



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.  
化学工业(远东)有限公司

# **CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**(Company registration no. 196200046K)**

**Condensed Interim Financial Statement  
For the six months ended 30 September 2022**



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.  
化学工业(远东)有限公司

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**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<u>Note</u>	THE GROUP 6 months ended		Increase / (Decrease) %
		30 Sep 2022 \$'000	30 Sep 2021 \$'000	
Revenue	4	50,298	34,765	44.7
Cost of sales		(44,417)	(25,696)	72.9
<b>Gross profit</b>		<b>5,881</b>	<b>9,069</b>	<b>(35.2)</b>
Other income		1,243	1,214	2.4
Distribution expenses		(3,360)	(3,002)	11.9
Administrative expenses		(2,827)	(8,939)	(68.4)
Finance costs		(66)	(77)	(14.3)
<b>Profit (Loss) before tax</b>	6	<b>871</b>	<b>(1,735)</b>	n.m.
Income tax expense	7	(275)	(868)	(68.3)
<b>Profit (Loss) for the period, attributable to owners of the company</b>		<b>596</b>	<b>(2,603)</b>	n.m.
<b>Other comprehensive (loss) income (net of tax)</b>				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations		(189)	(59)	n.m.
<b>Total comprehensive income (loss) for the period, attributable to owners of the company</b>		<b>407</b>	<b>(2,662)</b>	
<b>Earnings per share for profit for the period attributable to the owners of the company:</b>				
Basic and diluted earnings (loss) per share (cents)		0.78	(3.43)	

n.m. denotes Not Meaningful

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**B. Condensed Interim Statements of Financial Position**

	<u>Note</u>	<b>Group</b>		<b>Company</b>	
		<b>30 Sep 2022 \$'000</b>	<b>31 Mar 2022 \$'000</b>	<b>30 Sep 2022 \$'000</b>	<b>31 Mar 2022 \$'000</b>
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and cash equivalents		31,708	44,977	26,310	39,769
Trade and other receivables		19,125	18,501	18,259	17,852
Due from subsidiaries		-	-	5,628	4,733
Inventories		14,030	9,968	13,393	9,759
<b>Total current assets</b>		<b>64,863</b>	<b>73,446</b>	<b>63,590</b>	<b>72,113</b>
<b>Non-current assets</b>					
Property, plant and equipment	12	21,558	20,095	20,611	19,020
Investment properties	11	58,100	58,100	-	-
Subsidiaries	13	-	-	6,383	6,383
Financial assets at fair value through profit or loss ("FVTPL")	10	873	1,009	873	1,009
<b>Total non-current assets</b>		<b>80,531</b>	<b>79,204</b>	<b>27,867</b>	<b>26,412</b>
<b>Total assets</b>		<b>145,394</b>	<b>152,650</b>	<b>91,457</b>	<b>98,525</b>
<b>Current liabilities</b>					
Trade and other payables		9,409	13,681	8,724	12,898
Contract liabilities		219	208	219	208
Lease liabilities		956	892	956	892
Income tax payable		1,154	1,771	1,039	1,641
<b>Total current liabilities</b>		<b>11,738</b>	<b>16,552</b>	<b>10,938</b>	<b>15,639</b>
<b>Non-current liabilities</b>					
Lease liabilities		3,458	3,801	3,458	3,801
Deferred tax liabilities		1,906	1,906	1,799	1,799
<b>Total non-current liabilities</b>		<b>5,364</b>	<b>5,707</b>	<b>5,257</b>	<b>5,600</b>
<b>Capital and reserves</b>					
Share capital	14	75,945	75,945	75,945	75,945
Translation reserve		(198)	(9)	-	-
Accumulated profits (losses)		52,545	54,455	(683)	1,341
<b>Total equity</b>		<b>128,292</b>	<b>130,391</b>	<b>75,262</b>	<b>77,286</b>
<b>Total liabilities and equity</b>		<b>145,394</b>	<b>152,650</b>	<b>91,457</b>	<b>98,525</b>

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**C. Condensed Interim Statements of Changes in Equity**

	<b>Note</b>	<b>Share capital \$'000</b>	<b>Translation reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Attributable to equity holders of the company \$'000</b>
<b><u>GROUP</u></b>					
Balance at 1 April 2022		75,945	(9)	54,455	130,391
<b><u>Total comprehensive profit for the period</u></b>					
Profit for the period		-	-	596	596
Other comprehensive loss		-	(189)	-	(189)
Total		-	(189)	596	407
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	-	(2,506)	(2,506)
<b>Balance at 30 September 2022</b>		<b>75,945</b>	<b>(198)</b>	<b>52,545</b>	<b>128,292</b>
Balance at 1 April 2021		75,945	(2)	48,794	124,737
<b><u>Total comprehensive loss for the period</u></b>					
Loss for the period		-	-	(2,603)	(2,603)
Other comprehensive loss		-	(59)	-	(59)
Total		-	(59)	(2,603)	(2,662)
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	-	(1,139)	(1,139)
<b>Balance as at 30 September 2021</b>		<b>75,945</b>	<b>(61)</b>	<b>45,052</b>	<b>120,936</b>

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**C. Condensed Interim Statements of Changes in Equity (cont'd)**

	<u>Note</u>	<u>Share capital \$'000</u>	<u>Accumulated profits / (losses) \$'000</u>	<u>Total \$'000</u>
<b><u>COMPANY</u></b>				
Balance at 1 April 2022		75,945	1,341	77,286
Profit for the period, representing total comprehensive income for the period		-	482	482
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	(2,506)	(2,506)
<b>Balance at 30 September 2022</b>		<u>75,945</u>	<u>(683)</u>	<u>75,262</u>
Balance at 1 April 2021		75,945	(3,230)	72,715
Loss for the period, representing total comprehensive loss for the period		-	(376)	(376)
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	(1,139)	(1,139)
<b>Balance at 30 September 2021</b>		<u>75,945</u>	<u>(4,745)</u>	<u>71,200</u>

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**D. Condensed Interim Consolidated Statement of Cash Flows**

	<b>THE GROUP</b>	
	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit (Loss) before tax	871	(1,735)
Adjustments for:		
Write down (Reversal) of inventories to net realisable value	126	(72)
Depreciation of property, plant and equipment	2,284	2,776
Reversal of loss allowance on trade receivables	(2)	-
Loss on fair value adjustments on financial assets at FVTPL	136	3
Foreign exchange differences	(463)	5
Dividend income	(37)	(41)
(Gain) on disposal of property, plant and equipment	(2)	-
Impairment loss on property, plant and equipment	-	6,131
Interest expense	66	77
Interest income	(81)	(67)
Operating cash flows before movements in working capital	2,898	7,077
Trade and other receivables	(268)	1,532
Inventories	(4,187)	(1,279)
Trade and other payables	(4,354)	1,394
Contract liabilities	11	1,668
Cash (used in) / generated from operations	(5,900)	10,392
Dividends paid	(2,506)	(1,139)
Income tax paid	(892)	(1,198)
Interest paid	(66)	(77)
Interest received	81	67
Dividends received	37	41
Net cash (used in) / generated from operating activities	(9,246)	8,086
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	2	-
Purchase of property, plant and equipment	(3,574)	(902)
Net cash used in investing activities	(3,572)	(902)
<b>Financing activity</b>		
Repayment of lease liabilities	(451)	(432)
Net cash used in financing activity	(451)	(432)
Net (decrease) increase in cash and cash equivalents	(13,269)	6,752
Cash and cash equivalents at beginning of period	44,977	41,744
<b>Cash and cash equivalents at end of the period</b>	<b>31,708</b>	<b>48,496</b>

## **E. Notes to Condensed Interim Consolidated Financial Statements**

### **1 Corporate information**

Chemical Industries (Far East) Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the company are investment holding and the manufacture and sale of chemicals.

The principal activities of the subsidiaries are:

- (a) general carriers
- (b) proprietor of commercial buildings
- (c) manufacture and wholesale of industrial chemicals
- (d) general merchant, importer and exporter of chemicals

### **2 Basis of Preparation**

The condensed interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2022.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore dollars which is the Company's functional currency.

#### **2.1 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are dealt with below.



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The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Valuation of investment properties

The Group estimates the fair value of investment properties based on valuations performed by an independent professional valuer. The estimated market values may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may differ from the estimates set forth in these financial statements, and the difference may be significant.

Information about the valuation techniques and inputs used in determining the fair value of investment properties is disclosed in Note 11.

In view of the current situation arising from the pandemic, market sentiments are expected to change post the valuations performed as at 30 September 2022.

The carrying amount of investment properties is disclosed in Note 11.

### Impairment in property, plant and equipment and cost of investment in subsidiary

The Group reviews the carrying amount of its property, plant and equipment and cost of investment in subsidiary to determine whether there are any indications that these assets have suffered an impairment loss. If indicators of impairment exist, the recoverable amount of the assets are estimated, to determine the extent of the impairment loss, if any.

For the six months ended 30 September 2022, management has refreshed the discounted cashflow valuation performed at 31 March 2022, using currently available information and the current situation in Myanmar. Given the uncertainty in political, customer concentration and currency risks, the Group has determined the recoverability of assets in Myanmar to be highly uncertain. Management has exercised caution and has made a full impairment on the carrying amount of property, plant and equipment in Chemical Industries (Myanmar) Limited.

The Company recorded a full impairment loss of \$6.7 million on the cost of investment in subsidiary to the financial statements as at 31 March 2022.

### Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates useful lives by reference to expected usage, repair and maintenance, and technical or commercial obsolescence. Changes to these factors could impact the useful lives and related depreciation charges.

### Allowance for inventories

In determining the allowance for inventories, management compares the net realisable value against the cost of the inventories. This involves estimating future demand and selling prices of the inventories. Changes to these estimates may result in the recognition of additional allowances for inventories.

## **3 Seasonal Operation**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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### 4 Segment and revenue information

#### 4.1 Reportable segments

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segmental performance is organised into two operating segments - Industrial Chemicals and Properties.

The Industrial Chemicals segment is involved in the manufacture and sales of chemicals. The Properties segment is involved in the business of managing and renting of commercial properties.

#### Segment revenue and results

	Revenue		Profit / (Loss)	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	\$'000	\$'000	\$'000	\$'000
Industrial Chemicals	49,727	34,302	486	(2,048)
Properties	571	463	333	282
Total	50,298	34,765	819	(1,766)
Interest income			81	67
Dividend income			37	41
Finance costs			(66)	(77)
Profit (Loss) before income tax			871	(1,735)
Income tax expense			(275)	(868)
Consolidated revenue and profit / (loss) for the period	50,298	34,765	596	(2,603)

Revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segmental profit represents profits earned by each segment without allocation of interest income, dividend income, finance costs and income tax expense.

#### Segment assets

	30 Sep 2022	31 March 2022
	\$'000	\$'000
Industrial Chemicals	82,083	89,618
Properties	62,438	62,023
Total segment assets	144,521	151,641
Unallocated assets	873	1,009
Consolidated assets	145,394	152,650

All assets are allocated to reportable segments other than financial assets at FVTPL.

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### Other segment information

	Capital expenditure		Depreciation	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	\$'000	\$'000	\$'000	\$'000
Industrial Chemicals	3,570	861	2,269	2,752
Properties	4	41	15	24
	<u>3,574</u>	<u>902</u>	<u>2,284</u>	<u>2,776</u>

### Geographical information

The Group operates in two principal geographical areas - Singapore (country of domicile) and Myanmar.

	Revenue		Non-current assets	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	31 Mar 2022
	\$'000	\$'000	\$'000	\$'000
Singapore	48,892	33,437	80,527	79,201
Myanmar	1,406	1,328	4	3
	<u>50,298</u>	<u>34,765</u>	<u>80,531</u>	<u>79,204</u>

## 4.2 Disaggregation of revenue

		Group	
		30 Sep 2022	30 Sep 2021
		\$'000	\$'000
<u>Segment revenue</u>	<u>Timing of revenue recognition</u>		
Industrial Chemicals:			
Sale of goods	At a point in time	49,727	34,302
Properties:			
Rental income	Over time	571	463
		<u>50,298</u>	<u>34,765</u>

## 5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 31 March 2022:

	Group		Company	
	30 Sep 2022	31 Mar 2022	30 Sep 2022	31 Mar 2022
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Financial assets at amortised cost	49,910	62,523	43,711	57,280
Financial assets at FVTPL	873	1,009	873	1,009
	<u>50,783</u>	<u>63,532</u>	<u>44,584</u>	<u>58,289</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	9,628	13,889	8,943	13,106
Lease liabilities	4,414	4,693	4,414	4,693
	<u>14,042</u>	<u>18,582</u>	<u>13,357</u>	<u>17,800</u>

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The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

### 6 Profit (Loss) before tax

Profit (Loss) before tax is arrived at after charging (crediting):

	Group	
	Six months ended	
	30 Sep 2022	30 Sep 2021
	\$'000	\$'000
Dividend income	37	41
Interest income	81	67
Net foreign exchange gain	495	53
Gain on disposal of property, plant & equipment	2	-
(Loss) on fair value adjustments on financial assets at FVTPL	(136)	(3)
Reversal of loss allowance on trade receivables	2	-
Government grants income	185	378
Storage charges	136	191
Delivery, transport and handling charges	51	74
Other miscellaneous income	390	413
Impairment loss on property, plant and equipment	-	(6,131)
Depreciation of property, plant and equipment	(2,284)	(2,776)
Finance costs on lease liabilities	(66)	(77)

#### Related party transactions

There are no material related party transactions for the financial period.

### 7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six months ended	
	30 Sep 2022	30 Sep 2021
	\$'000	\$'000
Current income tax expense:		
Current period	275	868
	<hr/>	<hr/>
	275	868
Deferred tax credit:		
Current period	-	-
	<hr/>	<hr/>
	275	868

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### 8 Dividends

During the half year ended 30 September 2022, the Company paid dividends as follows:

	Group	
	Six months ended	
	30 Sep 2022	30 Sep 2021
	\$'000	\$'000
Ordinary dividends		
Tax- exempt one-tier final dividend in respect of the previous financial year:		
- 0.033 cents (2021 : 0.015 cents) per ordinary share	2,506	1,139

### 9 Net asset value

	Group		Company	
	30 Sep 2022	31 Mar 2022	30 Sep 2022	31 Mar 2022
	\$	\$	\$	\$
Net asset value per ordinary share	1.69	1.72	0.99	1.02

### 10 Financial assets at fair value through profit or loss

	Group and Company	
	30 Sep 2022	31 Mar 2022
	\$'000	\$'000
Quoted equity shares at fair value through profit or loss	873	1,009

Investments in quoted equity securities offer the company and the Group the opportunity for returns through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted closing market prices on the last market day of the financial period/year.

### 11 Investment properties

The Group's investment properties consist of commercial properties, held for long-term rental yields and/or capital appreciation. They are mainly leased to third parties under operating leases.

	Group	
	30 Sep 2022	31 Mar 2022
	\$'000	
At beginning of period / year	58,100	55,800
Gain from fair value adjustments included in profit or loss	-	2,300
At end of period / year	58,100	58,100

#### 11.1 Valuation

The fair values of the Group's investment properties at 31 March 2022 and 30 September 2022 are determined on the basis of valuations carried out at the respective period/year end dates by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the market comparison approach that reflects recent transaction prices

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for similar properties. In estimating the fair value of the properties, the highest and best use of these properties is their current use. There has been no change to the valuation technique.

Desktop valuations were prepared by external, independent and qualified valuers to determine the fair values of investment properties as of 30 September 2022. Significant unobservable inputs in the valuations relate to the price per square feet of floor area, which is made by reference to the recent transaction prices for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the Group's respective properties such as location, floor area and remaining lease tenure. The higher the price per square feet, the higher the valuation, assuming all other variables are held constant. The fair value measurement of the investment properties is classified as Level 3 in the fair value hierarchy.

### 12 Property, plant and equipment

During the six months ended 30 September 2022, the Group acquired assets amounting to \$3,574,000 (30 September 2021: \$902,000) and disposed of assets with net book value amounting to Nil (30 September 2021: Nil).

### 13 Subsidiaries

	Company	
	30 Sep 2022	31 March 2022
	\$'000	\$'000
Unquoted equity shares - at cost:		
At beginning of the year	6,383	13,179
Impairment during the period	-	(6,796)
At end of the period/ year	<u>6,383</u>	<u>6,383</u>

### 14 Share capital

	Group and Company			
	30 Sep 2022		31 Mar 2022	
	No. of shares issued '000	\$'000	No. of shares issued '000	\$'000
Issued and paid up:				
At the beginning and end of the period/year	<u>75,945</u>	<u>75,945</u>	<u>75,945</u>	<u>75,945</u>

The Company did not hold any treasury shares as at 30 September 2022 and 31 March 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2022 and 31 March 2022.

### 15 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## **F. Other Information Required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of Chemical Industries (Far East) Limited and its subsidiaries as at 30 September 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

### **2. Review of performance of the Group**

#### **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

##### **1. Group Revenue**

Group revenue increased by 44.7% or \$15.5 million from \$34.8 million for the first six months ended 30<sup>th</sup> September 2021 ("1H 2022") to \$50.3 million for the first six months ended 30<sup>th</sup> September 2022 ("1H 2023"). As prices of commodities continue to improve while demand remained steady in the 1H 2023, sales of chemical products in Singapore grew compared to 1H 2022.

##### **2. Gross profits**

Gross profit decreased from \$9 million in 1H 2022 to \$5.8 million in 1H 2023. The lower gross profit margin was mainly due to rising energy and raw material costs amidst supply chain and logistics disruption globally.

##### **3. Other income (net)**

Other income (net) increased slightly by 2.4% or \$0.03 million due to an increase in exchange gain by \$0.44 million in this 1H 2023 compared to 1H 2022. This was offset by a reduction in a grant from the government by \$0.19 million, loss on financial assets at FVTPL by \$0.11 million and decrease in income derived from storage, delivery and handling charges by \$0.08 million.

##### **4. Distribution expenses**

Distribution expenses increased by 11.9% or \$0.4 million. The increase was mainly due to higher freight charges this 1H 2023 compared to 1H 2022.

##### **5. Administrative expenses**

Administrative expenses decreased by more than 68.4% or \$6.1 million in 1H 2023 compared to 1H 2022. The decrease was mainly due to impairment loss of \$6.1 million recorded for property, plant and equipment in Chemical Industries (Myanmar) Limited in 1H 2022. No such impairment was made in 1H 2023.

##### **6. Finance cost**

Finance cost decreased by 14.3% or \$0.01 million due to lower lease liabilities outstanding during the period.

##### **7. Profit (Loss) before tax**

The Group recorded a profit before tax of \$0.9 million in 1H 2023 compared to a loss of \$1.7 million in 1H 2022. 1H 2022 losses were due to an impairment loss of \$6.1 million recorded for property, plant and equipment in Chemical Industries (Myanmar) Limited.

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### **Statement of Financial Position**

The Group's current assets decreased by \$8.6 million mainly due to a decrease in cash and cash equivalents of \$13.3 million but was offset by an increase in trade and other receivables of \$0.6 million and an increase in inventories by \$4.1 million.

The Group's non-current assets increased by \$1.3 million mainly due to an increase in property, plant and equipment by \$1.4 million but was offset by a decrease in financial assets at FVTPL by \$0.1 million.

The Group's current liabilities decreased by \$4.8 million mainly due to a decrease in trade and other payables by \$4.2 million and income tax payable by \$0.6million.

The Group's non-current liabilities decreased by \$0.3 million mainly due to repayment of lease liabilities made in 1H 2023.

Equity comprises share capital, reserves and accumulated profits. The total equity of the Group decreased by \$2.1 million from \$130.3 million as at 31 March 2022 to \$128.2 million as at 30 September 2022.

### **Statement of cashflow**

The Group recorded a net cash outflow of \$13.3 million for 1H 2023. The decrease was mainly due to cash outflows from operating activities of \$9.2 million, cash outflows from investing activities of \$3.6 million and cash outflows from financing activities of \$0.5 million.

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

No prospect statement was made.

### **4. 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 operating period and the next 12 months**

The global market landscape continues to present an uncertain economic outlook. The key challenges are the Russia-Ukraine war, supply chain delays and disruptions, sharply higher energy costs, inflation and rising interest rates. The Group faces a significant increase in operations costs, in particular with respect to higher energy and raw material prices. The current tight energy supply is projected to persist in the short to medium term.

As the Group moves into the second half of this financial year, the outlook for electricity cost is expected to stabilise after reaching its perceived peak in the past six months. We have embarked on operation optimisation initiatives which include reduction of energy consumption and water usage. Business wise, new customers are scheduled to come on board in the second half of this financial year, and we expect to pass on some of the escalated cost to downstream users. The planned implementation of an ERP system in 2H FY2023 will continue to improve efficiency and the productivity of our operations. We continue to enhance measures in the workplace, occupational safety and health space. In 2H FY2023, the Group expects the business environment to remain challenging caused particularly by the higher electricity prices. We are closely monitoring the market landscape to manage and mitigate the headwinds.

The business and operations outlook of Myanmar remain uncertain given the political instability and currency volatility which constrain productive activities. We continue to secure new business contracts into 2H FY2023. We are exploring alternate sources of raw materials to enhance business sustainability in Myanmar.



## **CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

### **5. Dividend information**

5a. Current Financial Period Reported on: None

5b. Corresponding Period of the Immediate Preceding Financial Year: None

5c. Date Payable: Not applicable

5d. Books Closure Date: Not applicable

### **6. Interested person transactions**

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

### **7. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

To the best of the directors' knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year 2022 financial results to be false or misleading in any material aspects.

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### **9. Additional information required pursuant to Rule 706A of the Listing Manual**

During the period ended 30 September 2022, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

### **BY ORDER OF THE BOARD**

Ms Foo Soon Soo  
Company Secretary  
14th November 2022