

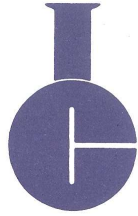


CHEMICAL INDUSTRIES (FAR EAST) LIMITED.  
化学工业(远东)有限公司

# **CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**(Company registration no. 196200046K)**

**Condensed Interim Financial Statement  
For the six months ended 30 September 2023**



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

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**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>Note</b>	<b>THE GROUP</b>		<b>Increase / (Decrease) %</b>
		<b>30 Sep 2023 \$'000</b>	<b>30 Sep 2022 \$'000</b>	
Revenue	4	38,422	50,298	(23.6)
Cost of sales		(34,747)	(44,417)	(21.8)
<b>Gross profit</b>		<b>3,675</b>	<b>5,881</b>	<b>(37.5)</b>
Other income		1,348	1,243	8.4
Distribution expenses		(2,878)	(3,360)	(14.3)
Administrative expenses		(3,516)	(2,827)	24.4
Finance costs		(47)	(66)	(28.8)
<b>(Loss) Profit before tax</b>	6	<b>(1,418)</b>	<b>871</b>	<b>n.m.</b>
Income tax expense	7	(97)	(275)	(64.7)
<b>(Loss) Profit for the period, attributable to owners of the company</b>		<b>(1,515)</b>	<b>596</b>	<b>n.m.</b>
<b>Other comprehensive (loss) income (net of tax)</b>				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations		(61)	(189)	n.m.
<b>Total comprehensive (loss) income for the period, attributable to owners of the company</b>		<b>(1,576)</b>	<b>407</b>	<b>n.m.</b>
<b>Earnings per share for profit for the period attributable to the owners of the company:</b>				
Basic and diluted (loss) earnings per share (cents)		(2.0)	0.78	n.m.

n.m. denotes Not Meaningful

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**B. Condensed Interim Statements of Financial Position**

	<u>Note</u>	<b>Group</b>		<b>Company</b>	
		<b>30 Sep 2023 \$'000</b>	<b>31 Mar 2023 \$'000</b>	<b>30 Sep 2023 \$'000</b>	<b>31 Mar 2023 \$'000</b>
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and cash equivalents		20,362	29,442	11,009	19,720
Trade and other receivables		17,983	18,814	15,798	18,423
Due from subsidiaries		-	-	13,128	11,801
Inventories		8,217	8,501	9,802	8,072
<b>Total current assets</b>		<b>46,562</b>	<b>56,757</b>	<b>49,737</b>	<b>58,016</b>
<b>Non-current assets</b>					
Property, plant and equipment	12	23,840	20,933	23,196	20,130
Investment properties	11	64,500	64,500	-	-
Subsidiaries	13	-	-	6,383	6,383
Trade and other receivables		2,401	2,845	2,401	2,845
Financial assets at fair value through profit or loss ("FVTPL")	10	934	953	934	953
<b>Total non-current assets</b>		<b>91,675</b>	<b>89,231</b>	<b>32,914</b>	<b>30,311</b>
<b>Total assets</b>		<b>138,237</b>	<b>145,988</b>	<b>82,651</b>	<b>88,327</b>
<b>Current liabilities</b>					
Trade and other payables		4,010	7,695	4,052	6,569
Contract liabilities		33	912	33	80
Lease liabilities		995	995	995	995
Income tax payable		175	153	-	-
<b>Total current liabilities</b>		<b>5,213</b>	<b>9,755</b>	<b>5,080</b>	<b>7,644</b>
<b>Non-current liabilities</b>					
Lease liabilities		2,102	2,596	2,102	2,596
Deferred tax liabilities		2,169	2,169	2,062	2,062
<b>Total non-current liabilities</b>		<b>4,271</b>	<b>4,765</b>	<b>4,164</b>	<b>4,658</b>
<b>Capital and reserves</b>					
Share capital	14	75,945	75,945	75,945	75,945
Translation reserve		(41)	20	-	-
Accumulated profits (losses)		52,849	55,503	(2,538)	80
<b>Total equity</b>		<b>128,753</b>	<b>131,468</b>	<b>73,407</b>	<b>76,025</b>
<b>Total liabilities and equity</b>		<b>138,237</b>	<b>145,988</b>	<b>82,651</b>	<b>88,327</b>

CHEMICAL INDUSTRIES (FAR EAST) LIMITED

C. Condensed Interim Statements of Changes in Equity

	<b>Note</b>	<b>Share capital \$'000</b>	<b>Translation reserves \$'000</b>	<b>Accumulated (losses) / profits \$'000</b>	<b>Attributable to equity holders of the company \$'000</b>
<b><u>GROUP</u></b>					
Balance at 1 April 2023		75,945	20	55,503	131,468
<b><u>Total comprehensive loss for the period</u></b>					
Loss for the period		-	-	(1,515)	(1,515)
Other comprehensive loss		-	(61)	-	(61)
Total		-	(61)	(1,515)	(1,576)
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	-	(1,139)	(1,139)
<b>Balance at 30 September 2023</b>		<b>75,945</b>	<b>(41)</b>	<b>52,849</b>	<b>128,753</b>
Balance at 1 April 2022		75,945	(9)	54,455	130,391
<b><u>Total comprehensive loss for the period</u></b>					
Profit for the period		-	-	596	596
Other comprehensive loss		-	(189)	-	(189)
Total		-	(189)	596	407
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	-	(2,506)	(2,506)
<b>Balance as at 30 September 2022</b>		<b>75,945</b>	<b>(198)</b>	<b>52,545</b>	<b>128,292</b>

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**C. Condensed Interim Statements of Changes in Equity (cont'd)**

	<b>Note</b>	<b>Share capital \$'000</b>	<b>Accumulated (losses) / profits \$'000</b>	<b>Total \$'000</b>
<b><u>COMPANY</u></b>				
Balance at 1 April 2023		75,945	80	76,025
Loss for the period, representing total comprehensive loss for the period		-	(1,479)	(1,479)
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	(1,139)	(1,139)
<b>Balance at 30 September 2023</b>		<b>75,945</b>	<b>(2,538)</b>	<b>73,407</b>
Balance at 1 April 2022		75,945	1,341	77,286
Profit for the period, representing total comprehensive income for the period		-	482	482
Dividends paid, representing transactions with owners, recognised directly in equity	8	-	(2,506)	(2,506)
<b>Balance at 30 September 2022</b>		<b>75,945</b>	<b>(683)</b>	<b>75,262</b>

**CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

**D. Condensed Interim Consolidated Statement of Cash Flows**

	<b>THE GROUP</b>	
	<b>30 Sep 2023</b>	<b>30 Sep 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
(Loss) Profit before tax	(1,418)	871
Adjustments for:		
Write down of inventories to net realisable value	-	126
Depreciation of property, plant and equipment	2,428	2,284
Loss allowance (reversal) on trade receivables	770	(2)
Loss on fair value adjustments on financial assets at FVTPL	19	136
Foreign exchange differences	(172)	(463)
Dividend income	(51)	(37)
(Gain) on disposal of property, plant and equipment	-	(2)
Interest expense	47	66
Interest income	(439)	(81)
Operating cash flows before movements in working capital	<u>1,184</u>	<u>2,898</u>
Trade and other receivables	641	(268)
Inventories	284	(4,187)
Trade and other payables	(3,710)	(4,354)
Contract liabilities	(879)	11
Cash used in operations	<u>(2,480)</u>	<u>(5,900)</u>
Dividends paid	(1,139)	(2,506)
Income tax paid	(75)	(892)
Interest paid	(47)	(66)
Interest received	439	81
Dividends received	51	37
Net cash used in operating activities	<u>(3,251)</u>	<u>(9,246)</u>
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	1	2
Purchase of property, plant and equipment	(5,336)	(3,574)
Net cash used in investing activities	<u>(5,335)</u>	<u>(3,572)</u>
<b>Financing activity</b>		
Repayment of lease liabilities	(494)	(451)
Net cash used in financing activity	<u>(494)</u>	<u>(451)</u>
Net decrease in cash and cash equivalents	(9,080)	(13,269)
Cash and cash equivalents at beginning of period	29,442	44,977
<b>Cash and cash equivalents at end of the period</b>	<u><u>20,362</u></u>	<u><u>31,708</u></u>

## **E. Notes to Condensed Interim Consolidated Financial Statements**

### **1 Corporate information**

Chemical Industries (Far East) Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the company are investment holding and the manufacture and sale of chemicals.

The principal activities of the subsidiaries are:

- (a) general carriers
- (b) proprietor of commercial buildings
- (c) manufacture and wholesale of industrial chemicals
- (d) general merchant, importer and exporter of chemicals

### **2 Basis of Preparation**

The condensed interim financial statements for the six months ended 30 September 2023 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 March 2023.

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 March 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

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

#### **2.1 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 expenses. 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 March 2023.

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.

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are dealt with below.



## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Valuation of investment properties

The Group estimates the fair value of investment properties based on valuations performed by an independent professional valuer. The estimated market values may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may differ from the estimates set forth in these financial statements, and the difference may be significant.

Information about the valuation techniques and inputs used in determining the fair value of investment properties is disclosed in Note 11.

### Impairment in property, plant and equipment and cost of investment in subsidiary

The Group reviews the carrying amount of its property, plant and equipment and cost of investment in subsidiary to determine whether there are any indications that these assets have suffered an impairment loss. If indicators of impairment exist, the recoverable amount of the assets are estimated, to determine the extent of the impairment loss, if any.

Given the uncertainty in political, customer concentration and currency risks, the Group determined the recoverability of assets in Myanmar to be highly uncertain. Management exercised caution and made a full impairment on the carrying amount of property, plant and equipment in Chemical Industries (Myanmar) Limited as at 31 March 2022 and 31 March 2023.

The Company recorded a full impairment loss of \$6.7 million on the cost of investment in subsidiary as at 31 March 2022 and 31 March 2023.

As at 30 September 2023, management has assessed and determined that the previously recognised impairment losses remain unchanged.

### Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates useful lives by reference to expected usage, repair and maintenance, and technical or commercial obsolescence. Changes to these factors could impact the useful lives and related depreciation charges.

### Allowance for inventories

In determining the allowance for inventories, management compares the net realisable value against the cost of the inventories. This involves estimating future demand and selling prices of the inventories. Changes to these estimates may result in the recognition of additional allowances for inventories.

## **3 Seasonal Operation**

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

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### 4 Segment and revenue information

#### 4.1 Reportable segments

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segmental performance is organised into two operating segments - Industrial Chemicals and Properties.

The Industrial Chemicals segment is involved in the manufacture and sales of chemicals. The Properties segment is involved in the business of managing and renting of commercial properties.

#### Segment revenue and results

	Revenue		(Loss) / Profit	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	\$'000	\$'000	\$'000	\$'000
Industrial Chemicals	37,660	49,727	(2,495)	486
Properties	762	571	634	333
Total	<u>38,422</u>	<u>50,298</u>	<u>(1,861)</u>	<u>819</u>
Interest income			439	81
Dividend income			51	37
Finance costs			(47)	(66)
(Loss) Profit before income tax			<u>(1,418)</u>	<u>871</u>
Income tax expense			<u>(97)</u>	<u>(275)</u>
Consolidated revenue and (loss) / profit for the period	<u>38,422</u>	<u>50,298</u>	<u>(1,515)</u>	<u>596</u>

Revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segmental profit represents profits earned by each segment without allocation of interest income, dividend income, finance costs and income tax expense.

#### Segment assets

	30 Sep 2023	31 March 2023
	\$'000	\$'000
Industrial Chemicals	67,221	75,599
Properties	70,082	69,436
Total segment assets	<u>137,303</u>	<u>145,035</u>
Unallocated assets	<u>934</u>	<u>953</u>
Consolidated assets	<u>138,237</u>	<u>145,988</u>

All assets are allocated to reportable segments other than financial assets at FVTPL.

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### Other segment information

	Capital expenditure		Depreciation	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	\$'000	\$'000	\$'000	\$'000
Industrial Chemicals	5,336	3,570	2,415	2,269
Properties	-	4	13	15
	<u>5,336</u>	<u>3,574</u>	<u>2,428</u>	<u>2,284</u>

### Geographical information

The Group operates in two principal geographical areas - Singapore (country of domicile) and Myanmar.

	Revenue		Non-current assets	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	31 Mar 2023
	\$'000	\$'000	\$'000	\$'000
Singapore	37,252	48,892	91,670	89,226
Myanmar	1,170	1,406	5	5
	<u>38,422</u>	<u>50,298</u>	<u>91,675</u>	<u>89,231</u>

## 4.2 Disaggregation of revenue

<u>Segment revenue</u>	<u>Timing of revenue recognition</u>	Group	
		30 Sep 2023	30 Sep 2022
		\$'000	\$'000
Industrial Chemicals:			
Sale of goods	At a point in time	37,660	49,727
Properties:			
Rental income	Over time	762	571
		<u>38,422</u>	<u>50,298</u>

## 5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2023 and 31 March 2023:

	Group		Company	
	30 Sep 2023	31 Mar 2023	30 Sep 2023	31 Mar 2023
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Financial assets at amortised cost	39,651	50,587	43,219	52,493
Financial assets at FVTPL	934	953	934	953
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	4,043	8,607	4,085	6,649
Lease liabilities	3,097	3,591	3,097	3,591

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

### 6 (Loss) Profit before tax

(Loss) Profit before tax is arrived at after charging (crediting):

	Group	
	Six months ended	
	30 Sep 2023	30 Sep 2022
	\$'000	\$'000
Dividend income	51	37
Interest income	439	81
Net foreign exchange gain	629	495
Gain on disposal of property, plant & equipment	-	2
(Loss) on fair value adjustments on financial assets at FVTPL	(19)	(136)
(Provision) / reversal of loss allowance on trade receivables	(770)	2
Government grants income	112	185
Storage charges	47	136
Delivery, transport and handling charges	-	51
Other miscellaneous income	89	390
Depreciation of property, plant and equipment	(2,428)	(2,284)
Finance costs on lease liabilities	(47)	(66)

#### Related party transactions

There are no material related party transactions for the financial period.

### 7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six months ended	
	30 Sep 2023	30 Sep 2022
	\$'000	\$'000
Current income tax expense:		
Current period	97	275
	97	275
Deferred tax credit:		
Current period	-	-
Total income tax expense	97	275

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### 8 Dividends

During the half year ended 30 September 2023, the Company paid dividends as follows:

	Group	
	Six months ended	
	30 Sep 2023	30 Sep 2022
	\$'000	\$'000
Ordinary dividends		
Tax- exempt one-tier final dividend in respect of the previous financial year:		
- 0.015 cents (2022 : 0.033 cents) per ordinary share	1,139	2,506

### 9 Net asset value

	Group		Company	
	30 Sep 2023	31 Mar 2023	30 Sep 2023	31 Mar 2023
	\$	\$	\$	\$
Net asset value per ordinary share	1.70	1.73	0.97	1.00

### 10 Financial assets at fair value through profit or loss

	Group and Company	
	30 Sep 2023	31 Mar 2023
	\$'000	\$'000
Quoted equity shares at fair value through profit or loss	934	953

Investments in quoted equity securities offer the company and the Group the opportunity for returns through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted closing market prices on the last market day of the financial period/year.

### 11 Investment properties

The Group's investment properties consist of commercial properties, held for long-term rental yields and/or capital appreciation. They are mainly leased to third parties under operating leases.

	Group	
	30 Sep 2023	31 Mar 2023
	\$'000	\$'000
At beginning of period / year	64,500	58,100
Gain from fair value adjustments included in profit or loss	-	6,400
At end of period / year	64,500	64,500

#### 11.1 Valuation

The fair values of the Group's investment properties are determined with reference to valuations carried out by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair values are determined based on the market comparison approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of these properties is their current use. There has been no change to the valuation technique.

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

Significant unobservable inputs in the valuations relate to the price per square feet of floor area, which is made by reference to the recent transaction prices for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the Group's respective properties such as location, floor area and remaining lease tenure. The higher the price per square feet, the higher the valuation, assuming all other variables are held constant. The fair value measurement of the investment properties is classified as Level 3 in the fair value hierarchy.

### 12 Property, plant and equipment

During the six months ended 30 September 2023, the Group acquired assets amounting to \$5,336,000 (30 September 2022: \$3,574,000) and disposed of assets with net book value amounting to \$1,000 (30 September 2022: Nil).

### 13 Subsidiaries

	Company	
	30 Sep 2023	31 March 2023
	\$'000	\$'000
Unquoted equity shares - at cost:		
At beginning of the year	13,179	13,179
Impairment during the period	(6,796)	(6,796)
At end of the period / year	<u>6,383</u>	<u>6,383</u>

### 14 Share capital

	Group and Company			
	30 Sep 2023		31 Mar 2023	
	No. of shares issued '000	\$'000	No. of shares issued '000	\$'000
Issued and paid up:				
At the beginning and end of the period/year	<u>75,945</u>	<u>75,945</u>	<u>75,945</u>	<u>75,945</u>

The Company did not hold any treasury shares as at 30 September 2023 and 31 March 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023 and 31 March 2023.

### 15 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## **F. Other Information Required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of Chemical Industries (Far East) Limited and its subsidiaries as at 30 September 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

### **2. Review of performance of the Group**

#### **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

##### **1. Group revenue**

Group revenue decreased by 23.6% or \$11.9 million from \$50.3 million for the first six months ended 30<sup>th</sup> September 2022 ("1H 2023") to \$38.4 million for the first six months ended 30<sup>th</sup> September 2023 ("1H 2024"). As demands for chemical products and prices of commodities have decreased due to weak economic landscape in the 1H 2024, sales of chemical products in Singapore have declined.

##### **2. Gross profit**

Gross profit decreased from \$5.9 million in 1H 2023 to \$3.7 million in 1H 2024. The lower gross profit margin was mainly due to higher energy cost.

##### **3. Other income (net)**

Other income (net) increased by 8.4% or \$0.01 million mainly due to an increase in interest income by \$0.36 million in 1H 2024 compared to 1H 2023. This was offset with lower government grant and other storage income in 1H 2024 compared to 1H 2023.

##### **4. Distribution expenses**

Distribution expenses decreased by 14.3% or \$0.5 million. The decrease was mainly due to lower freight cost by \$0.5 million in 1H 2024 compared to 1H 2023.

##### **5. Administrative expenses**

Administrative expenses increased by 24.4% or \$0.7 million. The increase was mainly due to a loss allowance recognised in 1H 2024.

##### **6. Finance costs**

Finance cost decreased by 28.8% or \$0.02 million due to lower lease liabilities outstanding during the period.

##### **7. (Loss) Profit before tax**

The Group recorded a loss before tax of \$1.42 million in 1H 2024 compared to a profit of \$0.87 million in 1H 2023. 1H 2024 losses were mainly caused by lower demand for chemical products, commodity price declining, and higher energy cost.

## CHEMICAL INDUSTRIES (FAR EAST) LIMITED

### **Statement of Financial Position**

The Group's current assets decreased by \$10.2 million mainly due to a decrease in cash and cash equivalents by \$9.1 million, trade and other receivables by \$0.8 million and inventories by \$0.3 million.

The Group's non-current assets increased by \$2.4 million mainly due to an increase in property, plant and equipment by \$2.9 million but was offset by a decrease in accrued revenue by \$0.5 million.

The Group's current liabilities decreased by \$4.5 million mainly due to a decrease in trade and other payables by \$3.6 million and contract liabilities by \$0.9 million.

The Group's non-current liabilities decreased by \$0.5 million mainly due to repayment of lease liabilities made in 1H 2024.

Equity comprises share capital, reserves and accumulated profits. The total equity of the Group decreased by \$2.7 million from \$131.5 million as at 31 March 2023 to \$128.8 million as at 30 September 2023.

### **Statement of cashflow**

The Group recorded a net cash outflow of \$9.1 million for 1H 2024, due to cash outflows from operating activities of \$3.3 million, cash outflows from investing activities of \$5.3 million and cash outflows from financing activity of \$0.5 million.

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

No prospect statement was made.

### **4. 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 operating period and the next 12 months**

The difficult global economic landscape and slowing Chinese economy will continue to weigh heavily on demand for chemicals and exports. Overall we expect global growth to remain low and uneven as concerns remain with risks related to volatile commodity prices, geopolitical fragmentations, resurgence in inflation, and risk of oil supply disruption from the Israel-Hamas war.

In the Industrial Chemicals segment, as Singapore's manufacturing economy is export-focused, we expect manufacturing and chemical demand to remain generally weak into 2H FY2024 due to the weaker global demand for goods exports. We see mixed signals of recovery pace across various industries in domestic market. Pharmaceuticals and utilities' demand for chemicals remain relatively stable whereas weak global demand in electronics is forecasted to persist till the end of the year. Current high electricity costs will continue to be the main variable cost component in production till mid of 2024. Some of the company's formula-price based sales agreements will continue to be dependent on the materials' market pricing indices.

The company continues to secure new supply contracts with both existing and new customers. We are building alternate sources of key raw materials to achieve cost savings in a sustainable manner and as part of our overarching business continuity plan. We are on track with several operations excellence projects which we have embarked to improve energy efficiencies, and progress towards our cost optimizations and sustainability index goals. We are on track with our chemical business strategy to focus and build on the targeted industries. We are focused to grow with our top tier customers via active participation in their investments and expansion plans and offer of value-add services. We prioritise the development of targeted accounts with growth potential into top tier customers with the objective to increase sales and expand customer base. In the mid-term we aim to grow our business in the areas of production and engineering services and traded products.



## **CHEMICAL INDUSTRIES (FAR EAST) LIMITED**

In Myanmar, the political landscape, uncertainties and inflation continue to present challenges and headwinds to the business environment. Nevertheless, the Group is committed to conduct business in a sustainable and profitable manner. In business development, we shall broaden scope of industry focus and customer base. We have stepped up marketing activities to promote our products to potential customers of targeted new industries.

In the Properties segment, we intend to capitalise on our premium locality. The Group is looking into options to increase capital values and rental yields in the mid-term. The Group shall conduct a valuation of our properties at the end of FY2024 and reflect them accordingly.

### **5. Dividend information**

5a. Current Financial Period Reported on: None

5b. Corresponding Period of the Immediate Preceding Financial Year: None

5c. Date Payable: Not applicable

5d. Books Closure Date: Not applicable

### **6. Interested person transactions**

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

### **7. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

To the best of the directors' knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year 2024 financial results to be false or misleading in any material aspects.

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### **9. Additional information required pursuant to Rule 706A of the Listing Manual**

During the period ended 30 September 2023, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

### **BY ORDER OF THE BOARD**

Ms Foo Soon Soo  
Company Secretary

14<sup>th</sup> November 2023