



CEI LIMITED

(Company Registration No. 199905114H)

Full 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 Year Ended 31 December 2018.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	GROUP		+ / (-) %
	2018 \$'000	2017 \$'000	
Revenue	140,330	136,786	2.6
Cost of sales	(107,810)	(105,182)	2.5
Gross profit	32,520	31,604	2.9
Other income (including interest income)	1	3	N/M
General and administrative costs	(18,779)	(19,078)	(1.6)
Selling and distribution costs	(4,535)	(4,686)	(3.2)
Profit from operations	9,207	7,843	17.4
Finance costs	(103)	(34)	N/M
Share of results of associated companies	-	83	N/M
Profit from operations before taxation	9,104	7,892	15.4
Taxation	(1,659)	(1,365)	21.5
Profit after taxation	7,445	6,527	14.1
Other comprehensive income:			
Foreign currency translation	25	54	N/M
Total comprehensive income for the year	7,470	6,581	13.5

Included in the above expenses are -

Depreciation of fixed assets	(1,839)	(2,059)	(10.7)
Fair value (loss)/gain on forward contracts	(127)	958	N/M
Foreign exchange loss	(168)	(1,651)	N/M

N/M – Not meaningful

1(b) (i) **STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	31 Dec 2018 \$'000	31 Dec 2017 \$'000 (restated)	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Fixed assets	3,257	4,803	1,817	2,289
Intangible assets	1,063	1,063	1,063	1,063
Investment in subsidiaries companies	-	-	5,107	5,107
Investment in associated company	1,082	1,339	582	582
Deferred tax asset	863	840	203	209
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	6,265	8,045	8,772	9,250
Current assets				
Inventories	33,785	25,062	32,292	24,915
Trade receivables	26,977	27,958	26,537	27,804
Other receivables	907	796	591	529
Amounts due from subsidiary companies	-	-	1,378	337
Cash and cash equivalents	3,355	3,044	3,105	2,419
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	65,024	56,860	63,903	56,004
Current liabilities				
Trade payables and accruals	19,859	20,818	17,921	19,324
Amounts due to subsidiary companies	-	-	4,813	3,636
Provision for taxation	2,094	1,556	1,946	1,371
Bank borrowings	7,519	2,001	7,519	2,001
Other liabilities	2,063	1,796	2,063	1,796
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	31,535	26,171	34,262	28,128
Net current assets	<hr/>	<hr/>	<hr/>	<hr/>
	33,489	30,689	29,641	27,876
Non-current liabilities	-	-	-	-
Net assets	<hr/>	<hr/>	<hr/>	<hr/>
	39,754	38,734	38,413	37,126
Represented by:				
Share capital	23,897	23,897	23,897	23,897
Less : Treasury shares	(837)	(837)	(837)	(837)
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	23,060	23,060	23,060	23,060
Retained earnings	16,615	15,620	15,353	14,066
Foreign currency translation reserve	79	54	-	-
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	39,754	38,734	38,413	37,126

The Group's financial position as at 31 December 2017 are restated following the adoption of the Singapore Financial Reporting Standards (International) (SFRS(I)). Please refer to page 7, paragraph 5 for the details on the financial impact from the adoption of SFRS(I).

1(b) (ii) BORROWINGS

Amount repayable in one year or less, or on demand

As at 31 Dec 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	7,519	-	2,001

Amount repayable after one year

As at 31 Dec 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

Not applicable.

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	GROUP	
	FY2018 \$'000	FY2017 \$'000
Cash flows from operating activities:		
Profits from operations before taxation	9,104	7,892
Adjustments for:		
Depreciation in fixed assets	1,839	2,059
Interest income	(1)	(3)
Interest expense	103	34
Impairment of receivables	55	-
Reversal of allowance for impairment losses	-	100
Fair value gain on forward contracts	(59)	(958)
Unrealised exchange loss	25	1,278
Reversal of provision for inventory obsolescence	(342)	(220)
Share of results of associated companies	-	(83)
Operating income before investment in working capital	10,724	10,099
Decrease/(Increase) in receivables and prepayments	849	(3,066)
Increase in inventories	(8,380)	(4,216)
Decrease in payables	(691)	(195)
Cash generated from operations	2,502	2,622
Interest received	1	3
Interest paid	(86)	(34)
Income tax paid, net of refund	(1,145)	(1,533)
Net cash generated from operating activities	1,272	1,058
Cash flows from investing activities:		
Purchase of property, plant and equipment	(293)	(1,400)
Dividend income from an associated company	257	145
Net cash used in investing activities	(36)	(1,255)
Cash flows from financing activities:		
Dividends paid on ordinary shares	(6,450)	(8,011)
Proceeds from loans and borrowings	6,000	-
Repayment of loans and borrowings	(500)	(500)
Net cash used in financing activities	(950)	(8,511)
Net increase/(decrease) in cash and cash equivalents	286	(8,708)
Effect of exchange rate changes on cash and equivalents	25	54
Cash and cash equivalents at beginning of the year	3,044	11,698
Cash and cash equivalents at end of the year	3,355	3,044

1(d) (i) **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

Group	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2018	23,897	(837)	15,943	(269)	38,734
Effects of adoption of SFRS(I)	-	-	(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 year	-	-	7,445	25	7,470
Dividends paid	-	-	(6,450)	-	(6,450)
Balance at 31 December 2018	23,897	(837)	16,615	79	39,754
Balance at 1 January 2017	23,897	(837)	17,427	(323)	40,164
Effects of adoption of SFRS(I)	-	-	(323)	323	-
Balance at 1 January 2017 (as restated)	23,897	(837)	17,104	-	40,164
Total comprehensive income for the year	-	-	6,527	54	6,581
Dividends paid	-	-	(8,011)	-	(8,011)
Balance at 31 December 2017	23,897	(837)	15,620	54	38,734
Company	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000	
Balance at 1 January 2018	23,897	(837)	14,066	37,126	
Profit net of tax	-	-	7,737	7,737	
Dividends paid	-	-	(6,450)	(6,450)	
Balance at 31 December 2018	23,897	(837)	15,353	38,413	
Balance at 1 January 2017	23,897	(837)	14,868	37,928	
Profit net of tax	-	-	7,209	7,209	
Dividends paid	-	-	(8,011)	(8,011)	
Balance at 31 December 2017	23,897	(837)	14,066	37,126	

1(d) (ii) CHANGES IN COMPANY'S SHARE CAPITAL

	31 Dec 2018	30 June 2018
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 was no outstanding convertible as at 31 December 2018 and 31 December 2017.

1(d)(iii) TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES

	31 Dec 2018	31 Dec 2017
No. of issued shares excluding treasury shares:	86,698,463	86,698,463

1(d)(iv) 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 page 7, paragraph 5, 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

First time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared the financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017.

The principal adjustment made by the Group and the Company on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemption applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has elected for the optional exemption for the cumulative currency translation differences for the foreign operations to be deemed zero at the date of transition, 1 January 2017. As a result, the cumulative currency translation differences of \$323,000 were reclassified from foreign currency translation reserve to retained earnings as at 1 January 2017 for the Group.

New accounting standards effective 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group and the company has adopted all the SFRS(I) which are effective for annual periods on or after 1 January 2018. Except for the impact arising from the exemption applied as described above, the adoption of these standards including the adoption of SFRS(I) 9 and SFRS(I) 15 did not have material effect on the financial performance or position of the Group and the Company.

6. EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	FY2018	FY2017
Earnings per share based on profit attributable to shareholders:		
Based on existing issued share capital	8.59 cts	7.53 cts
Based on fully diluted basis	8.59 cts	7.53 cts

7. NET ASSET VALUE

	Group		Company	
	FY2018	FY2017	FY2018	FY2017
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	45.85 cts	44.68 cts	44.31 cts	42.82 cts

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for FY 2018 of \$140.3 million was 2.6% higher than FY 2017. The Gross Profit Margin is unchanged at 23.1%.

The General and Administrative Costs and Selling and Distribution Costs were lower mainly due to continuous efforts in cost control, and also lower net loss from Foreign exchange and Fair value on forward contracts. Finance costs were higher as a result of increase in borrowings.

The Profit from Operations before Taxation increased from \$7.89 million to \$9.10 million in FY 2018.

The Profit after Taxation increased from \$6.53 million to \$7.45 million in FY 2018.

Earnings per share increased from 7.53 cents to 8.59 cents, based on a fully diluted basis.

Net asset value per share increased from 44.68 cents to 45.85 cents as at 31 December 2018.

Inventories increased by \$8.7 million, from \$25.1 million to \$33.8 million due to higher order books and customers' authorisation to procure materials because of longer leadtime on electronics components, especially on passive components and connectors. Bank Borrowings increased from \$2.0 million to \$7.5 million to support the working capital requirements.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 31 December 2018, the Group has orders on hand, with confirmed delivery dates, worth \$63.6 million (31 December 2017: \$55.4 million) 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, aviation and displays for industrial applications.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2019.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend	Second & final	Special dividend
Dividend Type	Cash	Cash
Dividend (cents)	0.400	3.980
Tax Rate	One-tier tax-exempt	One-tier tax exempt

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Second & final	Special dividend
Dividend Type	Cash	Cash
Dividend (cents)	0.400	3.000
Tax Rate	One-tier tax exempt	One-tier tax exempt

(c) Date payable

Payment of the dividends, if approved by the members at the Annual General Meeting to be held on 24 April 2019, will be made on 17 May 2019.

(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 3 May 2019 to 5.00 p.m. on 6 May 2019 (both dates inclusive) for the preparation of dividend warrants for both the one-tier tax-exempt second & final 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 3 May 2019 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 3 May 2019 will be entitled to the proposed one-tier tax-exempt second & final 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

	FY2018 \$'000	FY2017 \$'000
Transactions for the Sale of Goods and Services		
Innosparcs Pte Ltd	344	145
ST Electronics (Satcom & Sensor Systems) Pte Ltd	368	403
	<u>712</u>	<u>548</u>

13. BUSINESS SEGMENTAL INFORMATION

	Asia Pacific		USA		Europe		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Segment turnover	64,025	62,468	25,210	25,075	51,095	49,243	140,330	136,786
Cost of sales	(48,174)	(46,929)	(19,263)	(18,478)	(40,373)	(39,775)	(107,810)	(105,182)
Gross profit	15,851	15,539	5,947	6,597	10,722	9,468	32,520	31,604
Unallocated expenses							(23,416)	(23,795)
Share of results of associated company							-	83
Profit before taxation							9,104	7,892
Tax expense							(1,659)	(1,365)
Net profit for the year							7,445	6,527

(The Group defined its Business Segment based on origin of customers' purchase orders.)

14. FACTORS LEADING TO ANY MATERIAL CHANGES IN CONTRIBUTIONS TO TURNOVER AND EARNINGS BY THE BUSINESS OR GEOGRAPHICAL SEGMENTS

There is no material change in Contributions to Turnover and Earnings by the business or geographical segments.

15. BREAKDOWN OF SALES

Group	Latest Financial Year \$'000	Previous Financial Year \$'000	% increase/ (decrease)
(a) Sales reported for first half year	68,101	67,462	0.9%
(b) Operating profit after tax deducting minority interests reported for first half year	3,655	3,611	1.2%
(c) Sales reported for second half year	72,229	69,324	4.2%
(d) Operating profit after tax deducting minority interests reported for second half year	3,790	2,916	30.0%

16. BREAKDOWN OF THE TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE LATEST FULL YEAR AND PREVIOUS FULL YEAR

Total annual dividend (net of tax)

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary Preference	7,300 -	6,450 -
Total	<u>7,300</u>	<u>6,450</u>

17. PERSON OCCUPYING MANAGERIAL POSITION

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

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

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

BY ORDER OF THE BOARD

**Teo Soon Hock
Secretary**

Singapore, 22 February 2019