



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2014 to 30 September 2014

Multi-Chem Limited

Registration No. 198500318Z

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For the financial period from 1 January 2014 to 30 September 2014

CONSOLIDATED INCOME STATEMENT

Group	3 months ended			9 months ended		
	30/9/2014	30/9/2013	Change	30/9/2014	30/9/2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	73,944	62,428	18	212,570	180,979	17
Cost of sales	(61,755)	(52,456)	18	(179,088)	(151,235)	18
Gross profit	12,189	9,972	22	33,482	29,744	13
Other items of income						
- Interest income	93	78	19	288	396	(27)
- Other income	420	485	(13)	1,644	1,550	6
Other items of expense						
- Selling and distribution costs	(5,571)	(4,802)	16	(16,508)	(14,754)	12
- Administrative expenses	(4,770)	(5,111)	(7)	(14,720)	(16,351)	(10)
- Finance costs	(111)	(104)	7	(404)	(353)	14
- Share of results of an associate, net of tax	(9)	(38)	(76)	(246)	(116)	112
Profit before income tax	2,241	480	367	3,536	116	2,948
Income tax expense	(801)	(592)	35	(1,570)	(1,834)	(14)
Profit/(Loss) for the financial period	1,440	(112)	(1,386)	1,966	(1,718)	214
Profit/(Loss) attributable to:						
Owners of the parent	1,421	(223)	(737)	1,723	(1,789)	(196)
Non-controlling interests	19	111	(83)	243	71	242
	1,440	(112)	(1,386)	1,966	(1,718)	214

Earnings per share for profit attributable to owners of the parent during the financial period

(expressed in cents per share)

Basic	0.39 cents	(0.06) cents	0.48 cents	(0.50) cents
Diluted	0.39 cents	(0.06) cents	0.48 cents	(0.50) cents

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2014 to 30 September 2014***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			9 months ended		
	30/9/2014	30/9/2013	Change	30/9/2014	30/9/2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(Loss) for the financial period	1,440	(112)	(1,386)	1,966	(1,718)	(214)
<i>Other comprehensive income for the financial period:</i>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency differences						
on translation of foreign operations	1,860	(909)	(305)	(276)	3,133	(109)
Reclassification of currency translation difference on liquidation of a subsidiary	128	-	Nm	128	-	Nm
	1,988	(909)	(319)	(148)	3,133	(105)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the financial period, net of tax	1,988	(909)	(319)	(148)	3,133	(105)
Total comprehensive income for the financial period	3,428	(1,021)	(436)	1,818	1,415	28
Total comprehensive income attributable to:						
Owners of the parent	3,322	(1,093)	(404)	1,547	1,233	25
Non-controlling interests	106	72	47	271	182	49
	3,428	(1,021)	(436)	1,818	1,415	28

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2014 to 30 September 2014***NOTES TO CONSOLIDATED INCOME STATEMENT**

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

Group	3 months ended			9 months ended		
	30/9/2014	30/9/2013	Change	30/9/2014	30/9/2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	150	485	(69)	937	1,220	(23)
Interest income	93	78	19	288	396	(27)
Interest expense	(111)	(104)	7	(404)	(353)	14
Depreciation of property, plant and equipment	(1,516)	(1,099)	38	(3,714)	(4,569)	(19)
Allowance for doubtful third parties trade receivables	177	(60)	(395)	(38)	(412)	(91)
Doubtful third parties trade receivables written off	-	-	-	-	(3)	Nm
Allowance for inventory obsolescence	(1,243)	(795)	56	(2,576)	(2,772)	(7)
Inventories written off	(62)	(6)	933	(273)	(34)	703
Foreign exchange gain/(loss), net	182	(583)	(131)	619	(1,423)	(143)
Gain/(Loss) on disposals of plant and equipment	133	(52)	(356)	88	(92)	(196)
Plant and equipment written off	(1)	-	Nm	(22)	-	Nm
Write-back of impairment loss for plant and equipment no longer required	-	-	-	-	320	Nm
Dividend income	-	-	-	-	1	Nm
Changes in fair value of financial assets at fair value through profit or loss	-	-	-	-	6	Nm
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	-	3	Nm

Nm : Not meaningful

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2014 to 30 September 2014

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/9/14	31/12/13	30/9/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	23,998	27,375	3,761	2,748
Investment property	-	-	1,727	1,753
Investments in subsidiaries	-	-	36,036	56,456
Investment in an associate	228	474	700	700
Club memberships	367	363	-	-
Deferred tax assets	1,640	1,462	-	-
Available-for-sale investment	3,461	-	-	-
Other receivables	610	656	-	-
	30,304	30,330	42,224	61,657
Current assets				
Inventories	26,439	30,199	296	202
Trade and other receivables	66,311	71,784	27,994	22,919
Prepayments	1,778	862	205	195
Current income tax recoverable	3,192	2,438	551	335
Cash and cash equivalents	35,265	40,478	10,551	1,880
	132,985	145,761	39,597	25,531
Less:				
Current liabilities				
Trade and other payables	52,641	57,611	1,629	1,013
Finance lease payables	123	121	85	83
Bank borrowings	19,502	29,207	9,617	13,722
Current income tax payable	692	676	-	-
	72,958	87,615	11,331	14,818
Net current assets	60,027	58,146	28,266	10,713
Less:				
Non-current liabilities				
Finance lease payables	203	299	172	239
Bank borrowings	3,416	1,301	663	991
Deferred tax liabilities	11	11	-	-
	3,630	1,611	835	1,230
	86,701	86,865	69,655	71,140
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve	292	468	-	-
Other reserve	6,009	6,009	-	-
Retained earnings	38,780	39,039	32,367	33,852
Equity attributable to owners of the parent	82,369	82,804	69,655	71,140
Non-controlling interests	4,332	4,061	-	-
Total equity	86,701	86,865	69,655	71,140

Interim Financial Statements and Dividend Announcement

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CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended		9 months ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	2,241	480	3,536	116
Adjustments for:				
- (Write back of allowance)/Allowance for doubtful third parties trade receivables	(177)	60	38	412
- Allowance for inventory obsolescence	1,243	795	2,576	2,772
- Changes in fair value of financial assets at fair value through profit and loss	-	-	-	(6)
- Currency translation adjustment	407	1	103	603
- Depreciation of property, plant and equipment	1,516	1,099	3,714	4,569
- Dividend income	-	-	-	(1)
- Doubtful third parties trade receivables written off	-	-	-	3
- (Gain)/Loss on disposals of plant and equipment	(133)	52	(88)	92
- Gain on disposal of financial assets at fair value through profit or loss	-	-	-	(3)
- Interest expense	111	104	404	353
- Interest income	(93)	(78)	(288)	(396)
- Inventories written off	62	6	273	34
- Plant and equipment written off	1	-	22	-
- Share of results of an associate	9	38	246	116
- Reversal of impairment loss of plant and equipment	-	-	-	(320)
Operating cash flows before working capital changes	5,187	2,557	10,536	8,344
Working capital changes:				
- Inventories	(3,767)	(6,417)	911	(2,930)
- Trade and other receivables	(4,322)	(6,449)	5,481	(11,458)
- Prepayments	(750)	203	(916)	238
- Trade and other payables	2,274	9,430	(4,970)	3,347
Cash (used in)/generated from operations	(1,378)	(676)	11,042	(2,459)
Interest received	93	78	288	396
Income tax paid	(769)	(946)	(2,478)	(3,294)
Net cash (used in)/from operating activities	(2,054)	(1,544)	8,852	(5,357)

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CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 months ended		9 months ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Net cash outflow from acquisition of shares in a subsidiary	-	-	-	(6)
Proceeds from disposals of plant and equipment	247	12	370	885
Proceeds from disposal of financial assets at fair value through profit or loss	-	-	-	124
Dividend received from financial assets at fair value through profit or loss	-	-	-	1
Purchase of available-for-sale investment	(353)	-	(353)	-
Purchase of plant and equipment	(85)	(344)	(836)	(912)
Net cash (used in)/generated from investing activities	(191)	(332)	(819)	92
FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits pledged	(7,555)	1,923	(6,972)	5,658
Proceeds from bank borrowings	25,206	18,043	52,256	53,920
Repayments of bank borrowings	(28,578)	(16,888)	(62,954)	(52,620)
Repayments of finance lease payables	(31)	(30)	(94)	(143)
Interest paid	(111)	(104)	(404)	(353)
Dividends paid to owners of the parent	-	(1,982)	(1,982)	(3,964)
Net cash (used in)/generated from financing activities	(11,069)	962	(20,150)	2,498
Net change in cash and cash equivalents	(13,314)	(914)	(12,117)	(2,767)
Cash and cash equivalents at beginning of financial period	39,365	37,128	38,870	37,605
Effects of exchange rate changes on cash and cash equivalents	632	(452)	(70)	924
Cash and cash equivalents at end of financial period	26,683	35,762	26,683	35,762

Note 1

Cash and cash equivalents at end of financial period comprise of:

Cash and cash equivalents as per Statement of Financial Position	35,265	36,779	35,265	36,779
Less: Fixed deposits pledged with banks	(8,582)	(1,017)	(8,582)	(1,017)
	26,683	35,762	26,683	35,762

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Premium on acquisition of non-controlling interests \$'000	Foreign currency translation reserve/(account) \$'000	Statutory surplus reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2014	37,288	(123)	468	6,132	39,039	82,804	4,061	86,865
Profit for the financial period	-	-	-	-	1,723	1,723	243	1,966
Other comprehensive income for the financial period								
Foreign currency differences on translation of foreign operations	-	-	(176)	-	-	(176)	28	(148)
Total comprehensive income for the financial period	-	-	(176)	-	1,723	1,547	271	1,818
Contributions by and distributions to the owners of the parent								
Dividends	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Total transactions with the owners of the parent	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Balance at 30 September 2014	37,288	(123)	292	6,132	38,780	82,369	4,332	86,701
Balance at 1 January 2013	37,288	-	(3,917)	5,778	43,261	82,410	3,280	85,690
Loss for the financial period	-	-	-	-	(1,789)	(1,789)	71	(1,718)
Other comprehensive income for the financial period								
Foreign currency differences on translation of foreign operations	-	-	3,022	-	-	3,022	111	3,133
Total comprehensive income for the financial period	-	-	3,022	-	(1,789)	1,233	182	1,415
Contributions by and distributions to the owners of the parent								
Dividends	-	-	-	-	(3,964)	(3,964)	-	(3,964)
Total transactions with the owners of the parent	-	-	-	-	(3,964)	(3,964)	-	(3,964)
Transactions with non-controlling shareholders								
Acquisition of non-controlling interests	-	(123)	-	-	-	(123)	117	(6)
Total transactions with non-controlling shareholders	-	(123)	-	-	-	(123)	117	(6)
Balance at 30 September 2013	37,288	(123)	(895)	5,778	37,508	79,556	3,579	83,135

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Company	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2014	37,288	33,852	71,140
Profit for the financial period	-	497	497
Total comprehensive income for the financial period	-	497	497
Transaction with the owners			
Dividends	-	(1,982)	(1,982)
Total transactions with the owners	-	(1,982)	(1,982)
Balance at 30 September 2014	37,288	32,367	69,655
Balance at 1 January 2013	37,288	29,532	66,820
Profit for the financial period	-	7,888	7,888
Total comprehensive income for the financial period	-	7,888	7,888
Transactions with the owners			
Dividends	-	(3,964)	(3,964)
Total transactions with the owners	-	(3,964)	(3,964)
Balance at 30 September 2013	37,288	33,456	70,744

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

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

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

REVENUE

The Group achieved a turnover of \$73.9m for the three months ended 30 September 2014 ("3Q2014"), an increase of \$11.5m compared to the revenue of \$62.4m for the three months ended 30 September 2013 ("3Q2013"). For the nine months ended 30 September 2014 ("9M2014"), the Group achieved turnover of \$212.6m, a year-on-year increase of 17.5% or \$31.6m, compared to revenue of \$181.0m achieved for the nine months ended 30 September 2013 ("9M2013").

In comparison to the three months ended 30 June 2014 ("2Q2014"), the revenue for 3Q2014 increased by 15.8% or \$10.1m from \$63.8m in 2Q2014 to \$73.9m in 3Q2014. The increase in revenue in 3Q2014 was mainly due to increase in business in PCB Division and more big deals closed for IT Division.

For 3Q2014, the IT distribution business accounted for 89.2% of Group revenue, while PCB Division accounted for the remaining 10.8% of Group revenue.

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REVENUE

PCB Division

Revenue in this Division increased by 37.9% or \$2.2m, from \$5.8m in 3Q2013 to \$8.0m in 3Q2014, Comparing 3Q2014 to 2Q2014, revenue in this Division increased by 33.3% or \$2.0m from \$6.0m in 2Q2014 to \$8.0m in 3Q2014 due to the increase in demand of electronic products.

IT Division

The IT distribution business achieved a quarterly revenue of \$65.9m in 3Q2014, an increase by 16.4% or \$9.3m, from \$56.6m in 3Q2013. On a nine month basis, this business grew by 18.0% or \$29.5m, from \$164.0m in 9M2013 to \$193.5m in 9M2014. The growth was mainly due to the closing of a few big deals in 9M2014.

Comparing 3Q2014 to 2Q2014, revenue increased by 14.0% or \$8.1m, from \$57.8m in 2Q2014 to \$65.9m in 3Q2014.

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PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$2.2m in 3Q2014, as compared to a PBT of \$480,000 in 3Q2013.

The significantly improved PBT was due to the following:-

- (1) Increase of \$2.2m in gross profit, contributed by higher revenue attained and a slight increase in gross profit margin by 0.5 percentage points from 16.0% in 3Q2013 to 16.5% in 3Q2014. The increase in gross profit margin was mainly due to increase in turnover in the high operating leverage PCB Division. Given the fixed cost of depreciation on laser and mechanical drilling machines, the gross margin is particularly sensitive to changes in production volumes;
- (2) Net foreign exchange gain of \$182,000 in 3Q2014 as compared to loss of \$583,000 in 3Q2013 due to the high volatility of USD and RMB;
- (3) A write-back of allowance for doubtful third parties trade receivables of \$177,000 in 3Q2014 as compared to an allowance for doubtful third parties trade receivables of \$60,000 in 3Q2013; and
- (4) A gain on disposal of plant and equipment of \$133,000 in 3Q2014 as compared to a loss of \$52,000 in 3Q2013.

The improvement in PBT was however affected by the following:

- (1) An increase in inventory written off from \$6,000 in 3Q2013 to \$62,000 in 3Q2014 due to maintenance stocks expired;
- (2) An increase in allowance for inventory obsolescence from \$795,000 in 3Q2013 to \$1.2m in 3Q2014; and
- (3) An increase in depreciation expenses from \$1.1m in 3Q2013 to \$1.5m in 3Q2014. The increase is mainly due to appreciation of RMB, which translated into the depreciation cost in the manufacturing business.

Comparing 3Q2014 to 2Q2014, the Group PBT stood at \$2.2m in 3Q2014 as compared to \$578,000 in 2Q2014 mainly due to higher revenue achieved in the high operating leverage PCB Division in 3Q2014.

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PROFIT AFTER TAX (“PAT”)

Group PAT increased from a loss of \$112,000 in 3Q2013 to a profit of \$1.4m in 3Q2014. Comparing 3Q2014 to 2Q2014, Group PAT increased from \$181,000 in 2Q2014 to \$1.4m in 3Q2014. This increase was in line with the increase in PBT.

Income tax expenses comprised mainly current income tax and deferred tax of the Company and its subsidiaries.

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STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items for the financial period ended 30 September 2014.

Cash and cash equivalents at the Group level decreased from \$40.5m in 4Q2013 to \$35.3m in 3Q2014. The decrease is mainly due to purchase of available-for-sale investment and payment of dividend. At the Company level, cash and cash equivalents increased from \$1.9m to \$10.6m. The increase was mainly due to capital return from a subsidiary.

Trade and other receivables of the Group decreased by \$5.5m from \$72.4m to \$66.9m, due to lower sales achieved in 3Q2014 as compared to 4Q2013. The increase at the Company level by \$5.1m from \$22.9m to \$28.0m was mainly due to advance to a subsidiary.

Inventories at the Group level decreased by \$3.8m from \$30.2m to \$26.4m due to better inventory management.

Investments in subsidiaries at Company level decreased by \$20.5m from \$56.5m to \$36.0m mainly due to capital reduction in one subsidiary and liquidation of another subsidiary.

Investment in an associate decreased by \$246,000 from \$474,000m to \$228,000 mainly due to share of losses of \$246,000 in 9M2014. There is no change at the Company level as the investment is accounted for at cost, as opposed to the equity method at Group level.

Property, plant and equipment decreased by \$3.4m from \$27.4m to \$24.0m at the Group level mainly due to depreciation charge and disposal of plant and equipment net of purchase of new plant and equipment. The increase at the Company level is mainly due to purchase of new plant and equipment net of depreciation charged.

Available-for-sale investment at group level refers to purchase of keyman insurance.

Prepayment increased from \$0.9m to \$1.8m at the Group level mainly due to prepaid insurance premium. Prepayment at Company level remained relatively unchanged.

Trade and other payables decreased by \$5.0m from \$57.6m to \$52.6m at the Group level mainly due to payment made to vendors in 9M2014. The increase in trade and other payables at the Company level was mainly due to unclaimed dividend to be payable to the shareholder.

Borrowings decreased at Group and Company level mainly due to repayment of short-term loans to banks, net of drawdown of loans from the banks.

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CASH FLOW ANALYSIS

Net cash of \$8.9m was generated in operating activities in 9M2014, as opposed to net cash of \$5.4m used in 9M2013. This was mainly due to receipts from customers and improved inventory management, net of payment of trade and other payables.

Net cash of \$819,000 was used in investing activities in 9M2014 as opposed to \$92,000 generated in 9M2013. The changes were mainly due to purchase of available-for-sale investment and plant and equipment of \$1.2m net of proceeds from disposals of plant and equipment of \$370,000 in 9M2014 as compared to proceeds from disposal of plant and equipment of \$885,000 and proceeds from disposal of financial assets at fair value through profit or loss of \$124,000 net of purchase of equipment of \$912,000 in 9M2013.

Net cash of \$20.2m was used in financing activities in 9M2014 as opposed to \$2.5m generated in 9M2013. The change was mainly due to the the repayment of bank borrowings of \$63.0m, increase in fixed deposits pledged of \$7.0m, interest payment of \$404,000, dividend payment of \$2.0m net of proceeds from bank borrowings of \$52.3m in 9M2014.

Cash and cash equivalents stood at \$26.7m as at end of 30 September 2014, down from \$35.8m as at the end of 30 September 2013.

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A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next twelve months.

PCB

Comparing 3Q2014 to 3Q2013, the revenue for this quarter increased by 37.9% or \$2.2m, from \$5.8m in 3Q2013 to \$8.0m in 3Q2014. On a 9 month basis, revenue increased by \$2.1m from \$17.0m in 9M2013 to \$19.1m in 9M2014. The increase is mainly due to the increase in demand of electronic products.

The Group is currently one of the leading PCB drilling service providers in terms of capacity and technology in Eastern China. As at 30 September 2014, the Group has 143 mechanical drilling machines and 22 laser drilling machines. In 9M2014, the Group sold 2 laser drilling machines and 4 mechanical drilling machines. The Group will continue to be selective of its customers, rationalise operations, manage headcount to cut cost and conserve cash.

IT

The IT Division through the Singapore and the regional offices achieved a revenue growth of 16.4% and 18.0% year-on-year growth in 3Q2014 and 9M2014 respectively over the corresponding periods in year 2013.

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Blue Coat, Check Point, Citrix, Imperva, Riverbed and RSA.

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

As at 30 September 2014, the Group's IT business has a presence in 29 cities in 15 countries in the Asia Pacific region. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

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IT (Continued)

The near term outlook in the IT Division is dependent on events such as those political or economic in nature and such events could affect business in certain markets. The improving global economy is expected to have a positive impact on the IT Division. IT is a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group as more efforts are put into growing the IT business.

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

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Risk Factors

The Group's primary business risk in its PCB business is the exposure to the electronics products sector. Our customers are PCB manufacturers, most of whom will be exposed to the cyclical nature of the electronics business. Any downturn in the electronics cycle will result in a cutback in outsourcing, which will impact the Group negatively. Additionally, with the typically heavy capital investment required in the manufacturing service business, the Group will be adversely affected should there be a downturn in the electronics business due to the high fixed costs in this business.

The Group's success in the China market will depend on our ability to maintain our technological, quality assurance, capacity and pricing advantage over our competitors. Additionally, we have to monitor trade debts closely as collection of accounts receivable generally takes longer in China. The Group is tightening the credit assessment on customers for all regions.

The Group, with significant investment in China, is also exposed to the political, legal and economic climates of the country. Such risks pertaining to the political, legal and economic climates also extend to the other markets in which the Group is operating.

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

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

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

The actual results for 9M2014 were largely in line with the prospect commentary disclosed to the shareholders on 29 January 2014.

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2014 to 30 September 2014***NOTES TO THE FINANCIAL STATEMENTS****1. AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES****Amount repayable in one year or less, or on demand**

As at 30 Sep 2014		As at 31 Dec 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,560	11,065	1,907	27,421

Amount repayable after one year

As at 30 Sep 2014		As at 31 Dec 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,619	-	1,600	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's three properties, three motor vehicles, available-for-sale investment and fixed deposits placed with the financial institutions.

2. SHARE CAPITAL

Group	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2014 and 30 Sep 2014	360,381	37,288	37,288
Balance at 1 Jan 2013 and 30 Sep 2013	360,381	37,288	37,288

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2013. In addition, the Group also adopted various revisions to the FRS, which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2014 to 30 September 2014***NOTES TO THE FINANCIAL STATEMENTS**

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

Not applicable.

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

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

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

Not applicable.

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

<u>Group</u> Earnings per share attributable to owners of the parent during the financial period (expressed in cents per share)	3 months ended		9 months ended	
	30-Sep-2014	30-Sep-2013	30-Sep-2014	30-Sep-2013
(i) Based on weighted average number of shares	0.39 cents	(0.06) cents	0.48 cents	(0.50) cents
- Weighted average number of shares ('000)	360,381	360,381	360,381	360,381
(ii) On fully diluted basis	0.39 cents	(0.06) cents	0.48 cents	(0.50) cents
- Adjusted weighted average number of shares ('000)	360,381	360,381	360,381	360,381

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

	Group		Company	
	30-Sep-2014	31-Dec-2013	30-Sep-2014	31-Dec-2013
Net asset value per share based on existing issued share capital as at the respective period	22.86 cents	22.98 cents	19.33 cents	19.74 cents

The net asset value per ordinary share at the end of the current period and the immediately preceding financial year have been calculated based on 360,381,000 ordinary shares.

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NOTES TO THE FINANCIAL STATEMENTS**10. DIVIDEND****(a) Current Financial Period Reported On**

No dividend was declared/recommended for the financial period ended 30 September 2014.

(b) Dividend for financial period ended 30 September 2013

No dividend was declared/recommended for the financial period ended 30 September 2013.

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

There is no general mandate from shareholders for IPTs obtained.

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
30 October 2014

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

We, Foo Suan Sai and Han Juat Hoon, being two Directors of Multi-Chem Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the third quarter ended 30 September 2014 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 30 October 2014

Han Juat Hoon
Chief Operating Officer
Singapore, 30 October 2014