



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.  
化学工业(远东)有限公司

# **CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**(Company registration no. 196200046K)**

**Condensed Financial Statements  
For the six months and full year ended 31 March 2022**



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.  
化学工业(远东)有限公司

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## A. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group Second half		Change %	Group Full year		Change %
		2022 \$'000	2021 \$'000		2022 \$'000	2021 \$'000	
Revenue	4	50,235	32,680	53.7	85,000	63,002	34.9
Cost of sales		(37,231)	(22,277)	67.1	(62,927)	(43,690)	44.0
<b>Gross profit</b>		13,004	10,403	25.0	22,073	19,312	14.3
Other income	11	3,095	2,231	38.7	4,309	3,458	24.6
Distribution expenses		(3,136)	(4,032)	(22.2)	(6,138)	(6,872)	(10.7)
Administrative expenses	12	(5,340)	(5,983)	(10.7)	(14,279)	(8,878)	60.8
Finance costs		(77)	(77)	-	(154)	(176)	(12.5)
<b>Profit before tax</b>	6	7,546	2,542	n.m	5,811	6,844	(15.1)
Income tax credit (expense)	7	1,857	(425)	n.m	989	(1,274)	n.m
<b>Profit for the period/year, attributable to owners of the company</b>		9,403	2,117	n.m	6,800	5,570	22.1
<b>Other comprehensive income (loss), net of tax</b>							
<u>Item that may be reclassified subsequently to profit or loss</u>							
Exchange differences on translation of foreign operations		52	(50)	n.m	(7)	(306)	n.m
<b>Total comprehensive income for the period/year, attributable to owners of the company</b>		9,455	2,067	n.m	6,793	5,264	n.m
<b>Earnings per share:</b>							
Basic and diluted earnings per share (cents)		12.38	2.79	n.m	8.95	7.33	22.1

n.m. denotes Not Meaningful

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**B. Condensed Statements of Financial Position**

		Group		Company	
	<u>Note</u>	FY2022 \$'000	FY2021 \$'000	FY2022 \$'000	FY2021 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		44,977	41,744	39,769	37,969
Trade and other receivables		18,501	13,007	17,852	12,514
Due from subsidiaries		-	-	4,733	5,916
Inventories		9,968	4,496	9,759	3,496
Total current assets		<u>73,446</u>	<u>59,247</u>	<u>72,113</u>	<u>59,895</u>
<b>Non-current assets</b>					
Property, plant and equipment	12	20,095	29,494	19,020	21,608
Investment properties	11	58,100	55,800	-	-
Subsidiaries	13	-	-	6,383	9,479
Associate		-	-	-	-
Financial assets at fair value through profit or loss ("FVTPL")	10	1,009	873	1,009	873
Total non-current assets		<u>79,204</u>	<u>86,167</u>	<u>26,412</u>	<u>31,960</u>
<b>Total assets</b>		<u>152,650</u>	<u>145,414</u>	<u>98,525</u>	<u>91,855</u>
<b>Current liabilities</b>					
Trade and other payables		13,681	8,053	12,898	6,863
Contract liabilities		208	750	208	750
Lease liabilities		892	986	892	986
Income tax payable		1,771	4,345	1,641	4,175
Total current liabilities		<u>16,552</u>	<u>14,134</u>	<u>15,639</u>	<u>12,774</u>
<b>Non-current liabilities</b>					
Lease liabilities		3,801	4,543	3,801	4,543
Deferred tax liabilities		1,906	2,000	1,799	1,823
Total non-current liabilities		<u>5,707</u>	<u>6,543</u>	<u>5,600</u>	<u>6,366</u>
<b>Capital and reserves</b>					
Share capital	14	75,945	75,945	75,945	75,945
Translation reserve		(9)	(2)	-	-
Accumulated profits (losses)		54,455	48,794	1,341	(3,230)
Total equity		<u>130,391</u>	<u>124,737</u>	<u>77,286</u>	<u>72,715</u>
<b>Total liabilities and equity</b>		<u>152,650</u>	<u>145,414</u>	<u>98,525</u>	<u>91,855</u>

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**C. Condensed Statements of Changes in Equity**

	<b>Note</b>	<b>Share capital \$'000</b>	<b>Translation reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Attributable to equity holders of the company \$'000</b>
<b><u>GROUP</u></b>					
Balance at 1 April 2021		75,945	(2)	48,794	124,737
<b><u>Total comprehensive income for the year</u></b>					
Profit for the year		-	-	6,800	6,800
Other comprehensive loss		-	(7)	-	(7)
Total		-	(7)	6,800	6,793
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	-	(1,139)	(1,139)
<b>Balance as at 31 March 2022</b>		<b>75,945</b>	<b>(9)</b>	<b>54,455</b>	<b>130,391</b>
Balance at 1 April 2020		75,945	304	44,363	120,612
<b><u>Total comprehensive income for the year</u></b>					
Profit for the year		-	-	5,570	5,570
Other comprehensive loss		-	(306)	-	(306)
Total		-	(306)	5,570	5,264
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	-	(1,139)	(1,139)
<b>Balance as at 31 March 2021</b>		<b>75,945</b>	<b>(2)</b>	<b>48,794</b>	<b>124,737</b>

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**C. Condensed Statements of Changes in Equity (cont'd)**

	<u>Note</u>	<u>Share capital \$'000</u>	<u>Accumulated (losses) profits \$'000</u>	<u>Total \$'000</u>
<b><u>COMPANY</u></b>				
Balance at 1 April 2021		75,945	(3,230)	72,715
Profit for the year, representing total comprehensive income for the year		-	5,710	5,710
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	(1,139)	(1,139)
<b>Balance as at 31 March 2022</b>		<b>75,945</b>	<b>1,341</b>	<b>77,286</b>
Balance at 1 April 2020		75,945	(3,379)	72,566
Profit for the year, representing total comprehensive income for the year		-	1,288	1,288
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	(1,139)	(1,139)
<b>Balance as at 31 March 2021</b>		<b>75,945</b>	<b>(3,230)</b>	<b>72,715</b>

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**D. Condensed Consolidated Statement of Cash Flows**

	<b>THE GROUP</b>	
	<b>FY2022</b>	<b>FY2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit before tax	5,811	6,844
Adjustments for:		
Reversal of loss allowance on trade receivables	-	(189)
Depreciation of property, plant and equipment	5,099	5,461
Fair value gains on investment properties	(2,300)	(1,300)
Fair value gains on financial assets at FVTPL	(115)	(216)
Impairment loss on property, plant and equipment	6,159	3,826
Foreign exchange differences	(31)	399
Dividend income	(41)	(22)
Loss on disposal of property, plant and equipment	-	53
Interest expense	154	176
Interest income	(116)	(202)
Operating cash flows before movements in working capital	14,620	14,830
Trade and other receivables	(5,472)	(1,736)
Inventories	(5,472)	890
Trade and other payables	5,621	1,495
Contract liabilities	(542)	270
Cash generated from operations	8,755	15,749
Dividends paid	(1,139)	(1,139)
Income tax paid	(1,679)	(1,203)
Interest paid	(154)	(1)
Interest received	116	202
Dividends received	41	22
Net cash from operating activities	5,940	13,630
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	-	162
Purchase of property, plant and equipment	(1,822)	(2,773)
Additions to financial assets at FVTPL	(21)	-
Net cash used in investing activities	(1,843)	(2,611)
<b>Financing activity</b>		
Repayment of lease liabilities, representing net cash used in financing activity	(864)	(1,023)
Net increase in cash and cash equivalents	3,233	9,996
Cash and cash equivalents at beginning of year	41,744	31,748
<b>Cash and cash equivalents at end of the year</b>	<b>44,977</b>	<b>41,744</b>

## **E. Notes to Condensed Consolidated Financial Statements**

### **1 Corporate information**

Chemical Industries (Far East) Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed consolidated financial statements as at year ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are investment holding and the manufacture and sale of chemicals.

The principal activities of the subsidiaries and associates are:

- (a) general carriers
- (b) proprietor of commercial buildings
- (c) manufacture and wholesale of industrial chemicals
- (d) general merchant, importer and exporter of chemicals

### **2 Basis of Preparation**

The condensed financial statements for the six months and full year ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 September 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Singapore dollars which is the Company's functional currency.

#### **2.1 New and amended standards adopted by the Group**

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2 Use of judgements and estimates**

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are dealt with below.



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The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Valuation of investment properties

The Group estimates the fair value of investment properties based on valuations performed by an independent professional valuer. The estimated market values may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may differ from the estimates set forth in these financial statements, and the difference may be significant.

Information about the valuation techniques and inputs used in determining the fair value of investment properties is disclosed in Note 11.

The carrying amount of investment properties is disclosed in Note 11.

### Impairment in property, plant and equipment and cost of investment in subsidiary

The Group reviews the carrying amount of its property, plant and equipment and cost of investment in subsidiary to determine whether there are any indications that these assets have suffered an impairment loss. If indicators of impairment exist, the recoverable amount of the assets are estimated, to determine the extent of the impairment loss, if any.

For the year ended 31 March 2022, management has refreshed the discounted cashflow valuation performed at 31 March 2021, using currently available information and the current situation in Myanmar. Given the uncertainty in political, customer concentration and currency risks, the Group has determined the recoverability of assets in Myanmar to be highly uncertain. Management has exercised caution and concluded that full impairment on the carrying amount of property, plant and equipment in Chemical Industries (Myanmar) Limited is appropriate.

The Group recorded impairment loss of \$6.2 million (2021: \$3.8 million) on the carrying amount of property, plant and equipment as disclosed in Note 12 to the financial statements.

The Company recorded an impairment of \$3.1 million (2021: \$3.7 million) on the cost of investment in subsidiary as disclosed in Note 13 to the financial statements.

## **3 Seasonal Operation**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## **4 Segment and revenue information**

### **4.1 Reportable segments**

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segmental performance is organised into two operating segments - Industrial Chemicals and Properties.

The Industrial Chemicals segment is involved in the manufacture and sales of chemicals. The Properties segment is involved in the business of managing and renting of commercial properties.

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### Reportable segments

	Industrial Chemicals \$'000	Properties \$'000	Group \$'000
<b><u>1 October 2021 to</u></b>			
<b><u>31 March 2022</u></b>			
Segment revenue			
Sales to external customers	49,758	477	50,235
Segment profit	4,989	2,585	7,574
Interest income			49
Dividend income			-
Finance cost			(77)
Profit before tax			7,546
Income tax credit			1,857
Profit for the period			9,403
<b><u>As at 31 March 2022</u></b>			
Segment assets	89,618	62,023	151,641
Unallocated assets			1,009
Consolidated assets			152,650
Other information			
Capital expenditures	869	51	920
Depreciation	2,307	16	2,323
Impairment loss on property, plant and equipment	28	-	28
Fair value gain on investment properties	-	2,300	2,300
<b><u>1 October 2020 to</u></b>			
<b><u>31 March 2021</u></b>			
Segment revenue			
Sales to external customers	32,171	509	32,680
Segment profit	920	1,618	2,538
Interest income			81
Dividend income			-
Finance cost			(77)
Profit before tax			2,542
Income tax expense			(425)
Profit for the period			2,117

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	Industrial Chemicals \$'000	Properties \$'000	Group \$'000
<b><u>As at 31 March 2021</u></b>			
Segment assets	85,294	59,247	144,541
Unallocated assets			<u>873</u>
Consolidated assets			<u>145,414</u>
Other information			
Capital expenditures	1,652	-	1,652
Depreciation	2,743	20	2,763
Impairment loss of property, plant and equipment	3,826	-	3,826
Fair value gain on investment properties	-	1,300	1,300
<b><u>1 April 2021 to 31 March 2022</u></b>			
Segment revenue			
Sales to external customers	<u>84,060</u>	<u>940</u>	<u>85,000</u>
Segment profit	2,941	2,867	5,808
Interest income			116
Dividend income			41
Finance cost			<u>(154)</u>
Profit before tax			5,811
Income tax credit			<u>989</u>
Profit for the year			<u>6,800</u>
<b><u>As at 31 March 2022</u></b>			
Segment assets	89,618	62,023	151,641
Unallocated assets			<u>1,009</u>
Consolidated assets			<u>152,650</u>
Other information			
Capital expenditures	1,730	92	1,822
Depreciation	5,059	40	5,099
Impairment loss on property, plant and equipment	6,159	-	6,159
Fair value gain on investment properties	-	2,300	2,300

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

	Industrial Chemicals \$'000	Properties \$'000	Group \$'000
<b><u>1 April 2020 to</u></b>			
<b><u>31 March 2021</u></b>			
Segment revenue			
Sales to external customers	62,048	954	63,002
Segment profit	4,789	2,007	6,796
Interest income			202
Dividend income			22
Finance cost			(176)
Profit before tax			6,844
Income tax expense			(1,274)
Profit for the year			5,570

### **As at 31 March 2021**

Segment assets	85,294	59,247	144,541
Unallocated assets			873
Consolidated assets			145,414
Other information			
Capital expenditures	2,773	-	2,773
Depreciation	5,420	41	5,461
Impairment loss on property, plant and equipment	3,826	-	3,826
Fair value gain on investment on properties	-	1,300	1,300

Revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segmental profit represents profits earned by each segment without allocation of interest income, dividend income, finance costs and income tax expense.

All assets are allocated to reportable segments other than financial assets at FVTPL.

## 4.2 Disaggregation of revenue

	Industrial Chemicals \$'000	Properties \$'000	Group \$'000
<b><u>1 October 2021 to</u></b>			
<b><u>31 March 2022</u></b>			
Singapore	46,994	477	47,471
Myanmar	2,764	-	2,764
Total revenue	49,758	477	50,235

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	Industrial Chemicals \$'000	Properties \$'000	Group \$'000
Timing of revenue recognition			
At a point in time	49,758	-	49,758
Over time	-	477	477
	<u>49,758</u>	<u>477</u>	<u>50,235</u>

**1 October 2020 to  
31 March 2021**

Singapore	29,670	509	30,179
Myanmar	<u>2,501</u>	-	<u>2,501</u>
Total revenue	<u>32,171</u>	<u>509</u>	<u>32,680</u>

Timing of revenue recognition			
At a point in time	32,171	-	32,171
Over time	-	509	509
	<u>32,171</u>	<u>509</u>	<u>32,680</u>

**1 April 2021 to  
31 March 2022**

Singapore	79,968	940	80,908
Myanmar	<u>4,092</u>	-	<u>4,092</u>
Total revenue	<u>84,060</u>	<u>940</u>	<u>85,000</u>

Timing of revenue recognition			
At a point in time	84,060	-	84,060
Over time	-	940	940
	<u>84,060</u>	<u>940</u>	<u>85,000</u>

**1 April 2020 to  
31 March 2021**

Singapore	57,056	954	58,010
Myanmar	<u>4,992</u>	-	<u>4,992</u>
Total revenue	<u>62,048</u>	<u>954</u>	<u>63,002</u>

Timing of revenue recognition			
At a point in time	62,048	-	62,048
Over time	-	954	954
	<u>62,048</u>	<u>954</u>	<u>63,002</u>

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### 5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 March 2022 and 31 March 2021:

	Group		Company	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Financial assets at amortised cost	62,523	53,525	57,280	55,271
Financial assets at FVTPL	1,009	873	1,009	873
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	13,889	8,475	13,106	7,352
Lease liabilities	4,693	5,529	4,693	5,529

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

### 6 Profit before tax

This has been arrived at after crediting (charging):

	Group		Group	
	Second half		Full year	
	FY2022	FY2021	FY2022	FY2021
	\$'000	\$'000	\$'000	\$'000
Fair value gain on investment properties	2,300	1,300	2,300	1,300
Dividend income	-	-	41	22
Interest income	49	81	116	202
Net foreign exchange (loss) gain	(42)	(226)	11	(699)
Loss on disposal of property, plant & equipment	-	(101)	-	(53)
Gain on financial assets at FVTPL	118	226	115	216
Reversal of loss allowance on trade receivables	-	209	-	189
Government grants income	31	198	409	1,236
Storage charges	520	202	711	364
Delivery, transport and handling charges	120	123	194	197
Other miscellaneous income	-	219	412	484
Impairment loss on property, plant and equipment	(28)	(3,826)	(6,159)	(3,826)
Depreciation of property, plant and equipment	(2,323)	(2,763)	(5,099)	(5,461)
Retirement gratuity provision	(2,000)	-	(2,000)	-
Finance costs on lease liabilities	(77)	(77)	(154)	(176)

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### Related party transactions

There are no material related party transactions for the financial year, apart from the \$2.0 million retirement gratuity provision payable to the former Managing Director following his cessation as Managing Director.

## 7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	FY2022 \$'000	FY2021 \$'000
Current income tax expense:		
Current period	1,771	1,637
Overprovision in prior years	(2,666)	(8)
	<u>(895)</u>	<u>1,629</u>
Deferred tax credit:		
Current period	(94)	(355)
Total income tax (credit) expense	<u>(989)</u>	<u>1,274</u>

## 8 Dividends

During the year ended 31 March 2022, the Company paid dividends as follows:

	Group	
	FY2022 \$'000	FY2021 \$'000
Ordinary dividends		
Tax- exempt one-tier final dividend in respect of the previous financial year:		
- 1.5 cents (2021: 1.5 cents) per ordinary share	<u>1,139</u>	<u>1,139</u>

## 9 Net asset value

	Group		Company	
	FY2022 \$	FY2021 \$	FY2022 \$	FY2021 \$
Net asset value per ordinary share	<u>1.72</u>	<u>1.64</u>	<u>1.02</u>	<u>0.96</u>

## 10 Financial assets at fair value through profit or loss

	Group and Company	
	FY2022 \$'000	FY2021 \$'000
Quoted equity shares at fair value through profit or loss	<u>1,009</u>	<u>873</u>

Investments in quoted equity securities offer the Group and the Company the opportunity for returns through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted closing market prices on the last market day of the financial year.

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### 11 Investment properties

The Group's investment properties consist of commercial properties, held for long-term rental yields and/or capital appreciation. They are mainly leased to third parties under operating leases.

	Group	
	FY2022	FY2021
		\$'000
At beginning of year	55,800	54,500
Fair value gain included in profit or loss	2,300	1,300
At end of year	58,100	55,800

The fair value gain during the year is included as part of other income in profit or loss.

The fair values of the Group's investment properties at 31 March 2021 and 31 March 2022 were determined on the basis of valuations carried out at the respective year end dates by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of these properties is their current use. There has been no change to the valuation technique.

Significant unobservable inputs in the valuations relate to the price per square feet of floor area, which is made by reference to recent transacted prices for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the Group's respective properties such as location, floor area and remaining lease tenure. The higher the price per square feet, the higher the valuation, assuming all other variables are held constant. The fair value measurement of the investment properties is classified as Level 3 in the fair value hierarchy.

### 12 Property, plant and equipment

During the year ended 31 March 2022, the Group acquired assets amounting to \$1,822,000 (31 March 2021: \$2,773,000) and wrote off / disposed of assets amounting to \$2,000 (31 March 2021: \$1,707,000).

The Group recorded an impairment loss of \$6.2 million (2021: \$3.8 million) on the property, plant and equipment located in Myanmar in view of the political and economic situation in Myanmar. This was recognised and presented within 'Administrative expenses' in the condensed consolidated statement of profit or loss and other comprehensive income.

### 13 Subsidiaries

	Company	
	FY2022	FY2021
	\$'000	\$'000
Unquoted equity shares - at cost:		
At beginning of the year, net of impairment	9,479	13,179
Impairment during the year	(3,096)	(3,700)
At end of the year, net of impairment	6,383	9,479

Impairment loss of \$3.1 million (2021: \$3.7 million) was recorded against the investment in Chemical Industries (Myanmar) Limited as its recoverable amount was below its carrying amount.



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### 14 Share capital

	Group and Company			
	FY2022		FY2021	
	No. of shares issued '000	\$'000	No. of shares issued '000	\$'000
Issued and paid up:				
At the beginning and end of the period/year	75,945	75,945	75,945	75,945

The Company did not hold any treasury shares as at 31 March 2022 and 31 March 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022 and 31 March 2021.

### 15 Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements.

## F. Other Information Required by Listing Rule Appendix 7.2

### 1. Review

The condensed consolidated statement of financial position of Chemical Industries (Far East) Limited and its subsidiaries as at 31 March 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

### 2. Review of performance of the Group

#### **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

#### **1. Group Revenue**

Group revenue increased by 34.9% or \$22 million from \$63 million for the year ended 31 March 2021 ("FY2021") to \$85 million for the year ended 31 March 2022 ("FY2022") due to improvement in sales of the Group's core chlor-alkali products.

#### **2. Gross profit**

Gross profit increased from \$19 million in FY2021 to \$22 million in FY2022. Gross profit margin decreased from 31% in FY2021 to 26% in FY2022. The lower gross profit margin was mainly due to rising energy and raw material costs amidst supply chain and logistics disruption globally.

#### **3. Other income (net)**

Other income (net) increased by 24.6% or \$0.9 million from \$3.4 million in FY2021 to \$4.3 million in FY2022. The increase in other income (net) was mainly due to an increase in fair value gains on investment properties of \$1 million and decrease in net foreign exchange loss of \$0.7 million arising from translation of trade receivables and bank balances denominated in US dollar. The increase is partially offset by a reduction of government grants by \$0.8 million in FY2022 compared to FY2021.

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### 4. Distribution expenses

Distribution expenses decreased by 10.7% or \$0.8 million from \$6.9 million in FY2021 to \$6.1 million in FY2022 mainly due to lower piping charges.

### 5. Administrative expenses

Administrative expenses increased by \$5.4 million or 60.8% from \$8.8 million in FY2021 to \$14.2 million in FY2022. The increase was mainly due to retirement gratuity provision of \$2 million (as disclosed under Note 6 to the Condensed Financial Statements), legal fees of \$0.9 million and impairment loss on property, plant and equipment in Myanmar of \$2.3 million.

### 6. Finance cost

Finance cost decreased due to lower interest expense on lease liabilities in FY 2022.

### 7. Income tax expense

Income tax expense decreased by \$2.3 million from S\$1.3 million charge to a \$1.0 million credit position, due to overprovisions of prior year taxes.

### 8. Profit before tax

The Group has reported a profit before tax of \$5.8 million in FY2022 compared to a profit of \$6.8 million in FY2021.

### 9. Profit after tax

The Group has reported a profit after tax of \$6.8 million in FY2022 compared to a profit of \$5.6 million in FY2021, mainly due to a write back of tax provision.

## **Statement of Financial Position**

### **Current assets**

The Group's current assets increased by \$14.2 million mainly due to:

- (i) an increase in cash and cash equivalents by \$3.2 million;
- (ii) an increase in inventories by \$5.5 million;
- (iii) an increase in trade and other receivables by \$5.5 million.

### **Non-current assets**

The Group's non-current assets decreased by \$7.0 million mainly due to lower net book value in property, plant and equipment and right-of-use assets by \$9.3 million owing to impairment loss on property, plant and equipment and depreciation charges. This was partially offset by an increase in investment properties by \$2.3 million arising from the fair value adjustments during the year.

### **Current liabilities**

The Group's current liabilities increased by \$2.4 million mainly due to increase in trade and other payables by \$5.6 million. This was partially offset by a decrease in contract liabilities by \$0.6 million and income tax payable by \$2.6 million.

### **Non-current liabilities**

The Group's non-current liabilities decreased by \$0.8 million mainly due to repayment of lease liabilities in FY2022.

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### Capital and reserves

Equity comprises share capital, reserves and accumulated profits. The total equity of the Group increased by \$5 million from \$125 million as at 31 March 2021 to \$130 million as at 31 March 2022.

### Statement of Cashflow

The Group recorded a net cash inflow of \$3.2 million in FY2022. The increase was due to cash inflows from operating activities of \$5.9 million offset by cash outflows from investing activities of \$1.8 million and cash outflows from financing activities of \$0.9 million.

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

No prospect statement was made.

### **4. 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 operating period and the next 12 months**

While we are moving towards living with Covid 19, the Group continues to be affected by the escalating raw material prices and shipping costs. The on-going conflict between Russia and Ukraine has further exacerbated the energy crisis, leading to an increase in energy cost. This is expected to remain high in the coming months. As energy cost is a major component of our cost of sales, this will impact the Group's profitability. The Group has recently entered into a new energy contract at significantly higher rates with effect from 1st July 2022. The Board expects the Group's prospects to remain challenging in the months ahead. The Group continues to look at ways to increase its sales as long as the price of imported caustic soda remains high.

The operations in Myanmar remain difficult as sales to our major customer remains uncertain. The Group also faces currency volatility and local currency control regulations. As a result, the Group has recorded an impairment loss of \$6.2 million in property, plant and equipment in Myanmar. The Group will continue to monitor the evolving situation in Myanmar and make appropriate announcements as and when there are material developments.

The Group is embarking on energy reduction and water saving projects and enhancing occupational safety and health in its workplace as part of its focus on ESG initiatives.

### **5. Dividend information**

5a. Current Financial Period Reported on:

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Rate	1.5 cents per ordinary share	1.8 cents per ordinary share
Tax Rate	One-tier tax exempt	One-tier tax exempt

The special dividend declared by the Group is to commemorate the Group's 60th Anniversary.

5b. Corresponding Period of the Immediate Preceding Financial Year:

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.5 cents per ordinary share
Tax Rate	One-tier tax exempt

5c. Date Payable: To be advised at a later date.

5d. Books Closure Date: To be advised at a later date.

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### 6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

### 7. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

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
Lim Yew Khang Cecil	69	Son of Mr Lim Soo Peng, Non-Executive Director and substantial shareholder of the Company	Non-Executive and Non-Independent Director since 28 September 2021.	Executive Director until 28 September 2021. Non-Executive and Non-Independent director from 28 September 2021.

### 8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### 9. Additional information required pursuant to Rule 706A of the Listing Manual

During the period ended 31 March 2022, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

### BY ORDER OF THE BOARD

Ms Foo Soon Soo  
Company Secretary  
27th May 2022