



CEI LIMITED
(Company Registration No. 199905114H)

Full Year Financial Statement

The Board of Directors of CEI Limited wishes to announce the unaudited results of the Group and of the Company for the Year Ended 31 December 2016.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	GROUP		
	2016 \$'000	2015 \$'000	+ / (-) %
Revenue	130,281	132,341	(1.6)
Cost of sales	(99,889)	(98,896)	1.0
Gross profit	30,392	33,445	(9.1)
Other income (including interest income)	25	1	N/M
General and administrative costs	(16,998)	(15,826)	7.4
Selling and distribution costs	(4,180)	(4,433)	(5.7)
Profit from operations	9,239	13,187	(30.0)
Finance costs	(97)	(169)	(42.6)
Share of results of associated company	107	258	(58.5)
Profit from operations before taxation	9,249	13,276	(30.3)
Taxation	(443)	(2,460)	(82.0)
Profit after taxation	8,806	10,816	(18.6)
Other comprehensive income:			
Foreign currency translation	(6)	46	N/M
Total comprehensive income for the year	8,800	10,862	(19.0)

Included in the above expenses are -			
Depreciation of fixed assets	(2,153)	(2,422)	(11.1)
Fair value (loss)/gain on forward contracts	(577)	340	N/M
Foreign exchange gain	96	584	(83.6)

N/M – Not meaningful

1(b) (i) **STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Fixed assets	5,591	7,159	2,024	2,587
Intangible assets	1,063	1,063	1,063	1,063
Investment in and advance to subsidiary companies	-	-	3,919	3,919
Investment in associated company	1,301	1,339	482	482
Deferred tax asset	773	656	214	262
	<u>8,728</u>	<u>10,217</u>	<u>7,702</u>	<u>8,313</u>
Current assets				
Inventories	20,626	24,210	20,499	24,027
Trade receivables	25,972	24,432	25,891	24,352
Other receivables	853	1,171	574	876
Amounts due from subsidiary companies	-	-	1,473	1,345
Cash and cash equivalents	11,698	13,014	10,962	12,479
	<u>59,149</u>	<u>62,827</u>	<u>59,399</u>	<u>63,079</u>
Current liabilities				
Trade payables and accruals	21,479	19,557	20,218	18,182
Amounts due to subsidiary companies	-	-	2,906	2,560
Provision for taxation	1,658	3,452	1,473	2,472
Bank borrowings	2,501	7,523	2,501	7,523
Other liabilities	2,075	2,478	2,075	2,478
	<u>27,713</u>	<u>33,010</u>	<u>29,173</u>	<u>33,215</u>
Net current assets	<u>31,436</u>	<u>29,817</u>	<u>30,226</u>	<u>29,864</u>
Non-current liabilities	-	-	-	-
Net assets	<u>40,164</u>	<u>40,034</u>	<u>37,928</u>	<u>38,177</u>
Represented by:				
Share capital	23,897	23,897	23,897	23,897
Less : Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Revenue reserves	17,427	17,291	14,868	15,117
Foreign currency translation reserve	(323)	(317)	-	-
	<u>40,164</u>	<u>40,034</u>	<u>37,928</u>	<u>38,177</u>

1(b) (ii) BORROWINGS

Amount repayable in one year or less, or on demand

As at 31 Dec 2016		As at 31 Dec 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	2,501	-	7,523

Amount repayable after one year

As at 31 Dec 2016		As at 31 Dec 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

Not applicable.

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	GROUP	
	FY2016	FY2015
	\$'000	\$'000
Cash flows from operating activities:		
Profits from operations before taxation	9,249	13,276
Adjustments for:		
Depreciation in fixed assets	2,153	2,422
Interest income	(25)	(1)
Interest expense	97	169
Fair value loss/(gain) on forward contracts	577	(340)
Decrease in inventory provision	(308)	(1,092)
Share of results of associated companies	(107)	(258)
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Operating income before investment in working capital	11,636	14,176
(Increase)/Decrease in receivables	(1,222)	239
Decrease in inventories	3,892	5,236
Increase/(Decrease) in payables	942	(1,300)
	<hr/>	<hr/>
Cash generated from operations	15,248	18,351
Interest received	25	1
Interest paid	(97)	(180)
Income tax paid, net of refund	(2,354)	(949)
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Net cash generated from operating activities	12,822	17,223
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Cash flows from investing activities:		
Purchase of fixed assets	(585)	(1,136)
Dividend income from associated company	145	104
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Net cash used in investing activities	(440)	(1,032)
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Cash flows from financing activities:		
Dividends paid on ordinary shares	(8,670)	(6,103)
Repayment of loans and borrowings	(5,022)	(5,200)
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Net cash used in financing activities	(13,692)	(11,303)
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Net (decrease)/increase in cash and cash equivalents	(1,310)	4,888
Effect of exchange rate changes on cash and equivalents	(6)	47
Cash and cash equivalents at beginning of the year	13,014	8,079
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Cash and cash equivalents at end of the year	11,698	13,014
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1(d) (i) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Group	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2016	23,897	(837)	17,291	(317)	40,034
Total comprehensive income for the year	-	-	8,806	(6)	8,800
Dividends paid	-	-	(8,670)	-	(8,670)
Balance at 31 December 2016	23,897	(837)	17,427	(323)	40,164
Balance at 1 January 2015	23,897	(837)	12,578	(363)	35,275
Total comprehensive income for the year	-	-	10,816	46	10,862
Dividends paid	-	-	(6,103)	-	(6,103)
Balance at 31 December 2015	23,897	(837)	17,291	(317)	40,034
Company	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Total equity \$'000	
Balance at 1 January 2016	23,897	(837)	15,117	38,177	
Profit net of tax	-	-	8,421	8,421	
Dividends paid	-	-	(8,670)	(8,670)	
Balance at 31 December 2016	23,897	(837)	14,868	37,928	
Balance at 1 January 2015	23,897	(837)	11,256	34,316	
Profit net of tax	-	-	9,964	9,964	
Dividends paid	-	-	(6,103)	(6,103)	
Balance at 31 December 2015	23,897	(837)	15,117	38,177	

1(d) (ii) CHANGES IN COMPANY'S SHARE CAPITAL

	31 Dec 2016	30 June 2016
No. of treasury shares held	: 1,235,750	1,235,750
No. of issued shares excluding treasury shares	: 86,698,463	86,698,463

There was no outstanding convertible as at 31 December 2016 and 31 December 2015.

1(d)(iii) TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES

	31 Dec 2016	31 Dec 2015
No. of issued shares excluding treasury shares:	86,698,463	86,698,463

1(d)(iv) There were no sales, transfers, disposal, cancellation and/or use of treasury shares in the current financial year.

2. AUDIT/REVIEW

The figures have not been audited or reviewed.

3. AUDITORS' REPORT

Not applicable as figures have not been audited or reviewed.

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

5. CHANGES IN ACCOUNTING POLICIES AND THE EFFECT OF THE CHANGES

As described in Note 4, the adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

6. EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	FY2016	FY2015
Earnings per share based on profit attributable to shareholders:		
Based on existing issued share capital	10.16 cts	12.48 cts
Based on fully diluted basis	10.16 cts	12.48 cts

7. NET ASSET VALUE

	Group		Company	
	FY2016	FY2015	FY2016	FY2015
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	46.33 cts	46.18 cts	43.75 cts	44.03 cts

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for FY 2016 of \$130.3 million was 1.6% lower than FY 2015. The Gross Profit Margin decreased from 25.3% in FY 2015 to 23.3% in FY 2016. The lower Gross Profit Margin was mainly attributable to generally weaker US\$ in FY 2016.

The General and Administrative Costs were higher mainly due to: 1) a swing from fair value gain in FY 2015 to fair value loss in FY 2016 on forward currency contracts, and 2) lower foreign exchange gain in FY 2016. Finance costs was lower as a result of lower borrowings.

The Profit from Operations before Taxation decreased from \$13.28 million to \$9.24 million in FY 2016.

Taxation was lower by \$1.02 million due to one-off write back of over-provision of taxation from previous years and tax incentive recognised.

The Profit after Taxation decreased from \$10.82 million to \$8.81 million in FY 2016.

Earnings per share decreased from 12.48 cents to 10.16 cents, based on a fully diluted basis.

Net asset value per share increased from 46.18 cents to 46.33 cents as at 31 December 2016.

Inventories decreased from \$24.2 million to \$20.6 million. Bank Borrowings decreased from \$7.5 million to \$2.5 million. These were achieved through improved working capital management.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 31 December 2016, the Group has orders on hand worth \$46.8 million (31 December 2015: \$49.0 million) most of which are expected to be fulfilled within the current financial year.

The Group serves customers from a diverse range of market segments. These include analytical instruments, medical equipment, semi-conductor equipment, oil and gas industries, aviation and displays for industrial applications.

Recent political development in the international arena may result in some degree of economic volatility. The Group needs to remain vigilant. Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2017.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend	Second & final	Special dividend
Dividend Type	Cash	Cash
Dividend (cents)	0.400	4.800
Tax Rate	One-tier tax-exempt	One-tier tax exempt

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Second & final	Special dividend
Dividend Type	Cash	Cash
Dividend (cents)	0.400	4.800
Tax Rate	One-tier tax exempt	One-tier tax exempt

(c) Date payable

Payment of the dividends, if approved by the members at the Annual General Meeting to be held on 12 April 2017, will be made on 8 May 2017.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of CEI Contract Manufacturing Ltd ("the Company") will be closed from 5.00 p.m. on 21 April 2017 to 5.00 p.m. on 24 April 2017 (both dates inclusive) for the preparation of dividend warrants for both the one-tier tax-exempt second & final dividend and one-tier tax-exempt special dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 21 April 2017 will be registered to determine shareholders' entitlements to the said dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 21 April 2017 will be entitled to the proposed one-tier tax-exempt second & final dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS

Not applicable as the Company has no general mandate for interested person transactions.

13. BUSINESS SEGMENTAL INFORMATION

	Asia Pacific		USA		Europe		Consolidated	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Segment turnover	58,478	62,895	23,415	24,941	48,388	44,505	130,281	132,341
Cost of sales	(43,956)	(44,830)	(17,068)	(18,422)	(38,865)	(35,644)	(99,889)	(98,896)
Gross profit	14,522	18,065	6,347	6,519	9,523	8,861	30,392	33,445
Unallocated expenses							(21,250)	(20,427)
Share of results of associated company							107	258
Profit before taxation							9,249	13,276
Tax expense							(443)	(2,460)
Net profit for the year							8,806	10,816

(The Group defined its Business Segment based on origin of customers' purchase orders.)

14. FACTORS LEADING TO ANY MATERIAL CHANGES IN CONTRIBUTIONS TO TURNOVER AND EARNINGS BY THE BUSINESS OR GEOGRAPHICAL SEGMENTS

There is no material change in Contributions to Turnover and Earnings by the business or geographical segments.

15. BREAKDOWN OF SALES

	Latest Financial Year \$'000	Previous Financial Year \$'000	% increase/ (decrease)
	Group	Group	Group
(a) Sales reported for first half year	68,939	67,187	2.6%
(b) Operating profit after tax deducting minority interests reported for first half year	4,672	5,205	(10.2%)
(c) Sales reported for second half year	61,342	65,154	(5.9%)
(d) Operating profit after tax deducting minority interests reported for second half year	4,134	5,611	(26.3%)

16. BREAKDOWN OF THE TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE LATEST FULL YEAR AND PREVIOUS FULL YEAR

Total annual dividend (net of tax)

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary Preference	8,670 -	8,670 -
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Total	8,670 =====	8,670 =====

17. PERSON OCCUPYING MANAGERIAL POSITION

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

18. CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

**Teo Soon Hock
Secretary**

Singapore, 13 February 2017