



## NEWS RELEASE

### **MEGACHEM'S NET PROFIT INCREASED 51.7% IN 1HFY2008, (EXCLUDING ONE-OFF GAIN IN 2007)**

- New record high in revenue for 1HFY2008 at S\$40.9 million
  - o Fourth consecutive half-yearly growth since 2H2006
- Gross profit margin up at 19.3%
- Continue to build on its global networks by deepening penetration into its key markets

S\$'million	1HFY2008	1HFY2007	Change
Revenue	40.9	34.5	+18.6%
Gross Profit	7.9	6.3	+25.5%
Net Profit Attributable to Equity Holders	1.5	1.4	+12.8%
Earnings per share (S\$ cents)	1.15	1.02	+12.7%

Singapore, *August 11, 2008* – Megachem Limited (“Megachem” or the “Group”), a global one-stop specialty chemical solutions provider, today reported a 51.7% increase in net profit attributable to equity holders (excluding a one-off gain recorded from the disposal of land in 2007) to S\$1.5 million for the half year ended June 30, 2008 (“1HFY2008”) on the back of a 18.6% increase in revenue to S\$40.9 million.

Said Mr Sidney Chew, Executive Chairman and Managing Director of Megachem, “The strong foundation we have laid over the last few years has buffered us well against escalating oil prices and the economic downturn. We are extremely delighted to have set a new record high in revenue for 1HFY2008. This represents our fourth consecutive half-yearly growth since 2H2006. Going forward, we will continue to

intensify our efforts to reposition ourselves as a global player and transform ourselves to an integrated solution partner.”

## **Performance Review**

The Group's Singapore operations continued its growth momentum with a 31.0% increase in revenue to S\$21.9 million in 1HFY2008. The increase in revenue was achieved as a result of fairly broad-based increase in sales to most segments in the Singapore market as well as a significant increase in sales to markets in Vietnam, Middle-east and Pakistan. Singapore operations accounted for 53.6% of total Group revenue,

Boosted by higher export sales, the Group's UK operations continued its expansion with a 7.2% increase in revenue to S\$7.0 million for 1HFY2008. The UK operations contributed to 17.2% of total Group revenue.

Rebounding from its negative growth, the Group's Malaysia operations registered growth of 6.2% to S\$6.6 million in 1HFY2008. Similarly, the Group's Indonesia operations grew 16.4% to S\$3.7 million during the period under review. The Group's Malaysia and Indonesia operations made up 16.2% and 9.1% of total Group revenue respectively.

The Group's China operations registered a 24.9% decline in revenue to S\$1.2 million for 1HFY2008 due to a shortage of materials for the construction industry as well as stiff competition. Conversely, revenue from the Group's Philippines operations registered a 121.2% increase in revenue to S\$0.4 million for 1HFY2008 as a result of a breakthrough in the food industry. Together, the Group's China and Philippines operations accounted for 3.9% of total Group revenue in 1HFY2008.

In line with higher revenue, Group gross profit increased by 25.5% to S\$7.9 million while gross profit margin increased to 19.3% during the period under review. Similarly, profit before tax also registered a 9.9% increase to S\$2.0 million in 1HFY2008.

## **Outlook**

In view of the challenging external environment, the Group will adopt a more cautious business approach with greater focus on profitability. The Group intends to pass on further increase in costs to its customers as it stays focused on strengthening relationships with its multi-national companies by providing them with uninterrupted supply in the midst of the tight market supply condition.

The Group is now better-positioned to grow its manufacturing business. It also plans to add more capacity to meet the increase in demand from potentially new customers for its custom-blending business.

“Having intensified efforts to reposition ourselves as a global player as well as an integrated solution partner, we will now continue to build on the network that we have established by deepening penetration into new markets. We are optimistic that our strategy will allow us to cope with challenges in the external environment and bring us long term growth,” concluded Mr Chew.

## **About Megachem Limited**

Established in 1988, MegaChem is today a global one-stop specialty chemical solutions provider. We provide integrated value-added services including, global distribution, contract manufacturing of specialty chemicals as well as proprietary chemical products manufacturing to meet our customers' requirements.

Our global distribution network today comprises Singapore, Malaysia, Indonesia, Thailand, the Philippines, China, Vietnam, India, Middle-east and the United Kingdom covering markets in ASEAN, South Asia, North Asia, Middle East, Europe, America and Australia markets.

We distribute over 1,000 different types and grades of specialty chemicals, with a wide range of applications to an established and diversified base of more than 1,500

industrial customers, comprising mostly well-known multinational companies. We serve a wide spectrum of industries including high-growth industries such as water treatment, oil and gas, construction, food, pharmaceuticals, polymers, coatings, electronics, rubber and plastics.

For more information, please visit [www.megachem.com.sg](http://www.megachem.com.sg)

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