



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 2017.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

| | GROUP | | |
|--|-------------|-------------|----------------|
| | <u>2017</u> | <u>2016</u> | <u>+ / (-)</u> |
| | \$'000 | \$'000 | % |
| Revenue | 136,786 | 130,281 | 5.0 |
| Cost of sales | (105,182) | (99,889) | 5.3 |
| Gross profit | 31,604 | 30,392 | 4.0 |
| Other income (including interest income) | 3 | 25 | N/M |
| General and administrative costs | (19,078) | (16,998) | 12.2 |
| Selling and distribution costs | (4,686) | (4,180) | 12.1 |
| Profit from operations | 7,843 | 9,239 | (15.1) |
| Finance costs | (34) | (97) | (65.0) |
| Share of results of associated company | 83 | 107 | (22.4) |
| Profit from operations before taxation | 7,892 | 9,249 | (14.7) |
| Taxation | (1,365) | (443) | N/M |
| Profit after taxation | 6,527 | 8,806 | (25.9) |
| Other comprehensive income: | | | |
| Foreign currency translation | 54 | (6) | N/M |
| Total comprehensive income for the year | 6,581 | 8,800 | (25.2) |

Included in the above expenses are -

| | | | |
|---|---------|---------|-------|
| Depreciation of fixed assets | (2,059) | (2,153) | (4.4) |
| Fair value gain/(loss) on forward contracts | 958 | (577) | N/M |
| Foreign exchange (loss)/gain | (1,651) | 96 | N/M |

N/M – Not meaningful

1(b) (i) STATEMENT OF FINANCIAL POSITION

| | GROUP | | COMPANY | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 Dec 2017 \$'000 | 31 Dec 2016 \$'000 | 31 Dec 2017 \$'000 | 31 Dec 2016 \$'000 |
| Fixed assets | 4,803 | 5,591 | 2,289 | 2,024 |
| Intangible assets | 1,063 | 1,063 | 1,063 | 1,063 |
| Investment in subsidiaries companies | - | - | 5,107 | 3,919 |
| Investment in associated company | 1,339 | 1,301 | 582 | 482 |
| Deferred tax asset | 840 | 773 | 209 | 214 |
| | <u>8,045</u> | <u>8,728</u> | <u>9,250</u> | <u>7,702</u> |
| Current assets | | | | |
| Inventories | 25,062 | 20,626 | 24,915 | 20,499 |
| Trade receivables | 27,958 | 25,972 | 27,804 | 25,891 |
| Other receivables | 796 | 853 | 529 | 574 |
| Amounts due from subsidiary companies | - | - | 337 | 1,473 |
| Cash and cash equivalents | 3,044 | 11,698 | 2,419 | 10,962 |
| | <u>56,860</u> | <u>59,149</u> | <u>56,004</u> | <u>59,399</u> |
| Current liabilities | | | | |
| Trade payables and accruals | 20,818 | 21,479 | 19,324 | 20,218 |
| Amounts due to subsidiary companies | - | - | 3,636 | 2,906 |
| Provision for taxation | 1,556 | 1,658 | 1,371 | 1,473 |
| Bank borrowings | 2,001 | 2,501 | 2,001 | 2,501 |
| Other liabilities | 1,796 | 2,075 | 1,796 | 2,075 |
| | <u>26,171</u> | <u>27,713</u> | <u>28,128</u> | <u>29,173</u> |
| Net current assets | <u>30,689</u> | <u>31,436</u> | <u>27,876</u> | <u>30,226</u> |
| Non-current liabilities | - | - | - | - |
| Net assets | <u>38,734</u> | <u>40,164</u> | <u>37,126</u> | <u>37,928</u> |
| Represented by: | | | | |
| Share capital | 23,897 | 23,897 | 23,897 | 23,897 |
| Less : Treasury shares | (837) | (837) | (837) | (837) |
| | <u>23,060</u> | <u>23,060</u> | <u>23,060</u> | <u>23,060</u> |
| Revenue reserves | 15,943 | 17,427 | 14,066 | 14,868 |
| Foreign currency translation reserve | (269) | (323) | - | - |
| | <u>38,734</u> | <u>40,164</u> | <u>37,126</u> | <u>37,928</u> |

1(b) (ii) BORROWINGS

Amount repayable in one year or less, or on demand

| As at 31 Dec 2017 | | As at 31 Dec 2016 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| - | 2,001 | - | 2,501 |

Amount repayable after one year

| As at 31 Dec 2017 | | As at 31 Dec 2016 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| - | - | - | - |

Details of any collateral

Not applicable.

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

| | GROUP | |
|--|----------------|-----------------|
| | FY2017 | FY2016 |
| | \$'000 | \$'000 |
| Cash flows from operating activities: | | |
| Profits from operations before taxation | 7,892 | 9,249 |
| Adjustments for: | | |
| Depreciation in fixed assets | 2,059 | 2,153 |
| Interest income | (3) | (25) |
| Interest expense | 34 | 97 |
| Reversal of allowance for impairment losses | 100 | - |
| Fair value (gain)/loss on forward contracts | (958) | 577 |
| Unrealised exchange loss/(gain) | 1,278 | (102) |
| Reversal of provision for inventory obsolescence | (220) | (309) |
| Share of results of associated companies | (83) | (107) |
| Operating income before investment in working capital | <u>10,099</u> | <u>11,533</u> |
| (Increase)/Decrease in receivables and prepayments | (3,066) | (1,119) |
| (increase)/Decrease in inventories | (4,216) | 3,894 |
| (Decrease)/Increase in payables | (195) | 942 |
| Cash generated from operations | <u>2,622</u> | <u>15,250</u> |
| Interest received | 3 | 25 |
| Interest paid | (34) | (119) |
| Income tax paid, net of refund | (1,533) | (2,356) |
| Net cash generated from operating activities | <u>1,058</u> | <u>12,800</u> |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (1,400) | (584) |
| Dividend income from an associated company | 145 | 145 |
| Net cash used in investing activities | <u>(1,255)</u> | <u>(439)</u> |
| Cash flows from financing activities: | | |
| Dividends paid on ordinary shares | (8,011) | (8,670) |
| Repayment of loans and borrowings | (500) | (5,000) |
| Net cash used in financing activities | <u>(8,511)</u> | <u>(13,670)</u> |
| Net decrease in cash and cash equivalents | (8,708) | (1,309) |
| Effect of exchange rate changes on cash and equivalents | 54 | (7) |
| Cash and cash equivalents at beginning of the year | 11,698 | 13,014 |
| Cash and cash equivalents at end of the year | <u>3,044</u> | <u>11,698</u> |

1(d) (i) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

| Group | Share capital \$'000 | Treasury shares \$'000 | Revenue reserves \$'000 | Foreign currency translation reserve \$'000 | Total equity \$'000 |
|--|-------------------------|---------------------------|----------------------------|--|------------------------|
| Balance at 1 January 2017 | 23,897 | (837) | 17,427 | (323) | 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) | 15,943 | (269) | 38,734 |
| Balance at 1 January 2016 | 23,897 | (837) | 17,291 | (317) | 40,034 |
| Total comprehensive income for the year | - | - | 8,806 | (6) | 8,800 |
| Dividends paid | - | - | (8,670) | - | (8,670) |
| Balance at 31 December 2016 | 23,897 | (837) | 17,427 | (323) | 40,164 |
| Company | Share capital \$'000 | Treasury shares \$'000 | Revenue reserves \$'000 | Total equity \$'000 | |
| 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 | |
| Balance at 1 January 2016 | 23,897 | (837) | 15,117 | 38,177 | |
| Profit net of tax | - | - | 8,421 | 8,421 | |
| Dividends paid | - | - | (8,670) | (8,670) | |
| Balance at 31 December 2016 | 23,897 | (837) | 14,868 | 37,928 | |

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

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

There was no outstanding convertible as at 31 December 2017 and 31 December 2016.

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

| | 31 Dec 2017 | 31 Dec 2016 |
|---|-------------|-------------|
| 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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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

As described in Note 4, the adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

6. EARNINGS PER ORDINARY SHARE (EPS)

| | Group | |
|--|----------|-----------|
| | FY2017 | FY2016 |
| Earnings per share based on profit attributable to shareholders: | | |
| Based on existing issued share capital | 7.53 cts | 10.16 cts |
| Based on fully diluted basis | 7.53 cts | 10.16 cts |

7. NET ASSET VALUE

| | Group | | Company | |
|---|-----------|-----------|-----------|-----------|
| | FY2017 | FY2016 | FY2017 | FY2016 |
| Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares). | 44.68 cts | 46.33 cts | 42.82 cts | 43.75 cts |

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for FY 2017 of \$136.8 million was 5.0% higher than FY 2016. The Gross Profit Margin is unchanged at 23.1%.

The General and Administrative Costs and Selling and Distribution Costs were higher mainly due to increase in salaries and headcounts to support higher order books in FY 2017. Finance costs were lower as a result of lower borrowings.

The Profit from Operations before Taxation decreased from \$9.25 million to \$7.89 million in FY 2017.

Taxation in FY 2017 was higher compared to FY 2016 due to \$1.02 million of one-off write back of over-provision of taxation and tax incentives being recognised in FY 2016.

The Profit after Taxation decreased from \$8.81 million to \$6.53 million in FY 2017.

Earnings per share decreased from 10.16 cents to 7.53 cents, based on a fully diluted basis.

Net asset value per share decreased from 46.33 cents to 44.68 cents as at 31 December 2017, as the dividends paid in FY 2017 was higher than the underlying Net Profit.

Inventories increased from \$20.6 million to \$25.1 million to support higher order books. Trade Receivables increased from \$26.0 million to \$28.0 million due to higher revenue. Bank Borrowings decreased from \$2.5 million to \$2.0 million. Mainly as a result of these, Cash and Cash Equivalents decreased from \$11.7 million to \$3.0 million.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 31 December 2017, the Group has orders on hand worth \$55.4 million (31 December 2016: \$46.8 million) most of which are expected to be fulfilled within the current financial year.

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

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

11. DIVIDENDS

(a) Current Financial Period Reported On

| | | |
|------------------|---------------------|---------------------|
| Name of Dividend | Second & final | Special dividend |
| Dividend Type | Cash | Cash |
| Dividend (cents) | 0.400 | 3.000 |
| 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 | 4.800 |
| 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 20 April 2018, will be made on 15 May 2018.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of CEI Limited ("the Company") will be closed from 5.00 p.m. on 30 April 2018 to 5.00 p.m. on 2 May 2018 (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 30 April 2018 will be registered to determine shareholders' entitlements to the said dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 30 April 2018 will be entitled to the proposed one-tier tax-exempt second & final dividend and one-tier tax-exempt special dividend.

12. INTERESTED PERSON TRANSACTIONS

Not applicable as the Company has no general mandate for interested person transactions.

13. BUSINESS SEGMENTAL INFORMATION

| | Asia Pacific | | USA | | Europe | | Consolidated | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Segment turnover | 62,468 | 58,478 | 25,075 | 23,415 | 49,243 | 48,388 | 136,786 | 130,281 |
| Cost of sales | (46,929) | (43,956) | (18,478) | (17,068) | (39,775) | (38,865) | (105,182) | (99,889) |
| Gross profit | 15,539 | 14,522 | 6,597 | 6,347 | 9,468 | 9,523 | 31,604 | 30,392 |
| Unallocated expenses | | | | | | | (23,795) | (21,250) |
| Share of results of associated company | | | | | | | 83 | 107 |
| Profit before taxation | | | | | | | 7,892 | 9,249 |
| Tax expense | | | | | | | (1,365) | (443) |
| Net profit for the year | | | | | | | 6,527 | 8,806 |

(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

| | Latest Financial Year \$'000 | Previous Financial Year \$'000 | % increase/ (decrease) |
|---|---------------------------------------|---|---------------------------|
| | Group | Group | Group |
| (a) Sales reported for first half year | 67,462 | 68,939 | (2.1%) |
| (b) Operating profit after tax deducting minority interests reported for first half year | 3,611 | 4,672 | (22.7%) |
| (c) Sales reported for second half year | 69,324 | 61,342 | 13.0% |
| (d) Operating profit after tax deducting minority interests reported for second half year | 2,916 | 4,134 | (29.5%) |

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 | 6,450 | 8,670 |
| Preference | - | - |
| | ----- | ----- |
| Total | 6,450 | 8,670 |
| | ===== | ===== |

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' UNDERTAKINGS 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, 8 February 2018