash position of about S\$20.0 million for future deployment and opportunities.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

18 November 2016

(d) Book closure date

The Share Transfer Books and Register of Members of Chemical Industries (Far East) Limited (the "Company") will be closed on 11 November 2016 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 10 November 2016 will be registered to determine shareholders' entitlements to the interim special dividend. Members whose securities accounts with The Central Depository (Pte) Limited credited with shares in the Company at 5.00 p.m. on 10 November 2016 will be entitled to the interim special dividends.

12 If no dividend has been declared (recommended), a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Confirmation by the Board pursuant to rule 705(5) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the half year ended 30 September 2016 to be false or misleading.

15 Confirmation by the Board pursuant to rule 720(1) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

02 November 2016