



CHEMICAL INDUSTRIES (FAR EAST) LIMITED.
化学工业(远东)有限公司

Company Registration No. : 196200046K

UNAUDITED RESULTS FOR FULL YEAR ENDED 31 MARCH 2021

1(a)(i) A statement of profit or loss and other comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Profit or Loss

	The Group		Increase/ (Decrease) %
	FY2021 S\$'000	FY2020 S\$'000	
Revenue	63,002	62,215	1.3
Cost of sales	(43,690)	(46,589)	(6.2)
Gross profit	19,312	15,626	23.6
Other income (expense)			
Gain (Loss) from fair value adjustments on investment properties	1,300	(1,200)	n.m.
Others (net)	2,158	1,354	59
Distribution expenses	(6,872)	(5,262)	30.6
Administrative expenses	(8,878)	(5,849)	51.8
Finance costs	(176)	(199)	(11.6)
Profit before tax	6,844	4,470	53.1
Income tax expense	(1,274)	(1,114)	14.4
Profit for the year attributable to owners of the company	5,570	3,356	66.0
Other comprehensive (loss) income (net of tax):			
Exchange differences on translation of foreign operations	(306)	293	n.m.
Total comprehensive income for the year attributable to owners of the company	5,264	3,649	44.3

n.m. – not meaningful

1(a)(ii) Notes to statement of profit or loss for the Group

Profit before income tax is arrived at after crediting/(charging) the following:

	The Group		Increase/ (Decrease)
	FY2021	FY2020	
	S\$'000	S\$'000	%
Dividend income	22	41	(46.3)
Interest income	202	337	(40.1)
Net foreign exchange (loss) gain	(699)	804	n.m.
(Loss) Gain on disposal of property, plant and equipment	(53)	8	n.m.
Reversal of (Provision for) loss allowance	189	(7)	n.m.
Government grants	1,236	19	n.m.
Other miscellaneous income	1,261	157	n.m.
Depreciation of property, plant and equipment	(5,461)	(5,679)	(3.8)
Interest expenses	(176)	(199)	(11.6)
Impairment loss on property, plant and equipment	(3,826)	-	n.m.

n.m. – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	41,744	31,748	37,969	28,694
Trade and other receivables	13,009	11,291	12,516	10,965
Due from subsidiaries	-	-	5,916	9,011
Inventories	4,496	5,303	3,496	4,057
Total current assets	59,249	48,342	59,897	52,727
NON-CURRENT ASSETS				
Property, plant and equipment	29,494	36,881	21,608	24,546
Investment properties	55,800	54,500	-	-
Subsidiaries	-	-	9,479	3,179
Financial assets at fair value through profit or loss	873	657	873	657
Total non-current assets	86,167	92,038	31,960	38,382
TOTAL ASSETS	145,416	140,380	91,857	91,109
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	8,055	6,638	6,865	5,367
Contract liabilities	750	480	750	480
Due to subsidiaries	-	-	-	347
Lease liabilities	986	847	986	847
Income tax payable	4,345	3,919	4,175	3,703
Total current liabilities	14,136	11,884	12,776	10,744
NON-CURRENT LIABILITIES				
Lease liabilities	4,543	5,529	4,543	5,529
Deferred tax liabilities	2,000	2,355	1,823	2,270
Total non-current liabilities	6,543	7,884	6,366	7,799
CAPITAL AND RESERVES				
Share capital	75,945	75,945	75,945	75,945
Translation reserve	(2)	304	-	-
Accumulated profit (losses)	48,794	44,363	(3,230)	(3,379)
Total equity	124,737	120,612	72,715	72,566
TOTAL LIABILITIES AND EQUITY	145,416	140,380	91,857	91,109

1(b)(ii) Aggregate amount of the group's borrowings and debt securities, together with comparative figures as at the end of the immediately preceding financial year

	The Group	
	FY2021	FY2020
	S\$'000	S\$'000
Amount repayable within one year		
Secured	986	847
Unsecured	-	-
	986	847
Amount repayable after one year		
Secured	4,543	5,529
Unsecured	-	-
	4,543	5,529
Total	5,529	6,376

Lease liabilities are secured by right-of-use assets.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group	
	FY2021	FY2020
	S\$'000	S\$'000
Operating activities:		
Profit before tax	6,844	4,470
Adjustments for:		
Write down of inventories to net realisable value	-	8
(Reversal of) Provision for loss allowance	(189)	7
Depreciation of property, plant and equipment	5,461	5,679
(Gain) Loss from fair value adjustments on investment properties	(1,300)	1,200
(Gain) Loss on fair value adjustments on financial assets at fair value through profit and loss	(216)	183
Foreign exchange differences	399	(284)
Dividend income	(22)	(41)
Loss (Gain) on disposal of property, plant and equipment	53	(8)
Impairment loss on property, plant and equipment	3,826	-
Interest expense	176	199
Interest income	(202)	(337)
Operating cash flows before movements in working capital	14,830	11,076
Trade and other receivables	(1,736)	(715)
Inventories	890	420
Trade and other payables	1,495	897
Contract liabilities	270	371
Cash generated from operations	15,749	12,049
Dividends paid	(1,139)	(1,139)
Income tax paid	(1,203)	(1,328)
Interest paid	(1)	(1)
Interest received	202	337
Dividends received	22	41
Net cash from operating activities	13,630	9,959
Investing activities		
Proceeds on disposal of property, plant and equipment	162	339
Purchase of property, plant and equipment	(2,773)	(9,690)
Additions to financial assets at fair value through profit and loss	-	(9)
Net cash used in investing activities	(2,611)	(9,360)
Financing activities		
Repayment of lease liabilities	(1,023)	(1,021)
Net cash used in investing activities	(1,023)	(1,021)
Net increase (decrease) in cash and cash equivalents	9,996	(422)
Cash and cash equivalents at the beginning of the year	31,748	32,170
Cash and cash equivalents at end of the year	41,744	31,748

1(d)(i) Statement of Changes in Equity (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Translation reserve	Accumulated profits	Attributable to equity holders of the company
	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Group</u>				
Balance at 1 April 2019	75,945	11	42,146	118,102
<u>Total comprehensive income for the year</u>				
Profit for the year	-	-	3,356	3,356
Other comprehensive income	-	293	-	293
Total	-	293	3,356	3,649
Dividends paid, representing transactions with owners, recognised directly in equity	-	-	(1,139)	(1,139)
Balance as at 31 March 2020	75,945	304	44,363	120,612
<u>Total comprehensive income for the year</u>				
Profit for the year	-	-	5,570	5,570
Other comprehensive loss	-	(306)	-	(306)
Total	-	(306)	5,570	5,264
Dividends paid, representing transactions with owners, recognised directly in equity	-	-	(1,139)	(1,139)
Balance as at 31 March 2021	75,945	(2)	48,794	124,737

	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
<u>The Company</u>			
Balance at 1 April 2019	75,945	(6,384)	69,561
Profit for the year, representing total comprehensive income for the year	-	4,144	4,144
Dividend paid, representing transactions with owners, recognised directly in equity	-	(1,139)	(1,139)
Balance as at 31 March 2020	75,945	(3,379)	72,566
Profit for the year, representing total comprehensive income for the year	-	1,288	1,288
Dividend paid, representing transactions with owners, recognised directly in equity	-	(1,139)	(1,139)
Balance as at 31 March 2021	75,945	(3,230)	72,715

1(d)(ii)Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There has been no change in the Company's issued share capital since the end of the previous period reported on.

The number of issued and fully paid up ordinary shares as at 31 March 2020 and 31 March 2021 was 75,945,399.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	The Company	
	FY2021	FY2020
Total number of issued shares excluding treasury shares	<u>75,945,399</u>	<u>75,945,399</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter

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 those of the audited financial statements for the year ended 31 March 2020, except for the adoption of the new or revised Singapore Financial Reporting Standards (International) ("SFRS(I)") that are mandatory for financial year beginning on or after 1 April 2020. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period.

5 Changes in the accounting policies and methods of computation, including any required by an accounting standard

The adoption of new and revised SFRS(I) has no significant impact on the financial statements.

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

	The Group	
	FY2021	FY2020
	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	7.33	4.42
(ii) On a fully diluted basis	7.33	4.42

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 current financial period reported on and immediately preceding financial year

	The Group		The Company	
	FY2021	FY2020	FY2021	FY2020
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital of the Company	164	159	96	96

8 A review of the performance of the Group

a) Group Statement of Profit or Loss

(i) Revenue

Group revenue increased slightly by 1.3% or S\$0.8 million from S\$62.2 million in FY2020 to S\$63.0 million in FY2021. The Group derives revenue from 2 segments and the revenue breakdown is as follows:

	The Group		
	FY2021	FY2020	Increase/ (Decrease)
	S\$'000	S\$'000	S\$'000
Industrial chemicals	62,048	60,724	1,324
Properties	954	1,491	(537)
	63,002	62,215	787

The slight increase in revenue was due to an increase in sales of the Group's core chlor-alkali products in the industrial chemicals segment by S\$1.3 million. The increase was offset by a drop in rental income from the properties segment by S\$0.5 million. The Group has given rental reductions for at least 6 months starting April 2020 to its tenants. There were also tenants that did not continue their leases upon expiry.

ii) Gross profit

Gross profit increased to S\$19.3 million in FY2021 from S\$15.6 million in FY2020. The increase in gross profit was mainly due to lower cost of sales arising from a decrease in energy charges and lower depreciation as certain plant and equipment were fully depreciated during the year.

Overall, the Group achieved a better margin of 30.6% in FY2021 as compared to 25.1% in FY2020.

(ii) Other income

The Group recorded a much higher other income (net) from S\$0.15 million in FY2020 to S\$3.46 million in FY2021. This is mainly attributed to the fair value gain of S\$1.3 million in FY2021 on its investment properties as compared to a fair value loss of S\$1.2 million in FY2020. The increase is also due to government grants received by the Group in FY2021.

(iii) Distribution expenses

Distribution expenses increased to S\$6.8 million in FY2021 from S\$5.2 million in FY2020 resulting mainly from piping charges of S\$0.8 million from one of the pipelines in FY2021.

(iv) Administrative expenses

Administrative expenses increased to S\$8.8 million in FY2021 from S\$5.8 million in FY2020. The increase was mainly attributed to an impairment loss of S\$3.8 million recognized this year. The loss arises from an impairment on plant and machinery of one of the subsidiaries, Chemical Industries Myanmar Ltd.

(v) Finance costs

Finance costs decreased due to recognition of interest expense of S\$0.02 million on the lease liabilities in FY2021.

(vi) Income tax expense

Income tax expense was higher at S\$1.3 million in FY2021 as compared to S\$1.1 million in FY2020 arising from effects of adjusting tax items due to the increase in profitability.

As a result of the foregoing, Group net profit after tax for FY2021 came in at S\$5.6 million as compared to S\$3.4 million in the previous corresponding period.

b) Group Statement of Financial Position

Group's current assets increased by S\$10.0 million mainly due to an increase in cash and cash equivalents by S\$10.0 million.

Group's non-current assets decreased by S\$5.8 million mainly due to depreciation charges on the property, plant and equipment and right-of-use assets and provision for impairment of plant and machinery in one of its subsidiaries, Chemical Industries Myanmar Ltd. The impairment loss provided is S\$3.8 million. This was offset by an increase of S\$1.3 million of fair value gain in investment properties.

Group's current liabilities increased by S\$2.2 million mainly due to an increase in accruals of utilities and piping cost by S\$1.8 million and increase in income tax payable by S\$0.4 million.

Group's non-current liabilities decreased by S\$1.3 million mainly due to repayment of lease liabilities in FY2021.

Equity comprises share capital, reserves and accumulated profits. The total equity of the Group increased by S\$4 million from S\$120 million in FY2020 to S\$124 million in FY2021.

c) Review of Statement of Cash Flows

Group's net cash position increased to S\$41.7 million in FY2021 as compared to S\$31.7 million in FY2020, mainly due to increase in cash from operating activities of S\$13.6 million but was partially offset by cash outflows from investing activities of S\$2.6 million and cash outflows from financing activities of S\$1.0 million.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

10 **A commentary at the date of the announcement of the significant trends and 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 12 months**

a) **Singapore activities**

The management has assessed the impact of the COVID-19 outbreak and has noted that operations are still continuing and there have been no significant supply chain disruptions or significant dampening of demand for its products. The Group continues to operate in a challenging and competitive environment. We do not foresee that the situation will improve over the next 12 months.

b) **Myanmar activities**

Since 1 February 2021, domestic activities and trade have been severely impacted by reduced mobility, protests, worker strikes and the ongoing disruption to essential services, including banking, logistics and internet services. The recent uncertainty compounded an already challenging environment brought on by the second wave of COVID-19.

The combination of the political unrest and the COVID situation has made the situation very uncertain for growth in our operations in the country of Myanmar. The COVID situation impacted the ability to interact with our customers, mainly government departments and industrial companies, for increased sales quantities. However, our existing major customers continue to purchase from us. The political unrest, initially affected logistics, especially with disruptions in the port and customs operation. These have been significantly reduced and we are currently able to access the full range of services. Higher operating cost and the currency exposure may impact the profitability of the subsidiary moving forward.

The current situation in Myanmar has had a significant impact on our ability to pursue potential business opportunities. The political unrest is unlikely to be resolved any time soon. We will consequently continue to closely monitor the political developments in Myanmar and provide further updates as and when there are significant developments that will have a material impact on our Myanmar operations.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.5 cents per ordinary share
Tax Rate	One-tier tax exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Final (Paid on 4 September 2020)
Dividend Type	Cash
Dividend Rate	1.5 cents per ordinary share
Tax Rate	One-tier tax exempt

(c) Date payable

To be advised at a later date.

(d) Book closure date

To be advised at a later date.

12 If no dividend has been declared (recommended), a statement to that effect

Not applicable

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Confirmation by the Board pursuant to Rule 720(1) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company in the format set out in Appendix 7.7 under Rule 720(1).

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the preceding year

a) Segment revenue and results

	The Group			
	Revenue		Profit	
	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Industrial Chemicals	62,048	60,724	4,789	4,459
Properties	954	1,491	2,007	(168)
Total	63,002	62,215	6,796	4,291
Interest income			202	337
Dividend income			22	41
Finance costs			(176)	(199)
Profit before income tax			6,844	4,470
Income tax expense			(1,274)	(1,114)
Consolidated revenue and profit for the year	63,002	62,215	5,570	3,356

b) Segment assets

	The Group	
	FY2021	FY2020
	S\$'000	S\$'000
Industrial Chemicals	85,294	85,510
Properties	59,249	54,213
Total segment assets	144,543	139,723
Unallocated assets	873	657
Consolidated assets	145,416	140,380

c) **Other segment information**

	The Group			
	Capital expenditure		Depreciation	
	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Industrial Chemicals	2,773	9,648	5,420	5,604
Properties	-	42	41	75
Total	2,773	9,690	5,461	5,679

d) **Information about Major customers**

35% (FY2020: 41%) of the Group's industrial chemicals revenue is generated from the top 4 (FY2020: 4) customers.

76% (FY2020: 87%) of the Group's properties revenue is generated from the top 6 (FY2020: 6) customers.

e) **Geographical information**

The Group operates in two principal geographical areas – Singapore (Country of domicile) and Myanmar.

	The Group			
	Revenue		Non-current assets	
	FY2021	FY2020	FY2021	FY2020
Geographical area	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	58,010	61,487	79,631	80,305
Myanmar	4,992	728	6,536	11,733
Total	63,002	62,215	86,167	92,038

16 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

As disclosed in para 8, pages 9 to 11 above.

17 A breakdown of sales and Profit after tax as follows: -

Breakdown:	The Group		Increase/ (Decrease) %
	FY2021 S\$'000	FY2020 S\$'000	
Sales reported for:			
i) first half of the year	30,322	30,883	(1.8)
ii) second half of the year	32,680	31,332	4.3
	63,002	62,215	1.3
Profit after tax reported for:			
i) first half of the year	3,453	1,541	n.m.
ii) second half of the year	2,117	1,815	16.6
	5,570	3,356	66.0

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows: -

	The Group and Company	
	FY2021 S\$'000	FY2020 S\$'000
Ordinary shares dividends - Final	<u>1,139</u>	<u>1,139</u>

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lim Yew Khang Cecil	68	Son of Mr Lim Soo Peng, Managing Director and substantial shareholder of the Company	Executive Director since 2016. Assists Managing Director in strategic planning and business development of the Group. Responsible for the Group's operations in Myanmar.	Not applicable
Lim Yew Nghee	48	Son of Mr Lim Soo Peng, Managing Director and substantial shareholder of the Company	Non-Executive and Non-Independent Director since 27 December 2019.	Not applicable
Lin Yinjun Benjamin	31	Grandson of Mr Lim Soo Peng, Managing Director and substantial shareholder of the Company. Son of Mr Lim Yew Khang Cecil, Executive Director of the Company	General Manager since 16 April 2019. Responsible for daily operations, marketing and procurement functions of the Company.	Not applicable

BY ORDER OF THE BOARD

FOO SOON SOO
Company Secretary

28 May 2021