Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Interim Financial Statements

For The Financial Period Ended 30 September 2007

Multi-Chem Limited
Registration No. 198500318Z

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For the financial period ended 30 September 2007

CONSOLIDATED INCOME STATEMENT

Group	3 months ended			9 months ended		
	30/09/2007 $'000	30/09/2006 $'000	Change %	30/09/2007 $'000	30/09/2006 $'000	Change %
Revenue	38,922	26,574	46	102,607	70,519	46
Cost of sales	(27,334)	(18,305)	49	(76,295)	(47,477)	61
Gross profit	11,588	8,269	40	26,312	23,042	14
Other (losses)/gains - net	(15)	623	(102)	(138)	992	(114)
Expenses						
- Distribution costs	(919)	(544)	69	(2,534)	(1,963)	29
- Administrative expenses	(3,766)	(2,826)	33	(11,300)	(8,585)	32
Finance (expense)/income - net	126	(348)	136	(293)	(110)	166
Share of loss of associated company	(22)	(17)	(29)	(125)	(35)	257
Profit before income tax	6,992	5,157	36	11,922	13,341	(11)
Income tax expense	(1,084)	(846)	28	(2,633)	(1,942)	36
Net profit	5,908	4,311	37	9,289	11,399	(19)
Attributable to:						
Equity holders of the Company	5,857	4,185	40	8,941	11,135	(20)
Minority interests	51	126	(60)	348	264	24
	5,908	4,311	37	9,289	11,399	(19)
Earnings per share attributable to the equity holders of the Company during the period (expressed in cents per share)						
- Basic	1.62 cents	1.17 cents		2.49 cents	3.12 cents	
- Diluted	1.62 cents	1.17 cents		2.49 cents	3.10 cents	

CONSOLIDATED INCOME STATEMENT

The profit for the period from continuing operations includes the following credits less (charges):

Group	3 months ended			9 months ended		
	30/09/2007	30/09/2006	Change	30/09/2007	30/09/2006	Change
	$'000	$'000	%	$'000	$'000	%
Other income - net	134	93	44	278	223	25
Interest income	20	116	(83)	141	234	(40)
Interest on borrowings	(294)	(255)	15	(1,236)	(411)	201
Foreign exchange gain - borrowings	420	(93)	(552)	943	301	213
Finance (expense)/income – net	**126**	**(348)**	**136**	**(293)**	**(110)**	**166**
Depreciation	(2,297)	(2,260)	2	(7,777)	(6,177)	26
(Provision)/Write back for impairment of debts	364	(19)	2,016	37	(18)	306
Bad debts recovered/(written off)	(1)	(4)	(75)	25	(106)	124
Provision for inventory impairment	(499)	(329)	52	(1,016)	(394)	158
Foreign exchange (loss)/gain – others	(225)	244	(192)	(676)	104	(750)
Gain on disposal of property, plant and equipment	56	177	(68)	119	437	(73)
Gain on dilution of interest in a subsidiary	-	10	Nm	-	10	Nm
Impairment on goodwill	-	(16)	Nm	-	(16)	Nm

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BALANCE SHEET

$'000	Group		Company	
	30/09/2007	**31/12/2006**	**30/09/2007**	**31/12/2006**
Current assets				
Cash and cash equivalents	9,291	17,232	2,410	10,235
Trade and other receivables	40,983	31,139	34,972	18,295
Inventories	9,740	7,312	1,148	1,136
Other current assets	1,293	677	657	250
	61,307	56,360	39,187	29,916
Non-current assets				
Other non-current assets	168	127	38	-
Investment in an associated company	1,609	1,735	1,050	1,050
Investments in subsidiaries	-	-	56,534	45,595
Property, plant and equipment	88,610	65,982	17,496	19,711
Deferred income tax assets	21	21	-	-
	90,408	67,865	75,118	66,356
Total assets	**151,715**	**124,225**	**114,305**	**96,272**
Current liabilities				
Trade and other payables	25,491	16,459	9,398	5,025
Current income tax liabilities	1,674	2,390	451	1,282
Borrowings	36,082	25,063	34,092	24,291
	63,247	43,912	43,941	30,598
Non-Current liabilities				
Borrowings	14,998	18,495	14,998	18,495
Deferred tax liabilities	700	502	700	502
	15,698	18,997	15,698	18,997
Total liabilities	**78,945**	**62,909**	**59,639**	**49,595**
NET ASSETS	**72,770**	**61,316**	**54,666**	**46,677**
Share capital and reserves				
Share capital	37,288	36,559	37,288	36,559
Other reserves	(270)	(1,534)	-	221
Retained earnings	33,994	24,881	17,378	9,897
	71,012	59,906	54,666	46,677
Minority interests	1,758	1,410	-	-
Total equity	**72,770**	**61,316**	**54,666**	**46,677**

CONSOLIDATED CASHFLOW STATEMENT

S$'000	3 months ended		9 months ended	
	30/09/2007	**30/09/2006**	**30/09/2007**	**30/09/2006**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit	5,908	4,311	9,289	11,399
Adjustments for:				
- Income tax	1,084	846	2,633	1,942
- Depreciation	2,297	2,260	7,777	6,177
- Finance expense/(income) - net	(126)	348	293	110
- Interest income	(134)	(116)	(278)	(234)
- Gain on disposal of property, plant and equipment	(56)	(177)	(119)	(437)
- Gain on dilution of interest in a subsidiary	-	(10)	-	(10)
- Impairment on goodwill	-	16	-	16
- Share of results from an associated company	22	17	125	35
- Unrealised currency exchange losses/(gains) - net	225	(244)	676	(104)
Operating cashflow before working capital changes	9,220	7,251	20,396	18,894
Change in operating assets and liabilities				
- Inventories	3,270	(2,015)	(2,428)	(3,892)
- Trade and other receivables	(3,717)	(5,515)	(9,844)	(3,767)
- Other assets	(517)	(26)	(637)	(307)
- Trade and other creditors and accruals	(1,381)	2,593	9,032	3,575
	(2,345)	(4,911)	(3,877)	(4,391)
Cash generated from operating activities	6,875	2,340	16,519	14,503
Interest received	134	116	278	234
Income tax paid	(762)	(891)	(3,130)	(1,813)
Net cash inflow from operating activities	6,247	1,565	13,667	12,924

CONSOLIDATED CASHFLOW STATEMENT

S$'000	3 months ended		9 months ended	
	30/09/2007	**30/09/2006**	**30/09/2007**	**30/09/2006**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(23,123)	(5,599)	(30,091)	(21,931)
Purchase of club memberships	-	-	(38)	-
Dividends from an associated company	-	-	-	230
Proceeds from disposals of property, plant and equipment	235	302	657	1,290
Net cash outflow from investing activities	(22,888)	(5,297)	(29,472)	(20,411)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of bills payable	(2,511)	(2,391)	(14,082)	(7,897)
Proceeds from bills payable	19,859	4,137	25,151	17,343
Repayments of lease liabilities	(37)	(53)	(164)	(174)
Proceeds from borrowings	3,000	-	3,000	-
Repayments of borrowings	(1,873)	(209)	(5,041)	15,325
Interest paid	(288)	(231)	(954)	(372)
Dividends paid to shareholders	-	(2,994)	-	(8,524)
Proceeds from issuance of ordinary shares to minority shareholders	-	820	-	850
Net cash inflow/(outflow) from financing activities	18,150	(921)	7,910	16,551
Net increase/(decrease) in cash and cash equivalents	1,509	(4,653)	(7,895)	9,064
Cash and cash equivalents at beginning of the period	7,929	19,006	17,232	5,446
Effects of exchange rate changes on cash and cash equivalents	(147)	(11)	(46)	(168)
Cash and cash equivalents at end of the period	9,291	14,342	9,291	14,342

STATEMENTS OF CHANGES IN EQUITY

Group

	Attributable to equity holders of the Company					
	Share capital	**Other reserves**	**Retained earnings**	**Total**	**Minority interests**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 07	36,559	(1,534)	24,881	59,906	1,410	61,316
Net gain recognised directly in equity						
- Currency translation differences	-	1,485	-	1,485	-	1,485
Net profit for the period	-	-	8,941	8,941	348	9,289
Total recognised gains for the period	**-**	**1,485**	**8,941**	**10,426**	**348**	**10,774**
Conversion of convertible notes	729	(49)	-	680	-	680
Redemption of convertible notes	-	(172)	172	-	-	-
Balance at 30 September 07	**37,288**	**(270)**	**33,994**	**71,012**	**1,758**	**72,770**
Balance at 1 January 06	35,604	810	18,486	54,900	723	55,623
Net (loss)/gain recognised directly in equity						
- Currency translation differences	-	(963)	-	(963)	-	(963)
Net profit for the period	-	-	11,135	11,135	264	11,399
Total recognised (loss)/gains for the period	**-**	**(963)**	**11,135**	**10,172**	**264**	**10,436**
Conversion of convertible notes	120	-	-	120	-	120
Dividend relating to 2005 paid	**-**	**-**	**(5,000)**	**(5,000)**	**-**	**(5,000)**
Dividend relating to 2006 paid	**-**	**-**	**(2,994)**	**(2,994)**	**(530)**	**(3,524)**
Issue of shares by a subsidiary	**-**	**-**	**-**	**-**	**856**	**856**
Balance at 30 September 06	**35,724**	**(153)**	**21,627**	**57,198**	**1,313**	**58,511**

STATEMENTS OF CHANGES IN EQUITY

Company

	Share capital	Other reserves	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 January 07	36,559	221	9,897	46,677
Net profit for the period	-	-	7,309	7,309
Conversion of convertible notes	729	(49)	-	680
Redemption of convertible notes	-	(172)	172	-
Balance at 30 September 2007	**37,288**	**-**	**17,378**	**54,666**
Balance at 1 January 06	35,604	1,111	7,414	44,129
Net profit for the period	-	-	7,961	7,961
Conversion of Convertible notes	120	-	-	120
Dividend relating to 2005 paid	-	-	(5,000)	(5,000)
Dividend relating to 2006 paid	-	-	(2,994)	(2,994)
Balance at 30 September 2006	**35,724**	**1,111**	**7,381**	**44,216**

REVIEW OF PERFORMANCE OF THE GROUP

REVENUE

The Group achieved revenue of $38.9m for the three months ended 30 September 2007 (“3Q2007”), an increase of 46.5% or $12.3m compared to the revenue of $26.6m for the three months ended 30 September 2006 (“3Q2006”). For the nine months ended 30 September 2007 (“9M2007”), the Group achieved a record revenue of $102.6m, a significant increase of 45.5% or $32.1m, compared to revenue of $70.5m for the nine months ended 30 September 2006 (“3Q2006”). Comparing to the three months ended 30 June 2007 (“2Q2007”), revenue for 3Q2007 of $38.9m also increased by 10.4% or $3.7m over the revenue of $35.2m achieved. The better revenue performance was mainly due to the growth in the manufacturing service business in China.

In 9M2007, the manufacturing service business accounted for about 38% of Group revenue, while the distribution business, comprising the distribution of PCB-related materials and IT distribution, accounted for the remaining 62%.

REVIEW OF PERFORMANCE OF THE GROUP

REVENUE

Manufacturing Service Division

This Division registered a strong growth in this quarter as revenue increased by 48.5% or $5.5m, from $11.4m in 2Q2007 to $16.9m in 3Q2007. Traditionally stronger in the second half of the year, this Division posted higher revenue in 3Q2007 than in 2Q2007 and 3Q2006.

The revenue growth was mainly due to the better performance in China while the manufacturing service business in Singapore achieved a marginal growth of 1.5%. The Group's drilling service business in China recorded revenue of $10.5m in 3Q2007, an increase of 63.9% or $4.1m from $6.4m in 3Q2006. Laser drilling in China recorded a strong growth of 414.0% or $1.1m from $265,000 in 3Q2006 to $1.4m in 3Q2000. Overall, the manufacturing service business in China accounted for 79.0% of the revenue achieved in 3Q2007 for this Division.

The growth in China is mainly due to the pick up in demand for our services due to the increase in demand for PCB for consumer electronics, PC and handsets. Our diverse customer base and the increase in the Group's mechanical and laser drilling capacity in China from an average of 141 mechanical drilling machines and 6 laser drilling machines in 3Q2006 to 230 mechanical drilling machines and 11 laser drilling machines in 3Q2007, also contributed to the revenue growth.

In 9M2007, this Division achieved revenue of $39.0m, a growth of 14.0% over revenue of $34.2m achieved in 9M2006. Comparing 3Q2007 to 3Q2006, revenue in this Division increased by 34.2% or $4.3m from $12.6m in 3Q2006 to $16.9m in 3Q2007.

REVIEW OF PERFORMANCE OF THE GROUP

Distribution Division

The Group achieved a strong revenue growth of 57.6% or $8.0m, from $14.0m in 3Q2006 to $22.0m in 3Q2007 for the Distribution Division. Comparing 3Q2007 to 2Q2007, revenue decreased by 7.8% or $1.9m from $23.8m to $22.0m. While there was a slight slowdown in 3Q2007 compared to 2Q2007, revenue for this Division in 3Q2007 was still significantly higher than in 3Q2006. Comparing 9M2007 to 9M2006, the Group achieved a revenue growth of 75.2% or $27.3m, from $36.3m in 9M2006 to $63.6m in 9M2007.

PCB

Revenue derived from the distribution of PCB specialty chemicals and related materials dropped from $2.0m in 3Q2006 to $1.5m in 3Q2007. Comparing 3Q2007 to 2Q2007, this business recorded revenue of $1.5m, a decrease of 28.9% or $597,000 as compared to $2.1m in 2Q2007. The lower revenue achieved in 3Q2007 and 9M2007 compared to the corresponding periods in 2006 was mainly due to increase in cost of sales from rising material costs in a product line and continuing price reduction pressures from customers.

IT

The IT distribution business reported a significant increase in revenue of 72.2% or $8.6m, from $11.9m in 3Q2006 to $20.5m in 3Q2007, and 94.6% or $28.5m, from $30.1m in 9M2006 to $58.5m in 9M2007. Comparing 3Q2007 to 2Q2007, this business recorded a marginal decrease of $1.3m or 5.8%, from the record quarterly revenue of $21.8m in 2Q2007, to $20.5m in 3Q2007.

The growth in this business was largely due to the addition of several products to the Group's product portfolio and the expansion of the regional businesses. The addition to sales and pre-sales personnel also played a part in the promotion and sales of the Group's IT products and services.

While Singapore remains the main market for the IT business in 3Q2007, the regional subsidiaries of the Company are as a whole becoming more significant through expansion. In 3Q2007, revenue from regional markets increased by 92.8% or $7.3m, from $7.8m in 3Q2006 to $15.1m in 3Q2007.

REVIEW OF PERFORMANCE OF THE GROUP

PROFIT BEFORE TAX ("PBT")

The Group achieved a PBT of $7.0m in 3Q2007, an increase of 35.6% or $1.8m over the PBT of $5.2m achieved in 3Q2006 which is in line with the higher revenue and gross margin contributed mainly from the manufacturing business in China.

Additionally, the increase in PBT was due to the following:

(1) Write back for impairment of debts in 3Q2007 of $364,000 as compared to provision for impairment of debts of $19,000 in 3Q2006; and

(2) A foreign exchange gain of $195,000 in 3Q2007 compared to exchange gain of $151,000 in 3Q2006 mainly due to mainly due to effect of the weaker US dollar on the Group.

The increase in PBT was offset mainly by the following:

(1) An increase in payroll-related expenses of $940,000, from $2.0m in 3Q2006 to $2.9m in 3Q2007, due mainly to higher headcount from the expansion of the regional businesses; and

(2) An increase in provision of inventory impairment from $329,000 in 3Q2006 to $499,000 in 3Q2007. The provision for inventory impairment relates to the IT stock, in line with the Group's inventory provision policy.

Comparing 9M2007 to 9M2006, the Group PBT decreased by 10.6% or $1.4m from $13.3m in 9M2006 to $11.9m in 9M2007 which was mainly due to the lower gross margin attained in 1Q2007 by the manufacturing service business and the business of distributing PCB specialty chemicals and related products as well as the reasons above.

Comparing 3Q2007 to 2Q2007, the Group PBT increased by 217.1% or $4.8m, from $2.2m to $7.0m mainly due to higher turnover and improves in gross profit margin by 8 percentage points from 22% in 2Q2007 to 30% in 3Q2007. Due to high operating leverage, the higher revenue in the manufacturing business led to a better utilisation of machines and economics of scale. This translated into better gross profit margin for the Group for 3Q2007.

PROFIT AFTER TAX ("PAT")

Group PAT increased by 37.0% or $1.6m, from $4.3m in 3Q2006 to $5.9m in 3Q2007. Comparing 9M2007 to 9M2006, PAT decreased by 18.5% or $2.1m, from $11.4m in 9M2006 to $9.3m in 9M2007. On a quarter-on-quarter basis, Group PAT increased from $1.5m in 2Q2007 to $5.9m in 3Q2007. These were largely in line with the changes in Group PBT.

Provision for tax comprised mainly income tax and deferred tax of the Company and its subsidiaries. Multi-Chem Laser Technology (Suzhou) Co., Ltd and Multi-Chem Electronics (Kunshan) Co., Ltd currently enjoys tax-free status on profits while Multi-Chem Electronics (Wuxi) Co., Ltd enjoys tax-free status on 50% of its profits.

BALANCE SHEET REVIEW

Below is a review of material changes in the key balance sheet items for the period ended 30 September 2007:-

Cash and cash equivalents at the Group level decreased from $17.2m to $9.3m. At the Company level, cash and cash equivalents decreased $10.2m to $2.4m. The decreases at both the Group and Company levels were mainly due to repayments of bills payable and borrowings, net of positive cash flow from working capital.

Trade and other receivables of the Group increased from $31.1m to $41.0m which was in line with the increase in revenue in 3Q2007 as compared to 4Q2006. The increase at the Company level from $18.3m to $35.0m was mainly due to receivables from the subsidiaries on the sales of machinery.

Inventories at the Group level increased from $7.3m to $9.7m mainly due to the increase in IT inventory resulting from the growth of the IT business in Singapore and regionally. At the Company level, inventories which comprised PCB specialty chemicals and related materials remained relatively unchanged.

Investment in an associated company decreased from $1.7m to $1.6m mainly due to the share of losses in 9M2007. There is no change at the Company level as the investment is accounted for at cost, as opposed to the equity method at Group level.

Property, plant and equipment increased from $66.0m to $88.6m at the Group level mainly due to addition of 77 units of new CNC drilling machines, 10 units of new laser drilling machines and 10 units of new routing machines for the China operations, offset by the sale of 4 units of used CNC drilling machine in China to a third party and the depreciation charged. The decrease at the Company level was mainly due to depreciation charged.

Trade and other payables increased from $16.5m to $25.5m at the Group level due mainly to the increase in payables to principals of the IT distribution business, resulting from the higher business volume. The payables at Company level increased from $5.0m to $9.4m due mainly to the increase in payroll related expenses.

Bills payable to banks increased from $14.4m to $24.7m at both the Group and the Company level mainly due to additional bills payable amounting to $25.2m for financing the purchase of new machines in the same period, offset by repayment of bills payable of $14.1m in 9M2007.

Borrowings decreased at both the Group and Company levels mainly due to repayment of bank borrowings and finance leases.

CASH FLOW ANALYSIS

Net cash of $13.7m was generated from operating activities in 9M2007, an increase of $743,000 from $12.9m in 9M2006. This was mainly due to higher trade and other payables, offset by the higher inventory holdings due to the expansion of the IT distribution business as well as increase in trade and other receivables due to higher revenue achieved.

Net cash of $29.5m was used in investing activities in 9M2007, an increase of $9.1m from $20.4m in 9M2006. About $30.0m was invested in the purchase of machinery in 9M2007, which was also partly financed by bills payable, offset by proceeds from disposal of property, plant and equipment of $657,000.

Net cash of $7.9m was generated in financing activities in 9M2007 as compared to net cash of $16.6m generated in 9M2006. Cash of $8.9m in aggregate was generated in 9M2007 from proceeds from borrowings, proceeds of bills payable for purchase of fixed assets, offset by repayment of bills payable, borrowings and lease liabilities in 9M2007.

Cash and cash equivalent stood at $9.3m as at end of 30 September 2007, down from $14.3m as at the end of 30 September 2006.

COMMENTARY ON CURRENT YEAR PROSPECTS

PCB

Following a slower 1Q2007, the Group's business in manufacturing services and distribution of PCB-related products improved in 2Q2007 and 3Q2007. This is in line with the historical trend of a slow start mainly due to the New Year and Chinese New Year holidays early in the year, and a pick up in the later part of the year. The revenue growth in 3Q2007 was also helped in part by the new Kunshan operation, which puts the Group in close proximity to customers in the Kunshan area. Comparing 9M2007 against 9M2006, the Group's revenue from its PCB business grew from $34.2m to $39.0m.

In the US, the North American PCB industry book-to-bill ratio registered at 1.06 for August 2007. A ratio of more than 1.00 suggests current demand is ahead of supply, which indicates probably near term growth. PCB producers in Asia, especially those based in China, continue to remain bullish.

The Group is currently the leading PCB drilling and routing service provider in terms of capacity and technology in Singapore and in Eastern China. As at 30 September 2007, the Group has 309 CNC drilling machines, 16 laser drilling machines and 60 routing machines. Included in the Group's machines currently are 139 drilling machines capable of drilling at speeds of 200,000 rpm, which can achieve higher accuracy for micro vias, particularly for hole-sizes of 0.2mm and below.

In China, its manufacturing facilities are located in the Suzhou, Kunshan and Wuxi regions of the Jiangsu province. As the Group serves the leading PCB manufacturers in Eastern China, it is well positioned to benefit from any additional capacity requirements of the PCB manufacturers based in those areas. China is now the Group's largest manufacturing base in terms of sales, capacity and customer base and it accounted for 79% and 72% of revenue in the manufacturing service division in 3Q2007 and 9M2007 respectively.

The PCB business of the Group is dependent on the overall electronics cycle and with improved outlook for 3Q2007, the Group is poised to meet any increase in demand for the products it distributes and the manufacturing services it provides.

IT

For the IT distribution business, the Group, through the M.Tech group, will continue to focus on the best-of-breed internet security products. The Group currently carries industry leading products from top IT security vendors, including Nokia, Check Point, RSA, TippingPoint and BlueCoat.

In addition to its current product business, the Group is also involved in providing certified IT training through M.Tech Training Centre Pte Ltd, which is authorised to conduct training for Nokia, Check Point, RSA and BlueCoat courses. In China, the Group is also an authorised training provider for Nokia 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.

The presence of the Group's IT business currently spans 17 cities in 8 countries. For growth, the Group will continue to promote its best-of-breed products and services and focus on building its business in India, as it continues to look out for opportunities for regional expansion.

Reliance on IT has been growing at home, in schools and at work and it has become a part of life in a growing number of teenagers and adults. Awareness of IT has been growing although IT maturity varies across markets. Governments around the region are also strong advocates of IT. With the higher reliance on IT comes the need for added security, whether to protect information, reputation or prevent disruption to work applications. In some countries such as US and Japan, the need for security, accuracy and reliability of the systems that manage and report financial data is mandated in legislation.

With the standards imposed by the corporations and/or by legislation, the needs for IT security are expected to grow. Also, as economies mature and awareness grows, an increasing amount of the total IT budget is expected to be incurred for IT security. These developments can only augur well for the Group.

COMMENTARY ON CURRENT YEAR PROSPECTS

Risk Factors

The Group is exposed to the cyclical nature and uncertainty of the electronics products sector. Any downturn in the electronics cycle will result in a cutback in outsourcing which will impact the Group negatively. Additionally, with the typically heavy capital investment required in the manufacturing service business, the Group will be adversely affected should there be a downturn in the electronics business due to the high fixed costs in this business.

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 debts closely as collection of accounts receivable generally takes longer in China.

The Group, with significant investment in China, 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 which the Group is operating in.

We are also exposed to foreign exchange risks as we mainly transact with our suppliers, vendors and customers in Singapore dollars, US dollars, Chinese renminbi, and to a lesser extent, European euro, Thailand baht, Malaysia ringgit, Indonesia rupiah, Philippines peso and Hong Kong dollars. The Company may, from time to time, enter into borrowing and foreign exchange arrangements as currency hedges.

In the area of IT distribution, the Group is subject to risk of reliance on a few key vendors, in respect of their channel strategies, as well as product roadmap. The Group is also exposed to the risks of inventory obsolescence in respect of 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 stock on a quarterly basis and will make provisions where necessary.

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 September 07		As at 31 Dec 06	
Secured	Unsecured	Secured	Unsecured
202,000	35,880,000	202,000	24,861,000

Amount repayable after one year

As at 30 September 07		As at 31 Dec 06	
Secured	Unsecured	Secured	Unsecured
888,000	14,110,000	1,052,000	17,443,000

Additional information and details of any collateral
The finance leases are secured on the Group's eight drilling machines.
Note: The unsecured amount as at 31 December 2006 includes convertible notes of USD1,500,000 (SGD equivalent: $2,382,000). The convertible notes were fully redeemed in 2007.

2. SHARE CAPITAL

Group	Authorised shares '000	Issued shares '000	Share capital $'000	Share premium $'000	Total share capital $'000
Balance at 1 January 07		**356,981**	**36,559**	**-**	**36,559**
Share issue pursuant to conversion of convertible notes	**-**	3,400	729	-	729
Balance at 30 September 2007	**-**	**360,381**	**37,288**	**-**	**37,288**
Balance at 1 January 06	600,000	356,381	17,819	17,785	35,604
Effects of Companies (Amendment) Act 2005	(600,000)	**-**	17,785	(17,785)	**-**
Share issue pursuant to conversion of convertible notes		**600**	120		**120**
Balance at 30 September 2006	**-**	**356,981**	**35,724**	**-**	**35,724**

NOTES TO THE FINANCIAL STATEMENTS

3. ACCOUNTING POLICIES

There are no substantial changes to the accounting policies applied from the accounting policies in the Group's most recently audited financial statements for the year ended 31 December 2006.

4. OTHER INFORMATION

The figures presented in the announcement have not been audited or reviewed by our auditors.

5. EARNINGS PER ORDINARY SHARE

Group	3 months ended		9 months ended	
	30-Sept-07	**30-Sept-06**	**30-Sept-07**	**30-Sept-06**
Earnings per share attributable to the equity holders of the Company during the period (expressed in cents per share)				
(i) Based on weighted average number of shares	1.62 cents	1.17 cents	2.49 cents	3.12 cents
- Weighted average number of shares ('000)	360,381	356,981	359,796	356,981
(ii) On fully diluted basis	1.62 cents	1.17 cents	2.49 cents	3.10 cents
- Adjusted weighted average number of shares ('000)	360,381	358,530	359,796	359,220

6. NET ASSET VALUE

	Group		Company	
	30-Sept-07	**31-Dec-06**	**30-Sept-07**	**31-Dec-06**
Net asset value per share based on existing issued share capital as at the respective period	19.70 cents	16.78 cents	15.17 cents	13.07 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 360,381,000 ordinary shares and 356,981,000 ordinary shares respectively.

7. DIVIDEND

(a) Current Financial Period Reported On

No dividend has been declared/ recommended for 3Q2007.

(b) Dividend for financial year ended 31 December 2006

Name of dividend	Summary of dividend proposed per share	Amount $'000	Payment date
Interim	Tax exempt (one-tier) dividend of 0.84 cents per ordinary share	2,994	31 August 2006

BY ORDER OF THE BOARD

Foo Suan Sai
Chairman and Chief Executive Officer
30 October 2007

CONFIRMATION BY THE BOARD

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 their knowledge, nothing has come to the attention of the board of directors of the Company which may render the 3Q2007 financial results to be false or misleading.

On behalf of the board of directors

Foo Suan Sai
Chairman and Chief Executive Officer
Singapore, 30 October 2007

Han Juat Hoon
Chief Operating Officer
Singapore, 30 October 2007