



CEI LIMITED

(Company Registration No. 199905114H)

Half Year Financial Statement

The Board of Directors of CEI Limited wishes to announce the unaudited results of the Group and of the Company for the First Half Year Ended 30 June 2018.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF YEAR ENDED 30 JUNE 2018

	GROUP		
	<u>1H2018</u>	<u>1H2017</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Revenue	68,101	67,462	0.9
Cost of sales	(51,961)	(51,348)	1.2
Gross profit	16,140	16,114	0.1
Other income	1	2	N/M
General and administrative costs	(9,396)	(9,699)	(3.1)
Selling and distribution costs	(2,194)	(2,184)	0.4
Profit from operations	4,551	4,233	7.5
Finance costs	(27)	(18)	N/M
Share of results of associated company	-	58	N/M
Profit from operations before taxation	4,524	4,273	5.9
Taxation	(869)	(662)	31.3
Profit after taxation	3,655	3,611	1.2
Other comprehensive income:			
Foreign currency translation	26	(5)	N/M
Total comprehensive income for the year	3,681	3,606	2.1

Included in the above expenses are -	<u>1H2018</u>	<u>1H2017</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Depreciation of fixed assets	(934)	(1,057)	(11.6)
Foreign exchange gain/(loss)	399	(1,410)	N/M
Fair value (loss)/gain on derivatives	(518)	1,077	N/M

N/M – Not meaningful

1(b) STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 Jun 2018 \$'000	31 Dec 2017 \$'000 (restated)	30 Jun 2018 \$'000	31 Dec 2017 \$'000
Fixed assets	4,024	4,803	2,061	2,289
Intangible assets	1,063	1,063	1,063	1,063
Investments in subsidiaries	-	-	5,107	5,107
Investment in associated company	1,339	1,339	582	582
Deferred tax asset	839	839	209	209
	<u>7,265</u>	<u>8,044</u>	<u>9,022</u>	<u>9,250</u>
Current assets				
Inventories	33,676	25,062	33,154	24,915
Trade receivables	25,808	27,958	25,738	27,804
Other receivables and prepayments	1,068	796	754	529
Amounts due from subsidiary companies	-	-	857	337
Cash and cash equivalents	4,122	3,044	3,506	2,419
	<u>64,674</u>	<u>56,860</u>	<u>64,009</u>	<u>56,004</u>
Current liabilities				
Trade payables and accruals	24,088	20,817	22,711	19,324
Amounts due to subsidiary companies	-	-	3,494	3,636
Provision for taxation	1,772	1,556	1,673	1,371
Bank borrowings	5,010	2,001	5,010	2,001
Other liabilities	1,601	1,796	1,601	1,796
	<u>32,471</u>	<u>26,170</u>	<u>34,489</u>	<u>28,128</u>
Net current assets	<u>32,203</u>	<u>30,690</u>	<u>29,520</u>	<u>27,876</u>
Net assets	<u>39,468</u>	<u>38,734</u>	<u>38,542</u>	<u>37,126</u>
Represented by:				
Share capital	23,897	23,897	23,897	23,897
Less : Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Revenue reserves	16,328	15,620	15,482	14,066
Foreign currency translation reserve	80	54	-	-
	<u>39,468</u>	<u>38,734</u>	<u>38,542</u>	<u>37,126</u>

The Group's financial position as at 31 December 2017 are restated following the adoption of the Singapore Financial Reporting Standards (International) ("SFRS(I)s"). Please refer to paragraph 5 for the details on the financial impact from the adoption of SFRS(I)s.

1(c) **BORROWINGS**

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 December 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	5,010	-	2,001

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

Not applicable.

1(d) CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2018

	GROUP	
	<u>1H2018</u>	<u>1H2017</u>
	\$'000	\$'000
Cash flows from operating activities:		
Profits from operations before taxation	4,524	4,273
Adjustments for:		
Depreciation of fixed assets	934	1,057
Interest income	(1)	-
Interest expense	27	18
Write back of impairment of associated company	-	(100)
Fair value loss/(gain) on forward contracts	518	(1,077)
Share of results of associated companies	-	(58)
Reversal of provision for obsolescence	(24)	(75)
Unrealised exchange (gain)/loss	(565)	1,030
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Operating income before investment in working capital	5,413	5,068
Decrease in receivables and prepayments	2,302	1,360
Increase in inventories	(8,590)	(1,831)
Increase/(decrease) in payables	2,700	(2,331)
	<hr/>	<hr/>
Cash generated from operations	1,825	2,266
Interest received	1	-
Interest paid	(18)	(18)
Income tax paid, net of refund	(653)	(873)
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Net cash generated from operating activities	1,155	1,375
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Cash flows from investing activities:		
Purchase of fixed assets	(156)	(275)
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Net cash used in investing activities	(156)	(275)
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Cash flows from financing activities:		
Dividends paid on ordinary shares	(2,947)	(4,508)
Proceeds from/(repayment of) loans and borrowings	3,000	(500)
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Net cash flows from/(used in) financing activities	53	(5,008)
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Net increase/(decrease) in cash and cash equivalents	1,052	(3,908)
Effect of exchange rate changes on cash and cash equivalents	26	(5)
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Cash and cash equivalents at beginning of the period	3,044	11,698
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Cash and cash equivalents at end of the period	4,122	7,785
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1(e) STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2018

Group	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 31 December 2017 (as previously stated)	23,897	(837)	15,943	(269)	38,734
Effects of adoption of SFRS(l)	-	-	(323)	323	-
Balance at 31 December 2017 (as restated) and 1 January 2018	23,897	(837)	15,620	54	38,734
Total comprehensive income for the period	-	-	3,655	26	3,681
Dividends paid	-	-	(2,947)	-	(2,947)
Balance at 30 June 2018	23,897	(837)	16,328	80	39,468
Balance at 1 January 2017 (as previously stated)	23,897	(837)	17,427	(323)	40,164
Effects of adoption of SFRS(l)	-	-	(323)	323	-
Balance at 1 January 2017 (as restated)	23,897	(837)	17,104	-	40,164
Total comprehensive income for the period	-	-	3,611	(5)	3,606
Dividends paid	-	-	(4,508)	-	(4,508)
Balance at 30 June 2017	23,897	(837)	16,207	(5)	39,262
Company	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Total equity \$'000	
Balance at 1 January 2018	23,897	(837)	14,066	37,126	
Total comprehensive income for the period	-	-	4,363	4,363	
Dividends paid	-	-	(2,947)	(2,947)	
Balance at 30 June 2018	23,897	(837)	15,482	38,542	
Balance at 1 January 2017	23,897	(837)	14,868	37,928	
Total comprehensive income for the period	-	-	3,949	3,949	
Dividends paid	-	-	(4,508)	(4,508)	
Balance at 30 June 2017	23,897	(837)	14,309	37,369	

1(f) **CHANGES IN COMPANY'S SHARE CAPITAL**

	30 Jun 2018	31 Dec 2017
No. of treasury shares held	: 1,235,750	1,235,750
No. of issued shares excluding treasury shares	: 86,698,463	86,698,463

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

There was no outstanding convertible as at 30 June 2018 and 30 June 2017.

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

	30 Jun 2018	30 Jun 2017
No. of treasury shares held	: 1,235,750	1,235,750
No. of issued shares excluding treasury shares	: 86,698,463	86,698,463

There were 86,698,463 ordinary shares issued (excluding treasury shares) as at 30 June 2018, 31 December 2017 and 30 June 2017.

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

2. **AUDIT/REVIEW**

The figures have not been audited or reviewed.

3. **AUDITORS' REPORT**

Not applicable as figures have not been audited or reviewed.

4. **ACCOUNTING POLICIES**

Except as disclosed in paragraph (5) below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2017.

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

As required by the listing requirements of the Singapore Exchange, the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") issued by the Accounting Standards Council that are relevant to the Group on 1 January 2018.

In adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

Adoption of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for the foreign operations to nil at 1 January 2017, the date of transition. As a result, cumulative translation losses of \$323,000 were reclassified from foreign currency translation reserve to revenue reserves as at 1 January 2017 for the Group.

Except for SFRS(I) 1 as disclosed above, the adoption of SFRS(I)s and interpretation of SFRS(I) did not have any significant impact on the financial statements of the Group.

6. EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	1H FY 2018	1H FY 2017
Earnings per share based on profit attributable to shareholders		
Based on existing issued share capital	4.22 cts	4.17 cts
Based on fully diluted basis	4.22 cts	4.17 cts

7. NET ASSET VALUE

	Group		Company	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	45.5 cts	44.7 cts	44.5 cts	42.8 cts

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for the first half of FY 2018 of \$68.1 million was 0.9% higher than first half of FY 2017. The Gross Profit Margin maintained at about 23.7%.

The Profit from Operations before Taxation increased from \$4.23 million to \$4.55 million in the first half of FY 2018.

The Profit after Taxation increased from \$3.61 million to \$3.65 million in the first half of FY 2018.

Earnings per share increased from 4.17 cents to 4.22 cents, based on a fully diluted basis.

Net asset value per share increased from 44.7 cents as at 31 December 2017 to 45.5 cents as at 30 June 2018.

Review of Statement of Financial Position (as at 31 December 2017 and 30 June 2018)

Inventories increased from \$25.1 million to \$33.7 million to support a higher order books, and also positioning of materials to secure deliveries due to a tight global electronics components situation. Trade Payables increased from \$20.8 million to \$24.1 million due to the increase in purchase of inventories. Bank borrowings increased from \$2.0 million to \$5.0 million to support the working capital requirement.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 30 June 2018, the Group has orders on hand worth \$66.1 million (31 December 2017: \$55.4 million) most of which are expected to be fulfilled within the current financial year.

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

The global electronics components situation is expected to remain tight for 2H 2018.

While there is currently no material impact on our business, the Directors will continue to monitor the impact of international trade disputes on our customers and our business.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2018.

11. DIVIDENDS

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediate Preceding Financial Year

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

(c) Date payable

The dividends will be payable on 24 August 2018.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of CEI Limited ("the Company") will be closed from 5.00 p.m. on 15 August 2018 to 5.00 p.m. on 16 August 2018 (both dates inclusive) for the preparation of dividend warrants for both the one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 15 August 2018 will be registered to determine shareholders' entitlements to the said dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 15 August 2018 will be entitled to the proposed one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS (unaudited)

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

	1H2018 \$'000	1H2017 \$'000
Transactions for the Sale of Goods and Services		
Innospark Pte Ltd	272	23
ST Electronics (Satcom & Sensor Systems) Pte Ltd	146	184
	<u>418</u>	<u>207</u>
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13. CONFIRMATION BY THE BOARD OF DIRECTORS

The Directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the first half-year ended 30 June 2018 to be false or misleading.

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

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

BY ORDER OF THE BOARD

Teo Soon Hock
Secretary

Singapore, 3 August 2018