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

Company Registration No. : 196200046K

UNAUDITED RESULTS FOR HALF YEAR ENDED 30 SEPTEMBER 2020

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 6 months ended**		
	30 Sep 2020 S$'000	**30 Sep 2019 S$'000**	**Increase/ (Decrease) %**
Revenue	30,322	30,883	(1.8)
Cost of sales	(21,413)	(24,520)	(12.6)
Gross Profit	**8,909**	**6,363**	**10.4**
Other income (net)	1,227	514	138.7
Distribution expenses	(2,840)	(2,462)	15.4
Administrative expenses	(2,895)	(2,548)	13.6
Finance costs on lease liabilities	(99)	(74)	33.8
Profit before tax	**4,302**	**1,793**	**140.0**
Income tax expense	(849)	(252)	236.9
Profit for the period attributable to owners of the company	**3,453**	**1,541**	**124.1**
Other comprehensive income / (expenses) (net of tax):			
Exchange differences on translation of foreign operations	(256)	98	n.m.
Total comprehensive income for the year attributable to owners of the company	**3,197**	**1,639**	95.1

n.m. denotes Not Meaningful

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 6 months ended		
	30 Sep 2020 S$'000	30 Sep 2019 S$'000	Increase/ (Decrease) %
Dividend income	22	32	(31.2)
Interest income	121	155	(21.9)
Net foreign exchange (loss) gain	(473)	174	n.m.
Gain (Loss) on disposal of plant and equipment	48	(11)	n.m.
(Loss) Gain on financial assets at fair value through profit and loss	(10)	12	n.m.
Reversal of loss allowance on trade receivables	20	-	n.m. n.m.
Government grants income	1,038	-	n.m.
Other miscellaneous income	461	152	203.2.
Depreciation of property, plant and equipment	(2,227)	(2,762)	(19.3)
Depreciation of right-of-use asset	(471)	(558)	(15.6)
Finance costs on lease liabilities	(99)	(74)	33.8

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 2020 S$'000	31 Mar 2020 S$'000	30 Sep 2020 S$'000	31 Mar 2020 S$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	37,590	31,748	34,258	28,694
Trade and other receivables	10,548	11,291	10,047	10,965
Due from subsidiaries	-	-	7,581	9,011
Inventories	5,348	5,303	5,307	4,057
Total current assets	53,486	48,342	57,193	52,727
NON-CURRENT ASSETS				
Property, plant and equipment	27,000	28,634	16,910	18,264
Right-of-use assets	7,700	8,247	5,833	6,282
Investment properties	54,500	54,500	-	-
Subsidiaries	-	-	13,179	13,179
Financial assets at fair value through profit or loss	647	657	647	657
Total non-current assets	89,847	92,038	36,569	38,382
TOTAL ASSETS	**143,333**	**140,380**	**93,762**	**91,109**
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	6,134	6,638	4,775	5,367
Contract liabilities	1,608	480	1,608	480
Due to subsidiaries	-	-	913	347
Lease liabilities	990	847	990	847
Income tax payable	4,601	3,919	4,333	3,703
Total current liabilities	13,333	11,884	12,619	10,744
NON-CURRENT LIABILITIES				
Lease liabilities	4,973	5,529	4,973	5,529
Deferred tax liabilities	2,355	2,355	2,270	2,270
Total non-current liabilities	7,328	7,884	7,243	7,799
CAPITAL AND RESERVES				
Share capital	75,945	75,945	75,945	75,945
Reserves	48	304	-	-
Accumulated profits (losses)	46,679	44,363	(2,045)	(3,379)
Total equity	122,672	120,612	73,900	72,566
TOTAL LIABILITIES AND EQUITY	**143,333**	**140,380**	**93,762**	**91,109**

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 2020 S$'000	31 Mar 2020 S$'000
Amount repayable within one year		
Secured	990	847
Unsecured		-
	990	**847**
Amount repayable after one year		
Secured	4,973	5,529
Unsecured		-
	4,973	**5,529**
Total	**5,963**	**6,376**

Details of Collaterals

Lease liabilities are secured by right-of-use assets.

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 2020 S$'000	30 Sep 2019 S$'000
Operating activities:		
Profit before tax	4,302	1,793
Adjustments for:		
Write down of inventories to net realisable value	-	25
Depreciation of property, plant and equipment	2,227	2,762
Depreciation of right-of-use asset	471	558
Loss (Gain) on financial assets at fair value through profit and loss	10	(12)
Foreign exchange differences	116	15
Dividend income	(22)	(32)
(Gain) Loss on disposal of property, plant and equipment	(48)	11
Reversal of loss allowance on trade receivables	20	-
Interest expense	99	74
Interest income	(121)	(155)
Operating cash flows before movements in working capital	7,054	5,039
Trade and other receivables	597	684
Inventories	(45)	(1,063)
Trade and other payables	(452)	(1,405)
Contract liabilities	1,128	357
Cash generated from operations	8,282	3,612
Dividends paid	(1,137)	(1,139)
Income tax paid	(167)	(682)
Interest paid	-	(74)
Interest received	121	155
Dividends received	22	32
Net cash from operating activities	**7,121**	**1,904**
Investing activities		
Proceeds from disposal of plant and equipment	202	140
Purchase of property, plant and equipment	(1,121)	(4,039)
Net cash used in investing activities	**(919)**	**(3,899)**
Financing activity		
Repayment of obligations under finance leases, representing net cash used in financing activity	**(360)**	**(435)**
Net increase (decrease) in cash and cash equivalents	5,842	(2,430)
Cash and cash equivalents at the beginning of the year	31,748	32,170
Cash and cash equivalents at end of the period	**37,590**	**29,740**

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

GROUP	Share capital S$'000	Translation reserve S$'000	Total reserves S$'000	Accumulated profits S$'000	Attributable to equity holders of the company S$'000
Balance at 1 April 2020	75,945	304	304	44,363	120,612
Total comprehensive income for the period					
Profit for the period	-	-	-	3,453	3,453
Other comprehensive loss	-	(256)	(256)	-	(256)
Total	-	(256)	(256)	3,453	3,197
Dividends paid, representing transactions with owners, recognised directly in equity	-	-	-	(1,137)	(1,137)
Balance as at 30 September 2020	**75,945**	**48**	**48**	**46,679**	**122,672**
Balance as at 1 April 2019	75,945	11	11	42,146	118,102
Total comprehensive income for the period					
Profit for the period	-	-	-	1,541	1,541
Other comprehensive income	-	98	98	-	98
Total	-	98	98	1,541	1,639
Dividends paid, representing transactions with owners, recognised directly in equity	-	-	-	(1,139)	(1,139)
Balance at 30 September 2019	**75,945**	**109**	**109**	**42,548**	**118,602**

	Share capital	Accumulated losses	Total
	S$'000	S$'000	S$'000
COMPANY			
Balance at 1 April 2020	75,945	(3,379)	72,566
Total comprehensive income for the period			
Profit for the period	-	2,471	2,471
Other comprehensive income	-	-	-
Total	-	2,471	2,471
Dividends paid, representing transaction with owners, recognised directly in equity	-	(1,137)	(1,137)
Balance at 30 September 2020	**75,945**	**(2,045)**	**73,900**
Balance at 1 April 2019	75,945	(6,384)	69,561
Total comprehensive income for the period			
Profit for the period	-	915	915
Other comprehensive income	-	-	-
Total	-	915	915
Dividends paid, representing transaction with owners, recognised directly in equity	-	(1,139)	(1,139)
Balance at 30 September 2019	**75,945**	**(6,608)**	**69,337**

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 2020 and 31 March 2020 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 2020	**31 Mar 2020**
Total number of issued shares excluding treasury shares	75,945,399	75,945,399

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

Not applicable.

1(d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

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 30 September 2020.

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

Not applicable

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 2020	**30 Sep 2019**
(i)	Based on weighted average number of ordinary shares in issue	4.55 cents	2.23 cents
(ii)	On a fully diluted basis	4.55 cents	2.23 cents

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 2020	**31 Mar 2020**	**30 Sep 2020**	**31 Mar 2020**
Net asset value per ordinary share based on issued share capital of the Company	S$1.61	S$1.59	S$0.97	S$0.96

8 A review of the performance of the Group

Statement of Profit or Loss

1. Group Revenue

Group revenue decreased slightly by 1.8% or S$0.5 million from S$30.8 million for the first six months ended 30th September 2019 (''1H 2020'') to S$30.3 million for the first six months ended 30th September 2020 (''1H 2021''). The decrease in revenue was mainly due to lower rental income from the properties segment. The Group has given rental reduction for 6 months starting April 2020 to its tenants. This is part of the property tax savings which the Group received from IRAS which are required under the Covid-19 (Temporary Measures) Bill to passed on to tenants. There were tenants that did not continue their leases upon expiry.

Segment revenue

	Revenue	
	1H 2021	**1H 2020**
	S$'000	**S$'000**
Industrial chemicals	29,877	30,118
Properties	445	765
	30,322	30,883

2. Gross profits

Gross profit increased to S$8.9 million in 1H 2021 from S$6.3 million in 1H 2020. The increase in gross profit mainly due to lower cost of sales arising from a decrease in energy charges by S$2 million or 32.5% in 1H 2021 compared to 1H 2020.

3. Other income (net)

Other income (net) increased to S$1.2 million in 1H 2021 from S$0.5 million in 1H 2021 mainly due to government grants received by the Group in 1H 2021.

4. Distribution expenses

Distribution expenses increased to S$2.8 million in 1H 2021 from S$2.5 million in 1H 2020. This was a result of higher freight charges from its export activities as well as third party logistics support for deliveries.

5. Administrative expenses

Administrative expenses increased to S$2.9 million in 1H 2021 from S$2.5 million in 1H 2020. The increase comes from higher staff costs as the Group provided for a higher provision for bonus in 1H 2021 compared to 1H 2020.

6. Finance cost

Finance cost increased as a result of adoption of SFRS (I) 16 Leases. The Group recognised the interest on its lease liabilities obligations on the industrial land it leases from Jurong Town Corporation.

7. Income tax expenses

Income tax expenses increased by $0.6 million arising from higher Group's profits recorded in 1H 2021 compared to 1H 2020.

As a result of the foregoing, the Group's net profit after tax for 1H 2021 came in at S$3.4 million as compared to S$1.5 million in 1H 2020.

Statements of Financial Position

Group's current assets increased by S$5.1 million mainly due to an increase in cash and cash equivalents by S$5.9 million but was offset by a decrease in trade and other receivables by S$0.8 million. The decrease in trade and other receivables was due to an improvement in collection of debts from customers.

Group's non-current assets decreased by S$2 million mainly due to depreciation charges on the property, plant and equipment and right-of-use assets.

Group's current liabilities increased by S$1.4 million mainly due to increase in contract liabilities of S$1.2 million from S$0.4 million in 1H 2020 to S$1.6 million in 1H 2021 and increase in income tax payable by S$0.7 million. This was offset by a decrease in trade payables by S$0.5 million. The increase in contract liabilities in 1H2021 was due to the Group collecting more advance payments from customers whereby deliveries of goods have not been made in the current period.

Group's non-current liabilities decreased by S$0.5 million mainly due to repayment of lease liabilities amounting to S$0.5 million made in 1H 2021.

Equity comprises share capital, reserves and accumulated profits. The total equity of the Group increased by S$2 million from S$120 million in 1H 2020 to S$122 million in 1H 2021.

Review of Statement of Cash Flows

Group's net cash position increased to S$37.6 million in 1H 2021 as compared to S$31.7 million in 1H 2020, mainly due to increase in cash from operating activities of S$7.0 million but was partially offset by cash outflows from investing activities of S$0.9 million and cash outflows from financing activities of S$0.2 million.

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

Not applicable.

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

Singapore activities

The management has assessed the impact of the COVID-19 outbreak and has noted that operating conditions are still continuing and there have been no significant supply chain disruptions or significant dampening of demand for its products. The Group continues to operate in a challenging and competitive environment. We do not foresee that the situation will improve over the next 12 months.

Myanmar subsidiary - Chemical Industries (Myanmar) Limited

Since the outbreak of Covid-19, the Myanmar government has progressively issued a variety of measures to prevent the spread of the virus in the country. These measures included stay-at-home orders imposed countrywide, temporary closures of construction sites and factories, restrictions on gatherings, and other measures to prevent importation of Covid-19 to the country through air travel.

As a result, business activities in the country have slowed down. The supply chain, trade flows and other marketing efforts have been disrupted, with a consequential impact on business. Whilst there has been no direct impact on our production facilities and supply of industrial chemicals to our customers, travel restrictions domestically have indirectly hampered our marketing efforts to increase sales of other chemicals to other sectors of the economy.

The Board will continue to monitor the evolving situation and make appropriate announcements as and when there are material developments.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No

(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

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared(recommended) for the current financial period reported on.

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 2020 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
2 November 2020