



CEI LIMITED
(Company Registration No. 199905114H)

First Quarter Financial Statements

The Board of Directors of CEI Limited wishes to announce the unaudited results of the Group and of the Company for the First Quarter Ended 31 March 2019.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	GROUP		
	<u>31 Mar</u> <u>2019</u> \$'000	<u>31 Mar</u> <u>2018</u> \$'000	+ / (-) %
Revenue	34,945	33,342	4.8
Cost of sales	(26,585)	(25,690)	3.5
Gross profit	<u>8,360</u>	<u>7,652</u>	9.3
Other income (including interest income)	1	1	-
General and administrative costs	(5,122)	(4,935)	3.8
Selling and distribution costs	(1,084)	(1,035)	4.7
Profit from operations	<u>2,155</u>	<u>1,683</u>	28.0
Finance costs	(45)	(9)	N/M
Share of results of associated companies	26	-	N/M
Profit from operations before taxation	<u>2,136</u>	<u>1,674</u>	27.6
Taxation	(365)	(393)	(7.1)
Profit after taxation	<u>1,771</u>	<u>1,281</u>	38.3
Other comprehensive income:			
Foreign currency translation	(54)	(25)	N/M
Total comprehensive income for the year	<u>1,717</u>	<u>1,256</u>	36.7

Included in the above expenses are -

Depreciation of fixed assets	(520)	(477)	9.0
Fair value (loss)/gain on forward contracts	(57)	11	N/M
Foreign exchange loss	(66)	(177)	N/M

N/M – Not meaningful

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

	GROUP		COMPANY	
	31 Mar 2019 \$'000	31 Dec 2018 \$'000	31 Mar 2019 \$'000	31 Dec 2018 \$'000
Non-current assets				
Property, plant and equipment	4,052	3,257	2,624	1,817
Goodwill	1,063	1,063	1,063	1,063
Investments in subsidiaries	-	-	5,107	5,107
Investments in an associated company	1,456	1,082	930	582
Deferred tax assets	888	863	203	203
	<u>7,459</u>	<u>6,265</u>	<u>9,927</u>	<u>8,772</u>
Current assets				
Inventories	32,606	33,785	31,362	32,292
Trade receivables	24,728	26,977	23,750	26,537
Other receivables	279	309	171	202
Prepayments and advances to suppliers	791	598	586	389
Amounts due from a subsidiary company	-	-	1,725	1,378
Cash and cash equivalents	6,852	3,355	6,078	3,105
	<u>65,256</u>	<u>65,024</u>	<u>63,672</u>	<u>63,903</u>
Current liabilities				
Trade payables and accruals	18,300	19,214	16,912	17,921
Amounts due to subsidiary companies	-	-	4,644	4,813
Bank borrowings	7,518	7,519	7,518	7,519
Provision for taxation	2,413	2,094	2,231	1,946
Contract liability	1,750	2,063	1,750	2,063
	<u>29,981</u>	<u>30,890</u>	<u>33,055</u>	<u>34,262</u>
Net current assets	<u>35,275</u>	<u>34,134</u>	<u>30,617</u>	<u>29,641</u>
Non-current liability				
Defined benefit obligations	703	645	-	-
Lease liability	560	-	560	-
	<u>1,263</u>	<u>645</u>	<u>560</u>	<u>-</u>
Net assets	<u>41,471</u>	<u>39,754</u>	<u>39,984</u>	<u>38,413</u>
Equity attributable to owners of the Company				
Share capital	23,897	23,897	23,897	23,897
Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Retained earnings	18,386	16,615	16,924	15,353
Foreign currency translation reserve	25	79	-	-
	<u>41,471</u>	<u>39,754</u>	<u>39,984</u>	<u>38,413</u>

1(b) (ii) BORROWINGS

Amount repayable in one year or less, or on demand

As at 31 Mar 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	7,518	-	7,519

Amount repayable after one year

As at 31 Mar 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

Not applicable.

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	GROUP	
	31 Mar 2019 \$'000	31 Mar 2018 \$'000
Cash flows from operating activities		
Profit before taxation	2,136	1,674
Adjustments for:		
Depreciation of property, plant and equipment	520	477
Interest income	(1)	(1)
Interest expense	45	9
Fair value loss/(gain) on forward contracts	57	(11)
Unrealised exchange gain	(97)	(117)
Reversal of write-down of inventories	-	(24)
Provision for defined benefit obligations	58	37
Share of results of an associated company	(26)	-
Operating cash flows before changes in working capital	2,692	2,044
Decrease in receivables and prepayments	2,126	3,210
Decrease/(increase) in inventories	1,179	(4,010)
Decrease in creditors	(1,634)	(394)
Cash flows from operations	4,363	850
Interest received	1	1
Income tax paid	(71)	(62)
Interest paid	(43)	(9)
Net cash flows from operating activities	4,250	780
Cash flows from investing activities		
Purchase of property, plant and equipment	(213)	(83)
Increase in investments in an associated company	(348)	-
Net cash flows used in investing activities	(561)	(83)
Cash flows from financing activities		
Repayment of lease liability	(138)	-
Net cash flows used in financing activities	(138)	-
Net increase in cash and cash equivalents	3,551	697
Effect of exchange rate changes on cash and cash equivalents	(54)	(25)
Cash and cash equivalents at beginning of the year	3,355	3,044
Cash and cash equivalents at end of the year	6,852	3,716

1(d) (i) STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2019

<u>Group</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2019	23,897	(837)	16,615	79	39,754
Total comprehensive income for the Quarter	-	-	1,771	(54)	1,717
Balance at 31 March 2019	23,897	(837)	18,386	25	41,471
Balance at 1 January 2018	23,897	(837)	15,943	(269)	38,734
Effects of adoption of SFRS(I)	-	-	(323)	323	-
Balance at 31 December 2017 (as restated) and 1 January 2018	23,897	(837)	15,620	54	38,734
Total comprehensive income for the Quarter	-	-	1,281	(25)	1,256
Balance at 31 March 2018	23,897	(837)	16,901	29	39,990
<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000	
Balance at 1 January 2019	23,897	(837)	15,353	38,413	
Profit net of tax	-	-	1,571	1,571	
Balance at 31 March 2019	23,897	(837)	16,924	39,984	
Balance at 1 January 2018	23,897	(837)	14,066	37,126	
Profit net of tax	-	-	1,686	1,686	
Balance at 31 March 2018	23,897	(837)	15,752	38,812	

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

	31 Mar 2019	31 Dec 2018
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 March 2019 and 31 December 2018.

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

	31 Mar 2019	31 Dec 2018
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

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2018.

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

As required by the listing requirements of the Singapore Exchange, the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are relevant to the Group on 1 January 2019. The adoption of SFRS(I)s did not result in a restatement of prior periods' financial information nor any material impact to the financial statements for the current financial period.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases.

On the adoption of SFRS(I) 16, the Group choose to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 January 2019. The Group recognised \$1,102,000 of right-of-use asset as part of the property, plant and equipment, \$542,000 of lease liability (current) as part of trade payables and accruals and \$560,000 of lease liability (non-current) in the statement of financial position as at 1 January 2019.

6. EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	1 st Qtr FY2019	1 st Qtr FY2018
Earnings per share based on profit attributable to shareholders:		
Based on existing issued share capital	2.04 cts	1.48 cts
Based on fully diluted basis	2.04 cts	1.48 cts

7. NET ASSET VALUE

	Group		Company	
	As at 31/3/2019	As at 31/12/2018	As at 31/3/2019	As at 31/12/2018
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	47.83 cts	45.85 cts	46.12 cts	44.31 cts

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for 1Q 2019 of \$34.9 million was 4.8% higher than 1Q 2018. The Gross Profit Margin recovered from 23.0% in 1Q 2018 to 23.9% in 1Q 2019. The Gross Profit Margin in 1Q 2018 was affected by longer leadtime of electronics components, which affected the operational efficiency of the labour and manufacturing resources.

The General and Administrative Costs and Selling and Distribution Costs were in line with the higher revenue and increased marketing activities during 1Q 2019.

The Profit from Operations before Taxation was \$1.68 million in 1Q 2018, compared with \$2.14 million in 1Q 2019.

The Profit after Taxation was \$1.28 million in 1Q 2018, compared with \$1.77 million in 1Q 2019.

Earnings per share was 1.48 cents in 1Q 2018, compared with 2.04 cents in 1Q 2019, based on a fully diluted basis.

Net asset value per share was 45.85 cents as at 31 March 2018, compared with 47.83 cents as at 31 March 2019.

Inventories decreased by \$1.2 million, from \$33.8 million to \$32.6 million. Trade receivables decreased by \$2.3 million, from \$27.0 million to \$24.7 million. Cash and cash equivalents increased by \$3.5 million, from \$3.4 million to \$6.9 million.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 31 March 2019, the Group has orders on hand, with confirmed delivery dates, worth \$62.2 million (31 March 2018: \$62.1 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.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2019.

11. DIVIDENDS

(a) Current Financial Period Reported On

NIL

(b) Corresponding Period of the Immediate Preceding Financial Year

NIL

12. DIVIDENDS

The Company did not declare any dividend for the period ended 31 March 2019.

13. INTERESTED PERSON TRANSACTIONS (unaudited)

Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual

	1 st Qtr FY2019 \$'000	1 st Qtr FY2018 \$'000
Transactions for the Sale of Goods and Services		
Innosparks Pte Ltd	22	96
ST Electronics (Satcom & Sensor Systems) Pte Ltd	71	59
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	93	155
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14. CONFIRMATION BY THE BOARD OF DIRECTORS

The directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the first quarter ended 31 March 2019 to be false or misleading.

15. CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERATKINGS 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, 24 April 2019