



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 30 September 2019

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***CONSOLIDATED INCOME STATEMENT**

Group	3 months ended			9 months ended		
	30/9/2019	30/9/2018	Change	30/9/2019	30/9/2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	123,086	106,211	16	322,023	319,009	1
Cost of sales	(105,679)	(91,408)	16	(274,190)	(273,762)	0
Gross profit	17,407	14,803	18	47,833	45,247	6
Other items of income						
- Interest income	133	84	58	397	481	(17)
- Other income	(314)	285	(210)	2,668	858	211
Other items of expense						
- Selling and distribution costs	(6,948)	(5,853)	19	(21,043)	(19,544)	8
- Administrative and other expenses	(5,733)	(6,906)	(17)	(18,314)	(19,024)	(4)
- Loss allowance on third party trade receivables	(490)	(494)	(1)	(65)	(313)	(79)
- Finance costs	(263)	(91)	189	(654)	(305)	114
Profit before income tax	3,792	1,828	107	10,822	7,400	46
Income tax expense	(1,092)	(163)	570	(3,294)	(3,538)	(7)
Profit for the financial period	2,700	1,665	62	7,528	3,862	95
Profit attributable to:						
Owners of the parent	2,150	1,211	78	6,134	2,986	105
Non-controlling interests	550	454	21	1,394	876	59
	2,700	1,665	62	7,528	3,862	95
Earnings per share for profit attributable to owners of the parent during the financial period						
(expressed in cents per share)						
Basic	2.39 cents	1.34 cents		6.81 cents	3.31 cents	
Diluted	2.39 cents	1.34 cents		6.81 cents	3.31 cents	

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			9 months ended		
	30/9/2019	30/9/2018	Change	30/9/2019	30/9/2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	2,700	1,665	62	7,528	3,862	95
Other comprehensive income for the financial period						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency differences on translation of foreign operations	745	(1,661)	(145)	164	(735)	(122)
Other comprehensive income for the financial period, net of tax	745	(1,661)	(145)	164	(735)	(122)
Total comprehensive income for the financial period	3,445	4	86,025	7,692	3,127	146
Total comprehensive income attributable to:						
Owners of the parent	2,709	(373)	(826)	6,190	2,163	186
Non-controlling interests	736	377	95	1,502	964	56
	3,445	4	86,025	7,692	3,127	146

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***NOTES TO CONSOLIDATED INCOME STATEMENT**

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

Group	3 months ended			9 months ended		
	30/9/2019	30/9/2018	Change	30/9/2019	30/9/2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	158	259	(39)	958	730	31
Interest income	133	84	58	397	481	(17)
Interest expense	(263)	(91)	189	(654)	(305)	114
Amortisation of club memberships	(4)	(6)	(33)	(16)	(18)	(11)
Depreciation of property, plant and equipment	(293)	(335)	(13)	(1,268)	(1,535)	(17)
Depreciation of right-of-use assets	(282)	-	100	(774)	-	100
Allowance made for third party trade receivables	(490)	(494)	(1)	(65)	(313)	(79)
Bad third party trade receivables written off	(23)	-	100	(29)	-	100
Allowance made for inventory obsolescence	(776)	(688)	13	(1,432)	(1,432)	-
Inventories written off	(8)	(1)	700	(36)	(6)	500
Foreign exchange (loss)/gain, net	(479)	(1,681)	(72)	91	(3,024)	(103)
Loss on disposal of club membership	(56)	-	100	(56)	-	100
(Loss)/Gain on disposal of plant and equipment	(42)	(2)	2,000	1,052	36	2,822
Plant and equipment written off	(4)	-	100	(15)	(1)	1,400
Reversal of impairment loss of plant and equipment	-	-	-	460	-	100
Fair value change in financial asset, at FVPL	47	28	68	105	85	24
Fair value change in derivative financial instrument	2	-	100	2	7	(71)

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	10,250	12,451	1,472	2,299
Right-of-use assets	3,015	-	78	-
Investment properties	-	-	2,483	2,525
Investments in subsidiaries	-	-	18,826	21,201
Club memberships	388	498	186	186
Deferred tax assets	2,888	2,607	-	-
Financial asset, at FVPL	4,416	4,260	4,416	4,260
Trade receivables	2,760	1,504	-	-
Prepayment	405	468	405	468
	24,122	21,788	27,866	30,939
Current assets				
Inventories	40,830	31,310	337	305
Trade and other receivables	124,349	118,715	26,322	33,652
Prepayments	808	1,503	147	122
Current income tax recoverable	4,283	2,839	-	-
Fixed Deposits	6,102	19,024	6,055	6,134
Cash and cash equivalents	45,331	37,562	3,237	374
	221,703	210,953	36,098	40,587
Less:				
Current liabilities				
Trade and other payables	96,774	85,984	2,277	2,059
Contract liabilities	10,658	12,086	-	8
Lease liabilities	984	-	41	-
Bank borrowings	15,449	19,558	5,829	10,353
Current income tax payable	1,832	1,696	64	14
Derivative financial instruments	-	2	-	-
	125,697	119,326	8,211	12,434
Net current assets	96,006	91,627	27,887	28,153
Less:				
Non-current liabilities				
Contract liabilities	3,005	2,841	-	-
Lease liabilities	2,127	-	37	-
Bank borrowings	535	869	535	869
Provision for post-employee benefits	353	349	-	-
Deferred tax liabilities	572	482	-	-
	6,592	4,541	572	869
	113,536	108,874	55,181	58,223
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation account	(409)	(465)	-	-
Other reserves	3,499	3,499	-	-
Retained earnings	62,576	59,415	17,893	20,935
Equity attributable to owners of the parent	102,954	99,737	55,181	58,223
Non-controlling interests	10,582	9,137	-	-
Total equity	113,536	108,874	55,181	58,223

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	3,792	1,828	10,822	7,400
Adjustments for:				
- Allowance made for doubtful third parties trade receivables	490	494	65	313
- Allowance made for inventory obsolescence	776	688	1,432	1,432
- Amortisation of club memberships	4	6	16	18
- Depreciation of property, plant and equipment	293	335	1,268	1,535
- Depreciation of right-of-use assets	282	-	774	-
- Bad third party trade receivables written off	23	-	29	-
- Fair value change in financial asset, at FVPL	(47)	(28)	(105)	(85)
- Fair value change in derivative financial instruments	(2)	-	(2)	(7)
- Loss on disposal of club membership	56	-	56	-
- Loss/(Gain) on disposal of plant and equipment	42	2	(1,052)	(36)
- Reversal of impairment loss of plant and equipment	-	-	(460)	-
- Interest expense	263	91	654	305
- Interest income	(133)	(84)	(397)	(481)
- Inventories written off	8	1	36	6
- Plant and equipment written off	4	-	15	1
- Unrealised foreign exchange gain	67	336	(269)	425
Operating cash flows before working capital changes	5,918	3,669	12,882	10,826
Working capital changes:				
- Inventories	1,127	(1,155)	(10,884)	(7,889)
- Trade and other receivables	(26,639)	(17,139)	(4,692)	(17,203)
- Prepayments	278	144	735	(27)
- Trade and other payables, and contract liabilities	6,439	7,777	8,268	7,812
Cash generated from operations	(12,877)	(6,704)	6,309	(6,481)
Interest received	133	84	397	481
Income tax paid	(1,645)	(1,058)	(4,730)	(4,851)
Net cash (used in)/from operating activities	(14,389)	(7,678)	1,976	(10,851)

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2019 to 30 September 2019

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Proceeds from disposal of club membership	38	-	38	-
Proceeds from disposal of plant and equipment	(56)	4	2,265	129
Purchase of plant and equipment	(209)	(2,997)	(868)	(4,325)
Net cash (used in)/from investing activities	(227)	(2,993)	1,435	(4,196)
FINANCING ACTIVITIES				
Fixed deposits pledged	452	4,261	(74)	13,650
Proceeds from bank borrowings	15,170	14,076	28,192	55,190
Repayments of bank borrowings	(4,831)	(12,121)	(32,745)	(64,445)
Repayments of finance lease payables	-	-	-	(29)
Repayments of lease liabilities	(237)	-	(647)	-
Interest paid	(263)	(91)	(654)	(305)
Dividends paid to owners of the parent	-	(1,000)	(2,973)	(4,964)
Dividends paid to non-controlling shareholders	-	-	(57)	(58)
Net cash from/(used in) financing activities	10,291	5,125	(8,958)	(961)
Net change in cash and cash equivalents	(4,325)	(5,546)	(5,547)	(16,008)
Cash and cash equivalents at beginning of financial period	48,820	46,806	50,400	57,152
Effects of exchange rate changes on cash and cash equivalents	828	(1,539)	470	(1,423)
Cash and cash equivalents at end of financial period (Note 1)	45,323	39,721	45,323	39,721

Note 1

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

Cash and cash equivalents as per Statement of Financial Position	51,433	45,822	51,433	45,822
Less: Fixed deposits pledged with banks	(6,110)	(6,101)	(6,110)	(6,101)
	45,323	39,721	45,323	39,721

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Foreign currency translation (account) /reserve \$'000	Premium on acquisition of non-controlling interests \$'000	Available-for-sale reserve \$'000	Statutory reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2019	37,288	(465)	(123)	-	3,622	59,415	99,737	9,137	108,874
Profit for the financial period	-	-	-	-	-	6,134	6,134	1,394	7,528
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	56	-	-	-	-	56	108	164
Total comprehensive income for the financial period	-	56	-	-	-	6,134	6,190	1,502	7,692
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Total transactions with the owners of the parent	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(57)	(57)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(57)	(57)
Balance at 30 September 2019	37,288	(409)	(123)	-	3,622	62,576	102,954	10,582	113,536
Balance at 31 December 2017	37,288	500	(123)	470	5,345	57,308	100,788	8,077	108,865
Effect on adoption of SFRS(I)9	-	-	-	(470)	-	30	(440)	(53)	(493)
Balance at 1 January 2018	37,288	500	(123)	-	5,345	57,338	100,348	8,024	108,372
Profit for the financial period	-	-	-	-	-	2,986	2,986	876	3,862
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	(823)	-	-	-	-	(823)	88	(735)
Total comprehensive income for the financial period	-	(823)	-	-	-	2,986	2,163	964	3,127
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(4,964)	(4,964)	-	(4,964)
Total transactions with the owners of the parent	-	-	-	-	-	(4,964)	(4,964)	-	(4,964)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(58)	(58)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(58)	(58)
Balance at 30 September 2018	37,288	(323)	(123)	-	5,345	55,360	97,547	8,930	106,477

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***STATEMENTS OF CHANGES IN EQUITY (Continued)**

Company	Share capital \$'000	Retained earnings \$'000	Available-for- sale reserve \$'000	Total equity \$'000
Balance at 1 January 2019	37,288	20,935	-	58,223
Loss for the financial period	-	(69)	-	(69)
Total comprehensive income for the financial period	-	(69)	-	(69)
Transaction with the owners				
Dividends paid	-	(2,973)	-	(2,973)
Total transactions with the owners	-	(2,973)	-	(2,973)
Balance at 30 September 2019	37,288	17,893	-	55,181
Balance at 31 December 2017	37,288	22,644	470	60,402
Effect on adoption of SFRS(I) 9	-	470	(470)	-
Balance at 1 January 2018	37,288	23,114	-	60,402
Profit for the financial period	-	3,166	-	3,166
Total comprehensive income for the financial period	-	3,166	-	3,166
Transactions with the owners				
Dividends paid	-	(4,964)	-	(4,964)
Total transactions with the owners	-	(4,964)	-	(4,964)
Balance at 30 September 2018	37,288	21,316	-	58,604

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 30 September 2019

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 revenue of \$123.1m for the three months ended 30 September 2019 ("3Q2019"), an increase of 15.9% or \$16.9m compared to the revenue of \$106.2m for the three months ended 30 September 2018 ("3Q2018"). For the nine months ended 30 September 2019 ("9M2019"), the Group achieved revenue of \$322.0m, a year-on-year increase of 0.9% or \$3.0m, compared to revenue of \$319.0m achieved for the nine months ended 30 September 2018 ("9M2018").

Comparing 3Q2019 to three months ended 30 June 2019 ("2Q2019"), the Group revenue increased by 24.6% or \$24.3m, from \$98.8m to \$123.1m.

The increase in revenue was mainly due to few big transactions closed during 3Q2019.

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PROFIT BEFORE TAX ("PBT")

The Group registered a PBT of \$3.8m in 3Q2019, as compared to \$1.8m in 3Q2018.

The increase in PBT was mainly due to the following: -

- (1) An increase in gross profit of \$2.6m. The increase in gross profit was mainly due to the increase in revenue and the better gross profit margin in 3Q2019 as compared to 3Q2018; and
- (2) A decrease in net foreign exchange loss of \$1.2m from \$1.7m in 3Q2018 to \$479,000 in 3Q2019, mainly due to appreciation of United States dollar against Singapore dollar during 3Q2019, as compared to depreciation of United States dollar against Singapore dollar during 3Q2018. Excluding net foreign exchange differences, the Group reported a PBT of \$4.3m in 3Q2019, compared to a PBT of \$3.5m in 2Q2018.

The increase in PBT was however pared by the following:

- (1) An increase in interest expenses of \$172,000 from \$91,000 in 3Q2018 to \$263,000 in 3Q2019 mainly due to finance costs on lease liabilities. There were no such finance costs in 3Q2018;
- (2) A decrease in other gains of \$101,000 from \$259,000 in 3Q2018 to \$158,000 in 3Q2019 mainly due to government subsidy and marketing sponsorship received in 3Q2018;
- (3) Loss on disposal of club membership of \$56,000 in 3Q2019. There is no such disposal in 3Q2018;
- (4) An increase in allowance for inventory obsolescence from \$688,000 in 3Q2018 to \$776,000 in 3Q2019 based on the review of inventory obsolescence performed as at 30 September 2019; and
- (5) Depreciation of right-of-use assets of \$282,000 in 3Q2019 on operating leases for the Group as lessee, recognised in accordance with SFRS(I) 16 adopted on 1 January 2019. Total expenses charged to profit and loss including depreciation of right-of-use assets, finance costs on lease liabilities and rental expenses for short-term leases amounted to \$410,000 in 3Q2019, which increased by \$74,000 from the rental expenses of \$336,000 in 3Q2018. In 3Q2018, the rental payable under operating leases was recognised as rental expenses in profit and loss. More details on adoption of SFRS(I) 16 are included in Note 5 on page 19.

Comparing 3Q2019 to 2Q2019, the Group PBT stood at \$3.8m in 3Q2019 as compared to \$2.6m in 2Q2019. The increase was mainly due to higher gross profit in 3Q2019 as a result of higher revenue, offset by loss allowance on third party trade receivables in 3Q2019 as compared to reversal of allowance on third party trade receivables in 2Q2019.

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PROFIT AFTER TAX (“PAT”)

In 3Q2019, the Group achieved PAT of \$2.7m as compared to \$1.7m in 3Q2018, mainly due to the increase in PBT, offset by the increase in tax expenses from \$163,000 in 3Q2018 to \$1.1m in 3Q2019. The increase in tax expenses was mainly due to higher taxable profit generated in 3Q2019 and under-accrued tax expenses in prior years.

Comparing 3Q2019 to 2Q2019, Group PAT increased from \$1.8m in 2Q2019 to a profit of \$2.7m in 3Q2019 and this is in line with the increase in PBT.

Income tax expenses comprised mainly current income tax, deferred tax and withholding tax expenses of the Group.

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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 as at 30 September 2019 compared to 31 December 2018.

Property, plant and equipment decreased by \$2.2m and \$827,000 at the Group and the company level mainly due to depreciation charge and disposal of property, plant and equipment, net of reversal of impairment loss of laser drilling machines and purchases of plant and equipment in 9M2019.

Right-of-use assets at the Group level refers to assets recognized on operating leases for the Group as lessee, in accordance to SFRS(I) 16 adopted on 1 January 2019. The right-of-use assets as at 30 September 2019 were mainly related to leases of the offices occupied by the Group and the Company in various locations and photocopier machines used by the Group. More details on adoption of SFRS(I) 16 are included in Note 5 on page 19.

Investment in subsidiaries decreased by \$2.4m at the Company level due to capital return from one subsidiary, which is still in the process of liquidation.

Cash and cash equivalents at the Group level decreased by \$5.2m from \$56.6m to \$51.4m. The decrease was mainly due to repayment of bank borrowings and purchases of inventories, net of payment received from disposal of plant and equipment. At the Company level, cash and cash equivalents increased from \$6.5m to \$9.3m mainly due to repayment from a subsidiary, capital return received from a subsidiary, net of repayment of bank borrowings.

Trade and other receivables of the Group increased by \$6.9m from \$120.2m to \$127.1m, mainly due to higher revenue attained in 3Q2019. At the Company level, trade and other receivables decreased by \$7.4m from \$33.7m to \$26.3m, mainly due to repayment from a subsidiary.

Inventories at the Group level increased by \$9.5m from \$31.3m to \$40.8m mainly due to increased purchases to cater for contracts not yet fulfilled. Inventories at Company level remain relatively unchanged.

Current income tax recoverable increased by \$1.5m from \$2.8m to \$4.3m at the Group level mainly due to tax estimates overpaid and increase in tax deducted at source in 9M2019. There was no current income tax recoverable at the Company level.

Trade and other payables increased by \$10.8m from \$86.0m to \$96.8m at the Group level mainly due to increased purchases to cater for contracts not yet fulfilled. At the Company level, trade and other payables increased from \$2.1m to \$2.3m mainly due to the increase in accrued operating expenses in 9M2019.

Contract liabilities decreased by \$1.3m and \$8,000 at the Group and the Company level mainly due to revenue recognised from advance billings and rebate to customers paid and reversed in 9M2019.

Borrowings decreased at both Group and Company level mainly due to repayments made to the financial institutions.

Lease liabilities at the Group level refers to liabilities recognized on operating leases for the Group as lessee, in accordance to SFRS(I) 16 adopted on 1 January 2019. There was no operating lease as lessee at the Company level. More details on adoption of SFRS(I) 16 are included in Note 5 on page 19.

Interim Financial Statements and Dividend Announcement

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CASH FLOW ANALYSIS

Net cash of \$2.0m was generated from operating activities in 9M2019, as compared to net cash of \$10.9m used in 9M2018. This was mainly due to higher profit before income tax attained in 9M2019 and payment received from customers, net of purchase of inventories.

Net cash of \$1.4m was generated from investing activities in 9M2019, as compared to \$4.2m used in 9M2018. The change was mainly due to proceeds from disposal of plant and equipment of \$2.3m, net of purchase of plant and equipment of \$868,000 in 9M2019, as compared to purchase of property, plant and equipment of \$4.3m, net of proceeds from disposals of plant and equipment of \$129,000 in 9M2018.

Net cash of \$9.0m was used in financing activities in 9M2019 as compared to \$961,000 used in 9M2018. This was mainly due to repayment of bank borrowings of \$32.7m, repayment of lease liabilities of \$647,000 and dividend paid of \$3.0m, net of proceeds from bank borrowings of \$28.2m in 9M2019, as compared to repayment of bank borrowings of \$64.4m and dividend paid of \$5.0m, net of proceeds from bank borrowings of \$55.2m and a lift in fixed deposits pledged of \$13.7m in 9M2018. Repayment of lease liabilities refers to rentals paid on operating leases net of related finance costs.

Cash and cash equivalents stood at \$45.3m as at 30 September 2019, up from \$39.7m as at 30 September 2018.

Interim Financial Statements and Dividend Announcement

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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.

The Group achieved a year-on-year revenue growth of 15.9% and 0.9% in 3Q2019 and 9M2019 respectively over the corresponding periods in year 2018.

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 Carbon Black, Check Point, CyberArk, Imperva, Proofpoint, Riverbed, RSA, Solarwinds, Symantec, and Trend Micro.

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, Check Point and Symantec courses. 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 2019, the Group has a presence in 29 cities in 16 countries in the Asia Pacific region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

The near term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. With the continuing trade tensions between the US and China, the global economic outlook remains uncertain which in turn affected the Group's business. Though the US has recently cut interest rate, US interest rate remains relatively high from the cumulative increase in the past few years and the cost of business is expected to remain high. 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's 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.

For PCB machines, as at 30 September 2019, the Group has 7 mechanical drilling machines and 2 laser drilling machines.

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Risk Factors

The Group is subject to 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. To mitigate such risks, the Group has taken steps to align with the leading names in the IT arena. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Australian dollar, Thailand baht, Malaysian ringgit, Indian rupee, Indonesian rupiah, Taiwan dollar, Hong Kong dollar, Philippines peso, and to a lesser extent, Euro, Korean won, Japanese yen, Vietnam dong, New Zealand dollar, British Pound and Sri Lankan rupee. The Group may, from time to time, enter into borrowing and foreign currency arrangements to reduce its foreign currency exposure. With any volatility in the US dollar, the Group expects to be exposed to a higher foreign exchange risk against some of the local currencies we collect from the customers.

The Group is also exposed to the political, legal and economic climates of the countries in which the Group is operating. Economic and political conditions are still key factors in determining the level of IT spending.

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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 3Q2019 were largely in line with the prospect commentary disclosed to the shareholders on 1 February 2019.

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***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 September 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,409	10,040	6,203	13,355

Amount repayable after one year

As at 30 September 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
535	-	869	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's investment in life insurance plan and fixed deposits placed with the financial institutions.

2. SHARE CAPITAL

Group	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2019 and 30 September 2019	90,095	37,288	37,288
Balance at 1 Jan 2018 and 30 September 2018	90,095	37,288	37,288

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.

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NOTES TO THE FINANCIAL STATEMENTS

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's financial statements for the current reporting period have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations of SFRS(I).

Other than the adoption of new SFRS(I) as mentioned in Note 5 below, there was no change in accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018.

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.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rational of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in SFRS(I) 16. The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of FRS17 *Leases*.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- no reassessment on whether a contract is, or contains a lease, if the contract was entered into before 1 January 2019
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset as the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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.

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 September 2019***NOTES TO THE FINANCIAL STATEMENTS**

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.

Group 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-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
(i) Based on weighted average number of shares	2.39 cents	1.34 cents	6.81 cents	3.31 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	2.39 cents	1.34 cents	6.81 cents	3.31 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-2019	31-Dec-2018	30-Sep-2019	31-Dec-2018
Net asset value per share based on existing issued share capital as at the respective period	114.27 cents	110.70 cents	61.25 cents	64.62 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 ordinary shares.

10. DIVIDEND**(a) Current Financial Period Reported On**

No dividend has been declared/recommended for the financial period ended 30 September 2019 as the Board of Directors would like to invest the profits earned into further growth of the Group.

(b) Dividend for financial period ended 30 September 2018

Name of Dividend	2018 Interim Ordinary Tax Exempt – 1-Tier	2018 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	1.11

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NOTES TO THE FINANCIAL STATEMENTS

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
1 November 2019

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 2019 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 1 November 2019

Han Juat Hoon
Chief Operating Officer
Singapore, 1 November 2019