



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 31 March 2019

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***CONSOLIDATED INCOME STATEMENT**

Group	3 months ended		
	31/3/2019	31/3/2018	Change
	\$'000	\$'000	%
Revenue	100,173	112,417	(11)
Cost of sales	(85,013)	(95,667)	(11)
Gross profit	15,160	16,750	(9)
Other items of income			
- Interest income	114	242	(53)
- Other income	2,433	280	769
Other items of expense			
- Selling and distribution costs	(7,172)	(6,604)	9
- Administrative and other expenses	(5,512)	(6,326)	(13)
- (Loss allowance)/reversal of allowance on third party trade receivables	(440)	4	(11,100)
- Finance costs	(166)	(114)	46
Profit before income tax	4,417	4,232	4
Income tax expense	(1,403)	(1,236)	14
Profit for the financial period	3,014	2,996	1
Profit attributable to:			
Owners of the parent	2,492	2,767	(10)
Non-controlling interests	522	229	128
	3,014	2,996	1
Earnings per share for profit attributable to owners of the parent during the financial period (expressed in cents per share)			
Basic	2.77 cents	3.07 cents	
Diluted	2.77 cents	3.07 cents	

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended		
	31/3/2019	31/3/2018	Change
	\$'000	\$'000	%
Profit for the financial period	3,014	2,996	1
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	(1)	(17)	(94)
Other comprehensive income for the financial period, net of tax	(1)	(17)	(94)
Total comprehensive income for the financial period	<u>3,013</u>	<u>2,979</u>	<u>1</u>
Total comprehensive income attributable to:			
Owners of the parent	2,561	2,899	(12)
Non-controlling interests	452	80	465
	<u>3,013</u>	<u>2,979</u>	<u>1</u>

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***NOTES TO CONSOLIDATED INCOME STATEMENT**

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

Group	3 months ended		
	31/3/2019 \$'000	31/3/2018 \$'000	Change %
Other gains	649	211	208
Interest income	114	242	(53)
Interest expense	(166)	(114)	46
Amortisation of club memberships	(6)	(6)	-
Depreciation of property, plant and equipment	(591)	(647)	(9)
Depreciation of right-of-use assets	(234)	-	100
(Loss allowance)/reversal of allowance on third party trade receivables	(440)	4	(11,100)
Bad third party trade receivables written off	(6)	-	100
Allowance made for inventory obsolescence	(193)	(224)	(14)
Inventories written off	(9)	(5)	80
Foreign exchange gain/(loss), net	645	(1,058)	(161)
Gain on disposals of plant and equipment	649	36	1,703
Plant and equipment written off	-	(1)	(100)
Reversal of impairment loss of plant and equipment	460	-	100
Fair value change in financial asset, at FVPL	28	28	-
Fair value change in derivative financial instruments	2	5	(60)

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	12,074	12,451	2,210	2,299
Right-of-use assets	3,211	-	-	-
Investment properties	-	-	2,511	2,525
Investments in subsidiaries	-	-	21,201	21,201
Club memberships	492	498	186	186
Deferred tax assets	2,537	2,607	-	-
Financial asset, at FVPL	4,256	4,260	4,256	4,260
Trade receivables	1,540	1,504	-	-
Prepayment	447	468	447	468
	24,557	21,788	30,811	30,939
Current assets				
Inventories	35,087	31,310	340	305
Trade and other receivables	104,554	118,715	31,918	33,652
Prepayments	1,290	1,503	116	122
Current income tax recoverable	3,134	2,839	-	-
Cash and cash equivalents	59,540	56,586	7,488	6,508
	203,605	210,953	39,862	40,587
Less:				
Current liabilities				
Trade and other payables	81,737	85,984	1,145	2,059
Contract liabilities	12,766	12,086	8	8
Lease liabilities	856	-	-	-
Bank borrowings	11,720	19,558	9,920	10,353
Current income tax payable	2,065	1,696	43	14
Derivative financial instruments	-	2	-	-
	109,144	119,326	11,116	12,434
Net current assets	94,461	91,627	28,746	28,153
Less:				
Non-current liabilities				
Contract liabilities	3,065	2,841	-	-
Lease liabilities	2,368	-	-	-
Bank borrowings	750	869	750	869
Provision for post-employee benefits	346	349	-	-
Deferred tax liabilities	602	482	-	-
	7,131	4,541	750	869
	111,887	108,874	58,807	58,223
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation account	(396)	(465)	-	-
Other reserves	3,499	3,499	-	-
Retained earnings	61,907	59,415	21,519	20,935
Equity attributable to owners of the parent	102,298	99,737	58,807	58,223
Non-controlling interests	9,589	9,137	-	-
Total equity	111,887	108,874	58,807	58,223

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended	
	31/3/2019	31/3/2018
	\$'000	\$'000
OPERATING ACTIVITIES		
Profit before income tax	4,417	4,232
Adjustments for:		
- Loss allowance/(Reversal of allowance) on third party trade receivables	440	(4)
- Bad third party trade receivables written off	6	-
- Allowance made for inventory obsolescence	193	224
- Amortisation of club memberships	6	6
- Depreciation of property, plant and equipment	591	647
- Depreciation of right-of-use assets	234	-
- Fair value change in financial asset, at FVPL	(28)	(28)
- Fair value change in derivative financial instruments	(2)	(5)
- Gain on disposals of plant and equipment	(649)	(36)
- Reversal of impairment loss of plant and equipment	(460)	-
- Interest expense	166	114
- Interest income	(114)	(242)
- Inventories written off	9	5
- Plant and equipment written off	-	1
- Unrealised foreign exchange (gain)/loss	(213)	1,233
Operating cash flows before working capital changes	4,596	6,147
Working capital changes:		
- Inventories	(4,119)	(4,085)
- Trade and other receivables	13,000	(950)
- Prepayments	206	(358)
- Trade and other payables	(2,546)	(3,155)
Cash generated from/(absorbed by) operations	11,137	(2,401)
Interest received	114	242
Income tax paid	(1,126)	(1,040)
Net cash from/(used in) operating activities	10,125	(3,199)

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	3 months ended	
	31/3/2019	31/3/2018
	\$'000	\$'000
INVESTING ACTIVITIES		
Proceeds from disposals of plant and equipment	1,091	121
Purchase of plant and equipment	(123)	(603)
Net cash from/(used in) investing activities	968	(482)
FINANCING ACTIVITIES		
(Increase)/Decrease in fixed deposits pledged	(608)	1,442
Proceeds from bank borrowings	2,259	26,601
Repayments of bank borrowings	(10,117)	(26,550)
Repayments of finance lease payables	-	(17)
Repayments of lease liabilities	(193)	-
Interest paid	(166)	(114)
Net cash (used in)/from financing activities	(8,825)	1,362
Net change in cash and cash equivalents	2,268	(2,319)
Cash and cash equivalents at beginning of financial period	50,400	57,152
Effects of exchange rate changes on cash and cash equivalents	78	(544)
Cash and cash equivalents at end of financial period (Note 1)	52,746	54,289
Note 1		
<i>Cash and cash equivalents at end of financial period comprise of:</i>		
Cash and cash equivalents as per Statement of Financial Position	59,540	72,391
Less: Fixed deposits pledged with banks	(6,794)	(18,102)
	52,746	54,289

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Foreign currency translation (account)/ 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 2019	37,288	(465)	(123)	-	3,622	59,415	99,737	9,137	108,874
Profit for the financial period	-	-	-	-	-	2,492	2,492	522	3,014
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	69	-	-	-	-	69	(70)	(1)
Total comprehensive income for the financial period	-	69	-	-	-	2,492	2,561	452	3,013
Balance at 31 March 2019	37,288	(396)	(123)	-	3,622	61,907	102,298	9,589	111,887
Balance at 31 December 2017	37,288	500	(123)	470	5,345	57,308	100,788	8,077	108,865
Effect on adoption of SFRS(I) 9	-	-	-	(470)	-	66	(404)	(53)	(457)
Balance at 1 January 2018	37,288	500	(123)	-	5,345	57,374	100,384	8,024	108,408
Profit for the financial period	-	-	-	-	-	2,767	2,767	229	2,996
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	132	-	-	-	-	132	(149)	(17)
Total comprehensive income for the financial period	-	132	-	-	-	2,767	2,899	80	2,979
Balance at 31 March 2018	37,288	632	(123)	-	5,345	60,141	103,283	8,104	111,387

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***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 2019	37,288	20,935	-	58,223
Profit for the financial period	-	584	-	584
Total comprehensive income for the financial period	-	584	-	584
Balance at 31 March 2019	37,288	21,519	-	58,807
Balance at 31 December 2017	37,288	22,644	470	60,402
Effect on adoption of SFRS(I) 9	-	470	(470)	-
Balance at 1 January 2018	37,288	23,114	-	60,402
Profit for the financial period	-	624	-	624
Total comprehensive income for the financial period	-	624	-	624
Balance at 31 March 2018	37,288	23,738	-	61,026

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal 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 \$100.2m for the three months ended 31 March 2019 ("1Q2019"), a decrease of 10.9% or \$12.2m compared to the revenue of \$112.4m for the three months ended 31 March 2018 ("1Q2018").

Comparing 1Q2019 to three months ended 31 December 2018 ("4Q2018"), the Group revenue decreased by 10.8% or \$12.1m, from \$112.3m to \$100.2m.

The decreases in revenue were mainly due to lower orders received from customers.

For 1Q2019, the IT Division accounted for 99.2% of the Group's revenue, while the PCB Division accounted for the remaining 0.8% of the Group's revenue.

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REVENUE**IT Division**

The IT Distribution business achieved quarterly revenue of \$99.4m in 1Q2019, a decrease of 9.8% or \$10.8m, from \$110.2m in 1Q2018, mainly due to lower orders received from customers.

Comparing 1Q2019 to 4Q2018, revenue decreased by 10.3% or \$11.4m, from \$110.8m in 4Q2018 to \$99.4m in 1Q2019, mainly due to a traditionally slower first quarter and lower orders received from customers.

PCB Division

Revenue in this Division decreased by 63.6% or \$1.4m, from \$2.2m in 1Q2018 to \$782,000 in 1Q2019.

Comparing 1Q2019 to 4Q2018, revenue in this Division decreased by 46.7% or \$0.7m from \$1.5m in 4Q2018 to \$782,000 in 1Q2019.

The decrease in revenue was mainly due to lower customer demands and significantly reduced production capacity resulting from the disposal of 22 mechanical drilling machines and 3 laser drilling machines in China during 1Q2019. The reduced capacity has the corresponding result of lowering any revenue potential.

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PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$4.4m in 1Q2019, as compared to \$4.2m in 1Q2018.

The increase in PBT was mainly due to the following: -

- (1) An increase in gain on disposal of plant and equipment of \$613,000 from \$36,000 from 1Q2018 to \$649,000 in 1Q2019, mainly due to disposal of mechanical drilling machines in China during 1Q2019;
- (2) A reversal of impairment loss of plant and equipment of \$460,000 in 1Q2019 based on a review of the carrying values of the laser drilling machines for impairment as at 31 March 2019, as there is clear indication that the carrying values of the laser drilling machines will be recoverable subsequently when disposed. There was no such reversal in 1Q2018;
- (3) An increase in other gains of \$438,000 from \$211,000 in 1Q2018 to \$649,000 in 1Q2019, mainly due to commission income and government subsidy received in 1Q2019; and
- (4) A net foreign exchange gain of \$645,000 in 1Q2019 as compared to a net foreign exchange loss of \$1.1m in 1Q2018. The net foreign exchange gain was mainly due to depreciation of United States dollar against Singapore dollar and other local currencies in 1Q2019. Excluding net foreign exchange differences, the Group reported a PBT of \$3.8m in 1Q2019, compared to a PBT of \$5.3m in 1Q2018.

The increase in PBT was however pared by the following:

- (1) A decrease of \$1.6m in gross profit mainly due to the decrease in revenue;
- (2) A decrease in interest income of \$128,000 from \$242,000 in 1Q2018 to \$114,000 in 1Q2019 mainly due to lower fixed deposits placed with the financial institutions;
- (3) An increase in staff costs of \$1.1m comparing 1Q2019 to 1Q2018, mainly due to the increase in headcount in IT division, salary increment and accrual for variable salary in 1Q2019;
- (4) Loss allowance on third party trade receivables of \$440,000 in 1Q2019, as compared to reversal of allowance on third party trade receivables of \$4,000 in 1Q2018, based on the impairment review performed in 1Q2019 in accordance to SFRS(I) 9; and
- (5) Depreciation of right-of-use assets of \$234,000 in 1Q2019 on operating leases for the Group as lessee, recognised in accordance with SFRS(I) 16 adopted on 1 January 2019. Total expenses charged to profit and loss including depreciation of right-of-use assets, finance costs on lease liabilities and rental expenses for short-term leases amounted to \$393,000 in 1Q2019, which increased by \$28,000 from the rental expenses of \$365,000 in 1Q2018. In 1Q2018, the rental payable under operating leases was recognised as rental expenses in profit and loss. More details on adoption of SFRS(I) 16 are included in Note 5 on page 21.

Comparing 1Q2019 to 4Q2018, the Group PBT stood at \$4.4m in 1Q2019 as compared to \$4.5m in 4Q2018.

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PROFIT AFTER TAX (“PAT”)

In 1Q2019, the Group achieved relatively the same Group PAT as 1Q2018 of \$3.0m. Comparing 1Q2019 to 4Q2018, Group PAT increased from \$2.8m in 4Q2018 to a profit of \$3.0m in 1Q2019, mainly due to lower income tax expenses in 1Q2019.

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

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STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 31 March 2019 compared to 31 December 2018.

Property, plant and equipment decreased by \$377,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of reversal of impairment loss of laser drilling machines in 1Q2019. The reversal of impairment loss of laser drilling machines was based on a review of the carrying values of the laser machines for impairment as at 31 March 2019, as there is clear indication that the carrying values of the laser machines will be recoverable subsequently when disposed. At the Company level, property, plant and equipment decreased from \$2.3m to \$2.2m due to depreciation charge of plant and equipment.

Right-of-use assets at the Group level refers to assets recognized on operating leases for the Group as lessee, in accordance to SFRS(I) 16 adopted on 1 January 2019. The right-of-use assets as at 31 March 2019 were mainly related to leases of the offices occupied by the Group in various locations and photocopier machines used by the Group. There was no operating lease as lessee at the Company level. More details on adoption of SFRS(I) 16 are included in Note 5 on page 21.

Cash and cash equivalents at the Group level increased by \$2.9m from \$56.6m to \$59.5m. The increase was mainly due to collection from trade and other receivables and payment received from disposal of plant and equipment. At the Company level, cash and cash equivalents increased from \$6.5m to \$7.5m mainly due to repayment from a subsidiary, net of repayment of bank borrowings.

Trade and other receivables of the Group decreased by \$14.1m from \$120.2m to \$106.1m, mainly due to collection received from customers and lower revenue attained in 1Q2019. At the Company level, trade and other receivables decreased by \$1.8m from \$33.7m to \$31.9m, mainly due to repayment from a subsidiary.

Inventories at the Group level increased by \$3.8m from \$31.3m to \$35.1m mainly due to increased purchases to cater for contracts not yet fulfilled. Inventories at Company level remains relatively unchanged.

Trade and other payables decreased by \$4.3m from \$86.0m to \$81.7m at the Group level due mainly to payments made to vendors and accrued operating expenses paid in 1Q2019. At the Company level, trade and other payables decreased from \$2.1m to \$1.1m mainly due to accrued operating expenses paid in 1Q2019.

Borrowings decreased at both Group and Company level mainly due to repayments made to the financial institutions.

Lease liabilities at the Group level refers to liabilities recognized on operating leases for the Group as lessee, in accordance to SFRS(I) 16 adopted on 1 January 2019. There was no operating lease as lessee at the Company level. More details on adoption of SFRS(I) 16 are included in Note 5 on page 21.

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CASH FLOW ANALYSIS

Net cash of \$10.1m was generated from operating activities in 1Q2019, as compared to net cash of \$3.2m used in 1Q2018. This was mainly due to collection from trade and other receivables in 1Q2019.

Net cash of \$968,000 was generated from investing activities in 1Q2019, as compared to \$482,000 used in 1Q2018. The change was mainly due to proceeds from disposal of plant and equipment of \$1.1m, net of purchase of plant and equipment of \$123,000 in 1Q2019, as compared to purchase of plant and equipment of \$603,000, net of proceeds from disposals of plant and equipment of \$121,000 in 1Q2018.

Net cash of \$8.8m was used in financing activities in 1Q2019 as compared to \$1.4m generated in 1Q2018. This was mainly due to repayment of bank borrowings of \$10.1m, fixed deposits pledged of \$608,000, repayment of lease liabilities of \$193,000, net of proceeds from bank borrowings of \$2.3m in 1Q2019, as compared to proceeds from bank borrowings of \$26.6m, a lift in fixed deposits pledged of \$1.4m, net of repayment of bank borrowings of \$26.6m in 1Q2018. Repayment of lease liabilities refer to rentals paid on operating leases net of related finance costs.

Cash and cash equivalents stood at \$52.7m as at 31 March 2019, down from \$54.3m as at 31 March 2018.

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

IT

The IT business through Singapore and the regional offices experienced a drop in revenue of 9.8% or \$10.8m from \$110.2m in 1Q2018 to \$99.4m in 1Q2019. The decreases in revenue were mainly due to lower orders received from customers.

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, Imperva, Riverbed, RSA and Symantec.

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, Check Point and Symantec courses. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

As at 31 March 2019, the Group's IT business has a presence in 28 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.

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 continuing trade tensions between US and China, the global economic outlook remains uncertain which in turn affected the Group's business. With the increases in US interest rates in the past few years, the cost of business is expected to remain high. 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.

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PCB

Comparing 1Q2019 to 1Q2018, the revenue for this quarter decreased by 63.6% or \$1.4m, from \$2.2m in 1Q2018 to \$782,000 in 1Q2019. The decrease was mainly due to lower customer demands and significantly reduced production capacity resulting from the disposal of 22 mechanical drilling machines and 3 laser drilling machines in China during 1Q2019. The reduced capacity has the corresponding result of lowering any revenue potential.

During 1Q2019, the Group disposed 22 mechanical drilling machines and 3 laser drilling machines. As at 31 March 2019, the Group has 7 mechanical drilling machines and 15 laser drilling machines. The Group will continue to be selective of its customers, rationalise operations, manage headcount and conserve cash.

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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. 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 monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we mainly 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, and to a lesser extent, Euro, Philippines peso, Korean won, Japanese yen, Vietnam dong, 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.

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.

In the area of PCB business, the Group's risk 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 adversely impact the Group. However with the disposal of a substantial number of mechanical drilling machines and laser drilling machines, the Group's PCB business will reduce significantly and its risk exposure in the PCB business will correspondingly reduce.

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

The actual results for 1Q2019 were largely in line with the prospect commentary disclosed to the shareholders on 1 February 2019.

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***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 31 Mar 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,570	5,150	6,203	13,355

Amount repayable after one year

As at 31 Mar 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
750	-	869	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's investment in life insurance plan 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 2019 and 31 Mar 2019	90,095	37,288	37,288
Balance at 1 Jan 2018 and 31 Mar 2018	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.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2019 to 31 March 2019

NOTES TO THE FINANCIAL STATEMENTS

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's financial statements for the current reporting period have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations of SFRS(I).

Other than the adoption of new SFRS(I) as mentioned in Note 5 below, there was no change in accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018.

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.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in SFRS(I) 16. The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of FRS17 *Leases*.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- no reassessment on whether a contract is, or contains a lease, if the contract was entered into before 1 January 2019
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset as the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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.

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2019 to 31 March 2019***NOTES TO THE FINANCIAL STATEMENTS**

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.**

Group Earnings per share attributable to owners of the parent during the financial period (expressed in cents per share)	3 months ended	
	31-Mar-2019	31-Mar-2018
(i) Based on weighted average number of shares	2.77 cents	3.07 cents
- Weighted average number of shares ('000)	90,095	90,095
(ii) On fully diluted basis	2.77 cents	3.07 cents
- Adjusted weighted average number of shares ('000)	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	
	31-Mar-2019	31-Dec-2018	31-Mar-2019	31-Dec-2018
Net asset value per share based on existing issued share capital as at the respective period	113.54 cents	110.70 cents	65.27 cents	64.62 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.

10. **DIVIDEND**

(a) **Current Financial Period Reported On**

No dividend has been declared/recommended for the financial period ended 31 March 2019 as the Board of Directors would like to invest the profits earned in the first quarter of the year into further growth of the Group.

(b) **Dividend for financial period ended 31 March 2018**

No dividend was declared/recommended for the financial period ended 31 March 2018.

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NOTES TO THE FINANCIAL STATEMENTS

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.

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
29 April 2019

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 first quarter ended 31 March 2019 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 29 April 2019

Han Juat Hoon
Chief Operating Officer
Singapore, 29 April 2019