



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 30 June 2019

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2019 to 30 June 2019

CONSOLIDATED INCOME STATEMENT

Group	3 months ended			6 months ended		
	30/6/2019	30/6/2018	Change	30/6/2019	30/6/2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	98,764	100,381	(2)	198,937	212,798	(7)
Cost of sales	(83,498)	(86,687)	(4)	(168,511)	(182,354)	(8)
Gross profit	15,266	13,694	11	30,426	30,444	(0)
Other items of income						
- Interest income	150	155	(3)	264	397	(34)
- Other income	549	293	87	2,982	573	420
Other items of expense						
- Selling and distribution costs	(6,923)	(7,087)	(2)	(14,095)	(13,691)	3
- Administrative and other expenses	(7,069)	(5,792)	22	(12,581)	(12,118)	4
- Reversal of allowance on third party trade receivables	865	177	389	425	181	135
- Finance costs	(225)	(100)	125	(391)	(214)	83
Profit before income tax	2,613	1,340	95	7,030	5,572	26
Income tax expense	(799)	(2,139)	(63)	(2,202)	(3,375)	(35)
Profit for the financial period	1,814	(799)	(327)	4,828	2,197	120
Profit attributable to:						
Owners of the parent	1,492	(992)	(250)	3,984	1,775	124
Non-controlling interests	322	193	67	844	422	100
	1,814	(799)	(327)	4,828	2,197	120
Earnings per share for profit attributable to owners of the parent during the financial period						
(expressed in cents per share)						
Basic	1.66 cents	(1.10) cents		4.42 cents	1.97 cents	
Diluted	1.66 cents	(1.10) cents		4.42 cents	1.97 cents	

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			6 months ended		
	30/6/2019	30/6/2018	Change	30/6/2019	30/6/2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	1,814	(799)	(327)	4,828	2,197	120
Other comprehensive income for the financial period						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency differences on translation of foreign operations	(580)	943	(162)	(581)	926	(163)
Other comprehensive income for the financial period, net of tax	(580)	943	(162)	(581)	926	(163)
Total comprehensive income for the financial period	1,234	144	757	4,247	3,123	36
Total comprehensive income attributable to:						
Owners of the parent	920	(363)	(353)	3,481	2,536	37
Non-controlling interests	314	507	(38)	766	587	30
	1,234	144	757	4,247	3,123	36

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***NOTES TO CONSOLIDATED INCOME STATEMENT**

The profit before income tax is arrived at after (charging)/crediting:

Group	3 months ended			6 months ended		
	30/6/2019	30/6/2018	Change	30/6/2019	30/6/2018	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	151	260	(42)	800	471	70
Interest income	150	155	(3)	264	397	(34)
Interest expense	(225)	(100)	125	(391)	(214)	83
Amortisation of club memberships	(6)	(6)	-	(12)	(12)	-
Depreciation of property, plant and equipment	(384)	(553)	(31)	(975)	(1,200)	(19)
Depreciation of right-of-use assets	(258)	-	Nm	(492)	-	Nm
Reversal of allowance on third party trade receivables	865	177	389	425	181	135
Bad third party trade receivables written off	-	-	Nm	(6)	-	Nm
Allowance made for inventory obsolescence	(463)	(520)	(11)	(656)	(744)	(12)
Inventories written off	(19)	-	Nm	(28)	(5)	460
Foreign exchange (loss)/gain, net	(75)	(285)	(74)	570	(1,343)	142
Gain on disposals of plant and equipment	445	2	Nm	1,094	38	2,779
Plant and equipment written off	(11)	-	Nm	(11)	(1)	1,000
Reversal of impairment loss of plant and equipment	-	-	Nm	460	-	Nm
Fair value change in financial asset, at FVPL	30	29	3	58	57	2
Fair value change in derivative financial instrument	(2)	2	(200)	-	7	(100)

Nm : Not meaningful

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	11,301	12,451	2,507	2,299
Right-of-use assets	3,074	-	-	-
Investment properties	-	-	2,497	2,525
Investments in subsidiaries	-	-	21,201	21,201
Club memberships	484	498	186	186
Deferred tax assets	2,800	2,607	-	-
Financial asset, at FVPL	4,282	4,260	4,282	4,260
Trade receivables	1,849	1,504	-	-
Prepayment	426	468	426	468
	24,216	21,788	31,099	30,939
Current assets				
Inventories	42,395	31,310	332	305
Trade and other receivables	95,628	118,715	23,284	33,652
Prepayments	1,056	1,503	141	122
Current income tax recoverable	3,427	2,839	-	-
Fixed Deposits	6,208	19,024	6,163	6,134
Cash and cash equivalents	49,635	37,562	1,185	374
	198,349	210,953	31,105	40,587
Less:				
Current liabilities				
Trade and other payables	86,574	85,984	1,422	2,059
Contract liabilities	12,040	12,086	-	8
Lease liabilities	921	-	-	-
Bank borrowings	4,799	19,558	4,799	10,353
Current income tax payable	1,523	1,696	18	14
Derivative financial instruments	2	2	-	-
	105,859	119,326	6,239	12,434
Net current assets	92,490	91,627	24,866	28,153
Less:				
Non-current liabilities				
Contract liabilities	2,909	2,841	-	-
Lease liabilities	2,206	-	-	-
Bank borrowings	637	869	637	869
Provision for post-employee benefits	346	349	-	-
Deferred tax liabilities	517	482	-	-
	6,615	4,541	637	869
	110,091	108,874	55,328	58,223
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation account	(968)	(465)	-	-
Other reserves	3,499	3,499	-	-
Retained earnings	60,426	59,415	18,040	20,935
Equity attributable to owners of the parent	100,245	99,737	55,328	58,223
Non-controlling interests	9,846	9,137	-	-
Total equity	110,091	108,874	55,328	58,223

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		6 months ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	2,613	1,340	7,030	5,572
Adjustments for:				
- Allowance reversed for doubtful third parties trade receivables	(865)	(177)	(425)	(181)
- Allowance made for inventory obsolescence	463	520	656	744
- Amortisation of club memberships	6	6	12	12
- Depreciation of property, plant and equipment	384	553	975	1,200
- Depreciation of right-of-use assets	258	-	492	-
- Bad third party trade receivables written off	-	-	6	-
- Fair value change in financial asset, at FVPL	(30)	(29)	(58)	(57)
- Fair value change in derivative financial instruments	2	(2)	-	(7)
- Gain on disposals of plant and equipment	(445)	(2)	(1,094)	(38)
- Reversal of impairment loss of plant and equipment	-	-	(460)	-
- Interest expense	225	100	391	214
- Interest income	(150)	(155)	(264)	(397)
- Inventories written off	19	-	28	5
- Plant and equipment written off	11	-	11	1
- Unrealised foreign exchange gain	(123)	(1,144)	(336)	89
Operating cash flows before working capital changes	2,368	1,010	6,964	7,157
Working capital changes:				
- Inventories	(7,892)	(2,649)	(12,011)	(6,734)
- Trade and other receivables	8,947	886	21,947	(64)
- Prepayments	251	187	457	(171)
- Trade and other payables, and contract liabilities	4,375	3,190	1,829	35
Cash generated from operations	8,049	2,624	19,186	223
Interest received	150	155	264	397
Income tax paid	(1,959)	(2,753)	(3,085)	(3,793)
Net cash from operating activities	6,240	26	16,365	(3,173)

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	3 months ended		6 months ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Proceeds from disposals of plant and equipment	1,230	4	2,321	125
Purchase of plant and equipment	(536)	(725)	(659)	(1,328)
Net cash from/(used in) investing activities	694	(721)	1,662	(1,203)
FINANCING ACTIVITIES				
Fixed deposits pledged	82	7,947	(526)	9,389
Proceeds from bank borrowings	10,763	14,513	13,022	41,114
Repayments of bank borrowings	(17,797)	(25,774)	(27,914)	(52,324)
Repayments of finance lease payables	-	(12)	-	(29)
Repayments of lease liabilities	(217)	-	(410)	-
Interest paid	(225)	(100)	(391)	(214)
Dividends paid to owners of the parent	(2,973)	(3,964)	(2,973)	(3,964)
Dividends paid to non-controlling shareholders	(57)	(58)	(57)	(58)
Net cash used in financing activities	(10,424)	(7,448)	(19,249)	(6,086)
Net change in cash and cash equivalents	(3,490)	(8,143)	(1,222)	(10,462)
Cash and cash equivalents at beginning of financial period	52,746	54,289	50,400	57,152
Effects of exchange rate changes on cash and cash equivalents	(436)	660	(358)	116
Cash and cash equivalents at end of financial period (Note 1)	48,820	46,806	48,820	46,806

Note 1*Cash and cash equivalents at end of financial period comprise of:*

Cash and cash equivalents as per Statement of Financial Position	55,843	57,236	55,843	57,236
Less: Fixed deposits pledged with banks	(7,023)	(10,430)	(7,023)	(10,430)
	48,820	46,806	48,820	46,806

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2019 to 30 June 2019

STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Foreign currency translation (account) /reserve \$'000	Premium on acquisition of non-controlling interests \$'000	Available-for-sale reserve \$'000	Statutory reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2019	37,288	(465)	(123)	-	3,622	59,415	99,737	9,137	108,874
Profit for the financial period	-	-	-	-	-	3,984	3,984	844	4,828
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	(503)	-	-	-	-	(503)	(78)	(581)
Total comprehensive income for the financial period	-	(503)	-	-	-	3,984	3,481	766	4,247
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Total transactions with the owners of the parent	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(57)	(57)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(57)	(57)
Balance at 30 June 2019	37,288	(968)	(123)	-	3,622	60,426	100,245	9,846	110,091
Balance at 31 December 2017	37,288	500	(123)	470	5,345	57,308	100,788	8,077	108,865
Effect on adoption of SFRS(I)9	-	-	-	(470)	-	(372)	(842)	(75)	(917)
Balance at 1 January 2018	37,288	500	(123)	-	5,345	56,936	99,946	8,002	107,948
Profit for the financial period	-	-	-	-	-	1,775	1,775	422	2,197
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	761	-	-	-	-	761	165	926
Total comprehensive income for the financial period	-	761	-	-	-	1,775	2,536	587	3,123
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(3,964)	(3,964)	-	(3,964)
Total transactions with the owners of the parent	-	-	-	-	-	(3,964)	(3,964)	-	(3,964)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(58)	(58)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(58)	(58)
Balance at 30 June 2018	37,288	1,261	(123)	-	5,345	54,747	98,518	8,531	107,049

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***STATEMENTS OF CHANGES IN EQUITY (Continued)**

Company	Share capital \$'000	Retained earnings \$'000	Available-for- sale reserve \$'000	Total equity \$'000
Balance at 1 January 2019	37,288	20,935	-	58,223
Profit for the financial period	-	78	-	78
Total comprehensive income for the financial period	-	78	-	78
Transaction with the owners				
Dividends paid	-	(2,973)	-	(2,973)
Total transactions with the owners	-	(2,973)	-	(2,973)
Balance at 30 June 2019	37,288	18,040	-	55,328
Balance at 31 December 2017	37,288	22,644	470	60,402
Effect on adoption of SFRS(I) 9	-	470	(470)	-
Balance at 1 January 2018	37,288	23,114	-	60,402
Profit for the financial period	-	4,027	-	4,027
Total comprehensive income for the financial period	-	4,027	-	4,027
Transactions with the owners				
Dividends paid	-	(3,964)	-	(3,964)
Total transactions with the owners	-	(3,964)	-	(3,964)
Balance at 30 June 2018	37,288	23,177	-	60,465

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 30 June 2019

A review of the financial performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVENUE

The Group achieved revenue of \$98.8m for the three months ended 30 June 2019 ("2Q2019"), a decrease of 1.6% or \$1.6m compared to the revenue of \$100.4m for the three months ended 30 June 2018 ("2Q2018"). For the six months ended 30 June 2019 ("1H2019"), the Group achieved revenue of \$198.9m, a year-on-year decrease of 6.5% or \$13.9m, compared to revenue of \$212.8m achieved for the six months ended 30 June 2018 ("1H2018").

Comparing 2Q2019 to three months ended 31 March 2019 ("1Q2019"), the Group revenue decreased by 1.4% or \$1.4m, from \$100.2m to \$98.8m.

The decrease in revenue was mainly due to lesser orders received from customers due to the economic uncertainty caused by trade tension between USA and China.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2019 to 30 June 2019

PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$2.6m in 2Q2019, as compared to \$1.3m in 2Q2018.

The increase in PBT was mainly due to the following: -

- (1) An increase in gross profit of \$1.6m. The increase in gross profit despite of a drop in revenue was mainly due to the better gross profit margin in 2Q2019 as compared to 2Q2018, and a decrease in allowance for inventory obsolescence from \$520,000 in 2Q2018 to \$463,000 in 2Q2019;
- (2) An increase in reversal of allowance on third party trade receivables of \$688,000 from \$177,000 in 2Q2018 to \$865,000 in 2Q2019, based on the impairment review performed in 2Q2019 in accordance to SFRS(I) 9;
- (3) An increase in gain on disposal of plant and equipment of \$443,000 from \$2,000 in 2Q2018 to \$445,000 in 2Q2019, mainly due to disposal of laser drilling machines in China during 2Q2019;
- (4) A decrease in depreciation of property, plant and equipment of \$169,000 from \$553,000 in 2Q2018 to \$384,000 in 2Q2019 mainly due to the disposal of machines in 1H2019; and
- (5) A decrease in net foreign exchange loss of \$210,000 from \$285,000 in 2Q2018 to \$75,000 in 2Q2019, mainly due to appreciation of United States dollar against some local currencies in 2Q2019. Excluding net foreign exchange differences, the Group reported a PBT of \$2.7m in 2Q2019, compared to a PBT of \$1.6m in 2Q2018.

The increase in PBT was however pared by the following:

- (1) An increase in interest expenses of \$125,000 from \$100,000 in 2Q2018 to \$225,000 in 2Q2019 mainly due to finance costs on lease liabilities. There were no such finance costs in 2Q2018;
- (2) Severance payment of \$1.1m to employees in 2Q2019 due to cessation of operation in a China subsidiary. There was no such payment made in 2Q2018; and
- (3) Depreciation of right-of-use assets of \$258,000 in 2Q2019 on operating leases for the Group as lessee, recognised in accordance with SFRS(I) 16 adopted on 1 January 2019. Total expenses charged to profit and loss including depreciation of right-of-use assets, finance costs on lease liabilities and rental expenses for short-term leases amounted to \$417,000 in 2Q2019, which increased by \$46,000 from the rental expenses of \$371,000 in 2Q2018. In 2Q2018, the rental payable under operating leases was recognised as rental expenses in profit and loss. More details on adoption of SFRS(I) 16 are included in Note 5 on page 19.

Comparing 2Q2019 to 1Q2019, the Group PBT stood at \$2.6m in 2Q2019 as compared to \$4.4m in 1Q2019. The decrease was mainly due to net foreign exchange loss in 2Q2019, as compared to net foreign exchange gain in 1Q2019, and reversal of impairment loss of plant and equipment in 1Q2019, offset by a reversal of allowance on third party trade receivables in 2Q2019 as compared to loss allowance on third party trade receivables in 1Q2019.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2019 to 30 June 2019

PROFIT AFTER TAX (“PAT”)

In 2Q2019, the Group achieved PAT of \$1.8m as compared to a loss after tax of \$799,000 in 2Q2018, mainly due to the increase in PBT and the decrease in tax expenses. The decrease in tax expenses from \$2.1m in 2Q2018 to \$799,000 in 2Q2019 was mainly due to withholding tax incurred and accrued in 2Q2018.

Comparing 2Q2019 to 1Q2019, Group PAT decreased from \$3.0m in 1Q2019 to a profit of \$1.8m in 2Q2019, mainly due to the decrease in PBT, offset by the decrease in tax expenses. The decrease in tax expenses was mainly due to lower profit attained in 2Q2019.

Income tax expenses comprised mainly current income tax, deferred tax and withholding tax expenses of the Group.

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019*

STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 30 June 2019 compared to 31 December 2018.

Property, plant and equipment decreased by \$1.2m at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of reversal of impairment loss of laser drilling machines and purchases of plant and equipment in 1H2019. At the Company level, property, plant and equipment increased from \$2.3m to \$2.5m due to purchase of plant and equipment, net of depreciation charge of plant and equipment.

Right-of-use assets at the Group level refers to assets recognized on operating leases for the Group as lessee, in accordance to SFRS(I) 16 adopted on 1 January 2019. The right-of-use assets as at 30 June 2019 were mainly related to leases of the offices occupied by the Group in various locations and photocopier machines used by the Group. There was no operating lease as lessee at the Company level. More details on adoption of SFRS(I) 16 are included in Note 5 on page 19.

Cash and cash equivalents at the Group level decreased by \$743,000 from \$56.6m to \$55.8m. The decrease was mainly due to repayment of bank borrowings and purchases of inventories, net of collection from trade and other receivables and payment received from disposal of plant and equipment. At the Company level, cash and cash equivalents increased from \$6.5m to \$7.3m mainly due to repayment from a subsidiary, net of repayment of bank borrowings.

Trade and other receivables of the Group decreased by \$22.7m from \$120.2m to \$97.5m, mainly due to collection received from customers and lower revenue attained in 2Q2019. At the Company level, trade and other receivables decreased by \$10.4m from \$33.7m to \$23.3m, mainly due to repayment from a subsidiary.

Inventories at the Group level increased by \$11.1m from \$31.3m to \$42.4m mainly due to increased purchases to cater for contracts not yet fulfilled. Inventories at Company level remain relatively unchanged.

Trade and other payables increased by \$590,000 from \$86.0m to \$86.6m at the Group level due mainly to increased purchases to cater for contracts not yet fulfilled. At the Company level, trade and other payables decreased from \$2.1m to \$1.4m mainly due to accrued operating expenses paid in 1H2019.

Borrowings decreased at both Group and Company level mainly due to repayments made to the financial institutions.

Lease liabilities at the Group level refers to liabilities recognized on operating leases for the Group as lessee, in accordance to SFRS(I) 16 adopted on 1 January 2019. There was no operating lease as lessee at the Company level. More details on adoption of SFRS(I) 16 are included in Note 5 on page 19.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 30 June 2019

CASH FLOW ANALYSIS

Net cash of \$16.4m was generated from operating activities in 1H2019, as compared to net cash of \$3.2m used in 1H2018. This was mainly due to collection from trade and other receivables in 1H2019, net of purchases of inventories.

Net cash of \$1.7m was generated from investing activities in 1H2019, as compared to \$1.2m used in 1H2018. The change was mainly due to proceeds from disposal of plant and equipment of \$2.3m, net of purchase of plant and equipment of \$659,000 in 1H2019, as compared to purchase of plant and equipment of \$1.3m, net of proceeds from disposals of plant and equipment of \$125,000 in 1H2018.

Net cash of \$19.2m was used in financing activities in 1H2019 as compared to \$6.1m used in 1H2018. This was mainly due to repayment of bank borrowings of \$27.9m, fixed deposits pledged of \$526,000, repayment of lease liabilities of \$410,000 and dividend paid of \$3.0m, net of proceeds from bank borrowings of \$13.0m in 1H2019, as compared to repayment of bank borrowings of \$52.3m and dividend paid of \$4.0m, net of proceeds from bank borrowings of \$41.1m and a lift in fixed deposits pledged of \$9.4m in 1H2018. Repayment of lease liabilities refer to rentals paid on operating leases net of related finance costs.

Cash and cash equivalents stood at \$48.8m as at 30 June 2019, up from \$46.8m as at 30 June 2018.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 30 June 2019

A commentary at the date of the announcement of the 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 twelve months.

The Group experienced a drop in revenue of 1.6% and 6.5% year-on-year in 2Q2019 and 1H2019 respectively. The decrease in revenue were mainly due to lower orders received from customers due to the economic uncertainty caused by trade tension between USA and China.

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Carbon Black, Check Point, CyberArk, Imperva, Proofpoint, Riverbed, RSA, Solarwinds, Symantec, and Trend Micro.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Education Services Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Allot, Check Point and Symantec courses. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

As at 30 June 2019, the Group has a presence in 28 cities in 15 countries in the Asia Pacific region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

The near term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. With the continuing trade tensions between US and China, the global economic outlook remains uncertain which in turn affected the Group's business. With the increases in US interest rates in the past few years, the cost of business is expected to remain high. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group's business.

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

For PCB machines, the Group disposed 13 laser drilling machines during 2Q2019. As at 30 June 2019, the Group has 7 mechanical drilling machines and 2 laser drilling machines.

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019*

Risk Factors

The Group is subject to risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. Despite such risks, the Group has taken steps to align with the leading names in the IT arena and as such, there is a good probability that such companies will take steps to ensure that their products maintain the technological edge. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we mainly transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Australian dollar, Thailand baht, Malaysian ringgit, Indian rupee, Indonesian rupiah, Taiwan dollar, Hong Kong dollar, and to a lesser extent, Euro, Philippines peso, Korean won, Japanese yen, Vietnam dong, New Zealand dollar and British Pound. The Group may, from time to time, enter into borrowing and foreign currency arrangements to reduce its foreign currency exposure. The Group expects to be exposed to a higher foreign exchange risk with the current volatility of the US dollar against some of the local currencies we collect from the customers.

The Group is also exposed to the political, legal and economic climates of the country in which the Group is operating. Economic and political conditions are still key factors in determining the level of IT spending.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2019 to 30 June 2019

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

The actual results for 2Q2019 were largely in line with the prospect commentary disclosed to the shareholders on 1 February 2019.

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***NOTES TO THE FINANCIAL STATEMENTS****1. AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES****Amount repayable in one year or less, or on demand**

As at 30 Jun 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,799	-	6,203	13,355

Amount repayable after one year

As at 30 Jun 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
637	-	869	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's investment in life insurance plan and fixed deposits placed with the financial institutions.

2. SHARE CAPITAL

Group	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2019 and 30 Jun 2019	90,095	37,288	37,288
Balance at 1 Jan 2018 and 30 Jun 2018	90,095	37,288	37,288

3. A statement showing all sales, transfers, disposal, cancellation and/or issue of treasury shares as at the end of the current financial period reported on.

Not applicable.

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019*

NOTES TO THE FINANCIAL STATEMENTS**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's financial statements for the current reporting period have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations of SFRS(I).

Other than the adoption of new SFRS(I) as mentioned in Note 5 below, there was no change in accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018.

5. If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rational of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in SFRS(I) 16. The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of FRS17 Leases.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- no reassessment on whether a contract is, or contains a lease, if the contract was entered into before 1 January 2019
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset as the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

6. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures presented in the announcement have not been audited or reviewed by our auditors.

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 30 June 2019***NOTES TO THE FINANCIAL STATEMENTS**

7. Where the figures have been audited or reviewed, the auditor's report (including any qualification of emphasis of a matter).

Not applicable.

8. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Group Earnings per share attributable to owners of the parent during the financial period (expressed in cents per share)	3 months ended		6 months ended	
	30-Jun-2019	30-Jun-2018	30-Jun-2019	30-Jun-2018
(i) Based on weighted average number of shares	1.66 cents	(1.10) cents	4.42 cents	1.97 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	1.66 cents	(1.10) cents	4.42 cents	1.97 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

9. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	30-Jun-2019	31-Dec-2018	30-Jun-2019	31-Dec-2018
Net asset value per share based on existing issued share capital as at the respective period	111.27 cents	110.70 cents	61.41 cents	64.62 cents

The net asset value per ordinary share at the end of the current period and the immediately preceding financial year have been calculated based on 90,095,000 ordinary shares.

10. DIVIDEND**(a) Current Financial Period Reported On**

No dividend has been declared/recommended for the financial period ended 30 June 2019 as the Board of Directors would like to invest the profits earned into further growth of the Group.

(b) Dividend for financial period ended 30 June 2018

Name of Dividend	2018 Interim Ordinary Tax Exempt – 1-Tier	2018 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	1.11

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

- 11. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions. If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate from shareholders for IPTs obtained.

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

The Company confirmed that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
26 July 2019

Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

We, Foo Suan Sai and Han Juat Hoon, being two Directors of Multi-Chem Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the second quarter ended 30 June 2019 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 26 July 2019

Han Juat Hoon
Chief Operating Officer
Singapore, 26 July 2019