



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Unaudited Condensed Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2022 to 30 June 2022

Unaudited Condensed Interim Financial Statements and Dividend Announcement
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CONSOLIDATED INCOME STATEMENT

Group	6 months ended		
	30-06-2022 \$'000	30-06-2021 \$'000	Change %
Revenue	301,861	298,537	1
Cost of sales	(260,034)	(255,864)	2
Gross profit	41,827	42,673	(2)
Other items of income			
- Interest income	388	275	41
- Other income	771	2,460	(69)
Other items of expense			
- Selling and distribution costs	(16,147)	(15,383)	5
- Administrative and other expenses	(12,968)	(11,943)	9
- (Loss allowance)/Reversal of allowance on third party trade receivables	(597)	406	(247)
- Finance costs	(242)	(123)	97
Profit before income tax	13,032	18,365	(29)
Income tax expense	(3,381)	(5,415)	(38)
Profit for the financial period	9,651	12,950	(25)
Profit attributable to:			
Owners of the parent	9,651	11,563	(17)
Non-controlling interests	-	1,387	(100)
	9,651	12,950	(25)
Earnings per share for profit attributable to owners of the parent during the financial period			
(expressed in cents per share)			
Basic	10.71 cents	12.83 cents	
Diluted	10.71 cents	12.83 cents	

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group	6 months ended		
	30-06-2022	30-06-2021	Change
	\$'000	\$'000	%
Profit for the financial period	9,651	12,950	(25)
Other comprehensive income for the financial period:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency differences on translation of foreign operations	2,433	1,472	65
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value change in financial asset, at FVOCI	(248)	(151)	64
Other comprehensive income for the financial period, net of tax	2,185	1,321	65
Total comprehensive income for the financial period	11,836	14,271	(17)
Total comprehensive income attributable to:			
Owners of the parent	11,836	12,639	(6)
Non-controlling interests	-	1,632	(100)
	11,836	14,271	(17)

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Unaudited Condensed Interim Financial Statements and Dividend Announcement
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	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	9,239	9,298	760	785
Investment properties	-	-	2,330	2,358
Investments in subsidiaries	-	-	105	105
Club memberships	1,039	734	374	374
Right-of-use assets	2,685	3,200	371	428
Deferred tax assets	5,567	5,173	-	-
Financial asset, at FVOCI	116	373	-	-
Financial asset, at FVPL	4,832	4,628	4,832	4,628
Trade receivables	10,387	11,012	-	-
Prepayments	1,996	217	184	217
	35,861	34,635	8,956	8,895
Current assets				
Inventories	53,282	51,430	407	461
Trade and other receivables	155,375	132,702	36,527	33,194
Prepayments	1,463	990	134	117
Current income tax recoverable	4,498	4,274	-	-
Fixed deposits	13,838	4,572	11,792	-
Cash and bank balances	58,129	69,842	5,546	10,381
	286,585	263,810	54,406	44,153
Less:				
Current liabilities				
Trade and other payables	132,481	122,360	2,813	5,652
Contract liabilities	33,452	24,448	-	-
Lease liabilities	1,134	1,257	56	107
Bank borrowings	1,387	500	-	-
Current income tax payable	3,702	4,320	-	-
	172,156	152,885	2,869	5,759
Net current assets	114,429	110,925	51,537	38,394
Less:				
Non-current liabilities				
Trade payables	7,334	8,089	-	-
Contract liabilities	2,284	2,295	-	-
Lease liabilities	1,350	1,755	59	82
Bank borrowings	1,917	1,500	-	-
Provision for post-employee benefits	643	624	-	-
Deferred tax liabilities	943	1,097	-	-
	14,471	15,360	59	82
	135,819	130,200	60,434	47,207
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve/(account)	1,562	(871)	-	-
Other reserves	(1,049)	(801)	-	-
Retained earnings	98,018	94,584	23,146	9,919
Total equity	135,819	130,200	60,434	47,207

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CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	30-06-2022	30-06-2021
	\$'000	\$'000
OPERATING ACTIVITIES		
Profit before income tax	13,032	18,365
Adjustments for:		
- Loss allowance/(reversal of allowance) on third party trade receivables	597	(406)
- Allowance made for inventory obsolescence	2,036	1,159
- Third party trade receivables written off	38	-
- Fair value change in financial asset, at FVPL	(60)	(58)
- Depreciation of property, plant and equipment	646	658
- Gain on disposal of plant and equipment	(92)	(2)
- Amortisation of club memberships	5	5
- Depreciation of right-of-use assets	670	636
- Gain on lease modifications	-	(6)
- Interest expense	242	123
- Interest income	(388)	(275)
- Inventories written off	44	38
- Third party trade and other payables written off	(44)	-
- Unrealised foreign exchange loss	1,635	862
Operating cash flows before working capital changes	18,361	21,099
Working capital changes:		
- Inventories	(3,180)	(28,269)
- Trade and other receivables	(19,669)	(45,478)
- Prepayments	(2,244)	330
- Trade and other payables, and contract liabilities	14,629	41,959
Cash generated from/(used in) operations	7,897	(10,359)
Interest received	388	275
Income tax paid	(5,018)	(6,187)
Net cash generated from/(used in) operating activities	3,267	(16,271)

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CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	6 months ended	
	30-06-2022	30-06-2021
	\$'000	\$'000
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	148	5
Purchase of property, plant and equipment	(644)	(174)
Purchase of club memberships	(299)	-
Net cash used in investing activities	<u>(795)</u>	<u>(169)</u>
FINANCING ACTIVITIES		
Fixed deposits pledged	-	9,921
Proceeds from bank borrowings	4,910	7,734
Repayments of bank borrowings	(3,699)	(9,299)
Repayments of lease liabilities	(657)	(592)
Interest paid	(242)	(123)
Dividends paid to owners of the parent	(6,217)	(5,946)
Dividends paid to non-controlling shareholders	-	(118)
Net cash (used in)/generated from financing activities	<u>(5,905)</u>	<u>1,577</u>
Net change in cash and cash equivalents	(3,433)	(14,863)
Cash and cash equivalents at beginning of financial period	74,363	67,610
Effects of exchange rate changes on cash and cash equivalents	988	723
Cash and cash equivalents at end of financial period (Note 1)	<u><u>71,918</u></u>	<u><u>53,470</u></u>
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	71,967	53,523
Less: Fixed deposits pledged with banks	(49)	(53)
	<u><u>71,918</u></u>	<u><u>53,470</u></u>

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Foreign currency translation (account)/ reserve	Premium on acquisition of non-controlling interests	Fair value reserve	Statutory reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	37,288	(871)	(1,043)	(88)	330	94,584	130,200	-	130,200
Profit for the financial period	-	-	-	-	-	9,651	9,651	-	9,651
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	2,433	-	-	-	-	2,433	-	2,433
Fair value change in financial asset, at FVOCI	-	-	-	(248)	-	-	(248)	-	(248)
Total comprehensive income for the financial period	-	2,433	-	(248)	-	9,651	11,836	-	11,836
Distributions to the owners of the parent									
Dividends	-	-	-	-	-	(6,217)	(6,217)	-	(6,217)
Total transactions with the owners of the parent	-	-	-	-	-	(6,217)	(6,217)	-	(6,217)
Balance at 30 June 2022	37,288	1,562	(1,043)	(336)	330	98,018	135,819	-	135,819
Balance at 1 January 2021	37,288	(2,364)	(123)	77	519	79,129	114,526	12,305	126,831
Profit for the financial period	-	-	-	-	-	11,563	11,563	1,387	12,950
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	1,227	-	-	-	-	1,227	245	1,472
Fair value change in financial asset, at FVOCI	-	-	-	(151)	-	-	(151)	-	(151)
Total comprehensive income for the financial period	-	1,227	-	(151)	-	11,563	12,639	1,632	14,271
Distributions to the owners of the parent									
Dividends	-	-	-	-	-	(5,946)	(5,946)	-	(5,946)
Total transactions with the owners of the parent	-	-	-	-	-	(5,946)	(5,946)	-	(5,946)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(118)	(118)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(118)	(118)
Balance at 30 June 2021	37,288	(1,137)	(123)	(74)	519	84,746	121,219	13,819	135,038

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STATEMENTS OF CHANGES IN EQUITY (Continued)

Company	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2022	37,288	9,919	47,207
Profit for the financial period	-	19,444	19,444
Total comprehensive income for the financial period	-	19,444	19,444
Transaction with the owners			
Dividends	-	(6,217)	(6,217)
Total transactions with the owners	-	(6,217)	(6,217)
Balance at 30 June 2022	37,288	23,146	60,434
Balance at 1 January 2021	37,288	6,389	43,677
Profit for the financial period	-	14,111	14,111
Total comprehensive income for the financial period	-	14,111	14,111
Transactions with the owners			
Dividends	-	(5,946)	(5,946)
Total transactions with the owners	-	(5,946)	(5,946)
Balance at 30 June 2021	37,288	14,554	51,842

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General corporate information

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

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

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

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

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

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

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3. Seasonal operations

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

4. Segment and revenue information

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

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

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

4.1. Reportable segments

	Singapore	Greater China	Australia	India	Others	Elimination and adjustments	Total
1 January 2022 to 30 June 2022	IT business \$'000	PCB business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	Total \$'000
Revenue							
- External sales	156,787	1,066	25,657	22,084	32,346	63,921	301,861
- Inter-segment sales	1	-	-	-	-	(1)	-
Total revenue	156,788	1,066	25,657	22,084	32,346	63,921	301,861

	IT business \$'000	PCB business \$'000	Elimination and adjustments \$'000	Total \$'000
Segment results				
Interest income	386	2	-	388
Interest expense	(240)	(2)	-	(242)
Depreciation of property, plant and equipment	(486)	(160)	-	(646)
<i>Other non-cash items:</i>				
- Gain on disposal of plant and equipment	92	-	-	92
- Amortisation of club memberships	(5)	-	-	(5)
- Depreciation of right-of-use assets	(613)	(57)	-	(670)
- Third party trade receivables written off	(38)	-	-	(38)
- Inventories written off	(44)	-	-	(44)
- Unrealised foreign exchange (loss)/gain	(2,419)	784	-	(1,635)
- Allowance made for inventory obsolescence	(2,036)	-	-	(2,036)
- Loss allowance on third party trade receivables	(597)	-	-	(597)
- Fair value change in financial asset, at FVPL	-	60	-	60
Segment profit	10,522	2,510	-	13,032

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4.1. Reportable segments (Continued)

	Singapore		Greater China	Australia	India	Others	Unallocated	Total
	IT	PCB	IT	IT	IT	IT		
	business	business	business	business	business	business		
1 January 2022 to 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
Property, plant and equipment	130	107	4	-	133	270	-	644
30 June 2022								
Assets and liabilities								
Segment assets	163,965	27,208	21,957	21,697	27,600	49,954	10,065	322,446
Segment liabilities	108,148	2,843	9,743	16,575	19,266	25,407	4,645	186,627

	Singapore		Greater China	Australia	India	Others	Elimination and adjustments	Total
	IT	PCB	IT	IT	IT	IT		
	business	business	business	business	business	business		
1 January 2021 to 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
- External sales	127,221	1,023	35,097	30,958	39,308	64,930	-	298,537
- Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	127,221	1,023	35,097	30,958	39,308	64,930	-	298,537

	IT	PCB	Elimination and adjustments	Total
	business	business		
	\$'000	\$'000	\$'000	\$'000
Segment results				
Interest income	216	59	-	275
Interest expense	(121)	(2)	-	(123)
Depreciation of property, plant and equipment	(498)	(160)	-	(658)
<i>Other non-cash items:</i>				
- Gain on disposal of plant and equipment	2	-	-	2
- Amortisation of club memberships	(5)	-	-	(5)
- Depreciation of right-of-use assets	(614)	(22)	-	(636)
- Inventories written off	(38)	-	-	(38)
- Unrealised foreign exchange (loss)/gain	(1,299)	437	-	(862)
- Allowance made for inventory obsolescence	(1,159)	-	-	(1,159)
- Reversal of allowance/(loss allowance) on third party trade receivables	409	(3)	-	406
- Fair value change in financial asset, at FVPL	-	58	-	58
Segment profit	17,689	676	-	18,365

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4.1. Reportable segments (Continued)

	Singapore		Greater China		Australia		India		Others		Unallocated	Total
	IT business	PCB business	IT business	PCB business	IT business	PCB business	IT business	PCB business	IT business	PCB business		
1 January 2021 to 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure												
Property, plant and equipment	73	3	13		1		20		64		-	174
31 December 2021												
Assets and liabilities												
Segment assets	156,929	20,398	22,763		16,016		26,479		46,413		9,447	298,445
Segment liabilities	93,428	5,841	12,178		10,243		16,958		24,180		5,417	168,245

Geographical segments

	Singapore		Greater China		Australia		India		Others		Total	
	6 months ended		6 months ended		6 months ended		6 months ended		6 months ended		6 months ended	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021	30-06-2022	30-06-2021	30-06-2022	30-06-2021	30-06-2022	30-06-2021	30-06-2022	30-06-2021
Revenue from external customers	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	137,143	108,628	26,232	35,835	22,071	30,431	33,162	40,392	83,253	83,251	301,861	298,537
	Singapore		Greater China		Australia		India		Others		Total	
	as at		as at		as at		as at		as at		as at	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021	30-06-2022	31-12-2021	30-06-2022	31-12-2021	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Non-current assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	8,114	7,522	725	836	2,844	2,883	1,279	907	1,997	1,301	14,959	13,449

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4.2. Disaggregation of Revenue

	At a point time		Group		Total	
	6 months ended		6 months ended		6 months ended	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021	30-06-2022	30-06-2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
IT business						
- Distribution of IT products	293,791	291,354	-	-	293,791	291,354
- In-house maintenance services	-	-	4,740	3,754	4,740	3,754
- Professional services	2,189	2,253	-	-	2,189	2,253
- Training services	70	131	-	-	70	131
PCB business						
- PCB services	501	512	-	-	501	512
- Distribution of PCB related products	323	273	-	-	323	273
	<u>296,874</u>	<u>294,523</u>	<u>4,740</u>	<u>3,754</u>	<u>301,614</u>	<u>298,277</u>
Rental						
IT					5	22
PCB					242	238
					<u>301,861</u>	<u>298,537</u>

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5. Profit before taxation

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

Group	6 months ended		
	30-06-2022 \$'000	30-06-2021 \$'000	Change %
Other gains	575	1,501	(62)
Interest income	388	275	41
Interest expense	(242)	(123)	97
Amortisation of club memberships	(5)	(5)	-
Depreciation of property, plant and equipment	(646)	(658)	(2)
Depreciation of right-of-use assets	(670)	(636)	5
(Loss allowance)/reversal of allowance on third party trade receivables	(597)	406	(247)
Third party trade receivables written off	(38)	-	100
Allowance for inventory obsolescence	(2,036)	(1,159)	76
Inventories written off	(44)	(38)	16
Foreign exchange (loss)/gain, net	(1,337)	899	(249)
Gain on disposal of plant and equipment	92	2	4,500
Third party trade and other payables written off	44	-	100
Gain on lease modifications	-	6	(100)
Fair value change in financial asset, at FVPL	60	58	3

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6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Group	6 months ended	
	30-06-2022	30-06-2021
Earnings per share attributable to owners of the parent during the financial period (expressed in cents per share)		
(i) Based on weighted average number of shares	10.71 cents	12.83 cents
- Weighted average number of shares ('000)	90,095	90,095
(ii) On fully diluted basis	10.71 cents	12.83 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Net asset value per share based on existing issued share capital as at the respective period	150.75 cents	144.51 cents	67.08 cents	52.40 cents

The net asset value per ordinary share at the end of the current period and the immediately preceding financial year have been calculated based on 90,095,000 ordinary shares.

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

Not applicable.

9. **Inventories**

During the six months ended 30 June 2022, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off of \$2,036,000 and \$44,000 (30 June 2021: \$1,159,000 and \$38,000) respectively that have been included in "cost of sales" line item in profit or loss.

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10. Trade and other receivables

	Group	
	30-06-2022	31-12-2021
	\$'000	\$'000
Non-current assets		
Trade receivables – third parties	10,387	11,012
Current assets		
Trade receivables		
- third parties	148,015	129,031
Loss allowance on third party trade receivables	(6,303)	(5,635)
	141,712	123,396
Non-trade receivables		
- third parties	12,366	7,180
	154,078	130,576
Deposits	504	518
Value added tax	793	1,608
Total current trade and other receivables	155,375	132,702
Total trade and other receivables	165,762	143,714

Non-current trade receivables due from third parties are unsecured, non-interest bearing and expected to be settled within 2 to 5 years (2021: 2 to 6 years).

Current trade receivables due from third parties are unsecured, non-interest bearing and generally on 30 to 120 (2021: 30 to 120) days credit terms.

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

The age analysis of trade receivables is as follows:

	Group	
	30-06-2022	31-12-2021
	\$'000	\$'000
Current	110,641	102,854
Past due 0 to 1 month	15,224	17,510
Past due 1 to 2 months	19,694	12,763
Past due 2 to 5 months	4,568	2,776
Past due over 5 months	8,275	4,140
Total	158,402	140,043

Trade receivables are present in:

Non-current assets	10,387	11,012
Current assets	148,015	129,031
	158,402	140,043

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10. Trade and other receivables (Continued)

Management applied the “simplified approach” for assessing expected credit losses for trade receivables from third parties. Under the simplified approach, the Group’s management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions, economic factors impacted by COVID-19 pandemic and customers’ country credit rating.

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

	Group	
	30-06-2022	31-12-2021
	\$'000	\$'000
Balance at beginning of financial year	5,635	6,741
Loss allowance made during the financial year		
- made for lifetime expected credit loss, not credit impaired	304	300
- made for/(reversed) lifetime expected credit loss, credit impaired	293	(847)
Receivable written off as uncollectible	(2)	(651)
Currency translation adjustment	73	92
Balance at end of financial year	6,303	5,635

As at 30 June 2022, trade receivables of \$3,299,000 (2021: \$2,974,000) had lifetime expected credit losses of the full value of the receivables. These receivables due at the end of financial year relates to customers located in various geographical areas. The main factors considered in determining the lifetime expected credit losses for these customers are debts past due more than 5 months and there was currently uncertainty over the recoverability of the debts.

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

	Group	
	30-06-2022	31-12-2021
	\$'000	\$'000
IT business		
- Australia	313	508
- Greater China	1,135	340
- India	2,198	2,046
- Indonesia	67	93
- Malaysia	336	310
- Philippine	139	108
- Singapore	2,092	2,202
- Thailand	20	25
	6,300	5,632
PCB business		
- Singapore	3	3
Total	6,303	5,635

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As at 30 Jun 2022		As at 31 Dec 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,387	-	500

Amount repayable after one year

As at 30 Jun 2022		As at 31 Dec 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,917	-	1,500

Additional information and details of any collateral

Not applicable.

12. Share Capital

	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2022 and 30 Jun 2022	90,095	37,288	37,288
Balance at 1 Jan 2021 and 30 Jun 2021	90,095	37,288	37,288

The Company did not hold any treasury shares as at 30 June 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 30 June 2021.

13. A statement showing all sales, transfers, disposal, cancellation and/or issue of treasury shares as at the end of the current financial period reported on.

Not applicable.

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors;

and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

1.1 REVENUE

For the six months ended 30 June 2022 ("1H2022"), the Group achieved revenue of \$301.9m, a year-on-year increase of 1.1% or \$3.4m, compared to revenue of \$298.5m achieved for the six months ended 30 June 2021 ("1H2021").

For 1H2022, the IT Division accounted for 99.6% of the Group's revenue, while the PCB Division accounted for the remaining 0.4% of the Group's revenue.

IT Division

The IT Distribution business achieved revenue of \$300.8m in 1H2022, an increase of 1.1% or \$3.3m, from \$297.5m in 1H2021.

The increase in revenue for 1H2022 was mainly due to the increase in customer demands.

PCB Division

Comparing 1H2022 to 1H2021, revenue in this Division increased slightly from \$1.0m in 1H2021 to \$1.1m in 1H2022.

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1.2 PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$13.0m in 1H2022, as compared to \$18.4m in 1H2021.

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

- (1) A decrease in gross profit of \$846,000. The decrease in gross profit was mainly due to the increase in allowance for inventory obsolescence of \$877,000 from \$1.2m in 1H2021 to \$2.0m in 1H2022 based on the review of inventory obsolescence performed as at 30 June 2022. This resulted in a decrease in gross profit margin from 14.3% in 1H2021 to 13.9% in 1H2022. Excluding allowance for inventory obsolescence, the Group reported a gross profit margin of 14.5% in 1H2022, compared to 14.7% in 1H2021;
- (2) A decrease in other gains of \$926,000 from \$1.5m in 1H2021 to \$575,000 in 1H2022, mainly due to no Singapore Jobs Support Scheme payout from the government and China government subsidy in 1H2022, compared to \$682,000 in 1H2021;
- (3) Net foreign exchange loss of \$1.3m in 1H2022, as compared to net foreign exchange gain of \$899,000 in 1H2021 mainly due to appreciation of United States dollar against Singapore dollar and local currencies in 1H2022. Excluding net foreign exchange differences, the Group reported a PBT of \$14.3m in 1H2022, compared to a PBT of \$17.5m in 1H2021; and
- (4) A loss allowance on third party trade receivables of \$597,000 recognised in 1H2022, as compared to reversal of allowance on third party trade receivables of \$406,000 in 1H2021, based on the impairment review performed in 1H2022 in accordance to SFRS(I) 9.

1.3 PROFIT AFTER TAX (“PAT”)

In 1H2022, the Group achieved PAT of \$9.7m as compared to \$13.0m in 1H2021, mainly due to the decrease in PBT offset by the decrease in income tax expense. The decrease in income tax expense of \$2.0m from \$5.4m in 1H2021 to \$3.4m in 1H2022 was mainly due to the decrease in profit before tax in 1H2022.

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

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1.4 STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 30 June 2022 compared to 31 December 2021.

Property, plant and equipment decreased by \$59,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchases of plant and equipment in 1H2022. At the Company level, property, plant and equipment decreased by \$25,000 due to depreciation charge of property, plant and equipment in 1H2022.

Club memberships increased by \$305,000 at the Group level mainly due to purchases of club memberships, net of amortisation charge in 1H2022. At the Company level, club memberships remained unchanged.

Right-of-use assets decreased by \$515,000 at the Group level mainly due to new long-term leases capitalised, net of depreciation charge in 1H2022. At Company level, right-of-use assets decreased by \$57,000 due to depreciation charge in 1H2022.

Deferred tax assets increased by \$394,000 at the Group level mainly due to increased deductible temporary difference in 1H2022 which the related tax benefits could be realised through future taxable profits. There was no deferred tax assets at Company level.

Financial asset, at FVOCI refers to financial asset at fair value through other comprehensive income and the Group has elected to classify equity investments, which are not accounted for as subsidiary, associate or jointly controlled entity, as financial asset at fair value through other comprehensive income. This decreased by \$257,000 at the Group level due to fair value change in 1H2022. There was no financial asset, at FVOCI at the Company level.

Financial asset, at FVPL refers to financial asset at fair value through profit or loss. The Group and the Company classifies the investment in life insurance plan as financial assets at fair value through profit or loss and this increased by \$204,000 at both the Group and the Company level due to currency revaluation gain and fair value gain in 1H2022.

Cash and cash equivalents at the Group level decreased by \$2.4m from \$74.4m to \$72.0m. The decrease was mainly due to cash generated from operations and proceeds from bank borrowings offset income tax paid, purchase of plant and equipment and club memberships, repayments of bank borrowings and lease liabilities, and dividend paid to shareholders. At the Company level, cash and cash equivalents increased from \$10.4m to \$17.3m mainly due to dividend received from subsidiaries, net of dividend paid to shareholders and accrued operating expenses paid in 1H2022.

Trade and other receivables of the Group increased by \$22.1m from \$143.7m to \$165.8m, mainly due to higher revenue attained in 1H2022 and advances paid to suppliers for purchases prior to the delivery of goods and services. At the Company level, trade and other receivables increased by \$3.3m from \$33.2m to \$36.5m mainly due to expenses recharged to a subsidiary, net of repayment from a subsidiary.

Inventories at the Group level increased by \$1.9m from \$51.4m to \$53.3m mainly due to increased purchases to cater for contracts not yet fulfilled. At the Company level, inventories decreased by \$54,000 from \$461,000 to \$407,000.

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1.4 STATEMENTS OF FINANCIAL POSITION REVIEW (Continued)

Prepayments at the Group level increased by \$2.3m from \$1.2m to \$3.5m mainly due to prepayment of five-year's license fees for new ERP system in 1H2022. Prepayments at Company level decreased by \$16,000 from \$334,000 to \$318,000.

Trade and other payables increased by \$9.4m from \$130.4m to \$139.8m at the Group level mainly due to increased purchases to cater for contracts not yet fulfilled. At the Company level, trade and other payables decreased by \$2.9m from \$5.7m to \$2.8m mainly due to accrued operating expenses paid in 1H2022.

Contract liabilities increased by \$9.0m from \$26.7m to \$35.7m at the Group level mainly due to increase in advance billings and rebate to customers. There was no contract liability at the Company level.

Bank borrowings increased by \$1.3m from \$2.0m to \$3.3m at Group level mainly due to bank borrowings drawdown offset by repayments of bank borrowings in 1H2022. There was no bank borrowings at Company level.

Foreign currency translation reserve of \$1.6m instead of foreign currency account of \$871,000 at the Group level mainly due to appreciation of United States dollar against Singapore dollar.

Other reserves increased by \$248,000 at the Group level mainly due to fair value change in financial asset, at FVOCI in 1H2022.

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1.5 CASH FLOW ANALYSIS

Net cash of \$3.3m was generated from operating activities in 1H2022, as compared to net cash of \$16.3m used in operating activities in 1H2021. This was mainly due to decrease in working capital used in inventories, trade and other receivables and income tax payment in 1H2022, net of lower profit before tax and decrease in working capital generated from trade and other payables, and contract liabilities.

Net cash of \$795,000 was used in investing activities in 1H2022, as compared to \$169,000 used in investing activities in 1H2021. The change was mainly due to purchase of plant and equipment of \$644,000 and purchase of club memberships of \$299,000 net of proceeds from disposal of plant and equipment of \$148,000 in 1H2022, as compared to purchase of plant and equipment of \$174,000 in 1H2021.

Net cash of \$5.9m was used in financing activities in 1H2022, as compared to net cash of \$1.6m generated from financing activities in 1H2021. This was mainly due to repayment of bank borrowings of \$3.7m, payment of dividend of \$6.2m and repayment of lease liabilities of \$657,000, net of proceeds from bank borrowings of \$4.9m in 1H2022, as compared to proceeds from bank borrowings of \$7.7m and lift in fixed deposits pledged of \$9.9m, net of repayment of bank borrowings of \$9.3m, payment of dividend of \$6.1m and repayment of lease liabilities of \$592,000 in 1H2021.

Cash and cash equivalents stood at \$71.9m as at 30 June 2022, up from \$53.5m as at 30 June 2021.

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

IT

The IT business through Singapore and the regional offices achieved a year-on-year revenue growth of 1.1% in 1H2022 over the corresponding period in year 2021. The increase in revenue was mainly due to the increase in customer demands. With the global economy has already been weakened by COVID-19 pandemic, the Russian - Ukraine conflict magnified the slowdown in the global economy recovery and increased inflationary pressures. The Group is monitoring the impact on the global economy and will continue to be vigilant during this challenging time.

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Check Point, CyberArk, Imperva, McAfee, Proofpoint, Riverbed, RSA, Solarwinds, Symantec (a division of Broadcom) and Trend Micro.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Education Services Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Allot, Check Point and Symantec (a division of Broadcom) 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 30 June 2022, the Group's IT business had 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 current global COVID-19 pandemic and the Russian – Ukraine conflict, the global economic outlook remains uncertain which in turn will affect the Group's business. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group's business.

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

PCB

Revenue in PCB division in 1H2022 remained relatively unchanged over the corresponding period in year 2021. The revenue growth in PCB division is expected to reduce in year 2022.

As at 30 June 2022, the Group had 7 mechanical drilling machines in Singapore.

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3. Risk Factors

The Group's primary business risk is in its IT business. In the area of IT business, the Group is subject to risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. To mitigate such risk, the Group has taken steps to align with the leading names in the IT arena. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

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

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

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

The actual results for 1H2022 were largely in line with the prospect commentary disclosed to the shareholders on 18 February 2022.

5. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2021. In addition, the Group also adopted various revisions to Singapore Financial Reporting Standards (International) ("SFRS(I)"), which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

6. If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

7. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures presented in the announcement have not been audited or reviewed by our auditors.

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

Not applicable.

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

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

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

Not applicable.

9. Dividends

- (a) Current Financial Period Reported On

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

- (b) Dividend for financial period ended 30 June 2021

Name of Dividend	2021 Interim Ordinary Tax Exempt – 1-Tier	2021 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	4.20	4.20

- (c) Book closure date and dividend payment date

The interim tax exempt 1-Tier dividend of 6.60 cents per ordinary share will be paid on 9 September 2022. The record (entitlement) date and time will be on 31 August 2022 at 5:00 p.m. and the book closure date will be on 1 September 2022.

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- 10. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions. If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate from shareholders for IPTs obtained.

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

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

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
5 August 2022

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 half year ended 30 June 2022 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 5 August 2022

Han Juat Hoon
Chief Operating Officer
Singapore, 5 August 2022