



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.
化学工业(远东)有限公司

Company Registration No. : 196200046K

UNAUDITED RESULTS FOR HALF YEAR ENDED 30 SEPTEMBER 2018

1(a)(i) A statement of profit or loss and other comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Profit or Loss

	THE GROUP		Increase/ (Decrease) %
	30 Sep 2018 S\$'000	30 Sep 2017 S\$'000	
Revenue	35,493	33,503	5.9
Cost of sales	(28,783)	(27,749)	3.7
Gross Profit	6,710	5,754	16.6
Other income (expense) (net)	274	(229)	N.M.
Distribution expenses	(2,242)	(2,480)	(9.6)
Administrative expenses	(2,549)	(2,299)	10.9
Finance costs	(1)	(2)	(100.0)
Profit before tax	2,192	744	194.6
Income tax expense	(448)	(197)	127.4
Profit for the period attributable to owners of the company	1,744	547	218.8
Other comprehensive income (net of tax):			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale investments	(48)	71	N.M.
Total comprehensive income for the year attributable to owners of the company	1,696	618	174.4

N.M. denotes Not meaningful

1(a)(ii) Notes to statement of profit or loss for the Group

Profit before income tax is arrived at after crediting/(charging) the following:

	THE GROUP		
	30 Sep 2018 S\$'000	30 Sep 2017 S\$'000	Increase/ (Decrease) %
Dividend income	28	22	27.3
Interest income	69	16	331.3
Net foreign exchange gain (loss)	231	(418)	N.A.
Gain on disposal of plant and machinery	0	9	N.A.
Depreciation	(3,249)	(3,259)	0.3
Interest on borrowings	(1)	(2)	(100)
Fine on contravention of Workplace Safety and Health Act ^{Note1}	(200)	0	N.M.

Note 1

As previously announced, the State Court of Singapore has on 13 September 2018 imposed a fine of S\$200,000 for contravention of Section 12(2) of the Workplace Safety and Health Act in relation to a chlorine gas leak incident which occurred on 4 September 2016.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	THE GROUP		THE COMPANY	
	30 Sep 2018 S\$'000	31 Mar 2018 S\$'000	30 Sep 2018 S\$'000	31 Mar 2018 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	31,022	23,273	28,370	20,654
Trade and other receivables	10,406	10,625	10,319	10,518
Due from subsidiaries	0	0	4,265	4,699
Inventories	6,679	9,433	6,913	9,595
Total current assets	<u>48,107</u>	<u>43,331</u>	<u>49,867</u>	<u>45,466</u>
NON-CURRENT ASSETS				
Property, plant and equipment	24,527	27,400	23,715	26,645
Investment properties	47,800	47,800	0	0
Subsidiaries	0	0	6,383	6,383
Available-for-sale investments	870	906	870	906
Total non-current Assets	<u>73,197</u>	<u>76,106</u>	<u>30,968</u>	<u>33,934</u>
TOTAL ASSETS	<u>121,304</u>	<u>119,437</u>	<u>80,835</u>	<u>79,400</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	5,200	3,705	4,632	3,152
Due to subsidiaries	0	0	516	186
Current portion of finance leases	10	10	10	10
Income tax payable	3,663	3,532	3,420	3,309
Total current liabilities	<u>8,873</u>	<u>7,247</u>	<u>8,578</u>	<u>6,657</u>
NON-CURRENT LIABILITIES				
Finance leases	14	20	14	20
Deferred tax liabilities	3,239	3,549	3,173	3,483
Total non-current liabilities	<u>3,253</u>	<u>3,569</u>	<u>3,187</u>	<u>3,503</u>
CAPITAL AND RESERVES				
Share capital	75,945	75,945	75,945	75,945
Reserves	1,121	1,169	670	718
Accumulated profits (losses)	32,112	31,507	(7,545)	(7,423)
Total equity	<u>109,178</u>	<u>108,621</u>	<u>69,070</u>	<u>69,240</u>
TOTAL LIABILITIES AND EQUITY	<u>121,304</u>	<u>119,437</u>	<u>80,835</u>	<u>79,400</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities, together with comparative figures as at the end of the immediately preceding financial year.

	30 Sep 2018	31 Mar 2018
	S\$'000	S\$'000
Amount repayable within one year		
Secured	10	10
Unsecured	0	0
	<u>10</u>	<u>10</u>
Amount repayable after one year		
Secured	14	20
Unsecured	0	0
	<u>14</u>	<u>20</u>
Total	<u>24</u>	<u>30</u>

Details of Collaterals

Finance leases amounting to S\$24,000 (31 March 2018: S\$30,000) are secured by plant and equipment under these finance lease arrangements.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	THE GROUP	
	30 Sep 2018	30 Sep 2017
	S\$'000	S\$'000
Operating activities:		
Profit before tax	2,192	744
Adjustments for:		
Depreciation of property, plant and equipment	3,249	3,259
Foreign exchange differences	(136)	107
Dividend income	(28)	(22)
Interest expense	1	2
Interest income	(69)	(16)
Operating cash flows before movements in working capital	5,209	4,074
Trade and other receivables	356	(1,777)
Inventories	2,754	(510)
Trade and other payables	1,494	363
Cash generated from operations	9,813	2,150
Dividends paid	(1,139)	(2,278)
Income tax paid	(627)	(961)
Interest paid	(1)	(2)
Interest received	69	16
Dividends received	28	22
Net cash from (used in) from operating activities	8,143	(1,053)
Investing activities		
Purchase of property, plant and equipment	(376)	(1,195)
Additions to available-for-sale investments	(12)	(13)
Net cash used in investing activities	(388)	(1,208)
Financing activities		
Repayment of obligations under finance leases	(6)	(57)
Net cash used in financing activities	(6)	(57)
Net increase (decrease) in cash and cash equivalents	7,749	(2,318)
Cash and cash equivalents at the beginning of the year	23,273	26,267
Cash and cash equivalents at end of the year	31,022	23,949

1(d)(i) Statement of Changes in Equity (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Translation reserve	Investment revaluation reserve	Total reserves	Accumulated profits	Attributable to equity holders of the company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP						
Balance at 1 April 2018	75,945	451	718	1,169	31,507	108,621
<u>Total comprehensive income for the period</u>						
Profit for the period	0	0	0	0	1,744	1,744
Other comprehensive gain	0	0	(48)	(48)	0	(48)
Total	0	0	(48)	(48)	1,744	1,696
Dividends paid, representing transactions with owners, recognised directly in equity	0	0	0	0	(1,139)	(1,139)
Balance as at 30 September 2018	75,945	451	670	1,121	32,112	109,178
Balance as at 1 April 2017	75,945	451	532	983	24,544	101,472
<u>Total comprehensive income for the period</u>						
Profit for the period	0	0	0	0	547	547
Other comprehensive gain	0	0	71	71	0	71
Total	0	0	71	71	547	618
Dividends paid, representing transactions with owners, recognised directly in equity	0	0	0	0	(2,278)	(2,278)
Balance at 30 September 2017	75,945	451	603	1,054	22,813	99,812

	Share capital	Investment revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>COMPANY</u>				
Balance at 1 April 2018	75,945	718	(7,423)	69,240
<u>Total comprehensive income for the period</u>				
Profit for the period	0	0	1,017	1,017
Other comprehensive gain	0	(48)	0	(48)
Total	<u>0</u>	<u>(48)</u>	<u>1,017</u>	<u>969</u>
Dividends paid, representing transaction with owners, recognised directly in equity	0	0	(1,139)	(1,139)
Balance at 30 September 2018	<u>75,945</u>	<u>670</u>	<u>(7,545)</u>	<u>69,070</u>
Balance at 1 April 2017	75,945	532	(7,231)	69,246
<u>Total comprehensive income for the period</u>				
Profit for the period	0	0	157	157
Other comprehensive gain	0	71	0	71
Total	<u>0</u>	<u>71</u>	<u>157</u>	<u>228</u>
Dividends paid, representing transaction with owners, recognised directly in equity	0	0	(2,278)	(2,278)
Balance at 30 September 2017	<u>75,945</u>	<u>603</u>	<u>(9,352)</u>	<u>67,196</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There has been no change in the Company's issued share capital since the end of the previous period reported on.

The number of issued and fully paid up ordinary shares as at 30 September 2018 and 31 March 2018 was 75,945,399.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	THE COMPANY	
	30 Sep 2018	31 Mar 2018
Total number of issued shares excluding treasury shares	75,945,399	75,945,399

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 March 2018.

5 Changes in the accounting policies and methods of computation, including any required by an accounting standard

The Group has adopted the new Financial Reporting Framework – Singapore Financial Reporting Standards (Interpretations) (SFRS(I)) which is identical to the International Financial Reporting Standards (“IFRS”)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

The Group has performed an assessment of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group’s current accounting policies under the Financial Reporting Standards in Singapore or material adjustment on the transition of the new framework.

Notwithstanding the adoption of the new SFRS(I), interim financial information may be subject to change until all standards effective on 31 March 2019 are known and incorporated.

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

	THE GROUP	
	30 Sep 2018	30 Sep 2017
(i) Based on weighted average number of ordinary shares in issue	2.30 cents	0.72 cents
(ii) On a fully diluted basis	2.30 cents	0.72 cents

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 current financial period reported on and immediately preceding financial year

	THE GROUP		THE COMPANY	
	30 Sep 2018	31 Mar 2018	30 Sep 2018	31 Mar 2018
Net asset value per ordinary share based on issued share capital of the Company	S\$1.44	S\$1.43	S\$0.91	S\$0.91

8 A review of the performance of the Group

Group Statement of Profit or Loss

Group revenue increased by 5.9% or S\$1.99 million to S\$35.493 million in the first half of 2019 (“1H FY2019”) compared to S\$33.503 million in the first half of 2018 (“1H FY2018”). The increase in revenue was mainly attributed to higher contribution from its chemical business as sales of its chemical products increased.

Correspondingly, Group gross profit increased to S\$6.71 million on 1H FY2019 (vis-à-vis 1H FY2018) arising from higher revenue and better margins. Gross profit margins improved marginally from 17.2% in 1H FY2018 to 18.9% in 1H FY2019.

The Group recorded other income of S\$274,000 in 1H FY2019 as opposed to other expenses (net) of S\$229,000 in 1H FY2018. The increase was mainly attributed to net foreign exchange gain of S\$231,000 (1H FY2017: Net foreign exchange loss of S\$418,000) arising from the appreciation of US Dollar against Singapore Dollar in 1H FY2019 as well as higher interest income from placement of fixed deposits with financial institutions.

Distribution expenses decreased by S\$238,000 to S\$2.242 million in 1H FY2019 resulting from lower 3rd party logistics support for deliveries.

The increase in administrative expenses was mainly attributed to an increase in staff cost and increased in professional services for market study.

With repayment of its finance leases during the year and no other bank borrowings, the Group’s finance costs were at \$1,000 in 1H FY2019 compared to S\$2,000 in 1H FY2018.

Arising from better profits recorded in 1H FY2019, income tax expense was higher at S\$448,000 in 1H FY2019 as compared to S\$197,000 in 1H FY2018.

As a result of the foregoing, Group net profit after tax for 1H FY2019 came in at S\$1.744 million as compared to S\$547,000 in the previous corresponding period.

Group Statement of Financial Position

Group’s net cash position increased to S\$31.022 million in 1H FY2019 mainly attributed to improved profitability and cash inflow from working capital changes for the period.

Group’s trade and other remained relatively stable at S\$10.406 million as at 30 September 2018.

While Inventories were lower for the current period as compared to FY2018, inventories turnover days remained relatively stable at 50 days (FY2018: 45 days).

Due to general market volatility, fair value of the Group’s quoted investments decreased to S\$870,000 in 1H FY2019.

Property, plant and equipment decreased to S\$24.527 million in 1H FY2019 attributable to depreciation charge during the reporting period. The effects were partially offset by additions of plant and equipment.

Trade and other payables increased to S\$5.2 million in 1H FY2019 as a result of timing difference in payments.

Finance leases (current and non-current) came in at S\$24,000 as the Group made repayment during the year.

After taking into account of tax movements and repayments during the year, income tax payable and deferred tax liabilities were at S\$3.663 million and S\$3.239 million as at 30 September 2018.

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

Not applicable.

10 A commentary at the date of the announcement of the significant trends and 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 12 months

The Group continues to operate in a challenging and competitive environment.

With regards to the two Memorandum of Understanding (“MOU”), announced on 31 May 2018 and 28 June 2018, negotiations and studies are still in progress.

The Group will update shareholders on its corporate developments as and when is appropriate.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared(recommended) for the current financial period reported on.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Confirmation by the Board pursuant to rule 705(5) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the half year ended 30 September 2018 to be false or misleading.

15 Confirmation by the Board pursuant to rule 720(1) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

01 November 2018