



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Unaudited Condensed Consolidated Interim Financial Statements and Dividend Announcement

For the six months and full year ended 31 December 2023

Unaudited Condensed Consolidated Interim Financial Statements and Dividend Announcement

For the six months and full year ended 31 December 2023

CONSOLIDATED INCOME STATEMENT

Group	6 months ended			12 months ended		
	31-12-2023	31-12-2022	Change	31-12-2023	31-12-2022	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	345,274	315,119	10	658,421	616,980	7
Cost of sales	(298,382)	(275,083)	8	(568,468)	(535,117)	6
Gross profit	46,892	40,036	17	89,953	81,863	10
Other items of income						
- Interest income	1,427	628	127	2,729	1,016	169
- Other income	1,326	1,373	(3)	2,506	2,144	17
Other items of expense						
- Selling and distribution costs	(14,547)	(15,030)	(3)	(31,150)	(31,177)	(0)
- Administrative and other expenses	(12,986)	(15,100)	(14)	(26,292)	(28,068)	(6)
- (Loss allowance)/reversal of allowance on third party trade receivables and contract assets	(745)	872	(185)	(375)	275	(236)
- Finance costs	(382)	(215)	78	(843)	(457)	84
Profit before income tax	20,985	12,564	67	36,528	25,596	43
Income tax expense	(5,274)	(2,218)	138	(9,405)	(5,599)	68
Profit for the financial period/year	15,711	10,346	52	27,123	19,997	36
Profit attributable to:						
Owners of the parent	15,711	10,346	52	27,123	19,997	36
Earnings per share for profit attributable to owners of the parent during the financial period/year						
(expressed in cents per share)						
Basic	17.44 cents	11.48 cents		30.10 cents	22.20 cents	
Diluted	17.44 cents	11.48 cents		30.10 cents	22.20 cents	

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group	6 months ended			12 months ended		
	31-12-2023 \$'000	31-12-2022 \$'000	Change %	31-12-2023 \$'000	31-12-2022 \$'000	Change %
Profit for the financial period/year	15,711	10,346	52	27,123	19,997	36
Other comprehensive income for the financial period/year:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Foreign currency differences on translation of foreign operations	(2,294)	(3,206)	(28)	(1,945)	(773)	152
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Fair value change in financial asset, at FVOCI	(20)	72	(128)	(168)	(176)	(5)
Remeasurements of post-employee benefits	27	11	145	27	11	145
	7	83	(92)	(141)	(165)	(15)
Other comprehensive income for the financial period/year, net of tax	(2,287)	(3,123)	(27)	(2,086)	(938)	122
Total comprehensive income for the financial period/year	<u>13,424</u>	<u>7,223</u>	<u>86</u>	<u>25,037</u>	<u>19,059</u>	<u>31</u>
Total comprehensive income attributable to:						
Owners of the parent	<u>13,424</u>	<u>7,223</u>	<u>86</u>	<u>25,037</u>	<u>19,059</u>	<u>31</u>

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STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	8,098	9,019	589	869
Investment properties	-	-	2,246	2,302
Investments in subsidiaries	-	-	-	-
Club memberships	990	1,010	374	374
Right-of-use assets	1,768	1,688	142	81
Deferred tax assets	5,974	5,556	-	-
Financial asset, at FVOCI	7	179	-	-
Financial asset, at FVPL	4,813	4,749	4,813	4,749
Trade receivables	17,533	11,821	-	-
Prepayments	1,094	1,657	55	141
	40,277	35,679	8,219	8,516
Current assets				
Inventories	86,847	69,318	335	445
Trade and other receivables	172,149	147,465	23,495	33,538
Contract assets	1,148	-	-	-
Prepayments	1,490	1,350	115	119
Current income tax recoverable	6,650	5,948	-	-
Fixed deposits	34,276	36,805	23,447	13,245
Cash and bank balances	38,771	32,737	4,110	1,104
	341,331	293,623	51,502	48,451
Less:				
Current liabilities				
Trade and other payables	182,244	142,206	7,373	5,198
Contract liabilities	31,434	27,559	-	-
Lease liabilities	786	1,048	48	49
Bank borrowings	786	1,000	-	-
Current income tax payable	5,877	3,100	-	103
	221,127	174,913	7,421	5,350
Net current assets	120,204	118,710	44,081	43,101
Less:				
Non-current liabilities				
Trade payables	9,524	11,267	-	-
Contract liabilities	3,571	2,989	-	-
Lease liabilities	1,122	952	99	33
Bank borrowings	-	417	-	-
Provision for post-employee benefits	637	554	-	-
Deferred tax liabilities	1,423	1,114	7	-
	16,277	17,293	106	33
	144,204	137,096	52,194	51,584
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation account	(3,589)	(1,644)	-	-
Other reserves	(1,145)	(977)	-	-
Retained earnings	111,650	102,429	14,906	14,296
Total equity	144,204	137,096	52,194	51,584

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CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	31-12-2023	31-12-2022
	\$'000	\$'000
OPERATING ACTIVITIES		
Profit before income tax	36,528	25,596
Adjustments for:		
- Loss allowance/(reversal of allowance) on third party trade receivables and contract assets	375	(275)
- Allowance made for inventory obsolescence	2,483	4,592
- Third party trade receivables written off	77	43
- Fair value change in financial asset, at FVPL	(150)	(155)
- Depreciation of property, plant and equipment	1,149	1,314
- Loss/(gain) on disposal of property, plant and equipment	1	(155)
- Amortisation of club memberships	10	10
- Depreciation of right-of-use assets	1,087	1,291
- Gain on lease modifications	(292)	-
- Interest expense	843	457
- Interest income	(2,729)	(1,016)
- Inventories written off	43	81
- Property, plant and equipment written off	-	1
- Third party trade and other payables written off	(575)	(221)
- Unrealised foreign exchange (gain)/loss	(841)	3,042
Operating cash flows before working capital changes	38,009	34,605
Working capital changes:		
- Inventories	(21,945)	(24,420)
- Trade and other receivables, and contract assets	(36,662)	(22,961)
- Prepayments	372	(1,912)
- Trade and other payables, and contract liabilities	50,189	35,611
- Provision for post-employee benefits	121	(57)
Cash generated from operations	30,084	20,866
Interest received	2,729	1,016
Income tax paid	(7,624)	(9,760)
Net cash generated from operating activities	25,189	12,122

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CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	12 months ended	
	31-12-2023	31-12-2022
	\$'000	\$'000
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	44	213
Purchase of property, plant and equipment	(348)	(856)
Purchase of club memberships	-	(296)
Net cash used in investing activities	<u>(304)</u>	<u>(939)</u>
FINANCING ACTIVITIES		
Proceeds from bank borrowings	942	4,887
Repayments of bank borrowings	(1,536)	(5,496)
Repayments of lease liabilities	(982)	(1,267)
Interest paid	(843)	(457)
Dividends paid to owners of the parent	(17,929)	(12,163)
Net cash used in financing activities	<u>(20,348)</u>	<u>(14,496)</u>
Net change in cash and cash equivalents	4,537	(3,313)
Cash and cash equivalents at beginning of financial year	69,493	74,363
Effects of exchange rate changes on cash and cash equivalents	(1,031)	(1,557)
Cash and cash equivalents at end of financial year (Note 1)	<u><u>72,999</u></u>	<u><u>69,493</u></u>
Note 1		
<i>Cash and cash equivalents at end of financial year comprise of:</i>		
Cash and cash equivalents as per Statement of Financial Position	73,047	69,542
Less: Fixed deposits pledged with banks	(48)	(49)
	<u><u>72,999</u></u>	<u><u>69,493</u></u>

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Foreign translation account	Premium on acquisition of non-controlling interests	Fair value reserve	Statutory reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	37,288	(1,644)	(1,043)	(264)	330	102,429	137,096
Profit for the financial year	-	-	-	-	-	27,123	27,123
Other comprehensive income for the financial year							
Foreign currency differences on translation of foreign operations	-	(1,945)	-	-	-	-	(1,945)
Fair value change in financial asset, at FVOCI	-	-	-	(168)	-	-	(168)
Remeasurements of post-employee benefits	-	-	-	-	-	27	27
Total comprehensive income for the financial year	-	(1,945)	-	(168)	-	27,150	25,037
Distributions to the owners of the parent							
Dividends	-	-	-	-	-	(17,929)	(17,929)
Total transactions with the owners of the parent	-	-	-	-	-	(17,929)	(17,929)
Balance at 31 December 2023	37,288	(3,589)	(1,043)	(432)	330	111,650	144,204
Balance at 1 January 2022	37,288	(871)	(1,043)	(88)	330	94,584	130,200
Profit for the financial year	-	-	-	-	-	19,997	19,997
Other comprehensive income for the financial year							
Foreign currency differences on translation of foreign operations	-	(773)	-	-	-	-	(773)
Fair value change in financial asset, at FVOCI	-	-	-	(176)	-	-	(176)
Remeasurements of post-employee benefits	-	-	-	-	-	11	11
Total comprehensive income for the financial year	-	(773)	-	(176)	-	20,008	19,059
Distributions to the owners of the parent							
Dividends	-	-	-	-	-	(12,163)	(12,163)
Total transactions with the owners of the parent	-	-	-	-	-	(12,163)	(12,163)
Balance at 31 December 2022	37,288	(1,644)	(1,043)	(264)	330	102,429	137,096

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STATEMENTS OF CHANGES IN EQUITY (Continued)

Company	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2023	37,288	14,296	51,584
Profit for the financial year	-	18,539	18,539
Total comprehensive income for the financial year	-	18,539	18,539
Transaction with the owners			
Dividends paid	-	(17,929)	(17,929)
Total transactions with the owners	-	(17,929)	(17,929)
Balance at 31 December 2023	37,288	14,906	52,194
Balance at 1 January 2022	37,288	9,919	47,207
Profit for the financial year	-	16,540	16,540
Total comprehensive income for the financial year	-	16,540	16,540
Transaction with the owners			
Dividends paid	-	(12,163)	(12,163)
Total transactions with the owners	-	(12,163)	(12,163)
Balance at 31 December 2022	37,288	14,296	51,584

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General corporate information

Multi-Chem Limited is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 18 Boon Lay Way, #05-113, Tradehub 21, Singapore 609966. The Company's registration number is 198500318Z. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group's ultimate controlling parties are Mr Foo Suan Sai and Mdm Han Juat Hoon.

The principal activities of the Company are those of investment holding and provision of value-added printed circuit board ("PCB") related services, to PCB fabricators and the distribution of specialty chemicals and other PCB related products and equipment to PCB fabricators.

The principal activities of the subsidiaries are distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products.

2. Basis of Preparation

The condensed consolidated interim financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting and Corporate Regulatory Authority. The condensed consolidated 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 annual financial statements for the year ended 31 December 2022.

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 consolidated interim financial statements are presented in Singapore dollar 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 consolidated interim 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 expense. 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 December 2022.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 9 – Allowance for inventory obsolescence
- Note 10 – Loss allowance for impairment of trade receivables

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3. Seasonal operations

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

4. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Greater China (including Hong Kong and Taiwan), Australia, India and other countries. These locations are engaged in the distribution of PCB and distribution of IT products.

The Group has two reportable segments being PCB business and IT business.

4.1. Reportable segments

	Singapore	Greater China	Australia	India	Others	Elimination and adjustments	Total
	IT business	PCB business	IT business	IT business	IT business	IT business	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2023 to 31 December 2023							
Revenue							
- External sales	204,961	904	18,260	29,290	17,616	74,243	345,274
- Inter-segment sales	186	-	-	-	-	-	(186)
Total revenue	205,147	904	18,260	29,290	17,616	74,243	345,274

	IT business	PCB business	Elimination and adjustments	Total
	\$'000	\$'000	\$'000	\$'000
Segment results				
Interest income	882	545	-	1,427
Interest expense	(379)	(3)	-	(382)
Depreciation of property, plant and equipment	(358)	(168)	-	(526)
<i>Other non-cash items:</i>				
- Loss on disposal of property, plant and equipment	(2)	-	-	(2)
- Amortisation of club memberships	(5)	-	-	(5)
- Depreciation of right-of-use assets	(526)	(27)	-	(553)
- Third party trade receivables written off	(35)	-	-	(35)
- Inventories written off	(35)	-	-	(35)
- Unrealised foreign exchange gain/(loss)	1,825	(970)	-	855
- Allowance (made)/reversed for inventory obsolescence	(502)	9	-	(493)
- Loss allowance on third party trade receivables and contract assets	(745)	-	-	(745)
- Fair value change in financial asset, at FVPL	-	91	-	91
- Fair value change in derivative financial instruments	10	-	-	10
Segment profit/(loss)	25,737	(4,752)	-	20,985

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4.1. Reportable segments (Continued)

	Singapore		Greater China		Australia	India	Others	Unallocated	Total
	IT business	PCB business	IT business	IT business	IT business	IT business	IT business		
1 July 2023 to 31 December 2023									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure									
Property, plant and equipment	52	-	9	1	71	46	-	179	

	Singapore		Greater China		Australia	India	Others	Elimination and adjustments	Total
	IT business	PCB business	IT business	IT business	IT business	IT business	IT business		
1 July 2022 to 31 December 2022									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue									
- External sales	157,286	958	25,628	25,621	26,667	78,959	-	315,119	
- Inter-segment sales	-	-	-	-	15	-	(15)	-	
Total revenue	157,286	958	25,628	25,621	26,682	78,959	(15)	315,119	

	IT business	PCB business	Elimination and adjustments		Total
			\$'000	\$'000	
Segment results					
Interest income					628
Interest expense					(215)
Depreciation of property, plant and equipment					(668)
<i>Other non-cash items:</i>					
- Gain on disposal of property, plant and equipment					63
- Amortisation of club memberships					(5)
- Depreciation of right-of-use assets					(621)
- Third party trade receivables written off					(5)
- Inventories written off					(37)
- Property, plant and equipment written off					(1)
- Unrealised foreign exchange loss					(1,407)
- Allowance made for inventory obsolescence					(2,556)
- Reversal of allowance on third party trade receivables					872
- Fair value change in financial asset, at FVPL					95
Segment profit/(loss)	15,931	(3,367)			12,564

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4.1. Reportable segments (Continued)

	Singapore		Greater China	Australia	India	Others	Unallocated	Total
	IT business	PCB business	IT business	IT business	IT business	IT business		
1 July 2022 to 31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
Property, plant and equipment	112	1	20	2	16	61	-	212

	Singapore		Greater China	Australia	India	Others	Elimination and adjustments	Total
	IT business	PCB business	IT business	IT business	IT business	IT business		
1 January 2023 to 31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
- External sales	372,590	1,792	34,955	54,600	40,558	153,926	-	658,421
- Inter-segment sales	187	-	-	-	-	-	(187)	-
Total revenue	372,777	1,792	34,955	54,600	40,558	153,926	(187)	658,421

	IT business	PCB business	Elimination and adjustments	Total
	\$'000	\$'000	\$'000	\$'000
Segment results				
Interest income				2,729
Interest expense				(843)
Depreciation of property, plant and equipment				(1,149)
<i>Other non-cash items:</i>				
- Loss on disposal of property, plant and equipment				(1)
- Amortisation of club memberships				(10)
- Depreciation of right-of-use assets				(1,087)
- Third party trade receivables written off				(77)
- Inventories written off				(43)
- Unrealised foreign exchange gain/(loss)				841
- Allowance (made)/reversed for inventory obsolescence				(2,483)
- Loss allowance on third party trade receivables and contract assets				(375)
- Fair value change in financial asset, at FVPL				150
Segment profit/(loss)	39,722	(3,194)	-	36,528

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4.1. Reportable segments (Continued)

	Singapore	Greater China	Australia	India	Others		
	PCB						
1 January 2023 to	IT business	business	IT business	IT business	IT business	IT business	Unallocated
31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Total
Capital expenditure							
Property, plant and equipment	101	-	9	1	89	148	- 348
31 December 2023							
Assets and liabilities							
Segment assets	211,120	36,833	11,756	20,385	19,361	69,529	12,624 381,608
Segment liabilities	150,744	7,521	6,447	14,934	15,592	34,866	7,300 237,404

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4.1. Reportable segments (Continued)

	Singapore	Greater China	Australia	India	Others		
	PCB						
1 January 2022 to	IT business	business	IT business	IT business	IT business	IT business	Unallocated
31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure							
Property, plant and equipment	242	108	24	2	149	331	- 856
31 December 2022							
Assets and liabilities							
Segment assets	175,335	23,989	17,886	19,520	25,883	55,185	11,504 329,302
Segment liabilities	113,439	5,281	8,908	13,558	16,945	29,860	4,215 192,206

Geographical segments

	Singapore	Greater China	Australia	India	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2023 to 31 December 2023						
Revenue from external customers	160,341	20,986	29,309	17,853	116,785	345,274
1 July 2022 to 31 December 2022						
Revenue from external customers	134,537	26,149	26,344	26,850	101,239	315,119
1 January 2023 to 31 December 2023						
Revenue from external customers	300,528	38,004	55,295	40,773	223,821	658,421
1 January 2022 to 31 December 2022						
Revenue from external customers	271,680	52,381	48,415	60,012	184,492	616,980
31 December 2023						
Non-current assets	6,623	344	2,632	1,089	1,262	11,950
31 December 2022						
Non-current assets	7,460	610	2,674	1,004	1,626	13,374

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4.2. Disaggregation of Revenue

	At a point time		Group Over time		Total	
	6 months ended		6 months ended		6 months ended	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
IT business						
- Distribution of IT products	337,117	307,010	-	-	337,117	307,010
- In-house maintenance services	-	-	4,725	4,822	4,725	4,822
- Professional services	2,486	2,189	-	-	2,486	2,189
- Training services	41	138	-	-	41	138
PCB business						
- PCB services	416	447	-	-	416	447
- Distribution of PCB related products	254	266	-	-	254	266
	<u>340,314</u>	<u>310,050</u>	<u>4,725</u>	<u>4,822</u>	<u>345,039</u>	<u>314,872</u>
Rental						
IT					1	2
PCB					234	245
					<u>345,274</u>	<u>315,119</u>

	At a point time		Group Over time		Total	
	12 months ended		12 months ended		12 months ended	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
IT business						
- Distribution of IT products	642,724	600,801	-	-	642,724	600,801
- In-house maintenance services	-	-	9,207	9,562	9,207	9,562
- Professional services	4,529	4,378	-	-	4,529	4,378
- Training services	161	208	-	-	161	208
PCB business						
- PCB services	864	948	-	-	864	948
- Distribution of PCB related products	460	589	-	-	460	589
	<u>648,738</u>	<u>606,924</u>	<u>9,207</u>	<u>9,562</u>	<u>657,945</u>	<u>616,486</u>
Rental						
IT					8	7
PCB					468	487
					<u>658,421</u>	<u>616,980</u>

BREAKDOWN OF SALES

	2023	2022	Increase
	\$'000	\$'000	%
Sales reported for first half year	313,147	301,861	4
Profit after tax before deducting non-controlling interests reported for first half year	11,412	9,651	18
Sales reported for second half year	345,274	315,119	10
Profit after tax before deducting non-controlling interests reported for second half year	15,711	10,346	52

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5. Profit before taxation

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

Group	6 months ended			12 months ended		
	31/12/2023	31/12/2022	Change	31/12/2023	31/12/2022	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	522	1,038	(50)	1,334	1,613	(17)
Interest income	1,427	628	127	2,729	1,016	169
Interest expense	(382)	(215)	78	(843)	(457)	84
Amortisation of club memberships	(5)	(5)	-	(10)	(10)	-
Depreciation of property, plant and equipment	(526)	(668)	(21)	(1,149)	(1,314)	(13)
Depreciation of right-of-use assets	(553)	(621)	(11)	(1,087)	(1,291)	(16)
(Loss allowance)/reversal of allowance on third party trade receivables and contract assets	(745)	872	(185)	(375)	275	(236)
Third party trade receivables written off	(35)	(5)	600	(77)	(43)	79
Allowance made for inventory obsolescence	(493)	(2,556)	(81)	(2,483)	(4,592)	(46)
Inventories written off	(35)	(37)	(5)	(43)	(81)	(47)
Foreign exchange (loss)/gain, net	(153)	(2,627)	(94)	155	(3,964)	(104)
(Loss)/gain on disposal of property, plant and equipment	(2)	63	(103)	(1)	155	(101)
Property, plant and equipment written off	-	(1)	(100)	-	(1)	(100)
Third party trade and other payables written off	575	177	225	575	221	160
Gain on lease modifications	292	-	100	292	-	100
Fair value change in financial asset, at FVPL	91	95	(4)	150	155	(3)
Fair value change in derivative financial instruments	10	-	100	-	-	-

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, after deducting any provision for preference dividends.

Group	6 months ended		12 months ended	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
Earnings per share attributable to owners of the parent during the financial period/year (expressed in cents per share)				
(i) Based on weighted average number of shares	17.44 cents	11.48 cents	30.10 cents	22.20 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	17.44 cents	11.48 cents	30.10 cents	22.20 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

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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 (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
Net asset value per share based on existing issued share capital as at the respective period	160.06 cents	152.17 cents	57.93 cents	57.26 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 90,095,000 ordinary shares.

8. **Issues, repurchases and repayment of debt and equity securities.**

Not applicable.

9. **Inventories**

During the six months ended 31 December 2023, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off of \$493,000 and \$35,000 (six months ended 31 December 2022: \$2,556,000 and \$37,000) respectively that have been included in "cost of sales" line item in profit or loss.

During the full year ended 31 December 2023, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off of \$2,483,000 and \$43,000 (31 December 2022: \$4,592,000 and \$81,000) respectively that have been included in "cost of sales" line item in profit or loss.

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10. Trade and other receivables and contract assets

Trade and other receivables

	Group	
	31-12-2023	31-12-2022
	\$'000	\$'000
Non-current assets		
Trade receivables – third parties	17,533	11,821
Current assets		
Trade receivables		
- third parties	165,164	140,213
Loss allowance on third party trade receivables	(4,646)	(5,160)
	160,518	135,053
Non-trade receivables		
- third parties	8,116	11,155
	168,634	146,208
Deposits	539	485
Value added tax	2,976	772
Total current trade and other receivables	172,149	147,465
Total trade and other receivables	189,682	159,286

Non-current trade receivables due from third parties are unsecured, non-interest bearing and expected to be settled within 2 to 5 years (2022: 2 to 5 years).

Current trade receivables due from third parties are unsecured, non-interest bearing and generally on 30 to 120 (2022: 30 to 120) days credit terms.

The fair values of non-current trade receivables are computed based on cash flows discounted at market borrowing rates. The fair values approximate their carrying amounts.

The age analysis of trade receivables is as follows:

	Group	
	31-12-2023	31-12-2022
	\$'000	\$'000
Current	144,828	114,985
Past due 0 to 1 month	19,572	16,046
Past due 1 to 2 months	6,130	9,685
Past due 2 to 5 months	9,091	7,543
Past due over 5 months	3,076	3,775
Total	182,697	152,034

Trade receivables are present in:

Non-current assets	17,533	11,821
Current assets	165,164	140,213
	182,697	152,034

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10. Trade and other receivables and contract assets (Continued)

Contract assets

	Group	
	31-12-2023	31-12-2022
	\$'000	\$'000
Contract assets	1,167	-
Less: Loss allowance	(19)	-
	<u>1,148</u>	<u>-</u>

Contract assets arise from distribution of IT products due to partial performance of the contracts with customers ahead of billing. Contract assets are transferred to receivables when the rights become unconditional.

Loss allowance on third party trade receivables and contract assets

Management applied the “simplified approach” for assessing expected credit losses for trade receivables from third parties and contract assets. Under the simplified approach, the Group’s management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions in each geographical region, credit rating in each geographical region and customer credit control checks.

Movements in loss allowance on third party trade receivables and contract assets were as follows:

	Group	
	31-12-2023	31-12-2022
	\$'000	\$'000
Balance at beginning of financial year	5,160	5,635
Loss allowance made during the financial year		
- made for lifetime expected credit loss, not credit impaired	1,097	251
- reversed lifetime expected credit loss, credit impaired	(722)	(526)
Receivable written off as uncollectible	(800)	(8)
Currency translation adjustment	(70)	(192)
Balance at end of financial year	<u>4,665</u>	<u>5,160</u>

As at 31 December 2023, trade receivables of \$817,000 (31 December 2022: \$2,352,000) had lifetime expected credit losses of the full value of the receivables. These receivables due at the end of financial year relates to customers located in various geographical areas. The main factors considered in determining the lifetime expected credit losses for these customers are debts past due more than 5 months and there was currently uncertainty over the recoverability of the debts.

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10. Trade and other receivables (Continued)

Loss allowance on third party trade receivables and contract assets (Continued)

The allowance on third party trade receivables and contract assets by jurisdiction were as below:

	Group	
	31-12-2023	31-12-2022
	\$'000	\$'000
IT business		
- Australia	730	151
- Singapore	1,146	1,535
- Greater China	329	1,043
- India	1,408	1,764
- Rest of Southeast Asia	947	607
- Others	100	57
	4,660	5,157
PCB business		
- Singapore	5	3
Total	4,665	5,160

11. Borrowings

Amount repayable in one year or less, or on demand

As at 31 Dec 2023		As at 31 Dec 2022	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	786	-	1,000

Amount repayable after one year

As at 31 Dec 2023		As at 31 Dec 2022	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	417

Additional information and details of any collateral

Not applicable.

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12. Share Capital

	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2023 and 31 December 2023	90,095	37,288	37,288
Balance at 1 Jan 2022 and 31 December 2022	90,095	37,288	37,288

The Company did not hold any treasury shares as at 31 December 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

13. 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.

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. 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.

1.1 REVENUE

The Group achieved revenue of \$345.3m for the six months ended 31 December 2023 ("2H2023"), an increase of 9.6% or \$30.2m compared to the revenue of \$315.1m for the six months ended 31 December 2022 ("2H2022"). For the twelve months ended 31 December 2023 ("12M2023"), the Group achieved revenue of \$658.4m, a year-on-year increase of 6.7% or \$41.4m, compared to revenue of \$617.0m achieved for the twelve months ended 31 December 2022 ("12M2022").

Comparing 2H2023 to 1H2023, revenue increased by 10.3% or \$32.2m, from \$313.1m in 1H2023 to \$345.3m in 2H2023.

IT Division

The IT Distribution business achieved revenue of \$344.4m in 2H2023, an increase of 9.6% or \$30.2m, from \$314.2m in 2H2022. On a twelve months basis, this division grew by 6.8% or \$41.6m, from \$615.0m in 12M2022 to \$656.6m in 12M2023.

Comparing 2H2023 to 1H2023, revenue in IT business increased by 10.3% or \$32.2m, from \$312.2m in 1H2023 to \$344.4m in 2H2023.

The increase in revenue for 12M2023 was mainly due to the increase in customer demand and some significant transactions closed during 12M2023.

PCB Division

Revenue in this Division remained at \$0.9m in 2H2022 and 2H2023. On a twelve months basis, revenue in this division decreased by 11.6% or \$232,000, from \$2.0m in 12M2022 to \$1.8m in 12M2023. The decrease in revenue was mainly due to lower customer demand during 12M2023.

Comparing 2H2023 to 1H2023, revenue in this Division remained at \$0.9m in 1H2023 and 2H2023.

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1.2 PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$21.0m in 2H2023, as compared to \$12.6m in 2H2022.

The increase in PBT was mainly due to the following:

- (1) An increase in gross profit of \$6.9m mainly due to the increase in gross profit margin and the decrease in allowance for inventory obsolescence of \$2.1m from \$2.6m in 2H2022 to \$493,000 in 2H2023 based on the review of inventory obsolescence performed as at 31 December 2023;
- (2) A decrease in net foreign exchange loss of \$2.5m from \$2.6m in 2H2022 to \$153,000 in 2H2023, mainly due to depreciation of United States dollar against Singapore dollar and local currencies in 2H2023. Excluding net foreign exchange differences, the Group reported a PBT of \$21.1m in 2H2023, compared to a PBT of \$15.2m in 2H2022;
- (3) An increase in interest income of \$799,000 from \$628,000 in 2H2022 to \$1.4m in 2H2023, mainly due to the increase in fixed deposits placed with the financial institutions, interest income for the time value of money associated with the contractual terms of trade receivables and tax refunds received in 2H2023; and
- (4) A decrease in staff costs of \$443,000 mainly due to the decrease in headcount in 2H2023.

The increase in PBT was however pared by the following:

- (1) Loss allowance on third party trade receivables of \$745,000 in 2H2023, as compared to reversal of loss allowance on third party trade receivables of \$872,000 in 2H2022, based on the impairment review performed as at 31 December 2023 in accordance to SFRS(I) 9; and
- (2) An increase in sales commission and profit share of \$1.6m mainly due to the increase in revenue and PBT.

Comparing 2H2023 to 1H2023, the Group PBT stood at \$21.0m in 2H2023 as compared to \$15.5m in 1H2023. The increase was mainly due to higher gross profit margin, lower allowance for inventory obsolescence and staff cost in 2H2023, offset by loss allowance on third party trade receivables in 2H2023 as compared to reversal of allowance on third party trade receivables in 1H2023.

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1.3 PROFIT AFTER TAX (“PAT”)

In 2H2023, the Group achieved PAT of \$15.7m as compared to \$10.3m in 2H2022, mainly due to the increase in PBT offset by the increase in income tax expenses. The increase in income tax expenses from \$2.2m in 2H2022 to \$5.3m in 2H2023 was mainly due to higher profit attained in 2H2023.

Comparing 2H2023 to 1H2023, Group PAT increased by 37.7% or \$4.3m, from \$11.4m in 1H2023 to \$15.7m in 2H2023. The increase was mainly due to the increase in PBT offset by the increase in income tax expenses. The increase in income tax expenses due to higher profit attained in 2H2023.

Income tax expenses comprised mainly current income tax, deferred tax and withholding tax expenses of the Group.

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1.4 STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 31 December 2023 compared to 31 December 2022.

Property, plant and equipment decreased by \$921,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchase of plant and equipment in Year 2023. At the Company level, property, plant and equipment decreased from \$869,000 to \$589,000 due to depreciation charge in Year 2023.

Deferred tax assets increased by \$418,000 at the Group level mainly due to recognition of deferred tax assets in Year 2023 based on the assessment on the probability of realising the related tax benefits of temporary difference through future taxable profits. There were no deferred tax assets at Company level.

Financial asset, at FVOCI refers to financial asset at fair value through other comprehensive income and the Group has elected to classify equity investments, which are not accounted for as subsidiary, associate or jointly controlled entity, as financial asset at fair value through other comprehensive income. This decreased by \$172,000 at the Group level due to fair value change in Year 2023. There was no financial asset, at FVOCI at the Company level.

Cash and cash equivalents at the Group level increased by \$3.5m from \$69.5m to \$73.0m. The increase was mainly due to increase in cash generated from operations and interest received, decrease in income tax paid, net of increase in dividends paid to shareholders. At the Company level, cash and cash equivalents increased by \$13.3m from \$14.3m to \$27.6m mainly due to dividends received from subsidiaries and repayment from a subsidiary, net of dividends paid to shareholders.

Trade and other receivables of the Group increased by \$30.4m from \$159.3m to \$189.7m, mainly due to higher revenue attained in Year 2023 and increase in value added tax receivables. At the Company level, trade and other receivables decreased by \$10.0m from \$33.5m to \$23.5m mainly due to repayments from a subsidiary, net of advances to a subsidiary.

Prepayments decreased by \$423,000 from \$3.0m to \$2.6m at the Group level was mainly due to realisation of expenses in Year 2023. Prepayments at Company level decreased by \$90,000 from \$260,000 to \$170,000.

Inventories at the Group level increased by \$17.5m from \$69.3m to \$86.8m mainly due to increased purchases to cater for contracts not yet fulfilled. At the Company level, inventories decreased by \$110,000 from \$445,000 to \$335,000.

Contract assets increased by \$1.1m from \$Nil to \$1.1m at the Group level. The contract assets arise from distribution of IT products due to partial performance of the contracts with customers ahead of billing. There was no contract asset at the Company level.

Current income tax recoverable increased by \$702,000 from \$5.9m to \$6.7m at the Group level mainly due to increase in tax deducted at source in Year 2023. There was no current income tax recoverable at the Company level.

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1.4 STATEMENTS OF FINANCIAL POSITION REVIEW (Continued)

Trade and other payables increased by \$38.3m from \$153.5m to \$191.8m at the Group level mainly due to increased purchases corresponding with the increase in revenue in Year 2023. Non-current trade payables refer to trade payables on schedule billing arrangement. At the Company level, trade and other payables increased by \$2.2m from \$5.2m to \$7.4m mainly due to the increase in accrued operating expenses in Year 2023.

Contract liabilities increased by \$4.5m from \$30.5m to \$35.0m at the Group level mainly due to increase in advance billings and rebate to customers. There was no contract liability at the Company level.

Bank borrowings decreased by \$631,000 from \$1.4m to \$786,000 at the Group level mainly due to repayments made to the financial institutions. There was no bank borrowing at the Company level.

Foreign currency translation account increased by \$2.0m from \$1.6m to \$3.6m at the Group level mainly due to depreciation of United States dollar against Singapore dollar.

Other reserves increased by \$168,000 from \$977,000 to \$1.1m at the Group level mainly due to fair value change in financial asset, at FVOCI in Year 2023.

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1.5 CASH FLOW ANALYSIS

Net cash of \$25.2m was generated from operating activities in 12M2023, as compared to net cash of \$12.1m generated in 12M2022. This was mainly due to higher profit before income tax, increase in trade and other payables, and contract liabilities, net of increase in trade and other receivables, and contract assets owing to higher business volume.

Net cash of \$304,000 was used in investing activities in 12M2023, as compared to \$939,000 used in investing activities in 12M2022. The change was mainly due to purchase of plant and equipment of \$348,000, net of proceeds from disposal of plant and equipment of \$44,000 in 12M2023, as compared to purchase of plant and equipment of \$856,000 and purchase of club memberships of \$296,000, net of proceeds from disposal of plant and equipment of \$213,000 in 12M2022.

Net cash of \$20.3m was used in financing activities in 12M2023, as compared to net cash of \$14.5m used in financing activities in 12M2022. This was mainly due to repayment of bank borrowings of \$1.5m, payment of dividend of \$17.9m, repayment of lease liabilities of \$1.0m and interest paid of \$843,000, net of proceeds from bank borrowings of \$942,000 in 12M2023, as compared to repayment of bank borrowings of \$5.5m, payment of dividend of \$12.2m and repayment of lease liabilities of \$1.3m, net of proceeds from bank borrowings of \$4.9m in 12M2022.

Cash and cash equivalents stood at \$73.0m as at end of 31 December 2023, up from \$69.5m as at end of 31 December 2022.

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- 2. 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.**

IT

The IT business through Singapore and the regional offices experienced a year-on-year revenue growth of 9.6% in 2H2023. On full year basis, revenue in IT business increased by 6.8%. The increase in revenue was mainly due to the increase in customer demands. With the current inflation and interest rates rising and geo-political conflicts, the Group is monitoring the impact on the global economy and will continue to be vigilant during this challenging time.

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 Check Point, CyberArk, Hitachi Vantara, Imperva, Trellix (formerly McAfee), Proofpoint, RSA, Solarwinds, Symantec (a division of Broadcom) and Trend Micro.

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 Check Point course. 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 31 December 2023, the Group's IT business had a presence in 27 cities in 14 countries in the Asia Pacific region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

The near term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. With the current inflation and interest rates rising and geo-political conflicts, the global economic outlook remains uncertain which in turn will affect the Group's business. However, IT is still 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's 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.

PCB

Revenue in PCB division remained relatively unchanged when compared with the corresponding periods in year 2022. The revenue growth in PCB division is expected to be limited in year 2024.

As at 31 December 2023, the Group had 7 mechanical drilling machines in Singapore.

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3. Risk Factors

The Group's primary business risk is in its IT business. In the area of IT business, the Group is subject 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. To mitigate such risk, the Group has taken steps to align with the leading names in the IT arena. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Australian dollar, Thailand baht, Malaysian ringgit, Indian rupee, Indonesian rupiah, Taiwan dollar, Hong Kong dollar, Philippines peso, and to a lesser extent, Euro, Korean won, Japanese yen, Vietnam dong, New Zealand dollar, British Pound and Sri Lankan rupee. The Group may, from time to time, enter into borrowing and foreign currency arrangements to reduce its foreign currency exposure. With any volatility in the US dollar, the Group expects to be exposed to a higher foreign exchange risk against some of the local currencies we collect from the customers.

The Group is also exposed to the political, legal and economic climates of the country in which the Group is operating. Economic and political conditions are still key factors in determining the level of IT spending.

4. 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 12M2023 were largely in line with the prospect commentary disclosed to the shareholders on 17 February 2023.

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5. 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 2022. In addition, the Group also adopted various revisions to Singapore Financial Reporting Standards (International) ("SFRS(I)"), which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

6. 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.

7. 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.

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

Not applicable.

8A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

9. Dividends

(a) Current Financial Period Reported On

Name of Dividend	2023	2023	2023 Total
	Interim Ordinary Tax Exempt – 1-Tier	Final Tax Exempt – 1-Tier	
Dividend Type	Cash	Cash	Cash
Dividend Amount (Cents Per Share)	8.80	15.50	24.30

(b) Corresponding Year of the Immediately Preceding Financial Year

Name of Dividend	2022	2022	2022 Total
	Interim Ordinary Tax Exempt – 1-Tier	Final Tax Exempt – 1-Tier	
Dividend Type	Cash	Cash	Cash
Dividend Amount (Cents Per Share)	6.60	11.10	17.70

Multi-Chem Limited

Registration No. 198500318Z

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9. DIVIDEND (Continued)

(c) Record date and dividend payment date

The proposed final tax exempt (one-Tier) dividend of 15.50 cents per ordinary share, if approved by shareholders at the forthcoming Annual General Meeting to be convened, will be paid on 24 May 2024.

The record (entitlement) date and time of the proposed final dividend will be on 13 May 2024 at 5:00 p.m. and the book closure date will be on 14 May 2024.

10. 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.

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

The Company confirmed that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the Listing Manual.

12. 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.

There is no 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.

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
23 February 2024