

# CHEMICAL INDUSTRIES (FAR EAST) LIMITED

(Company Registration No. : 196200046K)

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## UNAUDITED RESULTS FOR HALF YEAR ENDED 30 SEPTEMBER 2015

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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	
	30 Sep 2015 S\$'000	30 Sep 2014 S\$'000
Revenue	46,420	45,822
Cost of sales	(32,420)	(37,642)
<b>Gross Profit</b>	<b>14,000</b>	<b>8,180</b>
Other operating income (expense)	456	(362)
Distribution expenses	(1,643)	(1,557)
Administrative expenses	(4,282)	(3,572)
Finance costs	(294)	(376)
<b>Profit before tax</b>	<b>8,237</b>	<b>2,313</b>
Income tax expense	(1,701)	(194)
<b>Profit for the year attributable to owners of the company</b>	<b>6,536</b>	<b>2,119</b>

### Consolidated Statement of Profit or Loss And Other Comprehensive Income

	THE GROUP	
	30 Sep 2015 S\$'000	30 Sep 2014 S\$'000
Profit for the year	6,536	2,119
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Available-for-sale investments	(128)	27
Exchange differences on translation of foreign operations	0	3
<b>Total comprehensive income for the year attributable to owners of the company</b>	<b>6,408</b>	<b>2,149</b>

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	
	30 Sep 2015	30 Sep 2014
	S\$'000	S\$'000
Dividend income	15	19
Interest income	2	2
Gain on disposal of property, plant and equipment	0	3
Insurance claim	0	12
Write-back of bad debts previously written off	0	56
Net foreign exchange gain (loss)	346	(590)
Others	93	136
Other operating income (expense)	<u>456</u>	<u>(362)</u>
Depreciation	(4,187)	(4,629)
Interest on borrowings	(294)	(376)

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 2015 S\$'000	31 Mar 2015 S\$'000	30 Sep 2015 S\$'000	31 Mar 2015 S\$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	32,044	27,315	26,179	21,956
Trade and other receivables	13,041	13,355	12,958	13,252
Due from subsidiaries	0	0	3,422	3,324
Inventories	4,864	4,799	5,024	4,881
Total current assets	<u>49,949</u>	<u>45,469</u>	<u>47,583</u>	<u>43,413</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	53,136	57,053	52,354	56,417
Investment properties	40,700	40,700	0	0
Subsidiaries	0	0	6,383	6,383
Available-for-sale investments	594	715	594	715
Total non-current Assets	<u>94,430</u>	<u>98,468</u>	<u>59,331</u>	<u>63,515</u>
<b>TOTAL ASSETS</b>	<b><u>144,379</u></b>	<b><u>143,937</u></b>	<b><u>106,914</u></b>	<b><u>106,928</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bank loans	13,420	14,206	13,420	14,206
Trade and other payables	5,610	6,218	4,949	5,617
Due to subsidiaries	0	0	2,477	2,140
Current portion of long-term bank loans	5,425	5,425	5,425	5,425
Current portion of finance leases	116	139	16	40
Derivative financial instruments	0	1,435	0	1,435
Income tax payable	2,565	1,778	2,349	1,581
Total current liabilities	<u>27,136</u>	<u>29,201</u>	<u>28,636</u>	<u>30,444</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term bank loans	7,240	9,952	7,240	9,952
Finance leases	130	180	0	0
Deferred tax liabilities	8,352	8,352	8,342	8,342
Total non-current liabilities	<u>15,722</u>	<u>18,484</u>	<u>15,582</u>	<u>18,294</u>
<b>CAPITAL AND RESERVES</b>				
Share capital	75,945	75,945	75,945	75,945
Reserves	881	1,009	430	558
Accumulated profit (losses)	24,695	19,298	(13,679)	(18,313)
Total equity	<u>101,521</u>	<u>96,252</u>	<u>62,696</u>	<u>58,190</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>144,379</u></b>	<b><u>143,937</u></b>	<b><u>106,914</u></b>	<b><u>106,928</u></b>

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 2015 S\$'000	31 Mar 2015 S\$'000
Amount repayable within one year		
Secured	18,961	19,770
Unsecured	0	0
	<u>18,961</u>	<u>19,770</u>
Amount repayable after one year		
Secured	7,370	10,132
Unsecured	0	0
	<u>7,370</u>	<u>10,132</u>
<b>Total</b>	<u><b>26,331</b></u>	<u><b>29,902</b></u>

#### Details of Collaterals

Details of bank loans and bank overdrafts are as follows:

- (a) Bank loans of \$12,665,000 (31 March 2015: \$15,377,000) of the group and company are secured by the following:
- a first all monies mortgage over the company's leasehold buildings;
  - a first fixed and floating charge over all the company's assets;
  - a first fixed charge over all cash and bank balances and fixed deposits of the company;
  - assignment by way of security, all relevant insurance policies of the company; and
  - a negative pledge over all the company's assets.

The bank loans bear interest at 1.75% above bank's swap rate per annum and bank overdrafts bear interest at 4.25% per annum.

- (b) Finance leases amounting to \$246,000 (31 March 2015: \$319,000) are secured by plant and equipment under these finance lease arrangements.
- (c) Short-term bank loans amounting to \$13,420,000 (31 March 2015: \$14,206,000) are secured on the same terms as above.

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	
	31 Sep 2015 S\$'000	31 Sep 2014 S\$'000
<b>Operating activities:</b>		
Profit before tax	8,237	2,313
Adjustments for:		
Depreciation of property, plant and equipment	4,187	4,629
Amortisation of front end fee	75	75
Foreign exchange differences	(346)	590
Dividend income	(15)	(19)
Gain on disposal of property, plant and equipment	0	(3)
Interest expense	294	376
Interest income	(2)	(2)
Operating cash flows before movements in working capital	12,430	7,959
Trade and other receivables	515	(1,709)
Inventories	(65)	(100)
Trade and other payables	(604)	(887)
Cash generated from operations	12,276	5,263
Dividends paid	(1,139)	(1,139)
Income tax paid	(914)	(124)
Interest paid	(294)	(376)
Interest received	2	2
Dividends received	15	19
<b>Net cash from operating activities</b>	<b>9,946</b>	<b>3,645</b>
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	0	3
Purchase of property, plant and equipment	(270)	(291)
Additions to available-for-sale investments	(7)	(25)
<b>Net cash used in investing activities</b>	<b>(277)</b>	<b>(313)</b>
<b>Financing activities</b>		
(Repayment of) Proceeds from short-term bank loans	(1,358)	567
Repayment of long-term bank loans	(2,788)	(2,788)
Repayment of obligations under finance leases	(73)	(79)
<b>Net cash used in financing activities</b>	<b>(4,219)</b>	<b>(2,300)</b>
Net increase in cash and cash equivalents	5,450	1,032
Cash and cash equivalents at the beginning of the year	27,315	20,882
Effect of exchange rate changes on the balances of cash held in foreign currencies	(721)	42
<b>Cash and cash equivalents at end of the year (Note A)</b>	<b>32,044</b>	<b>21,956</b>

**Note A**

Cash and cash equivalents consist of:

	THE GROUP	
	30 Sep 2015 S\$'000	30 Sep 2014 S\$'000
Cash and cash equivalents	32,044	21,956
Bank overdrafts	0	0
	<b>32,044</b>	<b>21,956</b>

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

	Share Capital	Translation reserve	Investment revaluation reserve	Total reserves	Accumulated profits	Attributable to equity holders of the company S\$'000
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>GROUP</b>						
Balance at 1 April 2015	75,945	451	558	1,009	19,298	96,252
<u>Total comprehensive income for the year</u>						
Profit for the year	0	0	0	0	6,536	6,536
Other comprehensive income	0	0	(128)	(128)	0	(128)
Total	<u>0</u>	<u>0</u>	<u>(128)</u>	<u>(128)</u>	<u>6,536</u>	<u>6,408</u>
Dividends paid, representing transactions with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,139)</u>	<u>(1,139)</u>
<b>Balance at 30 September 2015</b>	<b><u>75,945</u></b>	<b><u>451</u></b>	<b><u>430</u></b>	<b><u>881</u></b>	<b><u>24,695</u></b>	<b><u>101,521</u></b>
Balance at 1 April 2014	75,945	1,863	497	2,360	12,332	90,637
<u>Total comprehensive income for the year</u>						
Profit for the year	0	0	0	0	2,119	2,119
Other comprehensive income	0	3	27	30	0	30
Total	<u>0</u>	<u>3</u>	<u>27</u>	<u>30</u>	<u>2,119</u>	<u>2,149</u>
Dividends paid, representing transactions with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,139)</u>	<u>(1,139)</u>
<b>Balance at 30 September 2014</b>	<b><u>75,945</u></b>	<b><u>1,866</u></b>	<b><u>524</u></b>	<b><u>2,390</u></b>	<b><u>13,312</u></b>	<b><u>91,647</u></b>

	Share capital	Investment revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>COMPANY</u></b>				
Balance at 1 April 2015	75,945	558	(18,313)	58,190
<u>Total comprehensive income for the year</u>				
Profit for the year	0	0	5,773	5,773
Other comprehensive income	0	(128)	0	(128)
Total	<u>0</u>	<u>(128)</u>	<u>5,773</u>	<u>5,645</u>
Dividends paid, representing transaction with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>(1,139)</u>	<u>(1,139)</u>
<b>Balance at 30 September 2015</b>	<b><u>75,945</u></b>	<b><u>430</u></b>	<b><u>(13,679)</u></b>	<b><u>62,696</u></b>
Balance at 1 April 2014	75,945	497	(19,927)	56,515
<u>Total comprehensive income for the year</u>				
Profit for the year	0	0	1,475	1,475
Other comprehensive income	0	27	0	27
Total	<u>0</u>	<u>27</u>	<u>1,475</u>	<u>1,502</u>
Dividends paid, representing transaction with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>(1,139)</u>	<u>(1,139)</u>
<b>Balance at 30 September 2014</b>	<b><u>75,945</u></b>	<b><u>524</u></b>	<b><u>(19,591)</u></b>	<b><u>56,878</u></b>

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 2015 and 31 March 2015 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 2015	31 Mar 2015
Total number of issued shares excluding treasury shares	75,945,399	75,945,399

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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.

Except as disclosed in Note 5 below, 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 31 March 2015.

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

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.



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 2015	30 Sep 2014
(i) Based on weighted average number of ordinary shares in issue	8.61 cts	2.79 cts
(ii) On a fully diluted basis	8.61 cts	2.79 cts

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 2015	31 Mar 2015	30 Sep 2015	31 Mar 2015
Net asset value per ordinary share based on issued share capital of the Company at the end of financial year.	134 cts	127 cts	83 cts	77 cts

8 A review of the performance of the group

Group Statement of Profit or Loss

Group revenue in the first half of FY 2016 was marginally higher by 1% compared to the previous corresponding period. Gross profit rose by 71% from S\$8.2 million in the previous corresponding period to S\$14.0 million for the current period. The major factors contributing to the improved results were lower maintenance costs on its plant and equipment, lower electricity rates and increased chlorine sales to its non-pipeline customers.

For the first half of FY 2016, the Group recorded other operating income of S\$456,000 as compared to other operating expenses of S\$362,000 in the previous corresponding period due mainly to the appreciation of US Dollars against Singapore Dollars in the current reporting period. The appreciation of the US Dollars resulted in a net foreign exchange gain of S\$346,000 as compared to a loss of S\$590,000 in the previous corresponding period.

Group distribution expenses increased by 5.5% as sales to non-pipeline customers increased in the current period as compared to the previous period resulting in higher transportation costs for deliveries.

Group administrative expenses at S\$4.3 million for the current period, was S\$700,000 higher than the previous corresponding period mainly due to higher remuneration expenses.

Group finance costs, on the other hand, decreased by 21.8% due to lower bank borrowings.

As a result of the improved gross profit for the current period, Group pre-tax profit came in at S\$8.2 million as compared to S\$2.3 million in the previous corresponding period.

## Group Statement of Financial Position

The Group's net cash position continued to strengthen in the current period as profitability improved. As at 30 September 2015, cash and cash equivalents is at S\$32.0 million, S\$4.7 million higher as compared to the net cash position of S\$27.3 million as at 31 March 2015.

Group's property, plant and equipment at S\$53.1 million were lower by S\$4 million due to depreciation in the current period and there were no major capital expenditure incurred.

As a result of overall deterioration of the equities market experienced in the 3 months ended 30 September 2015, Group's available for sale investment decreased by S\$121,000 in the current period as compared to 31 March 2015.

Group short-term bank loans relating to trade financing decreased by S\$786,000 or 5.5% to S\$13.4 million as compared to S\$14.2 million as at 31 March 2015 due mainly to timing differences in settlement.

As the Group realized all its forward foreign exchange contracts in the first half of FY 2016, the Group had no derivative financial instruments as at 30 September 2015 (S\$1.4 million as at 31 March 2015).

The Group's long-term bank loans including current portion of S\$12.7 million as at 30 September 2015 is S\$2.7 million lower as compared to S\$15.4 million as at 31 March 2015 due to scheduled installment payment in the month of May 2015.

Group's income tax payable rose to S\$2.6 million, increased by 44.4% due to better profitability in the first half of FY 2016.

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

Revenue for the Group will be reduced in the 2<sup>nd</sup> half of FY 2016 as two of the major customers in our industrial chemicals business cease manufacturing plant operations in Singapore. The two major customers accounted for approximately 51% of the Group's revenue. Negotiations are ongoing to reach a settlement agreement on the compensation for the early termination of supply contract.

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

Not applicable.

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 2015 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

02 November 2015