



CEI LIMITED
(Company Registration No. 199905114H)

First Half Year 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 Half Year Ended 30 June 2020.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF YEAR ENDED 30 JUNE 2020

	GROUP		
	First half year ended:		
	<u>2020</u> \$'000	<u>2019</u> \$'000	+ / (-) %
Revenue	61,106	69,579	(12.2)
Cost of sales	(46,385)	(52,545)	(11.7)
Gross profit	14,721	17,034	(13.6)
Other income (including interest income)	20	1	N/M
General and administrative costs	(8,920)	(10,345)	(13.8)
Selling and distribution costs	(2,011)	(2,283)	(11.9)
Profit from operations	3,810	4,407	(13.5)
Finance costs – Interest on borrowings	(55)	(87)	(36.8)
Finance costs – Interest on lease liabilities	(53)	(7)	N/M
Share of results of associated companies	(11)	38	N/M
Profit from operations before taxation	3,691	4,351	(15.2)
Taxation	(762)	(671)	13.6
Profit after taxation	2,929	3,680	(20.4)
Other comprehensive income:			
Foreign currency translation	66	49	34.7
Total comprehensive income for the period	2,995	3,729	(19.7)

Included in the above expenses are -

Depreciation of fixed assets	(513)	(759)	(32.4)
Depreciation of right-of-use assets	(220)	(280)	(21.4)
Fair value loss on forward contracts	(60)	(23)	N/M
Foreign exchange gain/(loss)	501	(180)	N/M

N/M – Not meaningful

1(b) STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 June 2020 \$'000	31 Dec 2019 \$'000	30 June 2020 \$'000	31 Dec 2019 \$'000
Non-current assets				
Property, plant and equipment	2,262	2,268	1,120	1,265
Right-of-use assets	3,503	3,723	3,503	3,723
Goodwill	1,063	1,063	1,063	1,063
Investments in subsidiaries	–	–	5,107	5,107
Investments in an associated company	1,357	1,368	929	929
Deferred tax assets	945	950	205	210
	<u>9,130</u>	<u>9,372</u>	<u>11,927</u>	<u>12,297</u>
Current assets				
Inventories	30,947	26,668	29,796	25,511
Trade receivables	21,800	26,172	21,350	25,452
Other receivables	260	358	152	250
Prepayments and advances to suppliers	738	413	367	249
Amounts due from a subsidiary company	–	–	578	556
Cash and cash equivalents	7,507	8,165	6,866	5,798
	<u>61,252</u>	<u>61,776</u>	<u>59,109</u>	<u>57,816</u>
Current liabilities				
Trade payables and accruals	19,288	18,056	18,167	16,818
Lease liabilities	336	373	336	373
Amounts due to subsidiary companies	–	–	5,700	3,804
Bank borrowings	4,004	6,009	4,004	6,009
Provision for taxation	1,830	1,279	1,701	1,159
Contract liability	1,959	1,621	1,959	1,621
	<u>27,417</u>	<u>27,338</u>	<u>31,867</u>	<u>29,784</u>
Net current assets	<u>33,835</u>	<u>34,438</u>	<u>27,242</u>	<u>28,032</u>
Non-current liability				
Defined benefit obligations	1,065	949	–	–
Lease liabilities	3,241	3,400	3,241	3,400
	<u>4,306</u>	<u>4,349</u>	<u>3,241</u>	<u>3,400</u>
Net assets	<u>38,659</u>	<u>39,461</u>	<u>35,928</u>	<u>36,929</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	15,490	16,358	12,868	13,869
Foreign currency translation reserve	109	43	–	–
	<u>38,659</u>	<u>39,461</u>	<u>35,928</u>	<u>36,929</u>

1(c) **BORROWINGS**

Amount repayable in one year or less, or on demand

As at 30 June 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	4,004	-	6,009

Amount repayable after one year

As at 30 June 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

Not applicable.

1(d) **CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST HALF YEAR ENDED 30 JUNE 2020**

	GROUP	
	<u>First half year ended:</u>	
	<u>30 June</u>	<u>30 June</u>
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	3,691	4,351
Adjustments for:		
Depreciation of property, plant and equipment	513	759
Depreciation of rights-of-use assets	220	280
Other income (including interest income)	(20)	(1)
Finance costs - interest on bank borrowings	55	87
Finance costs - interest on lease liabilities	53	7
Fair value loss on forward contracts	60	23
Unrealised exchange (gain)/loss	(215)	87
Provision for defined benefit obligations	116	115
Share of results of an associated company	11	(38)
Operating cash flows before changes in working capital	4,484	5,670
Decrease in receivables and prepayments	4,300	1,638
(Increase)/decrease in inventories	(4,279)	2,377
Increase in creditors	1,565	20
Cash flows from operations	6,070	9,705
Interest received	4	1
Income tax paid	(206)	(943)
Interest paid	(55)	(87)
Net cash flows from operating activities	5,813	8,676
Cash flows from investing activities		
Purchase of property, plant and equipment	(507)	(350)
Increase in investments in an associated company	–	(348)
Proceed from disposal of fixed assets	16	–
Net cash flows used in investing activities	(491)	(698)
Cash flows from financing activities		
Dividends paid	(3,797)	(3,797)
Repayments of loans and borrowings	(2,000)	–
Payment for lease liabilities	(249)	(277)
Net cash flows used in financing activities	(6,046)	(4,074)
Net (decrease)/increase in cash and cash equivalents	(724)	3,904
Effect of exchange rate changes on cash and cash equivalents	66	49
Cash and cash equivalents at beginning of the period	8,165	3,355
Cash and cash equivalents at end of the period	7,507	7,308

1(e) STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF YEAR ENDED 30 JUNE 2020

<u>Group</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2020	23,897	(837)	16,358	43	39,461
Total comprehensive income	-	-	2,929	66	2,995
Dividends paid	-	-	(3,797)	-	(3,797)
Balance at 30 June 2020	23,897	(837)	15,490	109	38,659
Balance at 1 January 2019	23,897	(837)	16,615	79	39,754
Total comprehensive income	-	-	3,680	(49)	3,631
Dividends paid	-	-	(3,797)	-	(3,797)
Balance at 30 June 2019	23,897	(837)	16,498	30	39,588

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2020	23,897	(837)	13,869	36,929
Profit net of tax	-	-	2,796	2,796
Dividends paid	-	-	(3,797)	(3,797)
Balance at 30 June 2020	23,897	(837)	12,868	35,928
Balance at 1 January 2019	23,897	(837)	15,353	38,413
Profit net of tax	-	-	3,471	3,471
Dividends paid	-	-	(3,797)	(3,797)
Balance at 30 June 2019	23,897	(837)	15,027	38,087

1(f) & 1(h)(a) CHANGES IN COMPANY'S SHARE CAPITAL

		As at 30 June 2020	As at 31 Dec 2019
No. of treasury shares held	:	1,235,750	1,235,750
No. of issued shares excluding treasury shares	:	86,698,463	86,698,463

1(g) There was no outstanding convertible as at 30 June 2020 and 31 December 2019.

1(h)(b) 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 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 2019.

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

Please refer to Note 4.

6. EARNINGS PER ORDINARY SHARE (EPS)

	GROUP First half of	
	FY2020	FY2019
Earnings per share based on profit attributable to shareholders:		
Based on existing issued share capital	3.38	4.24
Based on fully diluted basis	3.38	4.24

7. NET ASSET VALUE

	Group		Company	
	As at 30 June 2020	As at 31 Dec 2019	As at 30 June 2020	As at 31 Dec 2019
Net asset value per share based on existing issued share capital as at the end of the period reported on (excluding treasury shares).	44.59 cts	45.52 cts	41.44 cts	42.59 cts

8. REVIEW OF GROUP PERFORMANCE

Revenue and Profit

The Group's Revenue for 1H 2020 of \$61.1 million was 12.2% lower than 1H 2019. The Gross Profit Margin decreased from 24.5% in 1H 2019 to 24.1% in 1H 2020. The Gross Profit Margin in 1H 2020 was lower as some of the direct costs include fixed overheads.

The General and Administrative Costs and Selling and Distribution Costs were lower by \$1.7 million, mainly due to recognition of Jobs Support from the government of \$0.9 million, a net foreign exchange gain of \$0.6 million, and other miscellaneous cost control efforts.

The Profit from Operations before Taxation decreased from \$4.35 million to \$3.69 million in 1H 2020.

Taxation was lower in 1H 2019 due to a one-off tax incentive recognised in 1H 2019.

The Profit after Taxation decreased from \$3.68 million to \$2.93 million in 1H 2020.

Earnings per share was 3.38 cents in 1H 2020, compared with 4.24 cents in 1H 2019, based on a fully diluted basis.

Net asset value per share was 44.59 cents as at 30 June 2020, compared with 45.52 cents as at 31 Dec 2019.

Financial Position: 30 June 2020 vs 31 December 2019

Inventories increased by \$4.3 million, from \$26.6 million to \$30.9 million due mainly to increase in raw materials as a result of shortage of gating items from supply chain disruption. Cash and cash equivalents decreased by \$0.6 million, from \$8.1 million to \$7.5 million, and Bank borrowings decreased by \$2.0 million, from \$6.0 million to \$4.0 million.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 30 June 2020, the Group has orders on hand, with confirmed delivery dates, worth \$50.3 million (30 June 2019: \$59.6 million), 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.

The 2019 Novel Coronavirus is causing challenges to our business, namely in raw materials supply chain disruption and weaker demands from certain customers, especially those in the aviation industry. In addition, global economic headwinds including USA-China trade tension are continuing to cause uncertainty. The Group will continue to manage our business judiciously.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2020.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend:	<u>Second Interim</u>	<u>Special</u>
Dividend Type:	Cash	Cash
Dividend (Cents):	1.04	2.00
Tax Rate:	One-tier tax exempt	One-tier tax exempt

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend:	<u>Interim</u>	<u>Special</u>
Dividend Type:	Cash	Cash
Dividend (Cents):	1.04	3.14
Tax Rate:	One-tier tax exempt	One-tier tax exempt

(c) Date payable

Payment of the dividends will be made on 19 August 2020.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of CEI Limited ("the Company") will be closed at 5.00 p.m. on 12 August 2020 for the preparation of dividend warrants for both the one-tier tax-exempt second interim 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 12 August 2020 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 12 August 2020 will be entitled to the proposed one-tier tax-exempt second interim dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS (unaudited)

	Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	First half of	
	FY2020	FY2019
	\$'000	\$'000
Transactions for the Sale of Goods and Services		
Innospark Pte Ltd	-	22
ST Electronics (Satcom & Sensor Systems) Pte Ltd	189	203
ST Engineering Land Systems Ltd	40	-
STELOP Pte Ltd	447	201
SMART Systems Pte Ltd	-	85
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	676	511
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13. 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 half year ended 30 June 2020 to be false or misleading.

14. 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, 3 August 2020