



**CEI CONTRACT MANUFACTURING LIMITED**  
(Company Registration No. 199905114H)

**Half Year Financial Statement**

The Board of Directors of CEI Contract Manufacturing Limited wishes to announce the unaudited results of the Group and of the Company for the Financial Half Year Ended 30 June 2014.

**1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2014**

	GROUP		
	<u>2014</u> \$'000	<u>2013</u> \$'000	+ / (-) %
Revenue	56,510	54,173	4.3
Cost of sales	(43,616)	(42,645)	2.3
Gross profit	12,894	11,528	11.8
Other income	2	2	-
General and administrative costs	(7,991)	(7,493)	6.6
Selling and distribution costs	(1,754)	(1,703)	3.0
Profit from operations	3,151	2,334	35.0
Finance costs	(117)	(160)	(26.9)
Share of results of associated company	-	86	N/M
Profit from operations before taxation	3,034	2,260	34.2
Taxation	(674)	(227)	N/M
Profit after taxation	2,360	2,033	16.1
Other comprehensive income:			
Foreign currency translation	(99)	32	N/M
Total comprehensive income for the year	2,261	2,065	9.5

Included in the above expenses are -	<u>2014</u> \$'000	<u>2013</u> \$'000	+ / (-) %
Depreciation of fixed assets	(1,314)	(1,178)	11.5
Foreign exchange (loss)/gain	(362)	393	N/M
Fair value gain/(loss) on derivatives	161	(285)	N/M

N/M – Not meaningful

**1(b) STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	30 Jun 2014 \$'000	31 Dec 2013 \$'000	30 Jun 2014 \$'000	31 Dec 2013 \$'000
<b>Fixed assets</b>	8,765	9,821	2,930	3,377
<b>Intangible assets</b>	2,564	2,564	2,564	2,564
<b>Investments in and advances to subsidiary companies</b>	-	-	5,646	6,246
<b>Investment in associated company</b>	1,062	1,062	482	482
<b>Deferred tax asset</b>	1,063	1,063	725	725
	<u>13,454</u>	<u>14,510</u>	<u>12,347</u>	<u>13,394</u>
<b>Current assets</b>				
Inventories	28,624	28,906	28,473	28,751
Trade receivables	22,446	21,184	22,339	21,067
Other receivables	1,279	870	998	634
Amounts due from subsidiary companies	-	-	1,449	1,323
Cash and cash equivalents	3,893	3,857	3,222	3,486
	<u>56,242</u>	<u>54,817</u>	<u>56,481</u>	<u>55,261</u>
<b>Current liabilities</b>				
Trade payables and accruals	20,011	20,068	18,647	18,939
Amounts due to subsidiary companies	-	-	1,379	1,266
Provision for taxation	2,227	2,050	1,522	1,309
Bank borrowings	10,231	9,445	10,231	9,445
Other liabilities	1,303	1,714	1,303	1,714
	<u>33,772</u>	<u>33,277</u>	<u>33,082</u>	<u>32,673</u>
<b>Net current assets</b>	<u>22,470</u>	<u>21,540</u>	<u>23,399</u>	<u>22,588</u>
<b>Non-current liabilities</b>				
Bank borrowings	(2,000)	(3,000)	(2,000)	(3,000)
<b>Net assets</b>	<u>33,924</u>	<u>33,050</u>	<u>33,746</u>	<u>32,982</u>
Represented by:				
<b>Share capital</b>	23,897	23,897	23,897	23,897
<b>Less : Treasury shares</b>	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
<b>Revenue reserves</b>	11,395	10,422	10,686	9,922
<b>Foreign currency translation reserve</b>	(531)	(432)	-	-
	<u>33,924</u>	<u>33,050</u>	<u>33,746</u>	<u>32,982</u>

**1(c) BORROWINGS**

**Amount repayable in one year or less, or on demand**

As at 30 June 2014		As at 31 December 2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	10,231	-	9,445

**Amount repayable after one year**

As at 30 June 2014		As at 31 December 2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	2,000	-	3,000

**Details of any collateral**

Not applicable.

**1(d) CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2014**

	<b>GROUP</b>	
	2014	2013
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
Profits from operations before taxation	3,034	2,260
Adjustments for:		
Depreciation of fixed assets	1,314	1,178
Interest income	(2)	(2)
Interest expense	117	160
Share of results of associated companies	-	(86)
<b>Operating income before investment in working capital</b>	4,463	3,510
Increase in receivables	(1,671)	(2,453)
Decrease/(increase) in inventories	282	(1,771)
(Decrease)/increase in payables	(468)	1,539
<b>Cash generated from operations</b>	2,606	825
Interest received	2	2
Interest paid	(117)	(160)
Income tax paid, net of refund	(497)	(41)
<b>Net cash generated from operating activities</b>	1,994	626
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(258)	(686)
<b>Net cash used in investing activities</b>	(258)	(686)
<b>Cash flows from financing activities:</b>		
Dividends paid on ordinary shares	(1,387)	(520)
Repayment of loans and borrowings	(214)	(1,774)
<b>Net cash used in financing activities</b>	(1,601)	(2,294)
<b>Net increase/(decrease) in cash and cash equivalents</b>	135	(2,354)
Effect of exchange rate changes on cash and cash equivalents	(99)	32
<b>Cash and cash equivalents at beginning of the period</b>	3,857	3,747
<b>Cash and cash equivalents at end of the period</b>	3,893	1,425

**1(e) STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2014**

<b>Group</b>	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2014	23,897	(837)	10,422	(432)	33,050
Total comprehensive income for the period	-	-	2,360	(99)	2,261
Dividends paid	-	-	(1,387)	-	(1,387)
Balance at 30 June 2014	23,897	(837)	11,395	(531)	33,924
Balance at 1 January 2013	23,897	(837)	8,726	(460)	31,326
Total comprehensive income for the period	-	-	2,033	32	2,065
Dividends paid	-	-	(520)	-	(520)
Balance at 30 June 2013	23,897	(837)	10,239	(428)	32,871
<b>Company</b>	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Total equity \$'000	
Balance at 1 January 2014	23,897	(837)	9,922	32,982	
Total comprehensive income for the period	-	-	2,151	2,151	
Dividends paid	-	-	(1,387)	(1,387)	
Balance at 30 June 2014	23,897	(837)	10,686	33,746	
Balance at 1 January 2013	23,897	(837)	8,161	31,221	
Total comprehensive income for the period	-	-	2,995	2,995	
Dividends paid	-	-	(520)	(520)	
Balance at 30 June 2013	23,897	(837)	10,636	33,696	

**1(f) CHANGES IN COMPANY'S SHARE CAPITAL**

	<b>30 Jun 2014</b>	<b>31 Dec 2013</b>
No. of treasury shares held	: 4,943,000	4,943,000
No. of issued shares excluding treasury shares	: 346,793,907	346,793,907

**1(g) NUMBER OF SHARES THAT MAY BE ISSUED ON CONVERSION OF ALL OUTSTANDING CONVERTIBLES**

There was no outstanding convertible as at 30 June 2014 and 30 June 2013.

**1(h) NUMBER OF TREASURY SHARES HELD, AGAINST TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES**

	<b>30 Jun 2014</b>	<b>30 Jun 2013</b>
No. of treasury shares held	: 4,943,000	4,943,000
No. of issued shares excluding treasury shares	: 346,793,907	346,793,907

There were 346,793,907 ordinary shares issued (excluding treasury shares) as at 30 June 2014, 31 December 2013 and 30 June 2013.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares in the current financial year.

**2. AUDIT/REVIEW**

The figures have not been audited or reviewed.

**3. AUDITORS' REPORT**

Not applicable as figures have not been audited or reviewed.

**4. ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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

Please refer to Note 4.

**6. EARNINGS PER ORDINARY SHARE (EPS)**

	<b>Group</b>	
	<b>1H2014</b>	<b>1H2013</b>
Earnings per share based on profit attributable to shareholders:		
Based on existing issued share capital	0.68 cts	0.59 cts
Based on fully diluted basis	0.68 cts	0.59 cts

## 7. NET ASSET VALUE

	Group		Company	
	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	9.78 cts	9.53 cts	9.73 cts	9.51 cts

## 8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for the first half of FY 2014 of \$56.5 million was 4.3% higher than first half of FY 2013. The Gross Profit Margin increased from 21.3% in first half of FY 2013 to 22.8% in first half of FY 2014 due to productivity improvement.

The General and Administrative Costs and Selling and Distribution Costs were higher due to increase in salary-related costs while Finance Costs was lower as a result of lower borrowings and interest rate.

The Profit from Operations before Taxation increased from \$2.26 million to \$3.03 million in the first half of FY 2014.

In the absence of one-off tax credit of approximately \$0.2 million which was present in the first half of FY 2013, the Taxation in the first half of FY 2014 was higher at \$0.67 million.

The Profit after Taxation increased from \$2.03 million to \$2.36 million in the first half of FY 2014.

Earnings per share increased from 0.59 cents to 0.68 cents, based on a fully diluted basis.

Net asset value increased from 9.53 cents as at 31 December 2013 to 9.78 cents as at 30 June 2014.

The Statement of Financial Position of the Group as at 30 June 2014 was consistent as compared with 31 December 2013.

## 9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

## 10. PROSPECT

As at 30 June 2014, the Group has orders on hand worth \$58.2 million (31 December 2013: \$47.3 million) most of which are expected to be fulfilled within the current financial year.

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

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for FY 2014.

## 11. DIVIDENDS

### (a) Current Financial Period Reported On

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend (cents)	0.26	0.20
Tax Rate	One-tier tax-exempt	One-tier tax exempt

### (b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend (cents)	0.26	0.15
Tax Rate	One-tier tax exempt	One-tier tax exempt

### (c) Date payable

The dividends will be payable on 26 August 2014.

### (d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of CEI Contract Manufacturing Ltd ("the Company") will be closed from 5.00 p.m. on 13 August 2014 to 5.00 p.m. on 14 August 2014 (both dates inclusive) for the preparation of dividend warrants for both the one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 13 August 2014 will be registered to determine shareholders' entitlements to the said dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 13 August 2014 will be entitled to the proposed one-tier tax-exempt interim dividend and one-tier tax-exempt special dividend.

## 12. INTERESTED PERSON TRANSACTIONS

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

## 13. CONFIRMATION BY THE BOARD OF DIRECTORS

The Directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results for the first half-year ended 30 June 2014 to be false or misleading.

## BY ORDER OF THE BOARD

Teo Soon Hock  
Secretary

Singapore, 5 August 2014