



CEI LIMITED

(Company Registration No. 199905114H)

Half Year Financial Statement

The Board of Directors of CEI Limited wishes to announce the unaudited results of the Group and of the Company for the First Half Year Ended 30 June 2017.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF YEAR ENDED 30 JUNE 2017

	GROUP		
	<u>2017</u>	<u>2016</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Revenue	67,462	68,939	(2.1)
Cost of sales	(51,348)	(52,561)	(2.3)
Gross profit	16,114	16,378	(1.6)
Other income	2	22	N/M
General and administrative costs	(9,699)	(8,901)	9.0
Selling and distribution costs	(2,184)	(1,899)	15.0
Profit from operations	4,233	5,600	(24.4)
Finance costs	(18)	(64)	(71.9)
Share of results of associated company	58	50	16.0
Profit from operations before taxation	4,273	5,586	(23.5)
Taxation	(662)	(914)	(27.6)
Profit after taxation	3,611	4,672	(22.7)
Other comprehensive income:			
Foreign currency translation	(5)	(36)	(86.1)
Total comprehensive income for the year	3,606	4,636	(22.2)

Included in the above expenses are -	<u>2017</u>	<u>2016</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Depreciation of fixed assets	(1,057)	(1,046)	1.1
Foreign exchange loss	(1,410)	(1,166)	20.9
Fair value gain on derivatives	1,077	575	87.3

N/M – Not meaningful

1(b) **STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	30 Jun 2017 \$'000	31 Dec 2016 \$'000	30 Jun 2017 \$'000	31 Dec 2016 \$'000
Fixed assets	4,809	5,591	1,763	2,024
Intangible assets	1,063	1,063	1,063	1,063
Investments in and advances to subsidiary companies	-	-	3,918	3,918
Investment in associated company	1,460	1,301	582	482
Deferred tax asset	832	773	264	214
	<u>8,164</u>	<u>8,728</u>	<u>7,590</u>	<u>7,701</u>
Current assets				
Inventories	22,532	20,626	22,422	20,499
Trade receivables	23,340	25,972	23,243	25,891
Other receivables and prepayments	1,355	853	1,044	574
Amounts due from subsidiary companies	-	-	1,445	1,473
Cash and cash equivalents	7,785	11,698	7,462	10,962
	<u>55,012</u>	<u>59,149</u>	<u>55,616</u>	<u>59,399</u>
Current liabilities				
Trade payables and accruals	18,622	20,662	17,426	19,400
Amounts due to subsidiary companies	-	-	3,270	2,906
Provision for taxation	1,507	1,658	1,356	1,473
Bank borrowings	2,001	2,501	2,001	2,501
Other liabilities	1,784	2,892	1,784	2,892
	<u>23,914</u>	<u>27,713</u>	<u>25,837</u>	<u>29,172</u>
Net current assets	<u>31,098</u>	<u>31,436</u>	<u>29,779</u>	<u>30,227</u>
Net assets	<u>39,262</u>	<u>40,164</u>	<u>37,369</u>	<u>37,928</u>
Represented by:				
Share capital	23,897	23,897	23,897	23,897
Less : Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Revenue reserves	16,530	17,427	14,309	14,868
Foreign currency translation reserve	(328)	(323)	-	-
	<u>39,262</u>	<u>40,164</u>	<u>37,369</u>	<u>37,928</u>

1(c) BORROWINGS

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 December 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	2,001	-	2,501

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

Not applicable.

1(d) **CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2017**

	GROUP	
	2017	2016
	\$'000	\$'000
Cash flows from operating activities:		
Profits from operations before taxation	4,273	5,586
Adjustments for:		
Depreciation of fixed assets	1,057	1,046
Interest income	-	(20)
Interest expense	18	64
Write back of impairment of associated company	(100)	-
Fair value gain on forward contracts	(1,077)	(575)
Share of results of associated companies	(58)	(50)
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Operating income before investment in working capital	4,113	6,501
Decrease in receivables	2,390	1,408
(Increase)/Decrease in inventories	(1,906)	3,581
Decrease in payables	(2,331)	(1,616)
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Cash generated from operations	2,266	9,424
Interest received	-	20
Interest paid	(18)	(64)
Income tax paid, net of refund	(873)	(1,112)
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Net cash generated from operating activities	1,375	8,268
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Cash flows from investing activities:		
Purchase of fixed assets	(275)	(20)
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Net cash used in investing activities	(275)	(20)
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Cash flows from financing activities:		
Dividends paid on ordinary shares	(4,508)	(4,508)
Repayment of loans and borrowings	(500)	(1,998)
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Net cash used in financing activities	(5,008)	(6,506)
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Net (decrease)/increase in cash and cash equivalents	(3,908)	1,742
Effect of exchange rate changes on cash and cash equivalents	(5)	(36)
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Cash and cash equivalents at beginning of the period	11,698	13,014
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Cash and cash equivalents at end of the period	7,785	14,720
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1(e) STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2017

Group	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2017	23,897	(837)	17,427	(323)	40,164
Total comprehensive income for the period	-	-	3,611	(5)	3,606
Dividends paid	-	-	(4,508)	-	(4,508)
Balance at 30 June 2017	23,897	(837)	16,530	(328)	39,262
Balance at 1 January 2016	23,897	(837)	17,291	(317)	40,034
Total comprehensive income for the period	-	-	4,672	(36)	4,636
Dividends paid	-	-	(4,508)	-	(4,508)
Balance at 30 June 2016	23,897	(837)	17,455	(353)	40,162

Company	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Total equity \$'000
Balance at 1 January 2017	23,897	(837)	14,868	37,928
Total comprehensive income for the period	-	-	3,949	3,949
Dividends paid	-	-	(4,508)	(4,508)
Balance at 30 June 2017	23,897	(837)	14,309	37,369
Balance at 1 January 2016	23,897	(837)	15,117	38,177
Total comprehensive income for the period	-	-	5,111	5,111
Dividends paid	-	-	(4,508)	(4,508)
Balance at 30 June 2016	23,897	(837)	15,720	38,780

1(f) CHANGES IN COMPANY'S SHARE CAPITAL

	30 Jun 2017	31 Dec 2016
No. of treasury shares held	: 1,235,750	1,235,750
No. of issued shares excluding treasury shares	: 86,698,463	86,698,463

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

There was no outstanding convertible as at 30 June 2017 and 30 June 2016.

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

	30 Jun 2017	30 Jun 2016
No. of treasury shares held	: 1,235,750	1,235,750
No. of issued shares excluding treasury shares	: 86,698,463	86,698,463

There were 86,698,463 ordinary shares issued (excluding treasury shares) as at 30 June 2017, 31 December 2016 and 30 June 2016.

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

2. AUDIT/REVIEW

The figures have not been audited or reviewed.

3. AUDITORS' REPORT

Not applicable as figures have not been audited or reviewed.

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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

Please refer to Note 4.

6. EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	1H FY 2017	1H FY 2016
Earnings per share based on profit attributable to shareholders		
Based on existing issued share capital	4.17 cts	5.39 cts
Based on fully diluted basis	4.17 cts	5.39 cts

7. NET ASSET VALUE

	Group		Company	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	45.3 cts	46.3 cts	43.1 cts	43.7 cts

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for the first half of FY 2017 of \$67.5 million was 2.1% lower than first half of FY 2016. As a result, the Gross Profit decreased by 1.6%, from \$16.4 million to \$16.1 million in the first half of FY 2017.

The General and Administrative Costs and Selling and Distribution costs were higher mainly due to: 1) increase in salaries and headcounts to support higher order books for 2H FY 2017, and 2) absence of a one-off write back of provision of expenses of about \$0.5 million reported in 1H FY 2016. Finance Costs were lower as a result of lower borrowings.

The Profit after Taxation decreased from \$4.67 million to \$3.61 million in the first half of FY 2017.

Earnings per share decreased from 5.39 cents to 4.17 cents, based on a fully diluted basis.

Net asset value per share decreased from 46.3 cents as at 31 December 2016 to 45.3 cents as at 30 June 2017.

Cash and cash equivalents decreased from \$11.7 million (as at 31 December 2016) to \$7.8 million (as at 30 June 2017) due to the following: 1) Higher inventory to support higher order books for 2H FY 2017, 2) Payment of dividends in May 2017, and 3) Repayment of bank borrowings.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 30 June 2017, the Group has orders on hand worth \$53.1 million (31 December 2016: \$46.8 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, equipment, semi-conductor equipment, oil and gas industries and displays for industrial applications.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2017.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend (cents)	1.04	3.00
Tax Rate	One-tier tax-exempt	One-tier tax exempt

(b) Corresponding Period of the Immediate Preceding Financial Year

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

(c) Date payable

The dividends will be payable on 25 August 2017.

(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 16 August 2017 to 5.00 p.m. on 17 August 2017 (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 16 August 2017 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 16 August 2017 will be entitled to the proposed one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS

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

13. CONFIRMATION BY THE BOARD OF DIRECTORS

The Directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the first half-year ended 30 June 2017 to be false or misleading.

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

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

BY ORDER OF THE BOARD

**Teo Soon Hock
Secretary**

Singapore, 4 August 2017