



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2017 to 30 September 2017

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

CONSOLIDATED INCOME STATEMENT

Group	3 months ended			9 months ended		
	30/9/2017	30/9/2016	Change	30/9/2017	30/9/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	93,698	92,074	2	297,070	265,093	12
Cost of sales	(79,913)	(77,638)	3	(254,250)	(222,657)	14
Gross profit	13,785	14,436	(5)	42,820	42,436	1
Other items of income						
- Interest income	171	120	43	335	348	(4)
- Other income	114	(192)	159	4,312	1,105	290
Other items of expense						
- Selling and distribution costs	(6,091)	(5,992)	2	(18,461)	(17,401)	6
- Administrative expenses	(5,929)	(5,226)	13	(19,155)	(17,389)	10
- Finance costs	(119)	(108)	10	(254)	(379)	(33)
Profit before income tax	1,931	3,038	(36)	9,597	8,720	10
Income tax expense	(781)	(489)	60	(2,714)	(2,340)	16
Profit for the financial period	1,150	2,549	(55)	6,883	6,380	8
Profit attributable to:						
Owners of the parent	765	2,568	(70)	6,192	5,914	5
Non-controlling interests	385	(19)	2,126	691	466	48
	1,150	2,549	(55)	6,883	6,380	8
Earnings per share for profit attributable to owners of the parent during the financial period						
(expressed in cents per share)						
Basic	0.85 cents	2.85 cents		6.87 cents	6.56 cents	
Diluted	0.85 cents	2.85 cents		6.87 cents	6.56 cents	

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			9 months ended		
	9/30/2017	9/30/2016	Change	9/30/2017	9/30/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	1,150	2,549	(55)	6,883	6,380	8
Other comprehensive income for the financial period						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency differences on translation of foreign operations	(377)	689	(155)	(3,043)	(3,538)	(14)
Fair value gain on available-for-sale financial assets	45	35	29	101	115	(12)
Other comprehensive income for the financial period, net of tax	(332)	724	(146)	(2,942)	(3,423)	(14)
Total comprehensive income for the financial period	818	3,273	(75)	3,941	2,957	33
Total comprehensive income attributable to:						
Owners of the parent	534	3,214	(83)	3,732	2,721	37
Non-controlling interests	284	59	381	209	236	(11)
	818	3,273	(75)	3,941	2,957	33

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

NOTES TO CONSOLIDATED INCOME STATEMENT

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

Group	3 months ended			9 months ended		
	30/9/2017	30/9/2016	Change	30/9/2017	30/9/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	2	118	(98)	704	1,105	(36)
Interest income	171	120	43	335	348	(4)
Interest expense	(119)	(108)	10	(254)	(379)	(33)
Amortisation of club memberships	(7)	(3)	133	(12)	(6)	100
Depreciation of property, plant and equipment	(632)	(1,011)	(37)	(2,147)	(2,158)	(1)
Allowance reversed/(made)						
for doubtful third parties trade receivables	200	(1,150)	(117)	(392)	(840)	(53)
Bad third parties trade receivables written off	-	(1)	(100)	-	(1)	(100)
Allowance for inventory obsolescence	(259)	(38)	582	(799)	(894)	(11)
Inventories written off	(3)	(3)	-	(53)	(7)	657
Foreign exchange (loss)/gain, net	(811)	918	(188)	(1,136)	(534)	113
Gain/(Loss) on disposals of plant and equipment	110	88	25	3,603	(17)	(21,294)
Plant and equipment written off	-	(1)	(100)	(49)	(1)	4,800
Fair value change in derivative financial instrument	2	11	(82)	5	(136)	(104)

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	10,721	17,431	1,640	2,261
Investment properties	-	-	2,595	2,637
Investments in subsidiaries	-	-	24,432	24,432
Club memberships	533	563	186	186
Deferred tax assets	1,878	2,056	-	-
Available-for-sale financial assets	4,130	4,290	4,130	4,290
Trade receivables	374	679	-	-
Prepayment	573	636	573	636
	18,209	25,655	33,556	34,442
Current assets				
Inventories	35,345	28,976	273	297
Trade and other receivables	92,723	84,021	35,102	33,065
Prepayments	826	1,401	184	172
Current income tax recoverable	1,987	2,553	199	199
Derivative financial instruments	-	2	-	-
Cash and cash equivalents	67,654	50,773	10,828	1,826
	198,535	167,726	46,586	35,559
Less:				
Current liabilities				
Trade and other payables	82,751	76,074	2,117	2,935
Finance lease payables	47	117	47	117
Bank borrowings	25,751	9,495	13,951	1,295
Current income tax payable	1,086	967	-	-
Derivative financial instruments	-	7	-	-
	109,635	86,660	16,115	4,347
Net current assets	88,900	81,066	30,471	31,212
Less:				
Non-current liabilities				
Finance lease payables	-	29	-	29
Bank borrowings	1,446	1,927	1,446	1,927
Provision for post-employee benefits	183	195	-	-
Deferred tax liabilities	4	4	-	-
	1,633	2,155	1,446	1,956
	105,476	104,566	62,581	63,698
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve	872	3,433	-	-
Available-for-sale reserve	442	341	442	341
Other reserves	5,222	5,222	-	-
Retained earnings	53,607	50,388	24,851	26,069
Equity attributable to owners of the parent	97,431	96,672	62,581	63,698
Non-controlling interests	8,045	7,894	-	-
Total equity	105,476	104,566	62,581	63,698

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		9 months ended	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	1,931	3,038	9,597	8,720
Adjustments for:				
- Allowance (reversed)/made for doubtful third parties trade receivables	(200)	1,150	392	840
- Allowance for inventory obsolescence	259	38	799	894
- Amortisation of club memberships	7	3	12	6
- Bad third parties trade receivables written off	-	1	-	1
- Depreciation of property, plant and equipment	632	1,011	2,147	2,158
- Fair value change in derivative financial instruments	(2)	(11)	(5)	136
- (Gain)/Loss on disposals of plant and equipment	(110)	(88)	(3,603)	17
- Interest expense	119	108	254	379
- Interest income	(171)	(120)	(335)	(348)
- Inventories written off	3	3	53	7
- Plant and equipment written off	-	1	49	1
- Unrealised foreign exchange loss	1,420	(534)	2,253	644
Operating cash flows before working capital changes	3,888	4,600	11,613	13,455
Working capital changes:				
- Inventories	(4,737)	(6,229)	(8,544)	2,101
- Trade and other receivables	1,319	(6,162)	(15,460)	(1,861)
- Prepayments	114	359	595	831
- Trade and other payables	(4,210)	8,532	13,574	3,644
Cash generated from operations	(3,626)	1,100	1,778	18,170
Interest received	171	120	335	348
Income tax paid	(60)	266	(1,985)	(1,823)
Net cash (used in)/from operating activities	(3,515)	1,486	128	16,695

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Derivative financial instruments	-	2	-	(144)
Proceeds from disposals of plant and equipment	227	201	7,503	454
Purchase of plant and equipment	(214)	(386)	(1,021)	(1,731)
Net cash from/(used in) investing activities	13	(183)	6,482	(1,421)
FINANCING ACTIVITIES				
Decrease/(Increase) in fixed deposits pledged	1,422	(5,070)	(16,925)	(8,517)
Proceeds from bank borrowings	21,150	13,536	66,492	51,107
Repayments of bank borrowings	(18,896)	(15,405)	(50,744)	(50,066)
Repayments of finance lease payables	(17)	(43)	(99)	(128)
Interest paid	(119)	(108)	(254)	(379)
Dividends paid to owners of the parent	-	-	(2,973)	(1,982)
Dividends paid to non-controlling shareholders	-	-	(58)	-
Net cash from/(used in) financing activities	3,540	(7,090)	(4,561)	(9,965)
Net change in cash and cash equivalents	38	(5,787)	2,049	5,309
Cash and cash equivalents at beginning of financial period	50,569	44,574	49,990	35,215
Effects of exchange rate changes on cash and cash equivalents	(661)	580	(2,093)	(1,157)
Cash and cash equivalents at end of financial period	49,946	39,367	49,946	39,367

Note 1

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

Cash and cash equivalents as per Statement of Financial Position	67,654	49,365	67,654	49,365
Less: Fixed deposits pledged with banks	(17,708)	(9,998)	(17,708)	(9,998)
	49,946	39,367	49,946	39,367

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Premium on acquisition of non-controlling interests \$'000	Available-for-sale reserve \$'000	Statutory reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2017	37,288	3,433	(123)	341	5,345	50,388	96,672	7,894	104,566
Profit for the financial period	-	-	-	-	-	6,192	6,192	691	6,883
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	(2,561)	-	-	-	-	(2,561)	(482)	(3,043)
Fair value gain on available-for-sale financial assets	-	-	-	101	-	-	101	-	101
Total comprehensive income for the financial period	-	(2,561)	-	101	-	6,192	3,732	209	3,941
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Total transactions with the owners of the parent	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(58)	(58)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(58)	(58)
Balance at 30 September 2017	37,288	872	(123)	442	5,345	53,607	97,431	8,045	105,476
Balance at 1 January 2016	37,288	4,670	(123)	198	5,281	43,699	91,013	6,691	97,704
Profit for the financial period	-	-	-	-	-	5,914	5,914	466	6,380
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	(3,308)	-	-	-	-	(3,308)	(230)	(3,538)
Fair value gain on available-for-sale financial assets	-	-	-	115	-	-	115	-	115
Total comprehensive income for the financial period	-	(3,308)	-	115	-	5,914	2,721	236	2,957
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 2016	37,288	1,362	(123)	313	5,281	47,631	91,752	6,927	98,679

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017***STATEMENTS OF CHANGES IN EQUITY (Continued)**

Company	Share capital \$'000	Retained earnings \$'000	Available-for- sale reserve \$'000	Total equity \$'000
Balance at 1 January 2017	37,288	26,069	341	63,698
Profit for the financial period	-	1,755	-	1,755
Other comprehensive income for the financial period				
Fair value gain on available-for-sale financial assets	-	-	101	101
Total comprehensive income for the financial period	-	1,755	101	1,856
Transaction with the owners				
Dividends	-	(2,973)	-	(2,973)
Total transactions with the owners	-	(2,973)	-	(2,973)
Balance at 30 September 2017	37,288	24,851	442	62,581
Balance at 1 January 2016	37,288	27,265	198	64,751
Profit for the financial period	-	1,681	-	1,681
Other comprehensive income for the financial period				
Fair value gain on available-for-sale financial assets	-	-	115	115
Total comprehensive income for the financial period	-	1,681	115	1,796
Transactions with the owners				
Dividends	-	(1,982)	-	(1,982)
Total transactions with the owners	-	(1,982)	-	(1,982)
Balance at 30 September 2016	37,288	26,964	313	64,565

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017*

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 revenue of \$93.7m for the three months ended 30 September 2017 ("3Q2017"), a marginal increase of 1.7% or \$1.6m compared to the revenue of \$92.1m for the three months ended 30 September 2016 ("3Q2016"). For the nine months ended 30 September 2017 ("9M2017"), the Group achieved revenue of \$297.1m, a year-on-year increase of 12.1% or \$32.0m, compared to revenue of \$265.1m achieved for the nine months ended 30 September 2016 ("9M2016").

Comparing 3Q2017 to three months ended 30 June 2017 ("2Q2017"), the Group revenue decreased by 11.3% or \$11.9m, from \$105.6m to \$93.7m mainly due to closing of a few big deals in 2Q2017 in IT Division.

For 3Q2017, the IT Division accounted for 97.0% of the Group's revenue, while the PCB Division accounted for the remaining 3.0% of the Group's revenue.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

REVENUE

PCB Division

Revenue in this Division decreased by 60.0% or \$4.2m, from \$7.0m in 3Q2016 to \$2.8m in 3Q2017 mainly due to significantly reduced production capacity resulting from the disposal of 103 CNC drilling machines in China in year 2017.

Comparing 3Q2017 to 2Q2017, revenue in this Division remained unchanged at \$2.8m in both 3Q2017 and 2Q2017.

IT Division

The IT Distribution business achieved quarterly revenue of \$90.9m in 3Q2017, an increase of 6.8% or \$5.8m, from \$85.1m in 3Q2016. On a nine month basis, this business grew by 16.7% or \$41.0m, from \$244.9m in 9M2016 to \$285.9m in 9M2017. The increase in sales was mainly due to certain big deals closed in year 2017.

Comparing 3Q2017 to 2Q2017, revenue decreased by 11.6% or \$11.9m, from \$102.8m in 2Q2017 to \$90.9m in 3Q2017, mainly due to certain big deals closed in 2Q2017.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

PROFIT BEFORE TAX (“PBT”)

The Group achieved a PBT of \$1.9m in 3Q2017, as compared to \$3.0m in 3Q2016.

The decrease in PBT in 3Q2017 was mainly due to the following:-

- (1) A decrease in gross profit of \$651,000. The decrease in gross profit despite an increase of \$1.6m in revenue was mainly due to the drop in gross profit margin by 1.0 percentage point from 15.7% in 3Q2016 to 14.7% in 3Q2017. The drop in gross profit margin was mainly due to a significant decrease in revenue in the high operating leverage PCB Division as a result of the disposal of 103 mechanical drilling machines;
- (2) An increase in allowance for inventory obsolescence of \$221,000 from \$38,000 in 3Q2016 to \$259,000 in 3Q2017, mainly due to the increase in long aged inventory resulted from the delay in delivery for some deals; and
- (3) A net foreign exchange loss of \$811,000 in 3Q2017 compared to a net foreign exchange gain of \$918,000 in 3Q2016 mainly due to continuing depreciation of United States dollar against Singapore dollar and other local currencies in 3Q2017. Excluding net foreign exchange loss, the Group reported a PBT of \$2.7m in 3Q2017, compared to a PBT of \$2.1m in 3Q2016.

The drop in PBT was ameliorated by the following:

- (1) A decrease in depreciation charge from \$1.0m in 3Q2016 to \$632,000 in 3Q2017, mainly due to the disposal of 103 mechanical drilling machines during Year 2017;
- (2) An increase in interest income of \$51,000 from \$120,000 in 3Q2016 to \$171,000 in 3Q2017, mainly due to more fixed deposits placed with the banks; and
- (3) A reversal in allowance for doubtful third parties trade receivables of \$200,000 in 3Q2017 mainly due to collections from customers, as compared to an allowance for doubtful third parties trade receivables of \$1.2m made in 3Q2016.

Comparing 3Q2017 to 2Q2017, the Group's PBT stood at \$1.9m in 3Q2017, as compared to \$4.7m in 2Q2017. The drop in PBT was mainly due to gain on disposal of plant and equipment of \$3.5m in 2Q2017.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

PROFIT AFTER TAX (“PAT”)

Group PAT decreased by 52.0%, from a profit of \$2.5m in 3Q2016 to a profit of \$1.2m in 3Q2017. Comparing 3Q2017 to 2Q2017, net PAT decreased by \$2.9m from a profit of \$4.1m in 2Q2017 to a profit of \$1.2m in 3Q2017. These were largely in line with the changes in Group PBT.

Provision for tax comprised mainly current income tax, deferred tax and withholding tax expenses of the Company and its subsidiaries.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 30 September 2017 compared to 31 December 2016.

Cash and cash equivalents at the Group level increased by \$16.9m from \$50.8m to \$67.7m. The increase was mainly due to fixed deposits pledged with banks to draw short-term loans in Singapore dollar to finance the operating expenses of the Group. At the Company level, cash and cash equivalents increased from \$1.8m to \$10.8m. The increase was mainly due to fixed deposits pledged with bank to draw short-term loans in Singapore dollar.

Trade and other receivables of the Group increased by \$8.4m from \$84.7m to \$93.1m, mainly due to delay in customer collections. The increase at the Company level by \$2.0m from \$33.1m to \$35.1m was mainly due to advance to a subsidiary.

Inventories at the Group level increased by \$6.3m from \$29.0m to \$35.3m mainly due to increased purchases to cater for the unfulfilled deals.

Property, plant and equipment decreased by \$6.7m from \$17.4m to \$10.7m at the Group level mainly due to disposal of plant and equipment, depreciation charge, net of purchase of new plant and equipment. The decrease at the Company level is mainly due to the same reasons.

Trade and other payables increased by \$6.7m from \$76.1m to \$82.8m at the Group level due mainly to increased purchases to cater for the unfulfilled deals. The decrease at the Company level was mainly due to less expenses accrued for year 2017.

Bank borrowings increased at both Group level and Company level mainly due to short-term loans drawn down to finance the operating expenses of the Group.

Foreign currency translation reserve at the Group level decreased from \$3.4m to \$872,000 mainly due to appreciating Singapore dollar against Chinese renminbi and United States dollar in year 2017.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

CASH FLOW ANALYSIS

Net cash of \$128,000 was generated from operating activities in 9M2017, as compared to net cash of \$16.7m generated in 9M2016. This was mainly due to the increase in inventory purchases in 9M2017 to cater for the unfulfilled deals and the delay in collections from customers.

Net cash of \$6.5m was generated from investing activities in 9M2017, as compared to net cash of \$1.4m used in 9M2016. The changes were mainly due to proceeds from the disposal of plant and equipment and lower purchase of plant and equipment in 9M2017.

Net cash of \$4.6m was used in financing activities in 9M2017, as compared to \$10.0m used in financing activities in 9M2016. The change was mainly due to repayment of bank borrowings of \$50.7m, an increase in fixed deposits pledged of \$16.9m and dividend payment of \$3.0m, net of proceeds from bank borrowings of \$66.5m in 9M2017, as compared to repayment of bank borrowings of \$50.1m, an increase in fixed deposits pledged of \$8.5m and dividend payment of \$2.0m, net of proceeds from bank borrowings of \$51.1m in 9M2016.

Cash and cash equivalents stood at \$49.9m as at end of 30 September 2017, up from \$39.4m as at end of 30 September 2016.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

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 3Q2017 to 3Q2016, the revenue for this quarter decreased by 60.0% or \$4.2m from \$7.0m in 3Q2016 to \$2.8m in 3Q2017. On a nine month basis, revenue decreased by 44.6% or \$9.0m from \$20.2m in 9M2016 to \$11.2m in 9M2017.

As at 30 September 2017, the Group has 29 mechanical drilling machines and 20 laser drilling machines. In 3Q2017, the Group sold 1 laser drilling machine. The Group will continue to be selective of its customers, rationalise operations, manage headcount and conserve cash.

With the disposal of 103 CNC drilling machines in China in year 2017, contribution from its manufacturing division is expected to reduce in year 2017 and in the subsequent years.

IT

The IT business through Singapore and the regional offices achieved an increase in revenue of 16.7% or \$41.0m from \$244.9m in 9M2016 to \$285.9m in 9M2017. Comparing 3Q2017 to 3Q2016, revenue increased by 6.8% or \$5.8m from \$85.1m in 3Q2016 to \$90.9m in 3Q2017.

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 Symantec, Check Point, Cyberark, 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 Allot, Symantec, Check Point and Nutanix courses. The Education Services Division is able to provide training courses for SolarWinds too. 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 2017, the Group's IT business has a presence in 29 cities in 15 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.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

IT (Continued)

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. Global economic outlook remains uncertain which will in turn affect the Group's business. With the recent increase in US interest rates, the cost of business is expected to similarly increase. 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 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.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

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 which 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.

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 receivables closely as collection generally takes longer in China. The Group is tightening the credit assessment on customers for all regions.

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

In the area of IT distribution, 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. 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 inventories on a quarterly basis and will make allowances where necessary.

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, Thailand baht, Malaysian ringgit, Indian rupee and to a lesser extent, Euro, Indonesian rupiah, Philippines peso, Hong Kong dollar, Korean won, Japanese yen, Taiwan dollar, Vietnam dong, Australian dollar, New Zealand dollar and British Pound. The Group may, from time to time, enter into borrowing and foreign currency 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.

Multi-Chem Limited
Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

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 9M2017 were largely in line with the prospect commentary disclosed to the shareholders on 10 February 2017.

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017***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 2017		As at 31 Dec 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
14,498	11,300	1,412	8,200

Amount repayable after one year

As at 30 Sep 2017		As at 31 Dec 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,446	-	1,956	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's two properties, one motor vehicle, available-for-sale financial assets 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 2017 and 30 Sep 2017	90,095	37,288	37,288
Balance at 1 Jan 2016 and 30 Sep 2016	90,095	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 2016. In addition, the Group also adopted various revisions to the FRS, which became effective during that period. The said adoption has no significant impact to the financial statements of the Group.

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017***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-2017	30-Sep-2016	30-Sep-2017	30-Sep-2016
(i) Based on weighted average number of shares	0.85 cents	2.85 cents	6.87 cents	6.56 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	0.85 cents	2.85 cents	6.87 cents	6.56 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

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-2017	31-Dec-2016	30-Sep-2017	31-Dec-2016
Net asset value per share based on existing issued share capital as at the respective period	108.14 cents	107.30 cents	69.46 cents	70.70 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.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2017 to 30 September 2017

NOTES TO THE FINANCIAL STATEMENTS

10. DIVIDEND

(a) Current Financial Period Reported On

No dividend was declared/recommended for the third quarter ended 30 September 2017.

Table below summarized the year-to-date dividend declared for the financial year 2017.

Name of Dividend	2017 Interim Ordinary Tax Exempt – 1-Tier	2017 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	1.11

(b) Corresponding Financial Period of the Immediately Preceding Financial Year

No dividend was declared/recommended for third quarter ended 30 September 2016.

Table below summarized the year-to-date dividend declared for the financial year 2016.

Name of Dividend	2016 Interim Ordinary Tax Exempt – 1-Tier	2016 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	1.11

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.

12. 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.

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 September 2017*

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
27 October 2017

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 2017 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 27 October 2017

Han Juat Hoon
Chief Operating Officer
Singapore, 27 October 2017