

CHEMICAL INDUSTRIES (FAR EAST) LIMITED

(Company Registration No. : 196200046K)

UNAUDITED RESULTS FOR FULL YEAR ENDED 31 MARCH 2016

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 2016 S\$'000	31 Mar 2015 S\$'000
Revenue	78,390	86,739
Cost of sales	(56,116)	(68,347)
Gross Profit	22,274	18,392
Other income (net)	6,887	1,759
Distribution expenses	(3,235)	(3,046)
Administrative expenses	(11,130)	(7,127)
Finance costs	(576)	(679)
Profit before tax	14,220	9,299
Income tax expense	(1,511)	(1,194)
Profit for the year attributable to owners of the company	12,709	8,105

Consolidated Statement of Profit or Loss And Other Comprehensive Income

	THE GROUP	
	31 Mar 2016 S\$'000	31 Mar 2015 S\$'000
Profit for the year	12,709	8,105
Other comprehensive (loss) income (net of tax): Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments	(123)	61
Exchange differences reclassified to profit or loss on deconsolidation of subsidiaries	0	(1,414)
Exchange differences on translation of foreign operations	0	2
Total comprehensive income for the year attributable to owners of the company	12,586	6,754

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 2016	31 Mar 2015
	S\$'000	S\$'000
Depreciation	(8,313)	(9,677)
Write-off of property, plant and equipment	(1,299)	(1,545)
Interest on borrowings	(576)	(679)
Dividend income	28	22
Gain on disposal of property, plant and equipment	0	5
Net foreign exchange loss	(1,723)	(885)
Settlement sums received	18,419	0
Impairment loss on property, plant and equipment	(11,000)	0
(Loss) Gain from fair value adjustments on investment properties	(900)	2,300
Gain from deconsolidation of subsidiaries	0	1,414
Gain (Loss) from fair value adjustments on forward foreign exchange contracts	1,435	(1,407)
Insurance claim	0	12
Others including interest income	628	298

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 2016 S\$'000	31 Mar 2015 S\$'000	31 Mar 2016 S\$'000	31 Mar 2015 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	48,017	27,315	41,635	21,956
Trade and other receivables	10,032	13,355	9,945	13,252
Due from subsidiaries	0	0	3,518	3,324
Inventories	6,111	4,799	6,287	4,881
Total Current Assets	<u>64,160</u>	<u>45,469</u>	<u>61,385</u>	<u>43,413</u>
NON-CURRENT ASSETS				
Property, plant and equipment	37,188	57,053	36,514	56,417
Investment properties	39,800	40,700	0	0
Subsidiaries	0	0	6,383	6,383
Available-for-sale investments	602	715	602	715
Total Non-Current Assets	<u>77,590</u>	<u>98,468</u>	<u>43,499</u>	<u>63,515</u>
TOTAL ASSETS	<u>141,750</u>	<u>143,937</u>	<u>104,884</u>	<u>106,928</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans	10,539	14,206	10,539	14,206
Trade and other payables	3,507	6,218	2,995	5,617
Due to subsidiaries	0	0	2,478	2,140
Current portion of long-term bank loans	9,952	5,425	9,952	5,425
Current portion of finance leases	111	139	9	40
Derivative financial instruments	0	1,435	0	1,435
Income tax payable	4,899	1,778	4,698	1,581
Total Current Liabilities	<u>29,008</u>	<u>29,201</u>	<u>30,671</u>	<u>30,444</u>
NON-CURRENT LIABILITIES				
Long-term bank loans	0	9,952	0	9,952
Finance leases	118	180	39	0
Deferred tax liabilities	4,925	8,352	4,886	8,342
Total Non-Current Liabilities	<u>5,043</u>	<u>18,484</u>	<u>4,925</u>	<u>18,294</u>
CAPITAL AND RESERVES				
Share capital	75,945	75,945	75,945	75,945
Reserves	886	1,009	435	558
Accumulated profits (losses)	30,868	19,298	(7,092)	(18,313)
Total Equity	<u>107,699</u>	<u>96,252</u>	<u>69,288</u>	<u>58,190</u>
TOTAL LIABILITIES AND EQUITY	<u>141,750</u>	<u>143,937</u>	<u>104,884</u>	<u>106,928</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 2016 S\$'000	31 Mar 2015 S\$'000
Amount repayable within one year		
Secured	20,602	19,770
Unsecured	0	0
	<u>20,602</u>	<u>19,770</u>
Amount repayable after one year		
Secured	118	10,132
Unsecured	0	0
	<u>118</u>	<u>10,132</u>
Total	<u><u>20,720</u></u>	<u><u>29,902</u></u>

Details of Collaterals

Details of bank loans are as follows:

(a) Bank loans of \$9,952,000 (2015: \$15,377,000) 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.

(b) Finance leases amounting to \$229,000 (2015: \$319,000) are secured by plant and equipment under these finance lease arrangements.

(c) Short-term bank loans amounting to \$10,539,000 (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 Mar 2016 S\$'000	31 Mar 2015 S\$'000
Operating activities:		
Profit before tax	14,220	9,299
Adjustments for:		
Depreciation of property, plant and equipment	8,313	9,677
Loss (Gain) from fair value adjustments on investment properties	900	(2,300)
Gain on deconsolidation of subsidiaries	0	(1,414)
Impairment loss on property, plant and equipment	11,000	0
Write-off of property, plant and equipment	1,299	1,545
Loss from fair value adjustments on derivative financial instruments	(1,435)	1,407
Amortisation of front end fee	75	75
Foreign exchange differences	(75)	885
Dividend income	(28)	(22)
Gain on disposal of property, plant and equipment	0	(5)
Interest expense	576	679
Interest income	(11)	(5)
Operating cash flows before movements in working capital	34,834	19,821
Trade and other receivables	3,499	(1,637)
Inventories	(1,312)	731
Trade and other payables	(2,664)	(1,695)
Cash generated from operations	34,357	17,220
Dividends paid	(1,139)	(1,139)
Income tax paid	(1,817)	(249)
Interest paid	(576)	(679)
Interest received	11	5
Dividends received	28	22
Net cash from operating activities	30,864	15,180
Investing activities		
Proceeds on disposal of property, plant and equipment	0	5
Purchase of property, plant and equipment	(697)	(464)
Additions to available-for-sale investments	(10)	(28)
Net cash used in investing activities	(707)	(487)
Financing activities		
Repayment of short-term bank loans (net)	(3,640)	(2,304)
Repayment of long-term bank loans	(5,500)	(5,500)
Repayment of obligations under finance leases	(140)	(154)
Net cash used in financing activities	(9,280)	(7,958)
Net increase in cash and cash equivalents	20,877	6,735
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	(175)	(302)
Cash and cash equivalents at end of the year	48,017	27,315

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 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 (loss) 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	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	12,709	12,709
Other comprehensive loss	0	0	(123)	(123)	0	(123)
Total	<u>0</u>	<u>0</u>	<u>(123)</u>	<u>(123)</u>	<u>12,709</u>	<u>12,586</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 2016	<u>75,945</u>	<u>451</u>	<u>435</u>	<u>886</u>	<u>30,868</u>	<u>107,699</u>

	Share capital	Investment revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>COMPANY</u>				
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	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	75,945	558	(18,313)	58,190
<u>Total comprehensive income for the year</u>				
Profit for the year	0	0	12,360	12,360
Other comprehensive loss	0	(123)	0	(123)
Total	<u>0</u>	<u>(123)</u>	<u>12,360</u>	<u>12,237</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 2016	<u><u>75,945</u></u>	<u><u>435</u></u>	<u><u>(7,092)</u></u>	<u><u>69,288</u></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 2016 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	
	31 March 2016	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	
	31 March 2016	31 March 2015
(i) Based on weighted average number of ordinary shares in issue	16.73 cts	10.67 cts
(ii) On a fully diluted basis	16.73 cts	10.67 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 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Net asset value per ordinary share based on issued share capital of the Company at the end of financial year.	142 cts	127 cts	91 cts	77 cts

8 A review of the performance of the group

Group Statement of Profit or Loss

Group revenue decreased by S\$8.349 million (9.6%) to S\$78.390 million in FY 2016 compared to previous corresponding period of S\$86.739 million. The contraction in revenue was attributable to termination of supply agreements by customers during the year.

However, Group gross profit increased from S\$18.392 million in FY2015 to S\$22.274 million in FY2016 as gross profit margin increased from 21.2% in FY 2015 to 28.4% in FY2016. Improvement in gross margin was mainly attributed to lower depreciation costs, falling electricity costs and better selling price of its products.

In FY2016, Group other income (net) increased to S\$6.887 million, as compared to S\$1.759 million in FY2015. The substantial increase was due to the settlement sums of S\$18.419 million received from its customers for early termination of supply agreements. These effects were partially offset by the recognition of impairment loss of S\$11.000 million on certain plant and equipment as well as loss of S\$900,000 (FY 2015: Gain of S\$2.3 million) from fair value adjustments in investment properties.

Group's administrative expense of S\$11.130 million is higher in FY 2016 compared to previous corresponding period of S\$7.127 million. The increase was due to higher performance-related remuneration cost.

Group finance costs decreased from S\$679,000 in FY2015 to S\$576,000 in FY2015 as the Group reduced its borrowings during FY2016 resulting in lower finance costs.

Group net profit after tax for FY2016 came in at S\$12.709 million as compared to S\$8.105 million in FY2015.

Group Statement of Financial Position

The Group's net cash position as at 31 March 2016 saw an increase of \$20.702 million compared to the balance as at 31 March 2015. This increase was the result of the improved profitability as well as the settlement sums received in FY 2016.

Group trade and other receivables of \$10.032 million as at 31 March 2016 was lower by \$3.323 million compared to the balance as at 31 March 2015 attributed mainly to lower trade receivables resulting from lower revenue in FY 2016.

Higher inventories of S\$6.111 million were held as at 31 March 2016 as the Group built up its inventories level in the last quarter of FY 2016.

The Group's property, plant and equipment decreased by S\$19.865 million to S\$37.188 million in FY2016 due to the provision of impairment loss and depreciation.

Investment properties as at 31 March 2016 decreased by \$900,000, 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 2016 were lower by S\$2.711 million and S\$3.667 million respectively compared to the balance as at 31 March 2015 attributed to lower purchases made by the Group.

There is no Derivative Financial Instruments in FY 2016 as the Group realised all its outstanding forward foreign exchange contracts as at 31 March 2016 and did not enter into new forward foreign exchange contracts in the current year.

The Group's banks loans of S\$9.952 million as at 31 March 2016 is S\$5.425 million lower as compared to S\$15,377 million as at 31 March 2015. The decrease was due to repayments made during FY2016.

Group income tax payable increased to S\$4.899 million in FY2016 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 FY 2016 and the current global economic position, the Group could not look to new larger customers to completely replace their offtake. Correspondingly, the Group's revenue and profitability will be reduced in FY 2017.

11 [Dividend](#)

(a) [Current financial period reported on](#)

[Any dividend declared for the current financial period reported on? Yes](#)

The directors propose a final one-tier tax exempt dividend of 3.0 cent per ordinary share and special one-tier tax exempt dividend of 5.0 cents per ordinary share totaling \$6,076,000 for the financial year ended 31 March 2016.

The final dividend and special 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 one-tier tax exempt dividend of 1.5 cent per ordinary share totaling S\$1,139,000 for the financial year ended 31 March 2015 was declared on 29 June 2015 and paid on 15 July 2015.

(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>2016</u> S\$'000	<u>2015</u> S\$'000	<u>2016</u> S\$'000	<u>2015</u> S\$'000
Industrial Chemicals	76,971	85,476	14,727	5,428
Properties	<u>1,419</u>	<u>1,263</u>	<u>30</u>	<u>4,523</u>
Total	<u>78,390</u>	<u>86,739</u>	14,757	9,951
Interest income			11	5
Dividend income			28	22
Finance costs			<u>(576)</u>	<u>(679)</u>
Profit before income tax			14,220	9,299
Income tax			<u>(1,511)</u>	<u>(1,194)</u>
Consolidated revenue and profit for the year	<u>78,390</u>	<u>86,739</u>	<u>12,709</u>	<u>8,105</u>

Segment assets

	<u>2016</u>	<u>2015</u>
	S\$'000	S\$'000
Industrial Chemicals	95,016	97,214
Properties	<u>46,132</u>	<u>46,008</u>
Total segment assets	141,148	143,222
Unallocated assets	<u>602</u>	<u>715</u>
Consolidated total assets	<u>141,750</u>	<u>143,937</u>

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

Other segment information

	Capital expenditure		Depreciation	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Industrial Chemicals	685	429	8,291	9,610
Properties	<u>62</u>	<u>35</u>	<u>22</u>	<u>67</u>
	<u>747</u>	<u>464</u>	<u>8,313</u>	<u>9,677</u>

In addition to the capital expenditure and depreciation reported above, impairment loss of S\$11.000 million (2015:S\$Nil) was recognised in respect of property, plant and equipment. The impairment loss was attributable to Industrial Chemicals segment.

Geographical information

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

Information about Major customers

64% (2015: 75%) of the Group's industrial chemicals as well as properties revenue is generated from the top 5 (2015: 5) 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 FY2016 decreased by 10.0% from S\$85.476 million to S\$76.971 million. This decrease was due mainly to cessation of supply agreements with certain customers in FY 2016.

Revenue from the Properties segment at \$1.419 million, for FY2016, was slightly higher as compared to FY2015.

Depreciation costs for both business segments of S\$8.313 million for FY2016 were S\$1.364 million lower as compared to FY2015 of S\$9.677 million as certain plant and equipment was fully depreciated in FY2015.

The Group recorded a net profit before tax of S\$14.220 million in FY2016 as compared to S\$9.299 million in FY2015 as a result of the factors disclosed in Point 8 of the announcement.

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

	31 Mar	THE GROUP	% increase (decrease)
	2016	31 Mar	
	\$S'000	2015	
		\$S'000	
(a) Sales reported for first half year	46,420	45,822	1.31
(b) Profit after tax reported for first half year	6,536	2,119	208.4
(c) Sales reported for second half year	31,970	40,917	(21.9)
(d) Profit after tax reported for second half year	6,173	5,986	3.1

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 2016
	31 Mar 2015
	S\$'000
Ordinary	6,076
	1,139

18 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 in the format set out in Appendix 7.7 under Rule 720(1).

19 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	59	Son of Mr Lim Soo Peng who is the Chairman and Managing Director as well as a substantial shareholder of the Company	Executive Director since 2015 assisting Managing Director in the daily operations of the Group and Company	Appointed as Executive Director from Non-Executive Director in September 2015.
Lim Yew Tee Collin	49	Nephew of Mr Lim Soo Peng who is the Chairman and Managing Director as well as a substantial shareholder of the Company	Executive Director since 2015 responsible for the operations of the Chlor-alkali Plant	Promoted from Plant Manager to Executive Director in September 2015.

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

18 May 2016