



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements and Dividend Announcement

For the financial period from 1 January 2017 to 30 June 2017

Interim Financial Statements and Dividend Announcement
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CONSOLIDATED INCOME STATEMENT

Group	3 months ended			6 months ended		
	6/30/2017	6/30/2016	Change	6/30/2017	6/30/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	105,647	80,344	31	203,372	173,019	18
Cost of sales	(91,140)	(66,999)	36	(174,337)	(145,019)	20
Gross profit	14,507	13,345	9	29,035	28,000	4
Other items of income						
- Interest income	94	158	(41)	164	228	(28)
- Other income	3,818	807	373	4,198	1,297	224
Other items of expense						
- Selling and distribution costs	(5,793)	(5,966)	(3)	(12,370)	(11,409)	8
- Administrative expenses	(7,832)	(5,831)	34	(13,226)	(12,163)	9
- Finance costs	(67)	(144)	(53)	(135)	(271)	(50)
Profit before income tax	4,727	2,369	100	7,666	5,682	35
Income tax expense	(634)	(725)	(13)	(1,933)	(1,851)	4
Profit for the financial period	4,093	1,644	149	5,733	3,831	50
Profit attributable to:						
Owners of the parent	3,901	1,418	175	5,427	3,346	62
Non-controlling interests	192	226	(15)	306	485	(37)
	4,093	1,644	149	5,733	3,831	50
Earnings per share for profit attributable to owners of the parent during the financial period (expressed in cents per share)						
Basic	4.33 cents	1.57 cents		6.02 cents	3.71 cents	
Diluted	4.33 cents	1.57 cents		6.02 cents	3.71 cents	

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 June 2017***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			6 months ended		
	6/30/2017	6/30/2016	Change	6/30/2017	6/30/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period	4,093	1,644	149	5,733	3,831	50
Other comprehensive income for the financial period						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency differences on translation of foreign operations	(460)	(864)	(47)	(2,666)	(4,227)	(37)
Fair value gain on available-for-sale financial assets	29	48	(40)	56	80	(30)
Other comprehensive income for the financial period, net of tax	(431)	(816)	(47)	(2,610)	(4,147)	(37)
Total comprehensive income for the financial period	3,662	828	342	3,123	(316)	(1,088)
Total comprehensive income attributable to:						
Owners of the parent	3,581	591	506	3,198	(493)	(749)
Non-controlling interests	81	237	(66)	(75)	177	(142)
	3,662	828	342	3,123	(316)	(1,088)

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NOTES TO CONSOLIDATED INCOME STATEMENT

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

Group	3 months ended			6 months ended		
	30/6/2017	30/6/2016	Change	30/6/2017	30/6/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	323	497	(35)	702	987	(29)
Interest income	94	158	(41)	164	228	(28)
Interest expense	(67)	(144)	(53)	(135)	(271)	(50)
Amortisation of club memberships	(2)	(1)	100	(5)	(3)	67
Depreciation of property, plant and equipment	(787)	(587)	34	(1,515)	(1,147)	32
Allowance (made)/reversed for doubtful third parties trade receivables	(583)	620	(194)	(592)	310	(291)
Allowance for inventory obsolescence	(282)	(285)	(1)	(540)	(856)	(37)
Inventories written off	(31)	(4)	675	(50)	(4)	1,150
Foreign exchange loss, net	(306)	(744)	(59)	(325)	(1,452)	(78)
Gain/(Loss) on disposals of plant and equipment	3,492	(92)	(3,896)	3,493	(105)	(3,427)
Plant and equipment written off	(48)	-	100	(49)	-	100
Fair value change in derivative financial instrument	7	104	(93)	3	(147)	(102)

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 June 2017***STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	11,273	17,431	2,032	2,261
Investment properties	-	-	2,609	2,637
Investments in subsidiaries	-	-	24,432	24,432
Club memberships	543	563	186	186
Deferred tax assets	1,884	2,056	-	-
Available-for-sale financial assets	4,140	4,290	4,140	4,290
Trade receivables	379	679	-	-
Prepayment	594	636	594	636
	18,813	25,655	33,993	34,442
Current assets				
Inventories	31,244	28,976	338	297
Trade and other receivables	95,815	84,021	34,674	33,065
Prepayments	929	1,401	187	172
Current income tax recoverable	2,746	2,553	199	199
Derivative financial instruments	-	2	-	-
Cash and cash equivalents	69,699	50,773	6,304	1,826
	200,433	167,726	41,702	35,559
Less:				
Current liabilities				
Trade and other payables	88,338	76,074	2,843	2,935
Finance lease payables	64	117	64	117
Bank borrowings	23,348	9,495	10,988	1,295
Current income tax payable	1,067	967	-	-
Derivative financial instruments	1	7	-	-
	112,818	86,660	13,895	4,347
Net current assets	87,615	81,066	27,807	31,212
Less:				
Non-current liabilities				
Finance lease payables	-	29	-	29
Bank borrowings	1,581	1,927	1,581	1,927
Provision for post-employee benefits	185	195	-	-
Deferred tax liabilities	4	4	-	-
	1,770	2,155	1,581	1,956
	104,658	104,566	60,219	63,698
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve	1,148	3,433	-	-
Available-for-sale reserve	397	341	397	341
Other reserves	5,222	5,222	-	-
Retained earnings	52,842	50,388	22,534	26,069
Equity attributable to owners of the parent	96,897	96,672	60,219	63,698
Non-controlling interests	7,761	7,894	-	-
Total equity	104,658	104,566	60,219	63,698

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 June 2017***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		6 months ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	4,727	2,369	7,666	5,682
Adjustments for:				
- Allowance made/(reversed) for doubtful third parties trade receivables	583	(620)	592	(310)
- Allowance for inventory obsolescence	282	285	540	856
- Amortisation of club memberships	2	1	5	3
- Depreciation of property, plant and equipment	787	587	1,515	1,147
- Fair value change in derivative financial instruments	(7)	(104)	(3)	147
- (Gain)/Loss on disposals of plant and equipment	(3,492)	92	(3,493)	105
- Interest expense	67	144	135	271
- Interest income	(94)	(158)	(164)	(228)
- Inventories written off	31	4	50	4
- Plant and equipment written off	48	-	49	-
- Unrealised foreign exchange loss	812	878	833	1,178
Operating cash flows before working capital changes	3,746	3,478	7,725	8,855
Working capital changes:				
- Inventories	(7,243)	2,262	(3,807)	8,330
- Trade and other receivables	(7,565)	4,083	(16,779)	4,301
- Prepayments	222	159	481	472
- Trade and other payables	16,435	1,388	17,784	(4,888)
Cash generated from operations	5,595	11,370	5,404	17,070
Interest received	94	158	164	228
Income tax paid	(1,355)	(1,052)	(1,925)	(2,089)
Net cash from operating activities	4,334	10,476	3,643	15,209

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CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 months ended		6 months ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Derivative financial instruments	-	(13)	-	(146)
Proceeds from disposals of plant and equipment	7,272	204	7,276	253
Purchase of plant and equipment	(210)	(168)	(807)	(1,345)
Net cash from/(used in) investing activities	<u>7,062</u>	<u>23</u>	<u>6,469</u>	<u>(1,238)</u>
FINANCING ACTIVITIES				
Increase in fixed deposits pledged	(4,983)	(3,447)	(18,347)	(3,447)
Proceeds from bank borrowings	25,331	11,223	45,342	37,571
Repayments of bank borrowings	(17,573)	(13,450)	(31,848)	(34,661)
Repayments of finance lease payables	(42)	(45)	(82)	(85)
Interest paid	(67)	(144)	(135)	(271)
Dividends paid to owners of the parent	(2,973)	(1,982)	(2,973)	(1,982)
Dividends paid to non-controlling shareholders	(58)	-	(58)	-
Net cash used in financing activities	<u>(365)</u>	<u>(7,845)</u>	<u>(8,101)</u>	<u>(2,875)</u>
Net change in cash and cash equivalents	11,031	2,654	2,011	11,096
Cash and cash equivalents at beginning of financial period	40,001	42,207	49,990	35,215
Effects of exchange rate changes on cash and cash equivalents	(463)	(287)	(1,432)	(1,737)
Cash and cash equivalents at end of financial period	<u>50,569</u>	<u>44,574</u>	<u>50,569</u>	<u>44,574</u>

Note 1

Cash and cash equivalents at end of financial period comprise of:

Cash and cash equivalents as per Statement of Financial Position	69,699	49,500	69,699	49,500
Less: Fixed deposits pledged with banks	(19,130)	(4,926)	(19,130)	(4,926)
	<u>50,569</u>	<u>44,574</u>	<u>50,569</u>	<u>44,574</u>

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Premium on acquisition of non-controlling interests \$'000	Available-for-sale 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 2017	37,288	3,433	(123)	341	5,345	50,388	96,672	7,894	104,566
Profit for the financial period	-	-	-	-	-	5,427	5,427	306	5,733
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	(2,285)	-	-	-	-	(2,285)	(381)	(2,666)
Fair value gain on available-for-sale financial assets	-	-	-	56	-	-	56	-	56
Total comprehensive income for the financial period	-	(2,285)	-	56	-	5,427	3,198	(75)	3,123
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Total transactions with the owners of the parent	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(58)	(58)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(58)	(58)
Balance at 30 June 2017	37,288	1,148	(123)	397	5,345	52,842	96,897	7,761	104,658
Balance at 1 January 2016	37,288	4,670	(123)	198	5,281	43,699	91,013	6,691	97,704
Profit for the financial period	-	-	-	-	-	3,346	3,346	485	3,831
Other comprehensive income for the financial period									
Foreign currency differences on translation of foreign operations	-	(3,919)	-	-	-	-	(3,919)	(308)	(4,227)
Fair value gain on available-for-sale financial assets	-	-	-	80	-	-	80	-	80
Total comprehensive income for the financial period	-	(3,919)	-	80	-	3,346	(493)	177	(316)
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Total transactions with the owners of the parent	-	-	-	-	-	(1,982)	(1,982)	-	(1,982)
Balance at 30 June 2016	37,288	751	(123)	278	5,281	45,063	88,538	6,868	95,406

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Company	Share capital \$'000	Retained earnings \$'000	Available-for- sale reserve \$'000	Total equity \$'000
Balance at 1 January 2017	37,288	26,069	341	63,698
Loss for the financial period	-	(562)	-	(562)
Other comprehensive income for the financial period				
Fair value gain on available-for-sale financial assets	-	-	56	56
Total comprehensive income for the financial period	-	(562)	56	(506)
Transaction with the owners				
Dividends paid	-	(2,973)	-	(2,973)
Total transactions with the owners	-	(2,973)	-	(2,973)
Balance at 30 June 2017	37,288	22,534	397	60,219
Balance at 1 January 2016	37,288	27,265	198	64,751
Profit for the financial period	-	2,172	-	2,172
Other comprehensive income for the financial period				
Fair value gain on available-for-sale financial assets	-	-	80	80
Total comprehensive income for the financial period	-	2,172	80	2,252
Transactions with the owners				
Dividends paid	-	(1,982)	-	(1,982)
Total transactions with the owners	-	(1,982)	-	(1,982)
Balance at 30 June 2016	37,288	27,455	278	65,021

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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.

REVENUE

The Group achieved revenue of \$105.6m for the three months ended 30 June 2017 ("2Q2017"), an increase of 31.5% or \$25.3m compared to the revenue of \$80.3m for the three months ended 30 June 2016 ("2Q2016"). For the six months ended 30 June 2017 ("1H2017"), the Group achieved revenue of \$203.4m, a year-on-year increase of 17.6% or \$30.4m, compared to revenue of \$173.0m achieved for the six months ended 30 June 2016 ("1H2016").

Comparing 2Q2017 to three months ended 31 March 2017 ("1Q2017"), the Group revenue increased by 8.1% or \$7.9m, from \$97.7m to \$105.6m mainly due to certain big deals closed in IT Division during the 2Q2017.

For 2Q2017, the IT Division accounted for 97.4% of the Group's revenue, while the PCB Division accounted for the remaining 2.6% of the Group's revenue.

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REVENUE

PCB Division

Revenue in this Division decreased by 56.9% or \$3.7m, from \$6.5m in 2Q2016 to \$2.8m in 2Q2017 mainly due to significantly reduced production capacity resulted from the disposal of 103 CNC drilling machines in China in year 2017.

Comparing 2Q2017 to 1Q2017, revenue in this Division decreased by 50.0% or \$2.8m from \$5.6m in 1Q2017 to \$2.8m in 2Q2017.

IT Division

The IT Distribution business achieved quarterly revenue of \$102.8m in 2Q2017, an increase of 39.3% or \$29.0m, from \$73.8m in 2Q2016. On a half yearly basis, this business grew by 22.0% or \$35.2m, from \$159.8m in 1H2016 to \$195.0m in 1H2017.

Comparing 2Q2017 to 1Q2017, revenue increased by 11.6% or \$10.7m, from \$92.1m in 1Q2017 to \$102.8m in 2Q2017.

The increase in sales was mainly due to certain big deals closed in 2Q2017.

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PROFIT BEFORE TAX (“PBT”)

The Group achieved a PBT of \$4.7m in 2Q2017, as compared to \$2.4m in 2Q2016.

The increase in PBT in 2Q2017 was mainly due to the following:-

- (1) An increase in gross profit of \$1.2m from \$13.3m in 2Q2016 to \$14.5m in 2Q2017 mainly due to the increase in revenue. The lower increase in gross profit of 8.7% despite of revenue increase of 31.5% was mainly due to the drop in gross profit margin by 2.9 percentage point from 16.6% in 2Q2016 to 13.7% in 2Q2017. The drop in gross profit margin was mainly due to the drop in gross profit margin in IT division due to increased competitiveness;
- (2) A gain on disposal of plant and equipment of \$3.5m in 2Q2017 as compared to a loss on disposal of plant and equipment of \$92,000 in 2Q2016. The gain on disposal in 2Q2017 was mainly due to the disposal of 103 CNC drilling machines in China; and
- (3) A decrease in net foreign exchange loss of \$438,000 from \$744,000 in 2Q2016 to \$306,000 in 2Q2017 mainly due to continuing depreciation of United States dollar against Singapore dollar and other local currencies in 2Q2017. Excluding net foreign exchange loss, the Group reported a PBT of \$5.0m in 2Q2017, compared to a PBT of \$3.1m in 2Q2016.

The increase in PBT was however pared by the following:

- (1) An increase in depreciation charge from \$587,000 in 2Q2016 to \$787,000 in 2Q2017, mainly due to the continued impact from the change in estimate on the residual value of the machineries as a result of a review performed at the end of financial year 2016;
- (2) A decrease in fair value gain in derivative financial instrument from \$104,000 in 2Q2016 to \$7,000 in 2Q2017, mainly due to the decrease in volume for derivative financial instrument in 2Q2017 and those currencies managed by entering forward currency contract appreciated against United States dollar in 2Q2016;
- (3) An allowance for doubtful third parties trade receivables of \$583,000 made in 2Q2017 mainly due to long overdue receivables, as compared to reversal of allowance for doubtful third parties trade receivables of \$620,000 in 2Q2016; and
- (4) Severance payment of \$1.1m to employees in 2Q2017. There was no such payment made in 2Q2016.

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PROFIT AFTER TAX (“PAT”)

Group PAT increased by 156.3%, from a profit of \$1.6m in 2Q2016 to a profit of \$4.1m in 2Q2017. Comparing 2Q2017 to 1Q2017, net PAT increased by \$2.5m from a profit of \$1.6m in 1Q2017 to a profit of \$4.1m in 2Q2017. These were largely in line with the changes in Group PBT.

Provision for tax comprised mainly current income tax, deferred tax and withholding tax expenses of the Company and its subsidiaries.

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STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 31 June 2017 compared to 31 December 2016.

Cash and cash equivalents at the Group level increased by \$18.9m from \$50.8m to \$69.7m. The increase was mainly due to fixed deposits pledged with banks to draw short-term loans in Singapore dollar to finance the operating expenses of the Group. At the Company level, cash and cash equivalents increased from \$1.8m to \$6.3m. The increase was mainly due to advance to a subsidiary and fixed deposits pledged with banks to draw short-term loans in Singapore dollar.

Trade and other receivables of the Group increased by \$11.5m from \$84.7m to \$96.2m, mainly due to higher revenue generated in 2Q2017. The increase at the Company level by \$1.6m from \$33.1m to \$34.7m was mainly due to advance to a subsidiary.

Inventories at the Group level increased by \$2.2m from \$29.0m to \$31.2m mainly due to increased purchases to cater for the increase in sales orders.

Property, plant and equipment decreased by \$6.1m from \$17.4m to \$11.3m at the Group level mainly due to disposal of plant and equipment, depreciation charge, net of purchase of new plant and equipment. The decrease at the Company level is mainly due to depreciation charge, net of purchase of new plant and equipment.

Trade and other payables increased by \$12.2m from \$76.1m to \$88.3m at the Group level due mainly to increased purchases to cater for the high revenue attained in 2Q2017. The decrease at the Company level was mainly due to payment of accrued expenses for year 2016 in 2Q2017.

Bank borrowings increased at both Group level and Company level mainly due to short-term loans drawn down against the fixed deposits pledged with the banks, to finance the operating expenses of the Group.

Foreign currency translation reserve at the Group level decreased from \$3.4m to \$1.1m mainly due to appreciating Singapore dollar against Chinese renminbi and United States dollar in 2Q2017.

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CASH FLOW ANALYSIS

Net cash of \$3.6m was generated from operating activities in 1H2017, as compared to net cash of \$15.2m generated in 1H2016. This was mainly due to the increase in inventory purchases in 1H2017 to cater for the increase in sales orders.

Net cash of \$6.5m was generated from investing activities in 1H2017, as compared to net cash of \$1.2m used in 1H2016. The changes were mainly due to proceeds from the disposal of plant and equipment and lower purchase of plant and equipment in 1H2017 as compared to 1H2016.

Net cash of \$8.1m was used in financing activities in 1H2017, as compared to \$2.9m used in financing activities in 1H2016. The change was mainly due to repayment of bank borrowings of \$31.8m, an increase in fixed deposits pledged of \$18.3m and dividend payment of \$3.0m, net of proceeds from bank borrowings of \$45.3m in 1H2017, as compared to repayment of bank borrowings of \$34.7m, an increase in fixed deposits pledged of \$3.4m and dividend payment of \$2.0m, net of proceeds from bank borrowings of \$37.6m in 1H2016.

Cash and cash equivalents stood at \$50.6m as at end of 30 June 2017, up from \$44.6m as at end of 30 June 2016.

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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.

PCB

Comparing 2Q2017 to 2Q2016, the revenue for this quarter decreased by 56.9% or \$3.7m from \$6.5m in 2Q2016 to \$2.8m in 2Q2017. On a half year basis, revenue decreased by 36.4% or \$4.8m from \$13.2m in 1H2016 to \$8.4m in 1H2017.

As at 30 June 2017, the Group has 29 mechanical drilling machines and 21 laser drilling machines. In 2Q2017, the Group sold 103 mechanical drilling machines. The Group will continue to be selective of its customers, rationalise operations, manage headcount and conserve cash.

With the disposal of 103 CNC drilling machines in China in year 2017, contribution from its manufacturing division is expected to reduce in year 2017.

IT

The IT business through Singapore and the regional offices achieved an increase in revenue of 22.0% or \$35.2m from \$159.8m in 1H2016 to \$195.0m in 1H2017. Comparing 2Q2017 to 2Q2016, revenue increased by 39.3% or \$29.0m from \$73.8m in 2Q2016 to \$102.8m in 2Q2017.

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 Blue Coat, Check Point, Cyberark, Imperva, Riverbed and RSA.

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, Blue Coat, Check Point and Nutanix courses. The Education Services Division is able to provide training courses for MobileIron and SolarWinds too. 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 2017, the Group's IT business has 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.

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IT (Continued)

The near term outlook in the IT business is dependent on events which are political or economic in nature and such events could affect business in certain markets. Global economic outlook remains uncertain after the U.K. referendum and with the change in US administration, the Group's business could be affected to some extent. With the recent increase in US interest rates, the cost of business is expected to similarly increase. 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 as more efforts are put into growing the IT 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.

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Risk Factors

The Group's primary business risk in its PCB business is the exposure to the electronics products sector. Our customers are PCB manufacturers, most of which will be exposed to the cyclical nature of the electronics business. Any downturn in the electronics cycle will result in a cutback in outsourcing, which will impact the Group negatively.

The Group's success in the China market will depend on our ability to maintain our technological, quality assurance, capacity and pricing advantage over our competitors. Additionally, we have to monitor trade receivables closely as collection generally takes longer in China. The Group is tightening the credit assessment on customers for all regions.

The Group is also exposed to the political, legal and economic climates of the country. Such risks pertaining to the political, legal and economic climates extend to the other markets in which the Group is operating.

In the area of IT distribution, the Group is subjected 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. Despite such risks, the Group has taken steps to align with the leading names in the IT arena and as such, there is a good probability that such companies will take steps to ensure that their products maintain the technological edge. The Group also monitors its inventories on a quarterly basis and will make allowances where necessary.

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

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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 1H2017 were largely in line with the prospect commentary disclosed to the shareholders on 10 February 2017.

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Interim Financial Statements and Dividend Announcement*For the financial period from 1 January 2017 to 30 June 2017***NOTES TO THE FINANCIAL STATEMENTS****1. AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES****Amount repayable in one year or less, or on demand**

As at 30 Jun 2017		As at 31 Dec 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
16,612	6,800	1,412	8,200

Amount repayable after one year

As at 30 Jun 2017		As at 31 Dec 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,581	-	1,956	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's two properties, one motor vehicle, available-for-sale financial assets and fixed deposits placed with the financial institutions.

2. SHARE CAPITAL

Group	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2017 and 30 Jun 2017	90,095	37,288	37,288
Balance at 1 Jan 2016 and 30 Jun 2016	90,095	37,288	37,288

3. 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.

4. 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 2016. In addition, the Group also adopted various revisions to the FRS, which became effective during that period. The said adoption has no significant impact to the financial statements of the Group.

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5. 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.

6. 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.

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

Not applicable.

8. 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)	3 months ended		6 months ended	
	30-Jun-2017	30-Jun-2016	30-Jun-2017	30-Jun-2016
(i) Based on weighted average number of shares	4.33 cents	1.57 cents	6.02 cents	3.71 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	4.33 cents	1.57 cents	6.02 cents	3.71 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

9. 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-2017	31-Dec-2016	30-Jun-2017	31-Dec-2016
Net asset value per share based on existing issued share capital as at the respective period	107.55 cents	107.30 cents	66.84 cents	70.70 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.

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10. DIVIDEND

(a) Current Financial Period Reported On

Name of Dividend	2017 Interim Ordinary Tax Exempt – 1-Tier	2017 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	1.11

(b) Corresponding Financial Period of the Immediately Preceding Financial Year

Name of Dividend	2016 Interim Ordinary Tax Exempt – 1-Tier	2016 Total
Dividend Type	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	1.11

(c) Book closure date and dividend payment date

The interim tax exempt 1-Tier dividend of 1.11 cents per ordinary share will be paid on 16 October 2017. The record (entitlement) date and time will be on 4 October 2017 at 5:00 p.m. and the book closure date will be on 5 October 2017.

11. 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.

12. 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.

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BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
4 August 2017

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 second quarter ended 30 June 2017 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 2017

Han Juat Hoon
Chief Operating Officer
Singapore, 4 August 2017