



CEI LIMITED

(Company Registration No. 199905114H)

Half Year Financial Statement

The Board of Directors of CEI Limited wishes to announce the unaudited results of the Group and of the Company for the First Half Year Ended 30 June 2016.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF YEAR ENDED 30 JUNE 2016

	GROUP		
	<u>2016</u>	<u>2015</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Revenue	68,939	67,187	2.6
Cost of sales	(52,561)	(50,252)	4.6
Gross profit	16,378	16,935	(3.3)
Other income	22	1	N/M
General and administrative costs	(8,901)	(8,443)	5.4
Selling and distribution costs	(1,899)	(1,932)	(1.7)
Profit from operations	5,600	6,561	(14.7)
Finance costs	(64)	(79)	(19.0)
Share of results of associated company	50	45	11.1
Profit from operations before taxation	5,586	6,527	(14.4)
Taxation	(914)	(1,322)	(30.9)
Profit after taxation	4,672	5,205	(10.2)
Other comprehensive income:			
Foreign currency translation	(36)	35	N/M
Total comprehensive income for the year	4,636	5,240	(11.5)

Included in the above expenses are -	<u>2016</u>	<u>2015</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Depreciation of fixed assets	(1,046)	(1,281)	(18.4)
Foreign exchange loss	(1,166)	(315)	N/M
Fair value gain on derivatives	575	501	14.8

N/M – Not meaningful

1(b) STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 Jun 2016 \$'000	31 Dec 2015 \$'000	30 Jun 2016 \$'000	31 Dec 2015 \$'000
Fixed assets	6,134	7,160	2,230	2,588
Intangible assets	1,063	1,063	1,063	1,063
Investments in and advances to subsidiary companies	-	-	3,918	3,918
Investment in associated company	1,389	1,339	482	482
Deferred tax asset	655	655	262	262
	<u>9,241</u>	<u>10,217</u>	<u>7,955</u>	<u>8,313</u>
Current assets				
Inventories	20,629	24,210	20,470	24,027
Trade receivables	23,039	24,432	22,911	24,352
Other receivables	1,156	1,171	940	876
Amounts due from subsidiary companies	-	-	1,344	1,345
Cash and cash equivalents	14,720	13,014	14,309	12,479
	<u>59,544</u>	<u>62,827</u>	<u>59,974</u>	<u>63,079</u>
Current liabilities				
Trade payables and accruals	17,660	19,557	16,516	18,182
Amounts due to subsidiary companies	-	-	2,601	2,560
Provision for taxation	3,254	3,452	2,323	2,472
Bank borrowings	5,525	7,523	5,525	7,523
Other liabilities	2,184	2,478	2,184	2,478
	<u>28,623</u>	<u>33,010</u>	<u>29,149</u>	<u>33,215</u>
Net current assets	<u>30,921</u>	<u>29,817</u>	<u>30,825</u>	<u>29,864</u>
Net assets	<u>40,162</u>	<u>40,034</u>	<u>38,780</u>	<u>38,177</u>
Represented by:				
Share capital	23,897	23,897	23,897	23,897
Less : Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Revenue reserves	17,455	17,291	15,720	15,117
Foreign currency translation reserve	(353)	(317)	-	-
	<u>40,162</u>	<u>40,034</u>	<u>38,780</u>	<u>38,177</u>

1(c) BORROWINGS

Amount repayable in one year or less, or on demand

As at 30 June 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	5,525	-	7,523

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

Not applicable.

1(d) **CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2016**

	GROUP	
	2016	2015
	\$'000	\$'000
Cash flows from operating activities:		
Profits from operations before taxation	5,586	6,527
Adjustments for:		
Depreciation of fixed assets	1,046	1,281
Interest income	(20)	(1)
Interest expense	64	79
Fair value gain on forward contracts	(575)	(501)
Share of results of associated companies	(50)	(45)
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Operating income before investment in working capital	6,051	7,340
Decrease/(Increase) in receivables	1,408	(1,143)
Decrease in inventories	3,581	951
(Decrease)/Increase in payables	(1,616)	1,149
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Cash generated from operations	9,424	8,297
Interest received	20	1
Interest paid	(64)	(79)
Income tax paid, net of refund	(1,112)	(656)
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Net cash generated from operating activities	8,268	7,563
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Cash flows from investing activities:		
Purchase of fixed assets	(20)	(771)
	<hr/>	<hr/>
Net cash used in investing activities	(20)	(771)
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Cash flows from financing activities:		
Dividends paid on ordinary shares	(4,508)	(1,942)
Repayment of loans and borrowings	(1,998)	(2,321)
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Net cash used in financing activities	(6,506)	(4,263)
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Net increase in cash and cash equivalents	1,742	2,529
Effect of exchange rate changes on cash and cash equivalents	(36)	35
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Cash and cash equivalents at beginning of the period	13,014	8,079
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Cash and cash equivalents at end of the period	14,720	10,643
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1(e) STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2016

Group	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2016	23,897	(837)	17,291	(317)	40,034
Total comprehensive income for the period	-	-	4,672	(36)	4,636
Dividends paid	-	-	(4,508)	-	(4,508)
Balance at 30 June 2016	23,897	(837)	17,455	(353)	40,162
Balance at 1 January 2015	23,897	(837)	12,578	(363)	35,275
Total comprehensive income for the period	-	-	5,205	35	5,240
Dividends paid	-	-	(1,942)	-	(1,942)
Balance at 30 June 2015	23,897	(837)	15,841	(328)	38,573
Company	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Total equity \$'000	
Balance at 1 January 2016	23,897	(837)	15,117	38,177	
Total comprehensive income for the period	-	-	5,111	5,111	
Dividends paid	-	-	(4,508)	(4,508)	
Balance at 30 June 2016	23,897	(837)	15,720	38,780	
Balance at 1 January 2015	23,897	(837)	11,256	34,316	
Total comprehensive income for the period	-	-	5,473	5,473	
Dividends paid	-	-	(1,942)	(1,942)	
Balance at 30 June 2015	23,897	(837)	14,787	37,847	

1(f) **CHANGES IN COMPANY'S SHARE CAPITAL**

	30 Jun 2016	31 Dec 2015
No. of treasury shares held	: 1,235,750	1,235,750
No. of issued shares excluding treasury shares	: 86,698,463	86,698,463

1(g) **NUMBER OF SHARES THAT MAY BE ISSUED ON CONVERSION OF ALL OUTSTANDING CONVERTIBLES**

There was no outstanding convertible as at 30 June 2016 and 30 June 2015.

1(h) **NUMBER OF TREASURY SHARES HELD, AGAINST TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES**

	30 Jun 2016	30 Jun 2015
No. of treasury shares held	: 1,235,750	1,235,750
No. of issued shares excluding treasury shares	: 86,698,463	86,698,463

There were 86,698,463 ordinary shares issued (excluding treasury shares) as at 30 June 2016, 31 December 2015 and 30 June 2015.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares in the current financial year.

2. **AUDIT/REVIEW**

The figures have not been audited or reviewed.

3. **AUDITORS' REPORT**

Not applicable as figures have not been audited or reviewed.

4. **ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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

Please refer to Note 4.

6. EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	1H2016	1H2015
Earnings per share based on profit attributable to shareholders		
Based on existing issued share capital	5.39 cts	6.00 cts
Based on fully diluted basis	5.39 cts	6.00 cts

7. NET ASSET VALUE

	Group		Company	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	46.3 cts	46.2 cts	44.7 cts	44.0 cts

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for the first half of FY 2016 of \$68.9 million was 2.6% higher than first half of FY 2015. The Gross Profit Margin decreased from 25.2% in first half of FY 2015 to 23.8% in first half of FY 2016, as improvements in productivity could not fully offset the foreign exchange loss caused by the weakening US\$.

Similarly, the General and Administrative Costs were higher as cost saving efforts were more than offset by foreign exchange loss as a result of weakening US\$. Finance Costs were lower as a result of lower borrowings.

The Profit after Taxation decreased from \$5.21 million to \$4.67 million in the first half of FY 2016.

Earnings per share decreased from 6.00 cents to 5.39 cents, based on a fully diluted basis.

Net asset value per share increased from 46.2 cents as at 31 December 2015 to 46.3 cents as at 30 June 2016.

Total borrowings decreased from \$7.5 million to \$5.5 million due to repayment of borrowings.

Cash and cash equivalents increased from \$13.0 million to \$14.7 million.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 30 June 2016, the Group has orders on hand worth \$45.7 million (31 December 2015: \$49.0 million) most of which are expected to be fulfilled within the current financial year. The second half of FY 2016 is expected to be more challenging.

The Group serves customers from a diverse range of market segments. These include analytical instruments, equipment, semi-conductor equipment, oil and gas industries and displays for industrial applications.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2016.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend (cents)	1.04	3.76
Tax Rate	One-tier tax-exempt	One-tier tax exempt

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend (cents)	1.04	3.76
Tax Rate	One-tier tax exempt	One-tier tax exempt

(c) Date payable

The dividends will be payable on 26 August 2016.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of CEI Limited ("the Company") will be closed from 5.00 p.m. on 17 August 2016 to 5.00 p.m. on 18 August 2016 (both dates inclusive) for the preparation of dividend warrants for both the one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 17 August 2016 will be registered to determine shareholders' entitlements to the said dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 17 August 2016 will be entitled to the proposed one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS

Not applicable as the Company has no general mandate for interested person transactions.

13. CONFIRMATION BY THE BOARD OF DIRECTORS

The Directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the first half-year ended 30 June 2016 to be false or misleading.

14. CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive directors in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Teo Soon Hock
Secretary

Singapore, 8 August 2016