



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 First Half Year Ended 30 June 2015.

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF YEAR ENDED 30 JUNE 2015

	GROUP		
	<u>2015</u>	<u>2014</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Revenue	67,187	56,510	18.9
Cost of sales	(50,252)	(43,616)	15.2
Gross profit	16,935	12,894	31.3
Other income	1	2	N/M
General and administrative costs	(8,443)	(7,991)	5.7
Selling and distribution costs	(1,932)	(1,754)	10.2
Profit from operations	6,561	3,151	108.2
Finance costs	(79)	(117)	(32.4)
Share of results of associated company	45	-	N/M
Profit from operations before taxation	6,527	3,034	115.1
Taxation	(1,322)	(674)	96.1
Profit after taxation	5,205	2,360	120.6
Other comprehensive income:			
Foreign currency translation	35	(99)	N/M
Total comprehensive income for the year	5,240	2,261	131.8

Included in the above expenses are -			
	<u>2015</u>	<u>2014</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Depreciation of fixed assets	(1,281)	(1,314)	(2.5)
Foreign exchange loss	(315)	(362)	(13.0)
Fair value gain on derivatives	501	161	N/M

N/M – Not meaningful

1(b) STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30 Jun 2015 \$'000	31 Dec 2014 \$'000	30 Jun 2015 \$'000	31 Dec 2014 \$'000
Fixed assets	7,935	8,445	2,848	2,971
Intangible assets	1,063	1,063	1,063	1,063
Investments in and advances to subsidiary companies	-	-	4,945	4,945
Investment in associated company	1,231	1,186	482	482
Deferred tax asset	767	827	413	473
	<u>10,996</u>	<u>11,521</u>	<u>9,751</u>	<u>9,934</u>
Current assets				
Inventories	27,403	28,354	27,251	28,217
Trade receivables	26,133	25,095	25,942	24,992
Other receivables	853	748	534	488
Amounts due from subsidiary companies	-	-	1,874	1,367
Cash and cash equivalents	10,643	8,079	10,082	7,584
	<u>65,032</u>	<u>62,276</u>	<u>65,683</u>	<u>62,648</u>
Current liabilities				
Trade payables and accruals	22,100	21,594	20,879	20,173
Amounts due to subsidiary companies	-	-	2,292	2,086
Provision for taxation	2,720	2,114	1,781	1,193
Bank borrowings	10,413	11,734	10,413	11,734
Other liabilities	2,222	2,080	2,222	2,080
	<u>37,455</u>	<u>37,522</u>	<u>37,587</u>	<u>37,266</u>
Net current assets	<u>27,577</u>	<u>24,754</u>	<u>28,096</u>	<u>25,382</u>
Non-current liability				
Bank borrowings	-	1,000	-	1,000
Net assets	<u>38,573</u>	<u>35,275</u>	<u>37,847</u>	<u>34,316</u>
	=====	=====	=====	=====
Represented by:				
Share capital	23,897	23,897	23,897	23,897
Less : Treasury shares	(837)	(837)	(837)	(837)
	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>	<u>23,060</u>
Revenue reserves	15,841	12,578	14,787	11,256
Foreign currency translation reserve	(328)	(363)	-	-
	<u>38,573</u>	<u>35,275</u>	<u>37,847</u>	<u>34,316</u>
	=====	=====	=====	=====

1(c) BORROWINGS

Amount repayable in one year or less, or on demand

As at 30 June 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	10,413	-	11,734

Amount repayable after one year

As at 30 June 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	1,000

Details of any collateral

Not applicable.

1(d) CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2015

	GROUP	
	2015 \$'000	2014 \$'000
Cash flows from operating activities:		
Profits from operations before taxation	6,527	3,034
Adjustments for:		
Depreciation of fixed assets	1,281	1,314
Interest income	(1)	(2)
Interest expense	79	117
Share of results of associated companies	(45)	-
Operating income before investment in working capital	7,841	4,463
Increase in receivables	(1,143)	(1,671)
Decrease in inventories	951	282
Increase/(decrease) in payables	648	(468)
Cash generated from operations	8,297	2,606
Interest received	1	2
Interest paid	(79)	(117)
Income tax paid, net of refund	(656)	(497)
Net cash generated from operating activities	7,563	1,994
Cash flows from investing activities:		
Purchase of fixed assets	(771)	(258)
Net cash used in investing activities	(771)	(258)
Cash flows from financing activities:		
Dividends paid on ordinary shares	(1,942)	(1,387)
Repayment of loans and borrowings	(2,321)	(214)
Net cash used in financing activities	(4,263)	(1,601)
Net increase in cash and cash equivalents	2,529	135
Effect of exchange rate changes on cash and cash equivalents	35	(99)
Cash and cash equivalents at beginning of the period	8,079	3,857
Cash and cash equivalents at end of the period	10,643	3,893
	=====	=====

1(e) STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2015

Group	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 January 2015	23,897	(837)	12,578	(363)	35,275
Total comprehensive income for the period	-	-	5,205	35	5,240
Dividends paid	-	-	(1,942)	-	(1,942)
Balance at 30 June 2015	23,897	(837)	15,841	(328)	38,573
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

Company	Share capital \$'000	Treasury shares \$'000	Revenue reserves \$'000	Total equity \$'000
Balance at 1 January 2015	23,897	(837)	11,256	34,316
Total comprehensive income for the period	-	-	5,473	5,473
Dividends paid	-	-	(1,942)	(1,942)
Balance at 30 June 2015	23,897	(837)	14,787	37,847
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

1(f) CHANGES IN COMPANY'S SHARE CAPITAL

	30 Jun 2015 After share consolidation	31 Dec 2014 Before share consolidation
No. of treasury shares held	: 1,235,750	4,943,000
No. of issued shares excluding treasury shares	: 86,698,463	346,793,907

On 11 May 2015, the Company completed a share consolidation of every four (4) ordinary shares in the capital of the Company into one (1) consolidated share.

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

There was no outstanding convertible as at 30 June 2015 and 30 June 2014.

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

	30 Jun 2015 After share consolidation	30 Jun 2014 Before share consolidation
No. of treasury shares held	: 1,235,750	4,943,000
No. of issued shares excluding treasury shares	: 86,698,463	346,793,907

On 11 May 2015, the Company completed a share consolidation of every four (4) ordinary shares in the capital of the Company into one (1) consolidated share.

There were 86,698,463 ordinary shares issued (excluding treasury shares) as at 30 June 2015, 31 December 2014 (346,793,907 ordinary shares) and 30 June 2014 (346,793,907 ordinary shares).

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 2015. 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)

	Group	
	1H2015	1H2014
Earnings per share based on profit attributable to shareholders:		
Based on existing issued share capital	6.00 cts	2.72 cts
Based on fully diluted basis	6.00 cts	2.72 cts

On 11 May 2015, the Company completed a share consolidation of every four (4) ordinary shares in the capital of the Company into one (1) consolidated share.

The comparative of 1H 2014 has been adjusted to account for the effect of the four (4) to one (1) share consolidation.

7. NET ASSET VALUE

	Group		Company	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Net asset value per share based on existing issued share capital as at the end of the year reported on (excluding treasury shares).	44.5 cts	40.7 cts	43.7 cts	39.6 cts

On 11 May 2015, the Company completed a share consolidation of every four (4) ordinary shares in the capital of the Company into one (1) consolidated share.

The comparative of 31 Dec 2014 has been adjusted to account for the effect of the four (4) to one (1) share consolidation.

8. REVIEW OF GROUP PERFORMANCE

The Group's Revenue for the first half of FY 2015 of \$67.2 million was 18.9% higher than first half of FY 2014. The Gross Profit Margin increased from 22.8% in first half of FY 2014 to 25.2% in first half of FY 2015.

The General and Administrative Costs and Selling and Distribution Costs were higher to support the increase in revenue, while Finance Costs were lower as a result of lower borrowings and interest rate.

The Profit from Operations before Taxation increased from \$3.0 million to \$6.5 million in the first half of FY 2015.

The Profit after Taxation increased from \$2.36 million to \$5.2 million in the first half of FY 2015.

Earnings per share increased from 2.72 cents to 6.00 cents, based on a fully diluted basis.

Net asset value per share increased from 40.7 cents as at 31 December 2014 to 44.5 cents as at 30 June 2015.

Total borrowings decreased from \$12.7 million to \$10.4 million due to repayment of borrowings.

Cash and cash equivalents increased from \$8.1 million to \$10.6 million mainly due to increased profit.

Save for the above, the Statement of Financial Position of the Group as at 30 June 2015 was consistent as compared with 31 December 2014.

9. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the prospect statement.

10. PROSPECT

As at 30 June 2015, the Group has orders on hand worth \$56.3 million (31 December 2014: \$59.8 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 2015.

11. DIVIDENDS

(a) Current Financial Period Reported On

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend (cents)	1.04	3.76
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)	1.04	0.80
Tax Rate	One-tier tax exempt	One-tier tax exempt

On 11 May 2015, the Company completed a share consolidation of every four (4) ordinary shares in the capital of the Company into one (1) consolidated share.

The Dividend of the corresponding period has been adjusted to account for the effect of the four (4) to one (1) share consolidation.

(c) Date payable

The dividends will be payable on 26 August 2015.

(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 17 August 2015 to 5.00 p.m. on 18 August 2015 (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 17 August 2015 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 17 August 2015 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 2015 to be false or misleading.

BY ORDER OF THE BOARD

Teo Soon Hock
Secretary

Singapore, 5 August 2015