



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Condensed Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2021 to 30 June 2021

Multi-Chem Limited

Registration No. 198500318Z

Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2021 to 30 June 2021***CONSOLIDATED INCOME STATEMENT**

Group	6 months ended		
	30-06-2021	30-06-2020	Change
	\$'000	\$'000	%
Revenue	298,537	226,047	32
Cost of sales	(255,864)	(192,655)	33
Gross profit	42,673	33,392	28
Other items of income			
- Interest income	275	369	(25)
- Other income	2,460	2,470	-
Other items of expense			
- Selling and distribution costs	(15,383)	(13,918)	11
- Administrative and other expenses	(12,176)	(11,259)	8
- Reversal of allowance on third party trade receivables	639	79	709
- Finance costs	(123)	(189)	(35)
Profit before income tax	18,365	10,944	68
Income tax expense	(5,415)	(2,582)	110
Profit for the financial period	12,950	8,362	55
Profit attributable to:			
Owners of the parent	11,563	7,320	58
Non-controlling interests	1,387	1,042	33
	12,950	8,362	55
Earnings per share for profit attributable to owners of the parent during the financial period			
(expressed in cents per share)			
Basic	12.83 cents	8.12 cents	
Diluted	12.83 cents	8.12 cents	

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Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2021 to 30 June 2021***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	6 months ended		
	30-06-2021	30-06-2020	Change
	\$'000	\$'000	%
Profit for the financial period	12,950	8,362	55
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	1,472	2,464	(40)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value change in financial asset, at FVOCI	(151)	(117)	29
Other comprehensive income for the financial period, net of tax	1,321	2,347	(44)
Total comprehensive income for the financial period	14,271	10,709	33
Total comprehensive income attributable to:			
Owners of the parent	12,639	9,263	36
Non-controlling interests	1,632	1,446	13
	14,271	10,709	33

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Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2021 to 30 June 2021***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30-06-2021	31-12-2020	30-06-2021	31-12-2020
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	9,484	9,922	928	1,058
Investment properties	-	-	2,386	2,413
Investments in subsidiaries	-	-	481	481
Club memberships	737	735	374	374
Right-of-use assets	2,873	2,626	95	117
Deferred tax assets	4,353	3,784	-	-
Financial asset, at FVOCI	398	552	-	-
Financial asset, at FVPL	4,528	4,384	4,528	4,384
Trade receivables	7,659	3,951	-	-
Prepayment	259	300	259	300
	30,291	26,254	9,051	9,127
Current assets				
Inventories	70,960	43,309	459	347
Trade and other receivables	167,943	122,827	44,829	31,437
Prepayments	903	1,184	140	120
Current income tax recoverable	2,336	2,184	-	-
Fixed deposits	3,254	47,809	-	9,985
Cash and bank balances	50,269	29,841	566	527
	295,665	247,154	45,994	42,416
Less:				
Current liabilities				
Trade and other payables	142,634	117,277	2,927	4,075
Contract liabilities	28,348	13,361	-	-
Lease liabilities	1,113	930	39	39
Bank borrowings	1,186	4,763	186	3,682
Current income tax payable	3,919	4,224	-	-
	177,200	140,555	3,152	7,796
Net current assets	118,465	106,599	42,842	34,620
Less:				
Non-current liabilities				
Trade payables	5,875	-	-	-
Contract liabilities	2,200	2,745	-	-
Lease liabilities	2,012	1,911	49	68
Bank borrowings	2,000	-	-	-
Provision for post-employee benefits	662	649	-	-
Deferred tax liabilities	969	717	2	2
	13,718	6,022	51	70
	135,038	126,831	51,842	43,677
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation account	(1,137)	(2,364)	-	-
Other reserves	322	473	-	-
Retained earnings	84,746	79,129	14,554	6,389
Equity attributable to owners of the parent	121,219	114,526	51,842	43,677
Non-controlling interests	13,819	12,305	-	-
Total equity	135,038	126,831	51,842	43,677

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Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2021 to 30 June 2021***CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended	
	30-06-2021	30-06-2020
	\$'000	\$'000
OPERATING ACTIVITIES		
Profit before income tax	18,365	10,944
Adjustments for:		
- Reversal of allowance on third party trade receivables	(639)	(79)
- Allowance made for inventory obsolescence	1,159	1,362
- Third party trade receivables written off	233	13
- Fair value change in financial asset, at FVPL	(58)	(61)
- Fair value change in derivative financial instruments	-	32
- Depreciation of property, plant and equipment	658	743
- Gain on disposal of plant and equipment	(2)	(58)
- Amortisation of club memberships	5	5
- Depreciation of right-of-use assets	636	667
- Gain on lease modifications	(6)	-
- Interest expense	123	189
- Interest income	(275)	(369)
- Inventories written off	38	52
- Unrealised foreign exchange loss/(gain)	862	(725)
Operating cash flows before working capital changes	21,099	12,715
Working capital changes:		
- Inventories	(28,269)	2,030
- Trade and other receivables	(45,478)	27,172
- Prepayments	330	610
- Trade and other payables and contract liabilities	41,959	(5,026)
Cash (used in)/generated from operations	(10,359)	37,501
Interest received	275	369
Income tax paid	(6,187)	(1,593)
Net cash (used in)/generated from operating activities	(16,271)	36,277

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Condensed Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2021 to 30 June 2021***CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	6 months ended	
	30-06-2021	30-06-2020
	\$'000	\$'000
INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	5	146
Purchase of club membership	-	(190)
Purchase of plant and equipment	(174)	(707)
Purchase of financial assets, at FVOCI	-	(442)
Net cash used in investing activities	(169)	(1,193)
FINANCING ACTIVITIES		
Fixed deposits pledged	9,921	2,832
Proceeds from bank borrowings	7,734	6,742
Repayments of bank borrowings	(9,299)	(24,022)
Repayments of lease liabilities	(592)	(572)
Interest paid	(123)	(189)
Dividends paid to owners of the parent	(5,946)	-
Dividends paid to non-controlling shareholders	(118)	-
Net cash generated from/(used in) financing activities	1,577	(15,209)
Net change in cash and cash equivalents	(14,863)	19,875
Cash and cash equivalents at beginning of financial period	67,610	50,532
Effects of exchange rate changes on cash and cash equivalents	723	929
Cash and cash equivalents at end of financial period (Note 1)	53,470	71,336
Note 1		
<i>Cash and cash equivalents at end of financial period comprise of:</i>		
Cash and cash equivalents as per Statement of Financial Position	53,523	77,704
Less: Fixed deposits pledged with banks	(53)	(6,368)
	53,470	71,336

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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	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2021	37,288	(2,364)	(123)	77	519	79,129	114,526	12,305	126,831
Profit for the financial period	-	-	-	-	-	11,563	11,563	1,387	12,950
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	1,227	-	-	-	-	1,227	245	1,472
Fair value change in financial asset, at FVOCI	-	-	-	(151)	-	-	(151)	-	(151)
Total comprehensive income for the financial period	-	1,227	-	(151)	-	11,563	12,639	1,632	14,271
Distributions to the owners of the parent									
Dividends	-	-	-	-	-	(5,946)	(5,946)	-	(5,946)
Total transactions with the owners of the parent	-	-	-	-	-	(5,946)	(5,946)	-	(5,946)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(118)	(118)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(118)	(118)
Balance at 30 June 2021	37,288	(1,137)	(123)	(74)	519	84,746	121,219	13,819	135,038
Balance at 1 January 2020	37,288	(1,413)	(123)	-	2,654	65,209	103,615	10,843	114,458
Profit for the financial period	-	-	-	-	-	7,320	7,320	1,042	8,362
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	2,060	-	-	-	-	2,060	404	2,464
Fair value change in financial asset, at FVOCI	-	-	-	(117)	-	-	(117)	-	(117)
Total comprehensive income for the financial period	-	2,060	-	(117)	-	7,320	9,263	1,446	10,709
Balance at 30 June 2020	37,288	647	(123)	(117)	2,654	72,529	112,878	12,289	125,167

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Company	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2021	37,288	6,389	43,677
Profit for the financial period	-	14,111	14,111
Total comprehensive income for the financial period	-	14,111	14,111
Transaction with the owners			
Dividends paid	-	(5,946)	(5,946)
Total transactions with the owners	-	(5,946)	(5,946)
Balance at 30 June 2021	37,288	14,554	51,842
Balance at 1 January 2020	37,288	11,343	48,631
Profit for the financial period	-	2,345	2,345
Total comprehensive income for the financial period	-	2,345	2,345
Balance at 30 June 2020	37,288	13,688	50,976

Condensed Interim Financial Statements and Dividend Announcement

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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 2021 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 2020.

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 2020.

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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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 2021 to 30 June 2021	IT business \$'000	PCB business \$'000	IT business \$'000	PCB business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	\$'000	\$'000
Revenue									
- External sales	127,221	1,023	35,097	-	30,958	39,308	64,930	-	298,537
- Inter-segment sales	-	-	-	-	-	-	-	-	-
Total revenue	127,221	1,023	35,097	-	30,958	39,308	64,930	-	298,537

	IT business \$'000	PCB business \$'000	Elimination and adjustments \$'000	Total \$'000
Segment results				
Interest income	216	59	-	275
Interest expense	(121)	(2)	-	(123)
Depreciation of property, plant and equipment	(498)	(160)	-	(658)
<i>Other non-cash items:</i>				
- Gain on disposal of plant and equipment	2	-	-	2
- Amortisation of club membership	(5)	-	-	(5)
- Depreciation of right-of-use assets	(614)	(22)	-	(636)
- Third party trade receivables written off	(233)	-	-	(233)
- Inventories written off	(38)	-	-	(38)
- Unrealised foreign exchange (loss)/gain	(1,299)	437	-	(862)
- Allowance made for inventory obsolescence	(1,159)	-	-	(1,159)
- Reversal of allowance/(loss allowance) on third party trade receivables	642	(3)	-	639
- Fair value change in financial asset, at FVPL	-	58	-	58
Segment profit	17,689	676	-	18,365

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4.1. Reportable segments (Continued)

	Singapore		Greater China		Australia	India	Others		
	PCB		PCB						
1 January 2020 to	IT business	business	IT business	business	IT business	IT business	IT business	Unallocated	Total
30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure									
Property, plant and equipment	73	3	13	-	1	20	64	-	174
30 June 2021									
Assets and liabilities									
Segment assets	176,525	23,688	22,035	2,147	22,808	32,395	39,669	6,689	325,956
Segment liabilities	114,961	3,201	10,968	-	16,599	18,009	22,292	4,888	190,918

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4.1. Reportable segments (Continued)

	Singapore		Greater China		Australia		India		Others		Elimination and adjustments	Total
1 January 2020 to 30 June 2020	IT business \$'000	PCB business \$'000	IT business \$'000	PCB business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	IT business \$'000	Total \$'000
Revenue												
- External sales	106,667	1,078	25,869	-	29,985	17,696	44,752	-	-	-	-	226,047
- Inter-segment sales	1	-	-	-	34	-	-	-	-	-	(35)	-
Total revenue	106,668	1,078	25,869	-	30,019	17,696	44,752	-	-	-	(35)	226,047
Segment results												
Interest income						228	141	-	-	-	-	369
Interest expense						(187)	(2)	-	-	-	-	(189)
Depreciation of property, plant and equipment						(532)	(211)	-	-	-	-	(743)
Other non-cash items:												
- Gain on disposal of plant and equipment						9	49	-	-	-	-	58
- Amortisation of club membership						(5)	-	-	-	-	-	(5)
- Depreciation of right-of-use assets						(645)	(22)	-	-	-	-	(667)
- Third party trade receivables written off						(13)	-	-	-	-	-	(13)
- Inventories written off						(52)	-	-	-	-	-	(52)
- Unrealised foreign exchange (loss)/gain						(19)	744	-	-	-	-	725
- Allowance made for inventory obsolescence						(1,362)	-	-	-	-	-	(1,362)
- Loss allowance on third party trade receivables						79	-	-	-	-	-	79
- Fair value change in financial asset, at FVPL						-	61	-	-	-	-	61
- Fair value change in derivative financial instruments						(32)	-	-	-	-	-	(32)
Segment profit	10,115	829	-	-	-	10,115	829	-	-	-	-	10,944

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4.1. Reportable segments (Continued)

	Singapore		Greater China		Australia		India		Others		
	PCB		PCB		IT business		IT business		IT business		
1 January 2020 to	IT business	business	IT business	business	IT business	IT business	IT business	IT business	Unallocated	Total	
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure											
Property, plant and equipment	646	-	4	-	2	5	50	-	707		
31 December 2020											
Assets and liabilities											
Segment assets	137,103	20,347	28,863	2,287	12,783	27,217	38,840	5,968	273,408		
Segment liabilities	74,100	7,864	12,898	8	7,961	21,223	17,582	4,941	146,577		

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	
	30-06-2021	30-06-2020	30-06-2021	30-06-2020	30-06-2021	30-06-2020	30-06-2021	30-06-2020	30-06-2021	30-06-2020	30-06-2021	30-06-2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	108,628	89,551	35,835	26,002	30,431	29,646	40,392	18,441	83,251	62,407	298,537	226,047
	Singapore		Greater China		Australia		India		Others		Total	
	as at		as at		as at		as at		as at		as at	
	30-06-2021	31-12-2020	30-06-2021	31-12-2020	30-06-2021	31-12-2020	30-06-2021	31-12-2020	30-06-2021	31-12-2020	30-06-2021	31-12-2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	7,304	7,758	1,040	1,121	2,993	3,028	976	986	1,040	690	13,353	13,583

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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	
	30-06-2021 \$'000	30-06-2020 \$'000	30-06-2021 \$'000	30-06-2020 \$'000	30-06-2021 \$'000	30-06-2020 \$'000
IT business						
- Distribution of IT products	291,354	218,581	-	-	291,354	218,581
- In-house maintenance services	-	-	3,754	3,763	3,754	3,763
- Professional services	2,253	2,492	-	-	2,253	2,492
- Training services	131	122	-	-	131	122
PCB business						
- PCB services	512	501	-	-	512	501
- Distribution of PCB related products	273	306	-	-	273	306
	<u>294,523</u>	<u>222,002</u>	<u>3,754</u>	<u>3,763</u>	<u>298,277</u>	<u>225,765</u>
Rental						
IT					22	11
PCB					238	271
					<u>298,537</u>	<u>226,047</u>

5. Profit before taxation

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

Group	6 months ended		
	30-06-2021 \$'000	30-06-2020 \$'000	Change %
Other gains	1,501	2,202	(32)
Interest income	275	369	(25)
Interest expense	(123)	(189)	(35)
Amortisation of club memberships	(5)	(5)	-
Depreciation of property, plant and equipment	(658)	(743)	(11)
Depreciation of right-of-use assets	(636)	(667)	(5)
Reversal of allowance on third party trade receivables	639	79	709
Third party trade receivables written off	(233)	(13)	1,692
Allowance made for inventory obsolescence	(1,159)	(1,362)	(15)
Inventories written off	(38)	(52)	(27)
Foreign exchange gain, net	899	149	503
Gain on disposal of plant and equipment	2	58	(97)
Gain on lease modifications	6	-	100
Fair value change in financial asset, at FVPL	58	61	(5)
Fair value change in derivative financial instruments	-	(32)	(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-Jun-2021	30-Jun-2020
(i) Based on weighted average number of shares	12.83 cents	8.12 cents
- Weighted average number of shares ('000)	90,095	90,095
(ii) On fully diluted basis	12.83 cents	8.12 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-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
Net asset value per share based on existing issued share capital as at the respective period	134.55 cents	127.12 cents	57.54 cents	48.48 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 2021, 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 \$1,159,000 and \$38,000 (30 June 2020: \$1,362,000 and \$52,000) respectively that have been included in "cost of sales" line item in profit or loss.

10. **Trade and other receivables**

Management applied the "simplified approach" for assessing ECL 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, economic factors impacted by COVID-19 pandemic and customers' country credit rating.

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10. Trade and other receivables (Continued)

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

	Group	
	30-06-2021	31-12-2020
	\$'000	\$'000
Balance at beginning of financial year	6,741	4,846
Loss allowance made during the financial year		
- made for lifetime expected credit loss, not credit impaired	1,251	602
- (reversed)/made for lifetime expected credit loss, credit impaired	(1,890)	1,370
Currency translation adjustment	99	(77)
Balance at end of financial year	<u>6,201</u>	<u>6,741</u>

As at 30 June 2021, trade receivables of \$2,592,000 (31 December 2020: \$4,427,000) 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.

11. Borrowings

Amount repayable in one year or less, or on demand

As at 30 Jun 2021		As at 31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
186	1,000	3,682	1,081

Amount repayable after one year

As at 30 Jun 2021		As at 31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	2,000	-	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's investment in life insurance plan and fixed deposits placed with the financial institutions.

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	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2021 and 30 Jun 2021	90,095	37,288	37,288
Balance at 1 Jan 2020 and 30 Jun 2020	90,095	37,288	37,288

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

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.

14. Events after the reporting period

The Company's wholly-owned subsidiary incorporated in the People's Republic of China, Multi-Chem PCB (Kunshan) Co., Ltd. ("Multi-Chem PCB Kunshan"), had been wound up under member's voluntary liquidation on 14 July 2021. Accordingly, Multi-Chem Kunshan ceased to be a subsidiary of the Company. The cost of investment in Multi-Chem Kunshan recognised and the impairment provided in previous financial year which amounted to approximately \$377,000 and \$Nil respectively, have been written off upon liquidation of the subsidiary.

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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 2021 ("1H2021"), the Group achieved revenue of \$298.5m, a year-on-year increase of 32.1% or \$72.5m, compared to revenue of \$226.0m achieved for the six months ended 30 June 2020 ("1H2020").

For 1H2021, 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 \$297.5m in 1H2021, an increase of 32.2% or \$72.5m, from \$225.0m in 1H2020.

The increase in revenue for 1H2021 was mainly due to the increase in customer demands and some big transactions closed during 1H2021.

PCB Division

Revenue in this Division remained at \$1.0m in 1H2021 and 1H2020.

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1.2 PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$18.4m in 1H2021, as compared to \$10.9m in 1H2020.

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

- (1) An increase in gross profit of \$9.3m. The increase in gross profit was mainly due to the increase in revenue, offset by the decrease in gross profit margin from 14.8% in 1H2021 to 14.3% in 1H2020;
- (2) An increase in net foreign exchange gain of \$750,000 from \$149,000 in 1H2020 to \$899,000 in 1H2021, mainly due to appreciation of United States dollar and Chinese Renminbi against Singapore dollar in 1H2021. Excluding net foreign exchange differences, the Group reported a PBT of \$17.5m in 1H2021, compared to a PBT of \$10.8m in 1H2020;
- (3) An increase in reversal of allowance on third party trade receivables of \$560,000 from \$79,000 in 1H2020 to \$639,000 in 1H2021, based on the impairment review performed in 1H2021 in accordance to SFRS(I) 9; and
- (4) A decrease in allowance for inventory obsolescence of \$203,000 from \$1.4m in 1H2020 to \$1.2m in 1H2021 based on the review of inventory obsolescence performed as at 30 June 2021.

The increase in PBT was however pared by the following:

- (1) A decrease in other gains of \$701,000 from \$2.2m in 1H2020 to \$1.5m in 1H2021, mainly due to lower Job Support Scheme payout from the government in 1H2021;
- (2) An increase in third party trade receivables written off of \$220,000 from \$13,000 in 1H2020 to \$233,000 in 1H2021, mainly due to third party trade receivables written off to profit or loss, arising from the customer ceased operation; and
- (3) An increase in staff costs, commission and profit share of \$2.7m mainly due to the increase in headcount, increase in revenue and PBT.

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1.3 PROFIT AFTER TAX ("PAT")

In 1H2021, the Group achieved PAT of \$13.0m as compared to \$8.4m in 1H2020, mainly due to the increase in PBT, offset by the increase in tax expenses. The increase in tax expenses from \$2.6m in 1H2020 to \$5.4m in 1H2021 was mainly due to withholding tax paid on dividend and capital return remitted from overseas subsidiaries to Singapore and higher profit attained in 1H2021.

Income tax expenses 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 2021 compared to 31 December 2020.

Property, plant and equipment decreased by \$438,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchases of plant and equipment in 1H2021. At the Company level, property, plant and equipment decreased from \$1.1m to \$928,000 due to depreciation charge of plant and equipment in 1H2021.

Right-of-use assets increased by \$247,000 at the Group level mainly due to new long-term leases capitalized, net of depreciation charge in 1H2021. At Company level, right-of-use assets decreased by \$22,000 due to depreciation charge in 1H2021.

Deferred tax assets increased by \$569,000 at the Group level mainly due to increased deductible temporary difference in 1H2021 which the related tax benefits could be realized 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 \$154,000 at the Group level due to fair value change in 1H2021. 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 \$144,000 at both the Group and the Company level due to currency revaluation gain and fair value gain in 1H2021.

Cash and cash equivalents at the Group level decreased by \$24.2m from \$77.7m to \$53.5m. The decrease was mainly due to purchase of inventories, repayment of bank borrowings, income tax paid and dividend paid to shareholders. At the Company level, cash and cash equivalents decreased from \$10.5m to \$566,000 mainly due to repayment of bank borrowings and dividend paid to shareholders, net of repayment from a subsidiary.

Trade and other receivables of the Group increased by \$48.8m from \$126.8m to \$175.6m, mainly due to higher revenue attained in 1H2021. At the Company level, trade and other receivables increased by \$13.4 from \$31.4m to \$44.8m mainly due to dividend receivable, net of repayment from a subsidiary.

Inventories at the Group level increased by \$27.7m from \$43.3m to \$71.0m mainly due to increased purchases to cater for contracts not yet fulfilled. At the Company level, inventories increased by \$112,000 from \$347,000 to \$459,000 mainly due to increased purchases in 1H2021.

Prepayments at the Group level decreased by \$322,000 from \$1.5m to \$1.2m mainly due to realisation of expenses in 1H2021. Prepayments at Company level remain relatively unchanged.

Trade and other payables increased by \$31.2m from \$117.3m to \$148.5m at the Group level mainly due to increased purchases corresponding with the increase in revenue in 1H2021. At the Company level, trade and other payables decreased from \$4.1m to \$2.9m mainly due to accrued operating expenses paid in 1H2021.

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1.4 STATEMENTS OF FINANCIAL POSITION REVIEW (Continued)

Contract liabilities increased by \$14.4m from \$16.1m to \$30.5m at the Group level mainly due to increase in advance billings and rebate to customers. There was no contract liability at the Company level.

Bank borrowings decreased at both Group and Company level mainly due to repayments made to the financial institutions.

Foreign currency translation account decreased by \$1.3m from \$2.4m to \$1.1m at the Group level mainly due to appreciation of United States dollar against Singapore dollar.

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1.5 CASH FLOW ANALYSIS

Net cash of \$16.3m was used in operating activities in 1H2021, as compared to net cash of \$36.3m generated from 1H2020. This was mainly due to increase in purchases of inventories, trade and other receivables, and income tax payment in 1H2021, net of increase in trade and other payables owing to higher business volume and higher profit before income tax attained. The increase in income tax payment was mainly due to corporate income tax payment, tax deducted at source and capital gains tax withheld upon capital return of investment in a subsidiary liquidated.

Net cash of \$169,000 was used in investing activities in 1H2021, as compared to \$1.2m used in investing activities in 1H2020. The change was mainly due to purchase of plant and equipment of \$174,000 in 1H2021, as compared to purchase of plant and equipment of \$707,000, purchase of financial assets, at FVOCI of \$442,000 and purchase of club membership \$190,000, net of proceeds from disposal of plant and equipment of \$146,000 in 1H2020.

Net cash of \$1.6m was generated from financing activities in 1H2021, as compared to \$15.2m used in financing activities in 1H2020. This was mainly due to proceeds from bank borrowings of \$7.7m and lift in fixed deposits pledged of \$9.9m, net of repayment of bank borrowings of \$9.3m, payment of dividend of \$6.1m, repayment of lease liabilities of \$592,000 in 1H2021, as compared to repayment of bank borrowings of \$24.0m, repayment of lease liabilities of \$572,000, net of proceeds from bank borrowings of \$6.7m and lift in fixed deposits pledged of \$2.8m in 1H2020.

Cash and cash equivalents stood at \$53.5m as at 30 June 2021, down from \$71.3m as at 30 June 2020.

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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 32.2% in 1H2021 over the corresponding period in year 2020. The increase in revenue was mainly due to the increase in customer demands and some big transactions closed during 1H2021. The Group is monitoring the impact of COVID-19 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 Check Point, CyberArk, Imperva, McAfee, Proofpoint, Riverbed, 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 Allot, Check Point and Symantec (a division of Broadcom) courses. 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 2021, the Group's IT business had a presence in 29 cities in 15 countries in the Asia Pacific region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

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 global COVID-19 pandemic, 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 in 1H2021 remained relatively unchanged over the corresponding period in year 2020. The revenue growth in PCB division is expected to reduce in year 2021.

As at 30 June 2021, 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, US 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 US 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 1H2021 were largely in line with the prospect commentary disclosed to the shareholders on 8 February 2021.

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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 2020. 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.

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	2021 Interim Ordinary Tax Exempt – 1-Tier	2021 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	4.20	4.20

(b) Dividend for financial period ended 30 June 2020

No dividend was declared/recommended for the financial period ended 30 June 2020.

(c) Book closure date and dividend payment date

The interim tax exempt 1-Tier dividend of 4.20 cents per ordinary share will be paid on 9 September 2021. The record (entitlement) date and time will be on 31 August 2021 at 5:00 p.m. and the book closure date will be on 1 September 2021.

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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
6 August 2021

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 2021 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Foo Suan Sai
Chief Executive Officer
Singapore, 6 August 2021

Han Juat Hoon
Chief Operating Officer
Singapore, 6 August 2021