

CHEMICAL INDUSTRIES (FAR EAST) LIMITED

(Company Registration No. : 196200046K)

UNAUDITED RESULTS FOR FULL YEAR ENDED 31 MARCH 2015

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	
	31 Mar 2015 S\$'000	31 Mar 2014 S\$'000
Revenue	86,739	100,162
Cost of sales	(68,347)	(84,522)
Gross Profit	18,392	15,640
Other operating (expense) income	(548)	407
Distribution expenses	(3,046)	(3,214)
Administrative expenses	(7,127)	(6,923)
Gain from fair value adjustments on investment properties	2,300	6,000
Loss from fair value adjustments on forward foreign exchange contract	(1,407)	(28)
Gain from deconsolidation of subsidiaries	1,414	0
Finance costs	(679)	(883)
Profit before tax	9,299	10,999
Income tax expense	(1,194)	(654)
Profit for the year attributable to owners of the company	8,105	10,345

Consolidated Statement of Profit or Loss And Other Comprehensive Income

	THE GROUP	
	31 Mar 2015 S\$'000	31 Mar 2014 S\$'000
Profit for the year	8,105	10,345
Other comprehensive income (net of tax): Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments	61	3
Exchange differences reclassified to profit or loss on deconsolidation of subsidiaries	(1,414)	0
Exchange differences on translation of foreign operations	2	(22)
Total comprehensive income for the year attributable to owners of the company	6,754	10,326

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	
	31 Mar 2015	31 Mar 2014
	S\$'000	S\$'000
Dividend income	22	20
Gain on disposal of plant and equipment	5	5
Net foreign exchange loss	(885)	(459)
Insurance claim	12	227
Other income including interest income	298	614
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Depreciation	(9,677)	(9,553)
Write-off of property, plant and equipment	(1,545)	0
Interest on borrowings	(679)	(883)

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	
	31 Mar 2015 S\$'000	31 Mar 2014 S\$'000	31 Mar 2015 S\$'000	31 Mar 2014 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	27,315	23,899	21,956	19,518
Trade and other receivables	13,355	11,237	13,252	11,133
Due from subsidiaries	0	0	3,324	3,152
Inventories	4,799	5,530	4,881	5,611
Total Current Assets	<u>45,469</u>	<u>40,666</u>	<u>43,413</u>	<u>39,414</u>
NON-CURRENT ASSETS				
Property, plant and equipment	57,053	67,811	56,417	67,081
Investment properties	40,700	38,400	0	0
Subsidiaries	0	0	6,383	6,383
Available-for-sale investments	715	626	715	626
Total Non-Current Assets	<u>98,468</u>	<u>106,837</u>	<u>63,515</u>	<u>74,090</u>
TOTAL ASSETS	<u>143,937</u>	<u>147,503</u>	<u>106,928</u>	<u>113,504</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bank overdrafts	0	3,017	0	3,017
Short-term bank loans	14,206	15,547	14,206	15,547
Trade and other payables	6,218	7,814	5,617	7,315
Due to subsidiaries	0	0	2,140	1,612
Current portion of long-term bank loans	5,425	5,425	5,425	5,425
Current portion of finance leases	139	154	40	47
Derivative financial instruments	1,435	28	1,435	28
Income tax payable	1,778	593	1,581	0
Total Current Liabilities	<u>29,201</u>	<u>32,578</u>	<u>30,444</u>	<u>32,991</u>
NON-CURRENT LIABILITIES				
Long-term bank loans	9,952	15,377	9,952	15,377
Finance leases	180	319	0	40
Deferred tax liabilities	8,352	8,592	8,342	8,581
Total Non-Current Liabilities	<u>18,484</u>	<u>24,288</u>	<u>18,294</u>	<u>23,998</u>
CAPITAL AND RESERVES				
Share capital	75,945	75,945	75,945	75,945
Reserves	1,009	2,360	558	497
Accumulated profit (losses)	19,298	12,332	(18,313)	(19,927)
Total Equity	<u>96,252</u>	<u>90,637</u>	<u>58,190</u>	<u>56,515</u>
TOTAL LIABILITIES AND EQUITY	<u>143,937</u>	<u>147,503</u>	<u>106,928</u>	<u>113,504</u>

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.

	31 Mar 2015 S\$'000	31 Mar 2014 S\$'000
Amount repayable within one year		
Secured	19,770	24,143
Unsecured	<u>0</u>	<u>0</u>
	<u>19,770</u>	<u>24,143</u>
Amount repayable after one year		
Secured	10,132	15,696
Unsecured	<u>0</u>	<u>0</u>
	<u>10,132</u>	<u>15,696</u>
Total	<u>29,902</u>	<u>39,839</u>

Details of Collaterals

Details of bank loans and bank overdrafts are as follows:

- (a) Bank loans of \$15,377,000 (2014: \$20,802,000) and bank overdrafts of \$Nil (2014: \$3,017,000) of the group and company are secured by the following:
- i) a first all monies mortgage over the company's leasehold buildings;
 - ii) a first fixed and floating charge over all the company's assets;
 - iii) a first fixed charge over all cash and bank balances and fixed deposits of the company;
 - iv) assignment by way of security, all relevant insurance policies of the company; and
 - v) 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 \$319,000 (2014: \$473,000) are secured by plant and equipment under these finance lease arrangements.
- (c) Short-term bank loans amounting to \$14,206,000 (2014: \$15,547,000) 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 Mar 2015 S\$'000	31 Mar 2014 S\$'000
Operating activities:		
Profit before tax	9,299	10,999
Adjustments for:		
Depreciation of property, plant and equipment	9,677	9,553
Gain from fair value adjustments on investment properties	(2,300)	(6,000)
Gain on deconsolidation of subsidiaries	(1,414)	0
Write-off of inventories	0	835
Write-off of property, plant and equipment	1,545	0
Loss from fair value adjustments on derivative financial instruments	1,407	28
Amortisation of front end fee	75	74
Foreign exchange differences	885	459
Dividend income	(22)	(20)
Gain on disposal of property, plant and equipment	(5)	(5)
Interest expense	679	883
Interest income	(5)	(5)
Operating cash flows before movements in working capital	19,821	16,801
Trade and other receivables	(1,637)	673
Inventories	731	1,027
Trade and other payables	(1,695)	(1,983)
Cash generated from operations	17,220	16,518
Dividends paid	(1,139)	(759)
Income tax (paid) refunded	(249)	130
Interest paid	(679)	(883)
Interest received	5	5
Dividends received	22	20
Net cash from operating activities	15,180	15,031
Investing activities		
Proceeds on disposal of property, plant and equipment	5	5
Purchase of property, plant and equipment	(464)	(2,134)
Additions to available-for-sale investments	(28)	0
Proceeds from government grant	0	1,498
Net cash used in investing activities	(487)	(631)
Financing activities		
Repayment of short-term bank loans	(2,304)	(1,363)
Repayment of long-term bank loans	(5,500)	(5,500)
Repayment of obligations under finance leases	(154)	(155)
Net cash used in financing activities	(7,958)	(7,018)
Net increase in cash and cash equivalents	6,735	7,382
Cash and cash equivalents at the beginning of the year	20,882	13,898
Effect of exchange rate changes on the balances of cash held in foreign currencies	(302)	(398)
Cash and cash equivalents at end of the year (Note A)	27,315	20,882

Note A

Cash and cash equivalents consist of:

	THE GROUP	
	31 Mar 2015	31 Mar 2014
	S\$'000	S\$'000
Cash and cash equivalents	27,315	23,899
Bank overdrafts	0	(3,017)
	<u>27,315</u>	<u>20,882</u>

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
GROUP						
Balance at 1 April 2013	75,945	1,885	494	2,379	2,746	81,070
<u>Total comprehensive income for the year</u>						
Profit for the year	0	0	0	0	10,345	10,345
Other comprehensive income	0	(22)	3	(19)	0	(19)
Total	<u>0</u>	<u>(22)</u>	<u>3</u>	<u>(19)</u>	<u>10,345</u>	<u>10,326</u>
Dividends paid, representing transactions with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(759)</u>	<u>(759)</u>
Balance at 31 March 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	8,105	8,105
Other comprehensive income	0	(1,412)	61	(1,351)	0	(1,351)
Total	<u>0</u>	<u>(1,412)</u>	<u>61</u>	<u>(1,351)</u>	<u>8,105</u>	<u>6,754</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>
Balance at 31 March 2015	<u>75,945</u>	<u>451</u>	<u>558</u>	<u>1,009</u>	<u>19,298</u>	<u>96,252</u>

	Share capital	Investment revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>COMPANY</u>				
Balance at 1 April 2013	75,945	494	(21,753)	54,686
<u>Total comprehensive income for the year</u>				
Profit for the year	0	0	2,585	2,585
Other comprehensive income	0	3	0	3
Total	<u>0</u>	<u>3</u>	<u>2,585</u>	<u>2,588</u>
Dividends paid, representing transaction with owners, recognised directly in equity	<u>0</u>	<u>0</u>	<u>(759)</u>	<u>(759)</u>
Balance at 31 March 2014	75,945	497	(19,927)	56,515
<u>Total comprehensive income for the year</u>				
Profit for the year	0	0	2,753	2,753
Other comprehensive income	0	61	0	61
Total	<u>0</u>	<u>61</u>	<u>2,753</u>	<u>2,814</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>
Balance at 31 March 2015	<u>75,945</u>	<u>558</u>	<u>(18,313)</u>	<u>58,190</u>

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 31 March 2015 and 31 March 2014 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	
	31 March 2015	31 Mar 2014
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 2014.

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 2014. 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	
	31 March 2015	31 March 2014
(i) Based on weighted average number of ordinary shares in issue	10.67 cts	13.62 cts
(ii) On a fully diluted basis	10.67 cts	13.62 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	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
Net asset value per ordinary share based on issued share capital of the Company at the end of financial year.	127 cts	119 cts	77 cts	74 cts

8 A review of the performance of the group

Group Statement of Profit or Loss

In FY2015, Group revenue decreased by S\$13.4 million to S\$86.7 million. The contraction in revenue was mainly attributable to reduced off-take by a major customer due to their impending cessation of business activities in Singapore by end of December 2015. The impact is partly mitigated by higher sales to other customers.

Group gross profit increased from S\$15.6 million in FY2014 to S\$18.4 million in FY2015 as gross profit margin increased from 15.6% in FY 2014 to 21.2% in FY2015. Improvement in gross margin was mainly attributed to lower maintenance cost of its plant and equipment as well as appreciation of United States Dollars against Singapore Dollar.

In FY2015, the Group recorded other operating expense of S\$548,000, as compared to other operating income of S\$407,000 in FY2014 as net foreign exchange loss increased from S\$459,000 in FY2014 to S\$885,000 in FY2015. FY2014 other operating income also included a one-off insurance compensation of S\$227,000 and write back of impairment loss of S\$284,000.

Loss from fair value adjustments on forward foreign exchange contract rose to S\$1.4 million in FY2015 as compared to S\$28,000 in FY2014. The increase was due to appreciation of United States dollars against Singapore Dollar during FY2015.

During the year a full valuation was carried out for the Group's investment properties resulting in a gain from fair value adjustment of S\$2.3 million.

In FY2015, the Group deconsolidated its dormant foreign subsidiaries; this gave rise to a reclassification of exchange differences arising from foreign operation of S\$1.4 million from equity to profit and loss.

Group finance costs decreased from S\$883,000 in FY2014 to S\$679,000 in FY2015 as the Group reduced its borrowings during FY2015 resulting in lower finance costs.

Group net profit after tax for FY2015 came in at S\$8.1 million as compared to S\$10.3 million in FY2014.

Group Statement of Financial Position

The Group's net cash position as at 31 March 2015 saw an increase of \$6.4 million compared to the balance as at 31 March 2014. This increase was the result of the improved profitability and lower utilisation of its cash resources for its operating and investing activities.

Group trade and other receivables at \$13.3 million as at 31 March 2015 was higher by \$2.1 million compared to the balance as at 31 March 2014 attributed mainly to higher trade receivables and prepayment in the last month of FY2015.

In line with the decrease in demand of its products, lower inventories were held as at 31 March 2015, resulting in a decrease in inventories from S\$5.5 million in FY2014 to S\$4.8 million in FY2015.

The Group's property, plant and equipment decreased by S\$10.7 million to S\$57.1 million in FY2015 due to depreciation and disposals during the year.

Investment properties as at 31 March 2015 increased by \$2.3 million, as a result of a fair value adjustments in accordance with FRS 40 Investment Property and FRS 113 Fair Value Measurement.

Group trade and other payables and short-term bank loans as at 31 March 2015 were lower by S\$1.6 million and S\$1.3 million respectively compared to the balance as at 31 March 2014 attributed to lower purchases made by the Group.

Derivative financial instruments of S\$1.4 million as at 31 March 2015 relates to the fair value loss on the Group's outstanding forward foreign exchange contracts employed to manage its exposure to foreign exchange risk arising from the United States dollar.

The Group's long-term banks loans including current portion of S\$15.4 million as at 31 March 2015 is S\$5.4 million lower as compared to S\$20.8 million as at 31 March 2014. The decrease was due to repayments made during FY2015.

Group income tax payable increased to S\$1.8 million in FY2015 due to higher chargeable income.

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

With the cessation of business of certain customers in the next financial year, the Group's revenue will be reduced. However, the impact on the overall financial position of the Group is not expected to be significant.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

The directors propose a first and final dividend of 1.5 cent per ordinary share totaling \$1,139,000 for the financial year ended 31 March 2015.

The first and final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

A first and final dividend of 1.5 cent per ordinary share totaling S\$1,139,000 for the financial year ended 31 March 2014 was declared on 18 June 2014 and paid on 8 July 2014.

(c) Date payable

To be advised at a later date.

(d) Book closure date

To be advised at a later date.

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 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the preceding year

Segment revenues and results

	<u>Revenue</u>		<u>Profit</u>	
	<u>2015</u> S\$'000	<u>2014</u> S\$'000	<u>2015</u> S\$'000	<u>2014</u> S\$'000
Industrial Chemicals	85,476	98,810	5,428	4,907
Properties	<u>1,263</u>	<u>1,352</u>	<u>4,523</u>	<u>6,950</u>
Total	<u>86,739</u>	<u>100,162</u>	9,951	11,857
Interest income			5	5
Dividend income			22	20
Finance costs			<u>(679)</u>	<u>(883)</u>
Profit before income tax			9,299	10,999
Income tax			<u>(1,194)</u>	<u>(654)</u>
Consolidated revenue and profit for the year	<u>86,739</u>	<u>100,162</u>	<u>8,105</u>	<u>10,345</u>

Segment assets

	<u>2015</u>	<u>2014</u>
	S\$'000	S\$'000
Industrial Chemicals	97,214	104,103
Properties	<u>46,008</u>	<u>42,774</u>
Total segment assets	143,222	146,877
Unallocated assets	<u>715</u>	<u>626</u>
Consolidated total assets	<u>143,937</u>	<u>147,503</u>

All assets are allocated to reportable segments other than available-for-sale investments.

Other segment information

	<u>Capital expenditure</u>		<u>Depreciation</u>	
	<u>2015</u> \$'000	<u>2014</u> \$'000	<u>2015</u> \$'000	<u>2014</u> \$'000
Industrial Chemicals	429	2,134	9,610	9,485
Properties	<u>35</u>	<u>0</u>	<u>67</u>	<u>68</u>
	<u>464</u>	<u>2,134</u>	<u>9,677</u>	<u>9,553</u>

Geographical information

The group's assets and operations are located primarily in Singapore.

Information about Major customers

75% (2014: 77%) of the Group's industrial chemicals as well as properties revenue is generated from the top 5 (2014: 4) customers.

15 [In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments](#)

Business & Geographical Segment

Revenue from the Industrial Chemicals segment in FY2015 decreased by 13.5% from S\$98.8 million to S\$85.5 million. This decrease was due mainly to a reduced off-take by a major customer.

Revenue from the Property segment at \$1.3 million, for FY2015, was similar to that for FY2014.

The Group recorded a net profit before tax of S\$9.3 million in FY2015 as compared to S\$11.0 million in FY2014 due to lower gain on fair value adjustments of its investment properties and higher fair value loss on the Group's outstanding forward foreign exchange contracts.

16 [A breakdown of sales as follows:-](#)

	31 Mar 2015	THE GROUP 31 Mar 2014	% increase (decrease)
	S\$'000	S\$'000	
(a) Sales reported for first half year	45,822	54,431	(15.8)
(b) Profit after tax reported for first half year	2,119	1,497	41.5%
(c) Sales reported for second half year	40,917	45,731	(10.5)
(d) Profit after tax reported for second half year	5,986	8,848	(32.3)

- 17 [A breakdown of the total annual dividend \(in dollar value\) for the issuer's latest full year and its previous full year as follows:-](#)

	The Group and Company
	31 Mar 2015
	31 Mar 2014
	S\$'000
Ordinary	1,139
	1,139

- 18 [Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704\(13\).](#)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Dr Lim Yew Cher Alex	56	Son of Mr Lim Soo Peng who is the Chairman and Managing Director as well as a substantial shareholder of the Company	Non-Executive director since 2015	Not applicable
Lim Yew Tee Collin	48	Nephew of Mr Lim Soo Peng who is the Chairman and Managing Director as well as a substantial shareholder of the Company	Plant Manager since 2013 assisting Managing Director in the daily operations of the Chlor-alkali Plant	Not applicable

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

18 May 2015