



CEI LIMITED

(Company Registration No. 199905114H)

Second Quarter and First Half Year Financial Statements

The Board of Directors of CEI Limited wishes to announce the unaudited results of the Group and of the Company for the Second Quarter and First Half Year Ended 30 June 2019.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2019

	GROUP					
	Second quarter ended:			First half year ended:		
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	+ / (-) %	30 Jun 2019 \$'000	30 Jun 2018 \$'000	+ / (-) %
Revenue	34,634	34,759	(0.4)	69,579	68,101	2.2
Cost of sales	(25,960)	(26,271)	(1.2)	(52,545)	(51,961)	1.1
Gross profit	8,674	8,488	2.2	17,034	16,140	5.5
Other income (including interest income)	-	-	-	1	1	-
General and administrative costs	(5,223)	(4,461)	17.1	(10,345)	(9,396)	10.1
Selling and distribution costs	(1,199)	(1,159)	3.5	(2,283)	(2,194)	4.1
Profit from operations	2,252	2,868	(21.5)	4,407	4,551	(3.2)
Finance costs	(49)	(18)	N/M	(94)	(27)	N/M
Share of results of associated companies	12	-	N/M	38	-	N/M
Profit from operations before taxation	2,215	2,850	(22.3)	4,351	4,524	(3.8)
Taxation	(306)	(476)	(35.7)	(671)	(869)	(22.8)
Profit after taxation	1,909	2,374	(19.6)	3,680	3,655	0.7
Other comprehensive income:						
Foreign currency translation	5	51	N/M	49	26	N/M
Total comprehensive income for the period	1,914	2,425	(21.1)	3,729	3,681	1.3

Included in the above expenses are -

Depreciation of fixed assets	(519)	(457)	13.6	(1,039)	(934)	11.2
Fair value gain/(loss) on forward contracts	34	(529)	N/M	(23)	(518)	N/M
Foreign exchange (loss)/gain	(114)	576	N/M	(180)	399	N/M

N/M – Not meaningful

1(b) STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 Jun 2019 \$'000	31 Dec 2018 \$'000	30 Jun 2019 \$'000	31 Dec 2018 \$'000
Non-current assets				
Property, plant and equipment	3,670	3,257	2,377	1,817
Goodwill	1,063	1,063	1,063	1,063
Investments in subsidiaries	-	-	5,107	5,107
Investments in an associated company	1,468	1,082	929	582
Deferred tax assets	913	863	203	203
	<u>7,114</u>	<u>6,265</u>	<u>9,679</u>	<u>8,772</u>
Current assets				
Inventories	31,408	33,785	30,195	32,292
Trade receivables	25,136	26,977	24,521	26,537
Other receivables	283	309	146	202
Prepayments and advances to suppliers	717	598	501	389
Amounts due from a subsidiary company	-	-	1,254	1,378
Cash and cash equivalents	7,308	3,355	6,605	3,105
	<u>64,852</u>	<u>65,024</u>	<u>63,222</u>	<u>63,903</u>
Current liabilities				
Trade payables and accruals	20,156	19,214	19,029	17,921
Amounts due to subsidiary companies	-	-	4,457	4,813
Bank borrowings	7,519	7,519	7,519	7,519
Provision for taxation	1,880	2,094	1,746	1,946
Contract liability	1,503	2,063	1,503	2,063
	<u>31,058</u>	<u>30,890</u>	<u>34,254</u>	<u>34,262</u>
Net current assets	<u>33,794</u>	<u>34,134</u>	<u>28,968</u>	<u>29,641</u>
Non-current liability				
Defined benefit obligations	760	645	-	-
Lease liability	560	-	560	-
	<u>1,320</u>	<u>645</u>	<u>560</u>	<u>-</u>
Net assets	<u>39,588</u>	<u>39,754</u>	<u>38,087</u>	<u>38,413</u>
Equity attributable to owners of the Company				
Share capital	23,897	23,897	23,897	23,897
Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Retained earnings	16,498	16,615	15,027	15,353
Foreign currency translation reserve	30	79	-	-
	<u>39,588</u>	<u>39,754</u>	<u>38,087</u>	<u>38,413</u>

1(c) **BORROWINGS**

Amount repayable in one year or less, or on demand

As at 30 June 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	7,519	-	7,519

Amount repayable after one year

As at 30 June 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

Not applicable.

**1(d) CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED
30 JUNE 2019**

GROUP

	Second quarter ended:		First half year ended:	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Cash flows from operating activities				
Profit before taxation	2,215	2,850	4,351	4,524
Adjustments for:				
Depreciation of property, plant and equipment	519	457	1,039	934
Interest income	-	-	(1)	(1)
Interest expense	49	18	94	27
Fair value (gain)/loss on forward contracts	(34)	529	23	518
Unrealised exchange loss/(gain)	184	(448)	87	(565)
Reversal of write-down of inventories	-	-	-	(24)
Provision for defined benefit obligations	57	57	115	94
Share of results of an associated company	(12)	-	(38)	-
Operating cash flows before changes in working capital	2,978	3,463	5,670	5,507
(Increase)/decrease in receivables and prepayments	(488)	(908)	1,638	2,302
Decrease/(increase) in inventories	1,198	(4,580)	2,377	(8,590)
Increase in creditors	1,654	3,000	20	2,606
Cash flows from operations	5,342	975	9,705	1,825
Interest received	-	-	1	1
Income tax paid	(872)	(591)	(943)	(653)
Interest paid	(44)	(9)	(87)	(18)
Net cash flows from operating activities	4,426	375	8,676	1,155
Cash flows from investing activities				
Purchase of property, plant and equipment	(137)	(73)	(350)	(156)
Increase in investments in an associated company	-	-	(348)	-
Net cash flows used in investing activities	(137)	(73)	(698)	(156)
Cash flows from financing activities				
Repayment of lease liability	(139)	-	(277)	-
Dividends paid	(3,797)	(2,947)	(3,797)	(2,947)
Proceeds from loans and borrowings	-	3,000	-	3,000
Net cash flows (used in) / from financing activities	(3,936)	53	(4,074)	53
Net increase in cash and cash equivalents	353	355	3,904	1,052
Effect of exchange rate changes on cash and cash equivalents	103	51	49	26
Cash and cash equivalents at beginning of the period	6,852	3,716	3,355	3,044
Cash and cash equivalents at end of the period	7,308	4,122	7,308	4,122

1(e) STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019

<u>Group</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 April 2019	23,897	(837)	18,386	25	41,471
Total comprehensive income	-	-	1,909	5	1,914
Dividends paid	-	-	(3,797)	-	(3,797)
Balance at 30 June 2019	23,897	(837)	16,498	30	39,588
Balance at 1 April 2018	23,897	(837)	16,901	29	39,990
Total comprehensive income	-	-	2,374	51	2,425
Dividends paid	-	-	(2,947)	-	(2,947)
Balance at 30 June 2018	23,897	(837)	16,328	80	39,468
<u>Company</u>		Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 April 2019		23,897	(837)	16,924	39,984
Profit net of tax		-	-	1,900	1,900
Dividends paid		-	-	(3,797)	(3,797)
Balance at 30 June 2019		23,897	(837)	15,027	38,087
Balance at 1 April 2018		23,897	(837)	15,752	38,812
Profit net of tax		-	-	2,677	2,677
Dividends paid		-	-	(2,947)	(2,947)
Balance at 30 June 2018		23,897	(837)	15,482	38,542

1(e) STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF YEAR ENDED 30 JUNE 2019

<u>Group</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2019	23,897	(837)	16,615	79	39,754
Total comprehensive income	-	-	3,680	(49)	3,631
Dividends paid	-	-	(3,797)	-	(3,797)
Balance at 30 June 2019	23,897	(837)	16,498	30	39,588
Balance at 1 January 2018	23,897	(837)	15,620	54	38,734
Total comprehensive income	-	-	3,655	26	3,681
Dividends paid	-	-	(2,947)	-	(2,947)
Balance at 30 June 2018	23,897	(837)	16,328	80	39,468

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2019	23,897	(837)	15,353	38,413
Profit net of tax	-	-	3,471	3,471
Dividends paid	-	-	(3,797)	(3,797)
Balance at 30 June 2019	23,897	(837)	15,027	38,087
Balance at 1 January 2018	23,897	(837)	14,066	37,126
Profit net of tax	-	-	4,363	4,363
Dividends paid	-	-	(2,947)	(2,947)
Balance at 30 June 2018	23,897	(837)	15,482	38,542

1(f) & 1(h) CHANGES IN COMPANY'S SHARE CAPITAL

		As at 30 Jun 2019	As at 31 Dec 2018
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) There was no outstanding convertible as at 30 June 2019 and 31 December 2018.

1(h)(b) 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

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2018.

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

As required by the listing requirements of the Singapore Exchange, the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are relevant to the Group on 1 January 2019. The adoption of SFRS(I)s did not result in a restatement of prior periods' financial information nor any material impact to the financial statements for the current financial period.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases.

On the adoption of SFRS(I) 16, the Group has opted to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 January 2019. The Group recognised \$1,102,000 of right-of-use asset as part of the property, plant and equipment, \$542,000 of lease liability (current) as part of trade payables and accruals and \$560,000 of lease liability (non-current) in the statement of financial position as at 1 January 2019.

6. EARNINGS PER ORDINARY SHARE (EPS)

	Group			
	Second quarter of FY2019	FY2018	First half of FY2019	FY2018
Earnings per share based on profit attributable to shareholders:				
Based on existing issued share capital	2.20 cts	2.74 cts	4.24 cts	4.22 cts
Based on fully diluted basis	2.20 cts	2.74 cts	4.24 cts	4.22 cts

7. NET ASSET VALUE

	Group		Company	
	As at 30 Jun 2019	As at 31 Dec 2018	As at 30 Jun 2019	As at 31 Dec 2018
Net asset value per share based on existing issued share capital as at the end of the period reported on (excluding treasury shares).	45.66 cts	45.85 cts	43.93 cts	44.31 cts

8. REVIEW OF GROUP PERFORMANCE

Revenue and Profit: 1H 2019 vs 1H 2018

The Group's Revenue for 1H 2019 of \$69.6 million was 2.2% higher than 1H 2018. The Gross Profit Margin increased from 23.7% in 1H 2018 to 24.5% in 1H 2019. The Gross Profit Margin in 1H 2018 was affected by longer leadtime of electronics components that resulted in lower operational efficiency of the labour and manufacturing resources.

The General and Administrative Costs increased from \$9.4m to \$10.3m in 1H 2019. The General and Administrative Costs in 1H 2018 were lower due to a one-off write-back of provision of expenses, and also payout received from the Wage Credit Scheme.

The Profit from Operations before Taxation was \$4.35 million in 1H 2019, compared with \$4.52 million in 1H 2018.

The Profit after Taxation was \$3.68 million in 1H 2019, compared with \$3.66 million in 1H 2018.

Earnings per share was 4.24 cents in 1H 2019, compared with 4.22 cents in 1H 2018, based on a fully diluted basis.

Net asset value per share was 45.66 cents as at 30 June 2019, compared with 45.85 cents as at 30 June 2018.

Revenue and Profit: 2Q 2019 vs 2Q 2018

The Group's Revenue for 2Q 2019 of \$34.6 million was similar to that of 2Q 2018. The Gross Profit Margin increased from 24.4% in 2Q 2018 to 25.0% in 2Q 2019. The Gross Profit Margin in 2Q 2018 was affected by longer leadtime of electronics components that resulted in lower operational efficiency of the labour and manufacturing resources.

The General and Administrative Costs increased from \$4.5m to \$5.2m in 2Q 2019. The General and Administrative Costs in 2Q 2018 were lower due to a one-off write-back of provision of expenses, and also payout received from the Wage Credit Scheme.

The Profit from Operations before Taxation was \$2.21 million in 2Q 2019, compared with \$2.85 million in 2Q 2018.

The Profit after Taxation was \$1.91 million in 2Q 2019, compared with \$2.37 million in 2Q 2018.

Earnings per share was 2.20 cents in 2Q 2019, compared with 2.74 cents in 2Q 2018, based on a fully diluted basis.

Financial Position: 30 June 2019 vs 31 December 2018

Inventories decreased by \$2.4 million, from \$33.8 million to \$31.4 million. Trade receivables decreased by \$1.9 million, from \$27.0 million to \$25.1 million. Cash and cash equivalents increased by \$3.9 million, from \$3.4 million to \$7.3 million.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 30 June 2019, the Group has orders on hand, with confirmed delivery dates, worth \$59.6 million (30 June 2018: \$66.1 million), most of which are expected to be fulfilled within the current financial year.

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

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2019.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend:	<u>Interim</u>	<u>Special</u>
Dividend Type:	Cash	Cash
Dividend (Cents):	1.04	3.14
Tax Rate:	One-tier tax exempt	One-tier tax exempt

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend:	<u>Interim</u>	<u>Special</u>
Dividend Type:	Cash	Cash
Dividend (Cents):	1.04	3.00
Tax Rate:	One-tier tax exempt	One-tier tax exempt

(c) Date payable

The dividends will be payable on 23 August 2019.

(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 14 August 2019 to 5.00 p.m. on 15 August 2019 (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 14 August 2019 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 14 August 2019 will be entitled to the proposed one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS (unaudited)

Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual

	Second quarter of		First half of	
	FY2019	FY2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Transactions for the Sale of Goods and Services				
Innosparks Pte Ltd	-	176	22	272
ST Electronics (Satcom & Sensor Systems) Pte Ltd	132	87	203	146
STELOP Pte Ltd	201	-	201	-
SMART Systems Pte Ltd	85	-	85	-
	<u>418</u>	<u>263</u>	<u>511</u>	<u>418</u>

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 second quarter and first half year ended 30 June 2019 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 officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Teo Soon Hock
Secretary

Singapore, 2 August 2019