



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Unaudited Condensed Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2023 to 30 June 2023

Multi-Chem Limited

Registration No. 198500318Z

Unaudited Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2023 to 30 June 2023***CONSOLIDATED INCOME STATEMENT**

Group	6 months ended		
	30-06-2023	30-06-2022	Change
	\$'000	\$'000	%
Revenue	313,147	301,861	4
Cost of sales	(270,086)	(260,034)	4
Gross profit	43,061	41,827	3
Other items of income			
- Interest income	1,302	388	236
- Other income	1,180	771	53
Other items of expense			
- Selling and distribution costs	(16,603)	(16,147)	3
- Administrative and other expenses	(13,306)	(12,968)	3
- Reversal of allowance/(loss allowance) on third party trade receivables	370	(597)	(162)
- Finance costs	(461)	(242)	90
Profit before income tax	15,543	13,032	19
Income tax expense	(4,131)	(3,381)	22
Profit for the financial period	11,412	9,651	18
Profit attributable to:			
Owners of the parent	11,412	9,651	18
Earnings per share for profit attributable to owners of the parent during the financial period (expressed in cents per share)			
Basic	12.67 cents	10.71 cents	
Diluted	12.67 cents	10.71 cents	

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Unaudited Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2023 to 30 June 2023***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	6 months ended		
	30-06-2023	30-06-2022	Change
	\$'000	\$'000	%
Profit for the financial period	11,412	9,651	18
Other comprehensive income for the financial period:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency differences on translation of foreign operations	349	2,433	(86)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value change in financial asset, at FVOCI	(148)	(248)	(40)
Other comprehensive income for the financial period, net of tax	201	2,185	(91)
Total comprehensive income for the financial period	11,613	11,836	(2)
Total comprehensive income attributable to:			
Owners of the parent	11,613	11,836	(2)

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Unaudited Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2023 to 30 June 2023***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	8,559	9,019	727	869
Investment properties	-	-	2,275	2,302
Investments in subsidiaries	-	-	-	-
Club memberships	1,012	1,010	374	374
Right-of-use assets	1,317	1,688	57	81
Deferred tax assets	5,671	5,556	-	-
Financial asset, at FVOCI	28	179	-	-
Financial asset, at FVPL	4,854	4,749	4,854	4,749
Trade receivables	13,158	11,821	-	-
Prepayments	1,386	1,657	98	141
	35,985	35,679	8,385	8,516
Current assets				
Inventories	61,698	69,318	354	445
Trade and other receivables	150,422	147,465	35,106	33,538
Prepayments	1,480	1,350	146	119
Current income tax recoverable	7,297	5,948	-	-
Fixed deposits	37,984	36,805	22,007	13,245
Cash and bank balances	37,695	32,737	1,648	1,104
	296,576	293,623	59,261	48,451
Less:				
Current liabilities				
Trade and other payables	141,780	142,206	3,483	5,198
Contract liabilities	30,810	27,559	2	-
Lease liabilities	932	1,048	50	49
Bank borrowings	1,846	1,000	-	-
Current income tax payable	3,783	3,100	51	103
Derivative financial instruments	10	-	-	-
	179,161	174,913	3,586	5,350
Net current assets	117,415	118,710	55,675	43,101
Less:				
Non-current liabilities				
Trade payables	9,085	11,267	-	-
Contract liabilities	3,178	2,989	-	-
Lease liabilities	693	952	8	33
Bank borrowings	-	417	-	-
Provision for post-employee benefits	560	554	-	-
Deferred tax liabilities	1,176	1,114	-	-
	14,692	17,293	8	33
	138,708	137,096	64,052	51,584
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation account	(1,295)	(1,644)	-	-
Other reserves	(1,125)	(977)	-	-
Retained earnings	103,840	102,429	26,764	14,296
Total equity	138,708	137,096	64,052	51,584

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Unaudited Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2023 to 30 June 2023***CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended	
	30-06-2023	30-06-2022
	\$'000	\$'000
OPERATING ACTIVITIES		
Profit before income tax	15,543	13,032
Adjustments for:		
- (Reversal of allowance)/loss allowance on third party trade receivables	(370)	597
- Allowance made for inventory obsolescence	1,990	2,036
- Third party trade receivables written off	42	38
- Fair value change in financial asset, at FVPL	(59)	(60)
- Fair value change in derivative financial instruments	10	-
- Depreciation of property, plant and equipment	623	646
- Gain on disposal of property, plant and equipment	(1)	(92)
- Amortisation of club memberships	5	5
- Depreciation of right-of-use assets	534	670
- Interest expense	461	242
- Interest income	(1,302)	(388)
- Inventories written off	8	44
- Third party trade and other payables written off	-	(44)
- Unrealised foreign exchange loss	14	1,635
Operating cash flows before working capital changes	17,498	18,361
Working capital changes:		
- Inventories	5,748	(3,180)
- Trade and other receivables	(2,823)	(19,669)
- Prepayments	142	(2,244)
- Trade and other payables, and contract liabilities	(493)	14,629
Cash generated from operations	20,072	7,897
Interest received	1,302	388
Income tax paid	(4,828)	(5,018)
Net cash generated from operating activities	16,546	3,267

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Unaudited Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2023 to 30 June 2023***CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	6 months ended	
	30-06-2023	30-06-2022
	\$'000	\$'000
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	4	148
Purchase of property, plant and equipment	(169)	(644)
Purchase of club memberships	-	(299)
Net cash used in investing activities	(165)	(795)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	929	4,910
Repayments of bank borrowings	(477)	(3,699)
Repayments of lease liabilities	(542)	(657)
Interest paid	(461)	(242)
Dividends paid to owners of the parent	(10,001)	(6,217)
Net cash used in financing activities	(10,552)	(5,905)
Net change in cash and cash equivalents	5,829	(3,433)
Cash and cash equivalents at beginning of financial period	69,493	74,363
Effects of exchange rate changes on cash and cash equivalents	309	988
Cash and cash equivalents at end of financial period (Note 1)	75,631	71,918

Note 1*Cash and cash equivalents at end of financial period comprise of:*

Cash and cash equivalents as per Statement of Financial Position

Less: Fixed deposits pledged with banks

75,679	71,967
(48)	(49)
75,631	71,918

Unaudited Condensed Interim Financial Statements and Dividend Announcement
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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Foreign currency translation (account) /reserve \$'000	Premium on acquisition of non-controlling interests \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2023	37,288	(1,644)	(1,043)	(264)	330	102,429	137,096
Profit for the financial period	-	-	-	-	-	11,412	11,412
Other comprehensive income for the financial period							
Foreign currency differences on translation of foreign operations	-	349	-	-	-	-	349
Fair value change in financial asset, at FVOCI	-	-	-	(148)	-	-	(148)
Total comprehensive income for the financial period	-	349	-	(148)	-	11,412	11,613
Distributions to the owners of the parent							
Dividends	-	-	-	-	-	(10,001)	(10,001)
Total transactions with the owners of the parent	-	-	-	-	-	(10,001)	(10,001)
Balance at 30 June 2023	37,288	(1,295)	(1,043)	(412)	330	103,840	138,708
			-				
Balance at 1 January 2022	37,288	(871)	(1,043)	(88)	330	94,584	130,200
Profit for the financial period	-	-	-	-	-	9,651	9,651
Other comprehensive income for the financial period							
Foreign currency differences on translation of foreign operations	-	2,433	-	-	-	-	2,433
Fair value change in financial asset, at FVOCI	-	-	-	(248)	-	-	(248)
Total comprehensive income for the financial period	-	2,433	-	(248)	-	9,651	11,836
Distributions to the owners of the parent							
Dividends	-	-	-	-	-	(6,217)	(6,217)
Total transactions with the owners of the parent	-	-	-	-	-	(6,217)	(6,217)
Balance at 30 June 2022	37,288	1,562	(1,043)	(336)	330	98,018	135,819

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Unaudited Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2023 to 30 June 2023***STATEMENTS OF CHANGES IN EQUITY (Continued)**

Company	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2023	37,288	14,296	51,584
Profit for the financial period	-	22,469	22,469
Total comprehensive income for the financial period	-	22,469	22,469
Transaction with the owners			
Dividends	-	(10,001)	(10,001)
Total transactions with the owners	-	(10,001)	(10,001)
Balance at 30 June 2023	37,288	26,764	64,052
Balance at 1 January 2022	37,288	9,919	47,207
Profit for the financial period	-	19,444	19,444
Total comprehensive income for the financial period	-	19,444	19,444
Transactions with the owners			
Dividends	-	(6,217)	(6,217)
Total transactions with the owners	-	(6,217)	(6,217)
Balance at 30 June 2022	37,288	23,146	60,434

Unaudited Condensed Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2023 to 30 June 2023

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General corporate information

Multi-Chem Limited is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 18 Boon Lay Way, #05-113, Tradehub 21, Singapore 609966. The Company's registration number is 198500318Z. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group's ultimate controlling parties are Mr Foo Suan Sai and Mdm Han Juat Hoon.

The principal activities of the Company are those of investment holding and provision of value-added printed circuit board ("PCB") manufacturing services, to PCB fabricators and the distribution of specialty chemicals and other PCB related products and equipment to PCB fabricators.

The principal activities of the subsidiaries are distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 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 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. 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 expense. 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 December 2022.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 9 – Allowance for inventory obsolescence
- Note 10 – Loss allowance for impairment of trade receivables

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Unaudited Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2023 to 30 June 2023***3. Seasonal operations**

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

4. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Greater China (including Hong Kong and Taiwan), Australia, India and other countries. These locations are engaged in the manufacturing, distribution of PCB and distribution of IT products.

The Group has two reportable segments being PCB business and IT business.

4.1. Reportable segments

	Singapore	Greater China	Australia	India	Others	Elimination and adjustments	Total
1 January 2023 to 30 June 2023	IT business \$'000	PCB business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	\$'000
Revenue							
- External sales	167,629	888	16,695	25,310	22,942	79,683	313,147
- Inter-segment sales	1	-	-	-	-	-	-
Total revenue	167,630	888	16,695	25,310	22,942	79,683	313,147

	IT business \$'000	PCB business \$'000	Elimination and adjustments \$'000	Total \$'000
Segment results				
Interest income	1,072	230	-	1,302
Interest expense	(460)	(1)	-	(461)
Depreciation of property, plant and equipment	(455)	(168)	-	(623)
<i>Other non-cash items:</i>				
- Gain on disposal of plant and equipment	1	-	-	1
- Amortisation of club memberships	(5)	-	-	(5)
- Depreciation of right-of-use assets	(510)	(24)	-	(534)
- Third party trade receivables written off	(42)	-	-	(42)
- Inventories written off	(8)	-	-	(8)
- Unrealised foreign exchange (loss)/gain	(510)	496	-	(14)
- Allowance made for inventory obsolescence	(1,990)	-	-	(1,990)
- Reversal of allowance/(loss allowance) on third party trade receivables	373	(3)	-	370
- Fair value change in financial asset, at FVPL	-	59	-	59
- Fair value change in derivative financial instruments	(10)	-	-	(10)
Segment profit	13,985	1,558	-	15,543

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4.1. Reportable segments (Continued)

	Singapore		Greater China	Australia	India	Others		
	IT business	PCB business	IT business	IT business	IT business	IT business	Unallocated	Total
1 January 2023 to 30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
Property, plant and equipment	49	-	-	-	18	102	-	169
30 June 2023								
Assets and liabilities								
Segment assets	169,756	33,020	10,067	22,010	21,865	62,876	12,967	332,561
Segment liabilities	115,915	3,515	6,586	15,574	15,961	31,343	4,959	193,853

	Singapore		Greater China	Australia	India	Others		
	IT business	PCB business	IT business	IT business	IT business	IT business	Elimination and adjustments	Total
1 January 2022 to 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
- External sales	156,787	1,066	25,657	22,084	32,346	63,921	-	301,861
- Inter-segment sales	1	-	-	-	-	-	(1)	-
Total revenue	156,788	1,066	25,657	22,084	32,346	63,921	(1)	301,861

	IT business	PCB business	Elimination and adjustments	Total
	\$'000	\$'000	\$'000	\$'000
Segment results				
Interest income	386	2	-	388
Interest expense	(240)	(2)	-	(242)
Depreciation of property, plant and equipment	(486)	(160)	-	(646)
<i>Other non-cash items:</i>				
- Gain on disposal of plant and equipment	92	-	-	92
- Amortisation of club memberships	(5)	-	-	(5)
- Depreciation of right-of-use assets	(613)	(57)	-	(670)
- Third party trade receivables written off	(38)	-	-	(38)
- Inventories written off	(44)	-	-	(44)
- Unrealised foreign exchange (loss)/gain	(2,419)	784	-	(1,635)
- Allowance made for inventory obsolescence	(2,036)	-	-	(2,036)
- Loss allowance on third party trade receivables	(597)	-	-	(597)
- Fair value change in financial asset, at FVPL	-	60	-	60
Segment profit	10,522	2,510	-	13,032

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4.1. Reportable segments (Continued)

	Singapore		Greater China	Australia	India	Others		
	IT	PCB	IT	IT	IT	IT		
1 January 2022 to 30 June 2022	business	business	business	business	business	business	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
Property, plant and equipment	130	107	4	-	133	270	-	644
31 December 2022								
Assets and liabilities								
Segment assets	175,335	23,989	17,886	19,520	25,883	55,185	11,504	329,302
Segment liabilities	113,439	5,281	8,908	13,558	16,945	29,860	4,215	192,206

Geographical segments

	Singapore		Greater China		Australia		India		Others		Total	
	6 months ended		6 months ended		6 months ended		6 months ended		6 months ended		6 months ended	
	30-06-2023	30-06-2022	30-06-2023	30-06-2022	30-06-2023	30-06-2022	30-06-2023	30-06-2022	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	140,187	137,143	17,067	26,232	25,986	22,071	22,920	33,162	106,987	83,253	313,147	301,861
	Singapore		Greater China		Australia		India		Others		Total	
	as at		as at		as at		as at		as at		as at	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	7,002	7,460	431	610	2,616	2,674	865	1,004	1,360	1,626	12,274	13,374

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4.2. Disaggregation of Revenue

	At a point time		Group Over time		Total	
	6 months ended		6 months ended		6 months ended	
	30-06-2023	30-06-2022	30-06-2023	30-06-2022	30-06-2023	30-06-2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
IT business						
- Distribution of IT products	305,607	293,791	-	-	305,607	293,791
- In-house maintenance services	-	-	4,482	4,740	4,482	4,740
- Professional services	2,043	2,189	-	-	2,043	2,189
- Training services	120	70	-	-	120	70
PCB business						
- PCB services	448	501	-	-	448	501
- Distribution of PCB related products	206	323	-	-	206	323
	<u>308,424</u>	<u>296,874</u>	<u>4,482</u>	<u>4,740</u>	<u>312,906</u>	<u>301,614</u>
Rental						
IT					7	5
PCB					234	242
					<u>313,147</u>	<u>301,861</u>

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

Group	6 months ended		
	30-06-2023	30-06-2022	Change
	\$'000	\$'000	%
Other gains	812	575	41
Interest income	1,302	388	236
Interest expense	(461)	(242)	90
Amortisation of club memberships	(5)	(5)	-
Depreciation of property, plant and equipment	(623)	(646)	(4)
Depreciation of right-of-use assets	(534)	(670)	(20)
Reversal of allowance/(loss allowance) on third party trade receivables	370	(597)	(162)
Third party trade receivables written off	(42)	(38)	11
Allowance for inventory obsolescence	(1,990)	(2,036)	(2)
Inventories written off	(8)	(44)	(82)
Foreign exchange gain/(loss), net	308	(1,337)	(123)
Gain on disposal of property, plant and equipment	1	92	(99)
Third party trade and other payables written off	-	44	(100)
Fair value change in financial asset, at FVPL	59	60	(2)
Fair value change in derivative financial instrument	(10)	-	100

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6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, 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)	6 months ended	
	30-06-2023	30-06-2022
(i) Based on weighted average number of shares	12.67 cents	10.71 cents
- Weighted average number of shares ('000)	90,095	90,095
(ii) On fully diluted basis	12.67 cents	10.71 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095

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

	Group		Company	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
	Net asset value per share based on existing issued share capital as at the respective period			
	153.96 cents	152.17 cents	71.09 cents	57.26 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.

8. Issues, repurchases and repayment of debt and equity securities.

Not applicable.

9. Inventories

During the six months ended 30 June 2023, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off of \$1,990,000 and \$8,000 (30 June 2022: \$2,036,000 and \$44,000) respectively that have been included in "cost of sales" line item in profit or loss.

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10. Trade and other receivables

	Group	
	30-06-2023	31-12-2022
	\$'000	\$'000
Non-current assets		
Trade receivables – third parties	13,158	11,821
Current assets		
Trade receivables		
- third parties	143,841	140,213
Loss allowance on third party trade receivables	(4,818)	(5,160)
	139,023	135,053
Non-trade receivables		
- third parties	9,525	11,155
	148,548	146,208
Deposits	479	485
Value added tax	1,395	772
Total current trade and other receivables	150,422	147,465
Total trade and other receivables	163,580	159,286

Non-current trade receivables due from third parties are unsecured, non-interest bearing and expected to be settled within 2 to 4 years (2022: 2 to 6 years).

Current trade receivables due from third parties are unsecured, non-interest bearing and generally on 30 to 120 (2022: 30 to 120) days credit terms.

The fair value of non-current trade receivables are computed based on cash flows discounted at market borrowing rates. The fair value approximate its carrying amounts.

The age analysis of trade receivables is as follows:

	Group	
	30-06-2023	31-12-2022
	\$'000	\$'000
Current	111,333	114,985
Past due 0 to 1 month	25,279	16,046
Past due 1 to 2 months	7,997	9,685
Past due 2 to 5 months	9,058	7,543
Past due over 5 months	3,332	3,775
Total	156,999	152,034

Trade receivables are present in:

Non-current assets	13,158	11,821
Current assets	143,841	140,213
	156,999	152,034

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Management applied the “simplified approach” for assessing expected credit losses for trade receivables from third parties. Under the simplified approach, the Group's management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions in each geographical region, credit rating in each geographical region and customer credit control checks.

Movements in loss allowance on third party trade receivables were as follows:

	Group	
	30-06-2023	31-12-2022
	\$'000	\$'000
Balance at beginning of financial year	5,160	5,635
Loss allowance made during the financial year		
- made for lifetime expected credit loss, not credit impaired	349	251
- reversed lifetime expected credit loss, credit impaired	(719)	(526)
Receivable written off as uncollectible	(5)	(8)
Currency translation adjustment	33	(192)
Balance at end of financial year	<u>4,818</u>	<u>5,160</u>

As at 30 June 2023, trade receivables of \$1,651,000 (31 December 2022: \$2,352,000) had lifetime expected credit losses of the full value of the receivables. These receivables due at the end of financial year relates to customers located in various geographical areas. The main factors considered in determining the lifetime expected credit losses for these customers are debts past due more than 5 months and there was currently uncertainty over the recoverability of the debts.

The allowance on third party trade receivables by jurisdiction were as below:

	Group	
	30-06-2023	31-12-2022
	\$'000	\$'000
IT business		
- Australia	568	151
- Singapore	980	1,535
- Greater China	1,014	1,043
- India	1,624	1,764
- Rest of Southeast Asia	525	607
- Others	102	57
	<u>4,813</u>	<u>5,157</u>
PCB business		
- Singapore	5	3
Total	<u>4,818</u>	<u>5,160</u>

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As at 30 Jun 2023		As at 31 Dec 2022	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,846	-	1,000

Amount repayable after one year

As at 30 Jun 2023		As at 31 Dec 2022	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	417

Additional information and details of any collateral

Not applicable.

12. Share Capital

	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2023 and 30 Jun 2023	90,095	37,288	37,288
Balance at 1 Jan 2022 and 30 Jun 2022	90,095	37,288	37,288

The Company did not hold any treasury shares as at 30 June 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 30 June 2022.

13. 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.

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. 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.

1.1 REVENUE

For the six months ended 30 June 2023 ("1H2023"), the Group achieved revenue of \$313.1m, a year-on-year increase of 3.7% or \$11.2m, compared to revenue of \$301.9m achieved for the six months ended 30 June 2022 ("1H2022").

For 1H2023, the IT Division accounted for 99.7% of the Group's revenue, while the PCB Division accounted for the remaining 0.3% of the Group's revenue.

IT Division

The IT Distribution business achieved revenue of \$312.2m in 1H2023, an increase of 3.8% or \$11.4m, from \$300.8m in 1H2022.

The increase in revenue for 1H2023 was mainly due to the increase in customer demands and some significant transactions closed during 1H2023.

PCB Division

Revenue in this Division decreased by 16.7% or \$178,000, from \$1.1m in 1H2022 to \$888,000 in 1H2023. The decrease in revenue was mainly due to lower customer demands.

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1.2 PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$15.5m in 1H2023, as compared to \$13.0m in 1H2022.

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

- (1) An increase in gross profit of \$1.2m. The increase in gross profit was mainly due to the increase in revenue, offset by the slight decrease in gross profit margin from 13.9% in 1H2022 to 13.8% in 1H2023;
- (2) An increase in interest income of \$914,000 from \$388,000 in 1H2022 to \$1.3m in 1H2023, mainly due to the increase in fixed deposits placed with the financial institutions and interest income for the time value of money associated with the contractual terms of trade receivables;
- (3) An increase in other gains of \$237,000 from \$575,000 in 1H2022 to \$812,000 in 1H2023, mainly due to China government financial subsidies received in 1H2023;
- (4) A reversal of allowance on third party trade receivables of \$370,000 recognised in 1H2023, as compared to loss allowance on third party trade receivables of \$597,000 in 1H2022, based on the impairment review performed in 1H2023 in accordance to SFRS(I) 9; and
- (5) Net foreign exchange gain of \$308,000 in 1H2023, as compared to net foreign exchange loss of \$1.3m in 1H2022 mainly due to depreciation of United States dollar against Singapore dollar and local currencies in 1H2023.

The increase in PBT was however pared by the following:

- (1) An increase in staff costs and profit sharing by \$1.3m in 1H2023 as compared to 1H2022 mainly due to the increase in headcounts, increase in revenue and PBT; and
- (2) An increase in finance cost of \$219,000 from \$242,000 in 1H2022 to \$461,000 in 1H2023, mainly due to interest expense for the time value of money associated with the contractual terms of trade payables.

1.3 PROFIT AFTER TAX (“PAT”)

In 1H2023, the Group achieved PAT of \$11.4m as compared to \$9.7m in 1H2022, mainly due to the increase in PBT offset by the increase in income tax expense. The increase in income tax expense of \$750,000 from \$3.4m in 1H2022 to \$4.1m in 1H2023 was mainly due to the increase in profit before tax in 1H2023.

Income tax expense comprised mainly current income tax, deferred tax and withholding tax expenses of the Group.

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1.4 STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 30 June 2023 compared to 31 December 2022.

Property, plant and equipment decreased by \$460,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchases of plant and equipment in 1H2023. At the Company level, property, plant and equipment decreased by \$142,000 due to depreciation charge of property, plant and equipment in 1H2023.

Right-of-use assets decreased by \$371,000 at the Group level mainly due to depreciation charge, net of new long-term leases capitalised in 1H2023. At Company level, right-of-use assets decreased by \$24,000 due to depreciation charge in 1H2023.

Deferred tax assets increased by \$115,000 at the Group level mainly due to increased deductible temporary difference in 1H2023 which the related tax benefits could be realised through future taxable profits. There was no deferred tax assets at Company level.

Financial asset, at FVOCI refers to financial asset at fair value through other comprehensive income and the Group has elected to classify equity investments, which are not accounted for as subsidiary, associate or jointly controlled entity, as financial asset at fair value through other comprehensive income. This decreased by \$151,000 at the Group level due to fair value change in 1H2023. There was no financial asset, at FVOCI at the Company level.

Financial asset, at FVPL refers to financial asset at fair value through profit or loss. The Group and the Company classifies the investment in life insurance plan as financial assets at fair value through profit or loss and this increased by \$105,000 at both the Group and the Company level due to currency revaluation gain and fair value gain in 1H2023.

Cash and cash equivalents at the Group level increased by \$6.1m from \$69.5m to \$75.6m. The increase was mainly due to cash generated from operations and interest received offset by dividends paid to shareholders and income tax paid. At the Company level, cash and cash equivalents increased by \$9.4m from \$14.3m to \$23.7m mainly due to dividends received from subsidiaries and repayment from a subsidiary, net of dividends paid to shareholders.

Trade and other receivables of the Group increased by \$4.3m from \$159.3m to \$163.6m, mainly due to higher revenue attained in 1H2023. At the Company level, trade and other receivables increased by \$1.6m from \$33.5m to \$35.1m mainly due to expenses recharged to a subsidiary, net of repayment from a subsidiary.

Inventories at the Group level decreased by \$7.6m from \$69.3m to \$61.7m mainly due to decrease in IT inventories attributed by better inventory management. At the Company level, inventories decreased by \$91,000 from \$445,000 to \$354,000.

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1.4 STATEMENTS OF FINANCIAL POSITION REVIEW (Continued)

Prepayments at the Group level decreased by \$141,000 from \$3.0m to \$2.9m mainly due to realisation of expenses in 1H2023. Prepayments at Company level decreased by \$16,000 from \$260,000 to \$244,000.

Trade and other payables decreased by \$2.6m from \$153.5m to \$150.9m at the Group level mainly due to payments made to suppliers in 1H2023. At the Company level, trade and other payables decreased by \$1.7m from \$5.2m to \$3.5m mainly due to accrued operating expenses paid in 1H2023.

Contract liabilities increased by \$3.5m from \$30.5m to \$34.0m at the Group level mainly due to increase in advance billings and rebate to customers. Contract liabilities at Company level increased by \$2,000 from \$Nil to \$2,000.

Bank borrowings increased by \$429,000 from \$1.4m to \$1.8m at Group level mainly due to bank borrowings drawdown offset by repayments of bank borrowings in 1H2023. There was no bank borrowings at Company level.

Foreign currency translation account decreased by \$349,000 from \$1.6m to \$1.3m at the Group level mainly due to depreciation of United States dollar against Singapore dollar.

Other reserves increased by \$148,000 at the Group level mainly due to fair value change in financial asset, at FVOCI in 1H2023.

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1.5 CASH FLOW ANALYSIS

Net cash of \$16.5m was generated from operating activities in 1H2023, as compared to net cash of \$3.3m generated in 1H2022. This was mainly due to higher profit before income tax attained, increase in collection from customers and decrease in inventories, net of payments made to suppliers.

Net cash of \$165,000 was used in investing activities in 1H2023, as compared to \$795,000 used in investing activities in 1H2022. The change was mainly due to purchase of plant and equipment of \$169,000 in 1H2023, as compared to purchase of plant and equipment of \$644,000 and purchase of club memberships of \$299,000 net of proceeds from disposal of plant and equipment of \$148,000 in 1H2022.

Net cash of \$10.6m was used in financing activities in 1H2023, as compared to net cash of \$5.9m used in 1H2022. This was mainly due to dividends paid of \$10.0m, repayment of bank borrowings of \$477,000, repayment of lease liabilities of \$542,000 and payment of interest of \$461,000, net of proceeds from bank borrowings of \$929,000 in 1H2023, as compared to dividends paid of \$6.2m, repayment of bank borrowings of \$3.7m, repayment of lease liabilities of \$657,000 and payment of interest of \$242,000, net of proceeds from bank borrowings of \$4.9m in 1H2022.

Cash and cash equivalents stood at \$75.6m as at 30 June 2023, up from \$71.9m as at 30 June 2022.

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- 2. 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.**

IT

The IT business through Singapore and the regional offices achieved a year-on-year revenue growth of 3.8% in 1H2023 over the corresponding period in year 2022. The increase in revenue was mainly due to the increase in customer demands. With the current inflation peaking and interest rates rising, the Group is monitoring the impact on the global economy and will continue to be vigilant during this challenging time.

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 Cisco, Check Point, CyberArk, Imperva, Trellix (formerly McAfee), Proofpoint, RSA, Solarwinds, Symantec (a division of Broadcom) and Trend Micro.

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 Check Point course. 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 June 2023, the Group's IT business had a presence in 28 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.

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. With the current inflation peaking and interest rates rising, the global economic outlook remains uncertain which in turn will affect the Group's business. 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's 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.

PCB

Revenue in PCB division dropped by 16.7% in 1H2023 over the corresponding period in year 2022. The decrease in revenue was mainly due to lower customer demands.

As at 30 June 2023, the Group had 7 mechanical drilling machines in Singapore.

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3. Risk Factors

The Group's primary business risk is in its IT business. In the area of IT business, the Group is subject 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. To mitigate such risk, the Group has taken steps to align with the leading names in the IT arena. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we transact with our suppliers, vendors and customers in Singapore dollar, United States dollar, Chinese renminbi, Australian dollar, Thailand baht, Malaysian ringgit, Indian rupee, Indonesian rupiah, Taiwan dollar, Hong Kong dollar, Philippines peso, and to a lesser extent, Euro, Korean won, Japanese yen, Vietnam dong, New Zealand dollar, British Pound and Sri Lankan rupee. The Group may, from time to time, enter into borrowing and foreign currency arrangements to reduce its foreign currency exposure. With any volatility in the United States dollar, the Group expects to be exposed to a higher foreign exchange risk against some of the local currencies we collect from the customers.

The Group is also exposed to the political, legal and economic climates of the country in which the Group is operating. Economic and political conditions are still key factors in determining the level of IT spending.

4. 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 1H2023 were largely in line with the prospect commentary disclosed to the shareholders on 17 February 2023.

5. 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 2022. In addition, the Group also adopted various revisions to Singapore Financial Reporting Standards (International) ("SFRS(I)"), which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

6. 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.

7. 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.

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

Not applicable.

- 8A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

9. Dividends

(a) Current Financial Period Reported On

Name of Dividend	2023 Interim Ordinary Tax Exempt – 1-Tier	2023 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	8.80	8.80

(b) Dividend for financial period ended 30 June 2022

Name of Dividend	2022 Interim Ordinary Tax Exempt – 1-Tier	2022 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	6.60	6.60

(c) Book closure date and dividend payment date

The interim tax exempt 1-Tier dividend of 8.80 cents per ordinary share will be paid on 8 September 2023. The record (entitlement) date and time will be on 30 August 2023 at 5:00 p.m. and the book closure date will be on 31 August 2023.

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- 10. 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.

- 11. 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
4 August 2023

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 first half year ended 30 June 2023 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 4 August 2023

Han Juat Hoon
Chief Operating Officer
Singapore, 4 August 2023