



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

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Registration No. 198500318Z

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CONSOLIDATED INCOME STATEMENT

Group	3 months ended			9 months ended		
	9/30/2016	9/30/2015	Change	9/30/2016	9/30/2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	92,074	83,868	10	265,093	251,025	6
Cost of sales	(77,638)	(71,858)	8	(222,657)	(211,623)	5
Gross profit	14,436	12,010	20	42,436	39,402	8
Other items of income						
- Interest income	120	126	(5)	348	388	(10)
- Other income	(192)	433	(144)	1,105	1,349	(18)
Other items of expense						
- Selling and distribution costs	(5,992)	(5,767)	4	(17,401)	(17,056)	2
- Administrative expenses	(5,226)	(5,893)	(11)	(17,389)	(17,497)	(1)
- Finance costs	(108)	(155)	(30)	(379)	(478)	(21)
- Share of results of an associate, net of tax	-	-	-	-	(30)	(100)
Profit before income tax	3,038	754	303	8,720	6,078	43
Income tax expense	(489)	(472)	4	(2,340)	(1,889)	24
Profit for the financial period	2,549	282	804	6,380	4,189	52
Profit attributable to:						
Owners of the parent	2,568	(312)	(923)	5,914	3,120	90
Non-controlling interests	(19)	594	(103)	466	1,069	(56)
	2,549	282	804	6,380	4,189	52

Earnings per share for profit attributable to owners of the parent during the financial period

(expressed in cents per share)

Basic	2.85 cents	(0.35) cents	6.56 cents	3.46 cents
Diluted	2.85 cents	(0.35) cents	6.56 cents	3.46 cents

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group	3 months ended			9 months ended		
	9/30/2016	9/30/2015	Change	9/30/2016	9/30/2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	2,549	282	804	6,380	4,189	52
<i>Other comprehensive income for the financial period:</i>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency differences						
on translation of foreign operations	689	2,547	(73)	(3,538)	3,594	(198)
Fair value gain on						
available-for-sale financial assets	35	32	9	115	111	4
Other comprehensive income for the financial period, net of tax	724	2,579	(72)	(3,423)	3,705	(192)
Total comprehensive income for the financial period	3,273	2,861	14	2,957	7,894	(63)
Total comprehensive income attributable to:						
Owners of the parent	3,214	1,967	63	2,721	6,431	(58)
Non-controlling interests	59	894	(93)	236	1,463	(84)
	3,273	2,861	14	2,957	7,894	(63)

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2016 to 30 September 2016***NOTES TO CONSOLIDATED INCOME STATEMENT**

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

Group	3 months ended			9 months ended		
	30/9/2016	30/9/2015	Change	30/9/2016	30/9/2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	118	433	(73)	1,105	1,349	(18)
Interest income	120	126	(5)	348	388	(10)
Interest expense	(108)	(155)	(30)	(379)	(478)	(21)
Amortisation of club memberships	(3)	-	Nm	(6)	-	Nm
Depreciation of property, plant and equipment	(1,011)	(1,405)	(28)	(2,158)	(3,944)	(45)
Allowance made for						
doubtful third parties trade receivables	(1,150)	(143)	704	(840)	(1,388)	(39)
Doubtful third parties trade receivables written off	(1)	(5)	(80)	(1)	(17)	(94)
Allowance for inventory obsolescence	(38)	(859)	(96)	(894)	(2,091)	(57)
Inventories written off	(3)	-	Nm	(7)	(34)	(79)
Foreign exchange gain/(loss), net	918	(596)	(254)	(534)	(690)	(23)
Gain/(Loss) on disposals of plant and equipment	88	(2)	(4,500)	(17)	(21)	(19)
Plant and equipment written off	(1)	-	Nm	(1)	(18)	(94)
Fair value change in derivative						
financial instruments	11	-	Nm	(136)	-	Nm

Nm : Not meaningful

Multi-Chem Limited

Registration No. 198500318Z

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2016 to 30 September 2016***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30/9/16	31/12/15	30/9/16	31/12/15
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	18,270	20,673	2,408	3,719
Investment property	-	-	2,651	1,684
Investments in subsidiaries	-	-	31,299	31,299
Club memberships	550	572	186	186
Deferred tax assets	2,384	2,386	-	-
Available-for-sale investment	4,023	4,047	4,023	4,047
Other receivables	641	705	-	-
Prepayment	657	720	657	720
	26,525	29,103	41,224	41,655
Current assets				
Inventories	25,608	29,486	320	323
Trade and other receivables	82,858	87,012	19,903	31,769
Prepayments	883	1,707	244	228
Current income tax recoverable	2,222	3,051	199	199
Derivative financial instruments	-	17	-	-
Cash and cash equivalents	49,365	36,697	15,806	2,361
	160,936	157,970	36,472	34,880
Less:				
Current liabilities				
Trade and other payables	64,685	65,664	2,176	1,749
Finance lease payables	157	191	139	160
Bank borrowings	21,173	19,808	8,743	7,041
Current income tax payable	478	653	-	-
Derivative financial instruments	20	45	20	45
	86,513	86,361	11,078	8,995
Net current assets	74,423	71,609	25,394	25,885
Less:				
Non-current liabilities				
Finance lease payables	52	146	47	146
Bank borrowings	2,006	2,643	2,006	2,643
Provision for post-employee benefits	211	219	-	-
	2,269	3,008	2,053	2,789
	98,679	97,704	64,565	64,751
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve	1,362	4,670	-	-
Available-for-sale reserve	313	198	313	198
Other reserve	5,158	5,158	-	-
Retained earnings	47,631	43,699	26,964	27,265
Equity attributable to owners of the parent	91,752	91,013	64,565	64,751
Non-controlling interests	6,927	6,691	-	-
Total equity	98,679	97,704	64,565	64,751

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2016 to 30 September 2016***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		9 months ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	3,038	754	8,720	6,078
Adjustments for:				
- Allowance made for doubtful third parties trade receivables	1,150	143	840	1,388
- Allowance for inventory obsolescence	38	859	894	2,091
- Amortisation of club memberships	3	-	6	-
- Depreciation of property, plant and equipment	1,011	1,405	2,158	3,944
- Doubtful third parties trade receivables written off	1	5	1	17
- Fair value change in derivative financial instruments	(11)	-	136	-
- (Gain)/Loss on disposals of plant and equipment	(88)	2	17	21
- Interest expense	108	155	379	478
- Interest income	(120)	(126)	(348)	(388)
- Inventories written off	3	-	7	34
- Plant and equipment written off	1	-	1	18
- Share of results of an associate	-	-	-	30
- Unrealised foreign exchange (gain)/loss	(534)	227	644	209
Operating cash flows before working capital changes	4,600	3,424	13,455	13,920
Working capital changes:				
- Inventories	(6,229)	(8,412)	2,101	818
- Trade and other receivables	(6,162)	12,461	(1,861)	5,498
- Prepayments	359	(1)	831	(183)
- Trade and other payables	8,532	709	3,644	(6,729)
Cash generated from operations	1,100	8,181	18,170	13,324
Interest received	120	126	348	388
Income tax refunded/(paid)	266	(1,187)	(1,823)	(2,341)
Net cash from operating activities	1,486	7,120	16,695	11,371

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 months ended		9 months ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Capital return from an associate	-	-	-	194
Net cash flow from disposal of derivative financial instruments	2	-	(144)	-
Proceeds from disposals of plant and equipment	201	34	454	66
Purchase of plant and equipment	(386)	(313)	(1,731)	(991)
Net cash used in investing activities	(183)	(279)	(1,421)	(731)
FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits pledged	(5,070)	(439)	(8,517)	7,480
Proceeds from bank borrowings	13,536	11,976	51,107	47,829
Repayments of bank borrowings	(15,405)	(23,561)	(50,066)	(63,187)
Repayments of finance lease payables	(43)	(47)	(128)	(116)
Interest paid	(108)	(155)	(379)	(478)
Dividends paid to owners of the parent	-	-	(1,982)	(1,982)
Net cash used in financing activities	(7,090)	(12,226)	(9,965)	(10,454)
Net change in cash and cash equivalents	(5,787)	(5,385)	5,309	186
Cash and cash equivalents at beginning of financial period	44,574	38,968	35,215	33,718
Effects of exchange rate changes on cash and cash equivalents	580	353	(1,157)	32
Cash and cash equivalents at end of financial period	39,367	33,936	39,367	33,936

Note 1

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

Cash and cash equivalents as per Statement of Financial Position	49,365	36,367	49,365	36,367
Less: Fixed deposits pledged with banks	(9,998)	(2,431)	(9,998)	(2,431)
	39,367	33,936	39,367	33,936

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Premium on acquisition of non-controlling interests \$'000	Available-for-sale reserve \$'000	Foreign currency translation reserve \$'000	Statutory surplus reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2016	37,288	(123)	198	4,670	5,281	43,699	91,013	6,691	97,704
Profit for the financial period	-	-	-	-	-	5,914	5,914	466	6,380
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	-	-	(3,308)	-	-	(3,308)	(230)	(3,538)
Fair value gain on available-for-sale financial assets	-	-	115	-	-	-	115	-	115
Total comprehensive income for the financial period	-	-	115	(3,308)	-	5,914	2,721	236	2,957
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Total transactions with the owners of the parent	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Balance at 30 September 2016	37,288	(123)	313	1,362	5,281	47,631	91,752	6,927	98,679
Balance at 1 January 2015	37,288	(123)	56	2,249	4,919	42,137	86,526	4,839	91,365
Profit for the financial period	-	-	-	-	-	3,120	3,120	1,069	4,189
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	-	-	3,200	-	-	3,200	394	3,594
Fair value gain on available-for-sale financial assets	-	-	111	-	-	-	111	-	111
Total comprehensive income for the financial period	-	-	111	3,200	-	3,120	6,431	1,463	7,894
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Total transactions with the owners of the parent	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Balance at 30 September 2015	37,288	(123)	167	5,449	4,919	43,275	90,975	6,302	97,277

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

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 2016	37,288	27,265	198	64,751
Profit for the financial period	-	1,681	-	1,681
Other comprehensive income for the financial period				
Fair value gain on available-for-sale financial assets	-	-	115	115
Total comprehensive income for the financial period	-	1,681	115	1,796
Transaction with the owners				
Dividends	-	(1,982)	-	(1,982)
Total transactions with the owners	-	(1,982)	-	(1,982)
Balance at 30 September 2016	37,288	26,964	313	64,565
Balance at 1 January 2015	37,288	28,609	56	65,953
Profit for the financial period	-	2,016	-	2,016
Other comprehensive income for the financial period				
Fair value gain on available-for-sale financial assets	-	-	111	111
Total comprehensive income for the financial period	-	2,016	111	2,127
Transaction with the owners				
Dividends	-	(1,982)	-	(1,982)
Total transactions with the owners	-	(1,982)	-	(1,982)
Balance at 30 September 2015	37,288	28,643	167	66,098

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

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

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

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

REVENUE

The Group achieved revenue of \$92.1m for the three months ended 30 September 2016 ("3Q2016"), an increase of 9.8% or \$8.2m compared to the revenue of \$83.9m for the three months ended 30 September 2015 ("3Q2015"). For the nine months ended 30 September 2016 ("9M2016"), the Group achieved revenue of \$265.1m, a year-on-year increase of 5.6% or \$14.1m, compared to revenue of \$251.0m achieved for the nine months ended 30 September 2015 ("9M2015").

Comparing 3Q2016 to three months ended 30 June 2016 ("2Q2016"), the Group revenue increased by 14.7% or \$11.8m, from \$80.3m to \$92.1m mainly due to closing of a few big deals in 3Q2016.

For 3Q2016, the IT Division accounted for 92.4% of the Group's revenue, while the PCB Division accounted for the remaining 7.6% of the Group's revenue.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

REVENUE

PCB Division

Revenue in this Division increased marginally by 1.4% or \$0.1m, from \$6.9m in 3Q2015 to \$7.0m in 3Q2016.

Comparing 3Q2016 to 2Q2016, revenue in this Division increased by 7.7% or \$0.5m from \$6.5m in 2Q2016 to \$7.0m in 3Q2016 mainly due to increase in orders in preparation for year-end festive season.

IT Division

The IT Distribution business achieved quarterly revenue of \$85.1m in 3Q2016, an increase of 10.5% or \$8.1m, from \$77.0m in 3Q2015. On a nine month basis, this business grew by 6.0% or \$13.9m, from \$231.0m in 9M2015 to \$244.9m in 9M2016.

Comparing 3Q2016 to 2Q2016, revenue increased by 15.3% or \$11.3m, from \$73.8m in 2Q2016 to \$85.1m in 3Q2016, mainly due to closing of a few big deals in 3Q2016.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$3.0m in 3Q2016, as compared to a PBT of \$754,000 in 3Q2015.

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

- (1) An increase of \$2.4m in gross profit mainly due to the increase in revenue and an increase in gross profit margin by 1.4 percentage point from 14.3% in 3Q2015 to 15.7% in 3Q2016. The increase in gross profit margin was mainly due to:
 - A decrease in allowance for inventory obsolescence from \$859,000 in 3Q2015 to \$38,000 in 3Q2016 mainly due to the tighter inventory purchasing policy;
 - A decrease in depreciation cost in manufacturing division from \$1.0m in 3Q2015 to \$690,000 in 3Q2016 mainly due to the depreciation of RMB against SGD, and some of the machines have been fully depreciated; and
 - An increase in revenue in the high operating leverage manufacturing division. Given the fixed cost of depreciation on laser and mechanical drilling machines, the gross margin is particularly sensitive to changes in production volume;
- (2) A net foreign exchange gain of \$918,000 in 3Q2016, as compared to a net foreign exchange loss of \$596,000 in 3Q2015. Excluding net foreign exchange difference, the Group reported a PBT of \$2.1m for 3Q2016 compared to a PBT of \$1.4m for 3Q2015;
- (3) Gain on disposals of plant and equipment of \$88,000 in 3Q2016, as compared to a loss on disposals of plant and equipment of \$2,000 in 3Q2015; and
- (4) A decrease of interest expense from \$155,000 in 3Q2015 to \$108,000 in 3Q2016.

The increase in PBT was however pared by the following:

- (1) An increase in allowance for doubtful third parties trade receivables from \$143,000 in 3Q2015 to \$1.2m in 3Q2016 mainly due to long overdue collections;
- (2) An increase in Directors' profit sharing expense of \$329,000 due to higher Group PBT achieved for 9M2016.

Comparing 3Q2016 to 2Q2016, the Group PBT's stood at \$3.0m in 3Q2016 as compared to \$2.4m in 2Q2016 mainly due to higher revenue achieved in 3Q2016.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

PROFIT AFTER TAX (“PAT”)

The Group's PAT increased by \$2.2m, from a profit of \$282,000 in 3Q2015 to a profit of \$2.5m in 3Q2016. Comparing 3Q2016 to 2Q2016, the Group's PAT increased by \$0.9m from \$1.6m in 2Q2016 to \$2.5m in 3Q2016. This increase was in line with the increase in PBT.

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

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items for the financial period ended 30 September 2016.

Cash and cash equivalents at the Group level increased by \$12.7m from \$36.7m to \$49.4m mainly due to collection from customers net of payment to suppliers, and loan drawdown from the banks to support the working capital requirement of the Group. At the Company level, cash and cash equivalents increased from \$2.4m to \$15.8m, mainly due to loans drawdown from the banks to support the working capital requirement of the Group and repayment from a subsidiary.

Trade and other receivables of the Group decreased by \$4.2m from \$87.7m to \$83.5m, due to lower revenue achieved in 3Q2016 as compared to 4Q2015. The decrease at the Company level of \$11.9m from \$31.8m to \$19.9m was mainly due to repayment from a subsidiary.

Inventories at the Group level decreased by \$3.9m from \$29.5m to \$25.6m due to better inventory management.

Property, plant and equipment decreased by \$2.4m from \$20.7m to \$18.3m at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchase of new property, plant and equipment. The decrease at the Company level was mainly due to depreciation charge and disposal of plant and equipment, net of purchase of new plant and equipment.

Investment properties increased by \$1.0m from \$1.7m to \$2.7m at the Company level due to the purchase of a new property to support the operation of the subsidiaries. The investment properties are treated as property, plant and equipment at the Group level.

Trade and other payables decreased by \$1.0m from \$65.7m to \$64.7m at the Group level due mainly to payment made to vendors in 9M2016. Trade and other payables at the Company level increased by \$0.5m from \$1.7m to \$2.2m mainly due to the increase in accrued expenses.

Borrowings increased at both Group and Company level mainly due to draw down of Singapore dollar loans from the banks to support the working capital requirement of the Group, net of repayment of short-term loans to banks.

Foreign currency translation reserve decreased from \$4.7m to \$1.4m at Group level mainly due to appreciation of Singapore dollar against United States dollar and other local currencies as compared to 31 December 2015.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

CASH FLOW ANALYSIS

Net cash of \$16.7m was generated from operating activities in 9M2016, as compared to net cash of \$11.4m generated from 9M2015. This is mainly due to collection from customers and improved inventory management, net of payment for trade and other payables.

Net cash of \$1.4m was used in investing activities in 9M2016 as compared to \$731,000 used in 9M2015. The changes were mainly due to purchase of property, plant and equipment of \$1.7m and realised loss in derivative financial instruments of \$144,000, net of proceeds from disposal of plant and equipment of \$454,000 in 9M2016, as compared to purchase of plant and equipment of \$991,000, net of capital return of \$194,000 from an associate following the liquidation and proceeds from disposal of plant and equipment of \$66,000 in 9M2015.

Net cash of \$10.0m was used in financing activities in 9M2016 as compared to \$10.5m used in 9M2015. The change was mainly due to the addition of pledged fixed deposits of \$8.5m, repayment of bank borrowings of \$50.1m, net of proceeds from bank borrowings of \$51.1m in 9M2016, as compared to repayment of bank borrowings of \$63.2m, net of proceeds of bank borrowings of \$47.8m and the release of the pledged fixed deposits of \$7.5m in 9M2015.

Cash and cash equivalents stood at \$39.4m as at end of 30 September 2016, up from \$33.9m as at the end of 30 September 2015.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

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

PCB

Comparing 3Q2016 to 3Q2015, revenue for this quarter increased marginally by 1.4% or \$0.1m from \$6.9m in 3Q2015 to \$7.0m in 3Q2016. On a nine month basis, revenue increased marginally by 1.0% or \$0.2m from \$20.0m in 9M2015 to \$20.2m in 9M2016.

The Group is currently one of the leading PCB drilling service providers in terms of capacity and technology in Eastern China. As at 30 Sep 2016, the Group has 134 mechanical drilling machines and 21 laser drilling machines. In 3Q2016, the Group sold 1 laser drilling machine. The Group will continue to be selective of its customers, rationalise operations, manage headcount and conserve cash.

IT

The IT business through Singapore and the regional offices achieved a year-on-year revenue growth of 10.5% and 6.0% in 3Q2016 and 9M2016 respectively over the corresponding periods in year 2015.

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 Blue Coat, Check Point, Cyberark, Imperva, Riverbed and RSA.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Education Services Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Allot, Blue Coat, Check Point and Nutanix courses. The Education Services Division is able to provide training courses for MobileIron and SolarWinds too. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

As at 30 September 2016, the Group's IT business has a presence in 29 cities in 15 countries in the Asia Pacific region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

IT (Continued)

The near term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. Global economic outlook remains uncertain after the recent U.K. referendum and the Group's business could be affected to some extent. If, as widely expected, the US interest rates increase by end of year 2016, the cost of business is expected to similarly increase. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group as more efforts are put into growing the IT business.

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

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2016 to 30 September 2016*

Risk Factors

The Group's primary business risk in its PCB business is the exposure to the electronics products sector. Our customers are PCB manufacturers, most of which will be exposed to the cyclical nature of the electronics business. Any downturn in the electronics cycle will result in a cutback in outsourcing, which will impact the Group negatively. Additionally, with the typically heavy capital investment required in the manufacturing service business, the Group will be adversely affected should there be a downturn in the electronics business due to the high fixed costs in this business.

The Group's success in the China market will depend on our ability to maintain our technological, quality assurance, capacity and pricing advantage over our competitors. Additionally, we have to monitor trade receivables closely as collection generally takes longer in China. The Group is tightening the credit assessment on customers for all regions.

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

We are also exposed to foreign exchange risks as we mainly transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Thailand baht, Malaysian ringgit, Indian rupee and to a lesser extent, Euro, Indonesian rupiah, Philippines peso, Hong Kong dollar, Korean won, Japanese yen, Taiwan dollar, Vietnam dong, Australian dollar, New Zealand dollar and British Pound. The Group may, from time to time, enter into borrowing and foreign exchange 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.

In the area of IT distribution, the Group is subjected to risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. Despite such risks, the Group has taken steps to align with the leading names in the IT arena and as such, there is a good probability that such companies will take steps to ensure that their products maintain the technological edge. The Group also monitors its inventories on a quarterly basis and will make provisions where necessary.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

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 9M2016 were largely in line with the prospect commentary disclosed to the shareholders on 5 February 2016.

Interim Financial Statements and Dividend Announcement
For the financial period from 1 January 2016 to 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS

1. AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30 Sep 2016		As at 31 Dec 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,400	12,930	2,091	17,908

Amount repayable after one year

As at 30 Sep 2016		As at 31 Dec 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,058	-	2,789	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's one property, three motor vehicles, available-for-sale investment 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 2016 and 30 Sep 2016	90,095	37,288	37,288
Balance at 1 Jan 2015 (before share consolidation)	360,381	37,288	37,288
Balance at 30 Sep 2015 and 31 Dec 2015	90,095	37,288	37,288

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2015. In addition, the Group also adopted various revisions to the FRS, which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2016 to 30 September 2016***NOTES TO THE FINANCIAL STATEMENTS**

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

Not applicable.

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

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

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

Not applicable.

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

<u>Group</u> Earnings per share attributable to owners of the parent during the financial period (expressed in cents per share)	3 months ended		9 months ended	
	30-Sep-2016	30-Sep-2015	30-Sep-2016	30-Sep-2015
(i) Based on weighted average number of shares	2.85 cents	(0.35) cents	6.56 cents	3.46 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	2.85 cents	(0.35) cents	6.56 cents	3.46 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

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

	Group		Company	
	30-Sep-2016	31-Dec-2015	30-Sep-2016	31-Dec-2015
Net asset value per share based on existing issued share capital as at the respective period	101.84 cents	101.02 cents	71.66 cents	71.87 cents

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

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2016 to 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS

10. DIVIDEND

(a) Current Financial Period Reported On

No dividend was declared/recommended for the financial period ended 30 September 2016.

(b) Dividend for financial period ended 30 September 2015

No dividend was declared/recommended for the financial period ended 30 September 2015.

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
28 October 2016

Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

We, Foo Suan Sai and Han Juat Hoon, being two Directors of Multi-Chem Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the third quarter ended 30 September 2016 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 28 October 2016

Han Juat Hoon
Chief Operating Officer
Singapore, 28 October 2016