

**VICPLAS INTERNATIONAL LTD
AND ITS SUBSIDIARIES**
(Registration No. 199805362R)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED**

31 JULY 2023

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VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 July 2023

	Group					
	S\$'000		%	S\$'000		%
	6 months ended 31 July 2023	6 months ended 31 July 2022	Increase/ (Decrease) 6 months ended	12 months ended 31 July 2023	12 months ended 31 July 2022	Increase/ (Decrease) 12 months ended
Note						
Revenue	62,803	67,562	(7.0)	129,216	130,808	(1.2)
Other income	2,872	3,206	(10.4)	4,425	5,875	(24.7)
Changes in inventories of finished goods and work-in-progress	(449)	441	nm	1,603	2,315	(30.8)
Raw materials and consumables used	(29,005)	(32,443)	(10.6)	(62,686)	(63,440)	(1.2)
Purchase of finished goods for resale	(728)	(469)	55.2	(1,294)	(853)	51.7
Employee benefits expense	(19,954)	(21,902)	(8.9)	(40,568)	(41,830)	(3.0)
Depreciation and amortisation expenses	(3,482)	(3,066)	13.6	(6,414)	(6,066)	5.7
Impairment loss on financial assets	(208)	(7)	2,871.4	(208)	(90)	131.1
Other operating expenses	(8,953)	(7,760)	15.4	(17,307)	(14,855)	16.5
Finance costs	(581)	(544)	6.8	(1,158)	(858)	35.0
Profit before tax	2,315	5,018	(53.9)	5,609	11,006	(49.0)
Income tax expense	(580)	(1,196)	(51.5)	(1,371)	(2,167)	(36.7)
Profit after tax	1,735	3,822	(54.6)	4,238	8,839	(52.1)
Other comprehensive loss, net of tax:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	(1,249)	(489)	155.4	(2,053)	(207)	891.8
Other comprehensive loss, net of tax	(1,249)	(489)	155.4	(2,053)	(207)	891.8
Total comprehensive income	486	3,333	(85.4)	2,185	8,632	(74.7)
<u>Other information</u>						
Adjusted EBITDA	7,282	8,718	(16.5)	14,662	18,299	(19.9)

Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation; and excludes unrealised foreign exchange.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
31 July 2023

	Note	Group		Company	
		31 July 2023	31 July 2022	31 July 2023	31 July 2022
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents		8,566	8,888	33	71
Trade receivables		24,875	33,589	-	-
Other receivables		2,306	3,070	5,119	33,032
Contract assets		13,803	7,749	-	-
Income tax receivable		517	323	-	-
Inventories		19,342	23,640	-	-
Total current assets		69,409	77,259	5,152	33,103
Non-current assets:					
Other receivables		132	-	23,013	-
Property, plant and equipment	11	39,074	40,806	-	-
Right-of-use assets		7,022	8,801	-	-
Joint venture		1,795	1,795	-	-
Intangible assets	10	1,537	1,539	-	-
Deferred tax assets		52	143	-	-
Subsidiaries		-	-	50,374	49,846
Total non-current assets		49,612	53,084	73,387	49,846
Total assets		119,021	130,343	78,539	82,949
LIABILITIES AND EQUITY					
Current liabilities:					
Bank borrowings	12	6,354	12,956	-	-
Contract liabilities		466	658	-	-
Trade payables		9,870	10,442	-	-
Other payables		8,957	8,881	1,388	4,322
Lease liabilities	13	1,320	1,311	-	-
Income tax payable		284	1,263	13	-
Total current liabilities		27,251	35,511	1,401	4,322
Non-current liabilities:					
Bank borrowings	12	4,148	6,393	-	-
Other payables		212	208	-	-
Lease liabilities	13	5,731	7,353	-	-
Deferred tax liabilities		3,121	2,566	-	-
Total non-current liabilities		13,212	16,520	-	-
Capital and reserves:					
Share capital	14	51,034	51,034	51,034	51,034
Treasury shares		(37)	(37)	(37)	(37)
Share option reserve		2,232	1,871	2,232	1,871
Currency translation reserve		(2,396)	(394)	-	-
Capital reserve		(169)	(169)	-	-
Statutory reserve		705	655	-	-
Revaluation reserve		2,965	2,965	-	-
Retained earnings		24,224	22,387	23,909	25,759
Total equity		78,558	78,312	77,138	78,627
Total liabilities and equity		119,021	130,343	78,539	82,949

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Capital reserve	Statutory reserve	Revaluation reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY 2023									
Group									
Balance at 1 August 2022	51,034	(37)	1,871	(394)	(169)	655	2,965	22,387	78,312
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	4,238	4,238
Other comprehensive loss for the period	-	-	-	(2,002)	-	(51)	-	-	(2,053)
Total	-	-	-	(2,002)	-	(51)	-	4,238	2,185
Transactions with owners, recognised directly in equity:									
Dividends	-	-	-	-	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	-	-	361	-	-	-	-	-	361
Transfer to statutory reserve	-	-	-	-	-	101	-	(101)	-
Total	-	-	361	-	-	101	-	(2,401)	(1,939)
Balance at 31 July 2023	51,034	(37)	2,232	(2,396)	(169)	705	2,965	24,224	78,558
FY 2022									
Group									
Balance at 1 August 2021	50,984	(37)	1,584	(187)	(169)	460	2,965	16,043	71,643
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	8,839	8,839
Other comprehensive loss for the period	-	-	-	(207)	-	-	-	-	(207)
Total	-	-	-	(207)	-	-	-	8,839	8,632
Transactions with owners, recognised directly in equity:									
Issue of share capital	50	-	-	-	-	-	-	-	50
Dividends	-	-	-	-	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	-	-	287	-	-	-	-	-	287
Transfer to statutory reserve	-	-	-	-	-	195	-	(195)	-
Total	50	-	287	-	-	195	-	(2,495)	(1,963)
Balance at 31 July 2022	51,034	(37)	1,871	(394)	(169)	655	2,965	22,387	78,312

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

		Share capital	Treasury shares	Share option reserve	Retained earnings	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY 2023						
Company						
Balance at 1 August 2022		51,034	(37)	1,871	25,759	78,627
Total comprehensive income for the period:						
Profit for the period		-	-	-	450	450
Transactions with owners, recognised directly in equity:						
Dividends	15	-	-	-	(2,300)	(2,300)
Recognition of share-based payment		-	-	361	-	361
Total		-	-	361	(2,300)	(1,939)
Balance at 31 July 2023		<u>51,034</u>	<u>(37)</u>	<u>2,232</u>	<u>23,909</u>	<u>77,138</u>
FY 2022						
Company						
Balance at 1 August 2022		50,984	(37)	1,584	27,545	80,076
Total comprehensive income for the period:						
Profit for the period		-	-	-	514	514
Transactions with owners, recognised directly in equity:						
Issue of share capital	14	50	-	-	-	50
Dividends	15	-	-	-	(2,300)	(2,300)
Recognition of share-based payment		-	-	287	-	287
Total		50	-	287	(2,300)	(1,963)
Balance at 31 July 2022		<u>51,034</u>	<u>(37)</u>	<u>1,871</u>	<u>25,759</u>	<u>78,627</u>

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000
Operating activities:		
Profit before income tax	5,609	11,006
Adjustments for:		
Impairment loss recognised on financial assets	208	90
Reversal for inventory obsolescence, net	(287)	(226)
Amortisation of intangible assets	57	75
Depreciation of property, plant and equipment	5,113	4,926
Depreciation of right-of-use assets	1,244	1,065
Gain on disposal of property, plant and equipment	(102)	(56)
Interest expense	1,158	858
Write off of property, plant and equipment	18	-
Share-based payment expenses	361	287
Foreign exchange loss	1,098	508
Operating cash flows before movements in working capital	14,477	18,533
Trade receivables	8,298	(5,671)
Other receivables	559	165
Inventories	3,138	(6,849)
Contract assets	(6,054)	1,714
Trade payables	82	1,458
Other payables	316	2,815
Contract liabilities	(192)	(332)
Cash generated from operations	20,624	11,833
Interest paid	(797)	(507)
Income taxes paid	(1,784)	(1,073)
Net cash from operating activities	18,043	10,253
Investing activities:		
Purchase of property, plant and equipment (see (a))	(5,430)	(12,323)
Deposit for purchase of property, plant and equipment	(23)	(165)
Proceeds on disposal of property, plant and equipment	248	72
Addition to intangible assets	(56)	(374)
Net cash used in investing activities	(5,261)	(12,790)

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000
Financing activities:		
Proceeds from bank borrowings	2,000	6,900
Repayment of bank borrowings	(10,847)	(1,184)
Repayment of lease liabilities	(1,617)	(1,836)
Proceeds from exercise of share options	-	50
Dividends paid	(2,300)	(2,300)
Net cash (used in) from financing activities	<u>(12,764)</u>	<u>1,630</u>
Net decrease in cash and cash equivalents	18	(907)
Cash and cash equivalents at beginning of year	8,888	9,869
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(340)	(74)
Cash and cash equivalents at end of year	<u>8,566</u>	<u>8,888</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>8,566</u>	<u>8,888</u>

Note (a):

During the year, the Group acquired property, plant and equipment with an aggregate cost of S\$5,408,000 (31 July 2022: S\$10,999,000) of which S\$380,000 (31 July 2022: S\$402,000) remain unpaid at year end. Cash payments of S\$5,430,000 (31 July 2022: S\$12,323,000) were made to purchase property, plant and equipment of which S\$402,000 (31 July 2022: S\$1,726,000) pertains to payment of prior year outstanding balance.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

The Company is incorporated and domiciled in Singapore whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at 31 July 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- a) Sale, developing, manufacturing and assembly of medical devices;
- b) Project design and engineering services; and
- c) Manufacturing, trading and distributing of pipes and pipe fittings.

2 Basis of Preparation

The condensed interim financial statements for the year ended 31 July 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 July 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

The Group has applied the same accounting policies and methods of computations for the current reporting period consistent with those of the most recent audited financial statement except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 August 2022.

The adoption of these new/revised accounting standards (including its consequential amendments) and interpretations does not result in changes to the Group's and Company's accounting policies and has no material effect on the full year announcement.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgement, estimates and assumptions that affect the actual application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.2 Use of judgements and estimates (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- (i) Impairment test of property, plant and equipment and goodwill used in Medical devices segment: key assumption underlying recoverable amounts
- (ii) Calculation of expected credit loss: forward-looking information that is based on assumptions for the future movement of different economic drivers and how these drivers will affect each others
- (iii) Allowances for inventories: write down of inventories to net realisable value and costing of inventories to be based on normal production capacity and unallocated fixed overheads should be expensed off
- (iv) Income tax: subject to numerous tax jurisdictions where judgement is involved in determining the Group-wide provision for income taxes
- (v) Impairment of investments in subsidiaries: reviews the investments in the subsidiaries periodically with the view of assessing whether there is any indication of impairment.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4 Segment information

For management purposes, the Group is currently organised into two main business activities. The business activities are the basis on which the Group reports to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The two main business activities are as follows:

- (a) Medical devices segment - Manufacturing and developing medical devices.
- (b) Pipes and pipe fittings segment - Manufacturing, trading and distributing of pipes and pipe fittings.

Segmented revenue and results for business or geographical segments of the Group in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year.

4.1 Reportable segments

	Medical devices		Pipes & pipe fittings		Eliminations		Total	
	12 months ended 31 July 2023	12 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue								
External sales	90,558	92,601	38,658	38,207	-	-	129,216	130,808
Results								
Segment result	3,401	10,229	7,199	4,503	(998)	(676)	9,602	14,056
Unallocated expenses							(2,835)	(2,192)
Interest expense	(779)	(404)	(396)	(465)	17	11	(1,158)	(858)
Profit before income tax							5,609	11,006
Income tax expense							(1,371)	(2,167)
Profit for the year							4,238	8,839
Other information								
Capital expenditure	4,440	9,229	968	1,770	-	-	5,408	10,999
Depreciation and amortisation	4,510	4,138	1,904	1,928	-	-	6,414	6,066
Balance Sheet								
Assets								
Segment assets	82,527	91,742	36,443	38,517	-	-	118,970	130,259
Unallocated corporate assets							51	84
Consolidated total assets							119,021	130,343
Liabilities								
Segment liabilities	26,199	29,461	12,862	21,465	-	-	39,061	50,926
Unallocated corporate liabilities							1,402	1,105
Consolidated total liabilities							40,463	52,031

Geographical segments

	Revenue		Segment Assets		Capital Expenditure	
	12 months ended 31 July 2023	12 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	120,337	123,930	58,342	68,302	1,051	891
Malaysia	3,118	2,637	5,725	4,818	364	1,085
China	953	507	51,158	54,099	3,790	8,890
United Kingdom	4,808	3,734	3,796	3,124	203	133
	129,216	130,808	119,021	130,343	5,408	10,999

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4 Segment information (cont'd)

4.1 Reportable segments (cont'd)

	Medical devices		Pipes & pipe fittings		Eliminations		Total	
	6 months ended 31 July 2023	6 months ended 31 July 2022	6 months ended 31 July 2023	6 months ended 31 July 2022	6 months ended 31 July 2023	6 months ended 31 July 2022	6 months ended 31 July 2023	6 months ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue								
External sales	43,190	47,632	19,613	19,930	-	-	62,803	67,562
Results								
Segment result	844	4,531	4,064	2,725	(613)	(475)	4,295	6,781
Unallocated expenses							(1,399)	(1,218)
Interest expense	(396)	(383)	(200)	(196)	15	11	(581)	(545)
Profit before income tax							2,315	5,018
Income tax expense							(580)	(1,196)
Profit for the year							1,735	3,822
Other information								
Capital expenditure	1,113	5,548	594	1,629	-	-	1,707	7,177
Depreciation and amortisation	2,541	1,994	941	1,072	-	-	3,482	3,066
Balance Sheet								
Assets								
Segment assets	82,527	91,742	36,443	38,517	-	-	118,970	130,259
Unallocated corporate assets							51	84
Consolidated total assets							119,021	130,343
Liabilities								
Segment liabilities	26,199	29,461	12,862	21,465	-	-	39,061	50,926
Unallocated corporate liabilities							1,402	1,105
Consolidated total liabilities							40,463	52,031

Geographical segments

	Revenue		Segment Assets		Capital Expenditure	
	6 months ended 31 July 2023	6 months ended 31 July 2022	6 months ended 31 July 2023	6 months ended 31 July 2022	6 months ended 31 July 2023	6 months ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	58,449	64,035	58,342	68,302	416	385
Malaysia	1,676	1,335	5,725	4,818	337	1,042
China	480	433	51,158	54,099	803	5,747
United Kingdom	2,198	1,759	3,796	3,124	151	3
	62,803	67,562	119,021	130,343	1,707	7,177

4.2 Disaggregation of revenue

	6 months ended 31 July 2023	6 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue - Sales of goods				
Medical devices segment	43,190	47,632	90,558	92,601
Pipes and pipe fittings segment	19,613	19,930	38,658	38,207
	62,803	67,562	129,216	130,808
Timing of revenue recognition				
At a point in time:				
Medical devices segment	6,363	4,348	12,826	10,287
Pipes and pipe fittings segment	19,613	19,930	38,658	38,207
	25,976	24,278	51,484	48,494
Over time:				
Medical devices segment	36,827	43,284	77,732	82,314
	62,803	67,562	129,216	130,808

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4.3 A breakdown of sales

	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000
Sales reported for first half	66,413	63,246
Sales reported for second half	62,803	67,562
	<u>129,216</u>	<u>130,808</u>
Profit after tax reported for first half	2,503	5,017
Profit after tax reported for second half	1,735	3,822
	<u>4,238</u>	<u>8,839</u>

5 Profit before tax

Profit before tax has been arrived at after (crediting)/charging:

	6 months ended 31 July 2023	6 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Income from tooling, mould and maintenance services	1,016	2,453	1,823	4,011
Foreign exchange				
- realised foreign exchange gain (loss), net	249	120	(146)	328
- unrealised foreign exchange loss, net	(853)	(90)	(1,481)	(369)
Government grant	44	69	58	120
Advertisement and marketing expenses	(295)	(338)	(703)	(647)
(Write back of) Inventories written down to net realisable value, net	287	(20)	287	226
Factory consumables	(244)	(417)	(653)	(774)
Laboratory and testing	(159)	(163)	(360)	(372)
Professional fees	(503)	(490)	(949)	(901)
Repair and maintenance	(849)	(634)	(1,626)	(1,462)
Sterilisation and decontamination	(84)	(65)	(120)	(103)
Tooling expenses	(792)	(557)	(1,112)	(1,030)
Transportation and freight	(508)	(486)	(929)	(921)
Travelling and entertainment	(203)	(139)	(361)	(186)
Water and electricity	(1,671)	(1,784)	(3,186)	(3,403)

6 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 31 July 2023	6 months ended 31 July 2022	12 months ended 31 July 2023	12 months ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax	136	(952)	(489)	(1,545)
Adjustment in respect of taxation in prior year	(12)	-	(154)	-
Deferred tax	(681)	(220)	(681)	(570)
Withholding tax *	(23)	(24)	(47)	(52)
Total	<u>(580)</u>	<u>(1,196)</u>	<u>(1,371)</u>	<u>(2,167)</u>

* Withholding tax arises from interests and rental charges to subsidiaries.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

7 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 July 2023 and 31 July 2022:

	Group		Company	
	31 July 2023	31 July 2022	31 July 2023	31 July 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents), at amortised cost:				
- Cash and cash equivalents	8,566	8,888	33	71
- Trade receivables	24,875	33,589	-	-
- Other receivables (excluding prepayments and VAT input)	1,163	1,689	28,132	33,032
At amortised cost	<u>34,604</u>	<u>44,166</u>	<u>28,165</u>	<u>33,103</u>
Financial liabilities				
Amortised cost:				
- Bank borrowings	10,502	19,349	-	-
- Trade payables	9,870	10,442	-	-
- Other payables	8,575	8,349	1,388	4,322
At amortised cost	<u>28,947</u>	<u>38,140</u>	<u>1,388</u>	<u>4,322</u>
Lease liabilities	<u>7,051</u>	<u>8,664</u>	<u>-</u>	<u>-</u>

8 Holding company and related party transactions

The Company is a subsidiary of Venner Capital S.A., incorporated in the Republic of Panama, which is also its ultimate holding company. Mrs. Jane Rose Philomene Gaines-Cooper is a protector of Bird Island Trust ("BIT"), a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand AG, a trust company based in Liechtenstein. Since 5 December 2019, she was named as the sole appointed beneficiary of the BIT by a deed of appointment. Mrs. Jane Rose Philomene Gaines-Cooper is deemed to be interested in the shares of Venner owned by BIT.

Some of the Company's transactions and arrangements are with the subsidiaries in the Group and of the ultimate holding company and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are therefore not disclosed in this note.

During the year, Group entities entered into the following transactions with group companies of the ultimate holding company:

	Group	
	31 July 2023	31 July 2022
	S\$'000	S\$'000
Sale of goods	819	1,255
Rental income	64	72
Miscellaneous income	259	-
	<u>1,142</u>	<u>1,327</u>

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Venner Capital S.A. and subsidiaries and related parties	Venner Capital S.A. is a controlling shareholder of the Company	125	819

9 Related party transaction

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entities entered into the following transactions with related parties as follows:

Entity in which a director is a partner	Group	
	31 July 2023	31 July 2022
	S\$'000	S\$'000
Legal fees expense	(120)	(146)

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

10 Intangible assets

	Group						
12 months ended 31 July 2023	Intellectual properties	Development costs	Customer relationships	Development rights	Software	Goodwill	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost							
At 1 August 2022	413	623	2,775	800	233	1,084	5,928
Additions	-	-	-	-	56	-	56
Written-off	-	(289)	(2,775)	(800)	-	-	(3,864)
At 31 July 2023	413	334	-	-	289	1,084	2,120
Accumulated amortisation:							
At 1 August 2022	413	-	1,097	253	113	-	1,876
Amortisation charge	-	-	-	-	57	-	57
Written-off	-	-	(1,097)	(253)	-	-	(1,350)
At 31 July 2023	413	-	-	-	170	-	583
Impairment:							
At 1 August 2022	-	289	1,677	547	-	-	2,513
Written-off	-	(289)	(1,677)	(547)	-	-	(2,513)
At 31 July 2023	-	-	-	-	-	-	-
Carrying amount:							
At 31 July 2022	-	334	1	-	120	1,084	1,539
At 31 July 2023	-	334	-	-	119	1,084	1,537

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

10 Intangible assets (cont'd)

6 months ended 31 July 2023	Group						Total S\$'000
	Intellectual properties S\$'000	Development costs S\$'000	Customer relationships S\$'000	Development rights S\$'000	Software S\$'000	Goodwill S\$'000	
Cost							
At 1 February 2023	413	623	2,775	800	287	1,084	5,982
Additions	-	-	-	-	2	-	2
Written-off	-	(289)	(2,775)	(800)	-	-	(3,864)
At 31 July 2023	413	334	-	-	289	1,084	2,120
Accumulated amortisation:							
At 1 February 2023	413	-	1,097	253	142	-	1,905
Amortisation charge	-	-	-	-	28	-	28
Written-off	-	-	(1,097)	(253)	-	-	(1,350)
At 31 July 2023	413	-	-	-	170	-	583
Impairment:							
At 1 February 2023	-	289	1,677	547	-	-	2,513
Written-off	-	(289)	(1,677)	(547)	-	-	(2,513)
At 31 July 2023	-	-	-	-	-	-	-
Carrying amount:							
At 1 February 2023	-	334	1	-	145	1,084	1,564
At 31 July 2023	-	334	-	-	119	1,084	1,537

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. During the six months ended 31 July 2023 and as at 31 July 2023, the Group is of the view that no impairment on goodwill is necessary.

The Group has written-off certain development costs, customer relationships and development rights as no future economic benefits are expected from the use of the assets.

11 Property, plant and equipment

During the twelve months ended 31 July 2023, the Group acquired assets amounting to S\$5,408,000 (31 July 2022: S\$10,999,000).

During the six months from 1 February 2023 to 31 July 2023, the Group acquired assets amounting to S\$1,707,000.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

12 Bank borrowings

Amount repayable in one year or less, or on demand

As at 31 July 2023		As at 31 July 2022	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,354	-	12,956	-

Amount repayable after one year

As at 31 July 2023		As at 31 July 2022	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,148	-	6,393	-

Details of any collateral

The Group's bank borrowings are secured by way of legal mortgages over its leasehold land property of carrying value of approximately S\$9,180,000 (31 July 2022: S\$9,689,000) and a corporate guarantee by the Company of S\$26,985,000 and US\$2,000,000 (31 July 2022: S\$26,985,000 and US\$2,000,000).

13 Lease liabilities

Amount repayable in one year or less, or on demand

Amount repayable after one year

As at 31 July 2023 S\$'000	As at 31 July 2022 S\$'000
1,320	1,311
5,731	7,353

14 Share capital

14.1 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 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 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.

Changes in share capital

	Number of shares			
	As at 31 July 2023		As at 31 July 2022	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	511,537,699	51,034	511,087,699	50,984
Issue of shares pursuant to the exercise of share options	-	-	450,000	50
Balance at the end of the financial period	511,537,699	51,034	511,537,699	51,034

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

14 Share capital (cont'd)

14.1 Outstanding share options

Grant date	Exercise price per share	Number of share options			Exercise period	
		As at 31 July 2022	Issued	Exercised		As at 31 July 2023
18 January 2016	S\$ 0.115	9,490,000	-	-	9,490,000	19 January 2017 to 18 January 2026
23 January 2017	0.108	7,900,000	-	-	7,900,000	24 January 2018 to 23 January 2027
11 January 2022	0.227	5,600,000	-	-	5,600,000	12 January 2023 to 11 January 2032
		22,990,000	-	-	22,990,000	

14.2 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 total number of issued shares excluding treasury shares:

	As at 31 July 2023	As at 31 July 2022
Number of issued shares	511,537,699	511,537,699
Treasury shares	461,000	461,000
Number of issued shares excluding treasury shares	511,076,699	511,076,699

14.3 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.

	As at 31 July 2023		As at 31 July 2022	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	461,000	37	461,000	37
Balance at the end of the financial period	461,000	37	461,000	37

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

15 Dividends

On 20 January 2023, a one-tier tax exempt final dividend of S\$0.0045 per share was paid (total dividend S\$2,300,000) in respect of FY2022.

Subsequent to 31 July 2023, the directors propose a one-tier tax exempt final dividend of S\$0.0045 per ordinary share in respect of the financial year ended 31 July 2023 for approval by shareholders at the Annual General Meeting. The proposed dividends are not accrued as a liability for the current financial year in accordance with SFRS(I) 1-10 - *Events After The Reporting Period*.

(a) Current financial period reported on

Any dividend recommend for the current financial period reported on?

Yes.

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	S\$0.0045 per ordinary share (one-tier tax exempt)
Tax Rate	N.A

The Directors recommend a final dividend of S\$0.0045 per ordinary share (FY2022: S\$0.0045 per ordinary share) (one-tier tax exempt) in respect of the financial year ended 31 July 2023 for approval by shareholders at the Annual General Meeting to be held on 28 November 2023.

The Board of Directors of Vicplas is recommending maintaining the same dividend rate as FY2022 after considering the uncertainties in the macro environment, inflationary pressures as well as the Group's working capital, cashflow and capital expenditure requirements. The Group continues to take all of these considerations into account in striving for a balance between rewarding shareholders and maintaining sufficient capital to grow the business.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

E. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

15 Dividends (cont'd)

(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
Dividend Type	Cash
Dividend Rate	S\$0.0045 per ordinary share (one-tier tax exempt)
Tax Rate	N.A

(c) Date payable 22 January 2024

(d) Books closure date 11 January 2024

If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

16 Net asset value

Net asset value for the issuer and Group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and the immediately preceding financial year.

Group

Net asset value per ordinary share

31 July 2023 (in cents)	31 July 2022 (in cents)
15.37	15.32

Company

Net asset value per ordinary share

31 July 2023 (in cents)	31 July 2022 (in cents)
15.09	15.38

The calculation of net asset value per ordinary share is based on 511,076,699 ordinary shares in issue excluding treasury shares as at 31 July 2023 (31 July 2022: 511,076,699 ordinary shares).

17 Earnings per share

Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on the profit after tax attributable to shareholders

(a) Based on weighted average number of ordinary shares in issue
- Weighted average number of shares

(b) On a fully diluted basis
- Adjusted weighted average number of shares

31 July 2023 (in cents)	31 July 2022 (in cents)
0.83	1.73
511,076,699	511,022,452
0.82	1.70
516,909,819	519,272,596

Other Information Required by Listing Rule Appendix 7.2

Other information

1 Review

The condensed consolidated statement of financial position of Vicplas International Ltd and its subsidiaries as at 31 July 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and certain explanatory notes have not been audited or reviewed.

2 A review of the performance of the Group to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following: -

(a) Any significant factors that affected the turnover, costs and earnings of the Group for the current period reported on, including (where applicable) seasonal or cyclical factors; and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current period reported on.

Income statement

Revenue for the Company and its subsidiaries (the "Group") decreased slightly to S\$129.2 million for the year ended 31 July 2023 ("FY2023") as compared to S\$130.8 million for the year ended 31 July 2022 ("FY2022") due to lower revenue from medical devices segment.

The revenue for the medical devices segment was S\$90.6 million in FY2023, a decrease of 2.2% from FY2022 due to reduced orders from certain customers as they rebalanced their post pandemic inventory levels in response to the gradual recovery of the global logistics situation. The pipes and pipe fittings segment recorded an increase of 1.2% in revenue to S\$38.7 million in FY2023 as construction activities in Singapore improved.

Other income decreased by 24.7% in FY2023 mainly due to the decrease in income from tooling, mould and maintenance services as compared to FY2022.

Raw materials and consumables used decreased by 1.2% due to the decrease in production activities.

Employee benefits expense (including salary) decreased by 3.0% due to decreased headcount and overtime, especially in the medical devices segment.

Impairment loss on financial assets of S\$0.2 million relates to loss allowances for expected credit losses on trade receivables.

Other operating expenses increased by 16.5% mainly due to costs associated with the first full year of operations at the new Changzhou plant extension, the costs related to the establishment of the planned new plant in Mexico as well as higher marketing and travelling costs from the Group taking steps to source for new business opportunities as markets reopened post pandemic. Foreign exchange loss of S\$1.6 million (majority of which was unrealised) in FY2023 was significantly higher as compared to the loss of S\$0.1 million in FY2022.

Finance costs increased by 35.0% to S\$1.2 million in FY2023 mainly due to the higher interest rate environment.

Income tax expense decreased by 36.7% in FY2023 due to lower profitability.

Overall, the Group recorded profit before tax of S\$5.6 million for FY2023, a decrease of 49.0% from S\$11.0 million in FY2022; and profit after tax of S\$4.2 million for FY2023, a decrease of 52.1% compared to S\$8.8 million for FY2022. The Group's adjusted EBITDA for FY2023 was S\$14.7 million, which was a smaller decrease in percentage terms of 19.9%, compared to S\$18.3 million for FY2022. The Group, in particular the medical devices segment, is continuing to invest intensively as it scales up its capabilities and global manufacturing footprint to meet both current and future customer demand.

(Note: Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation; and excludes unrealised foreign exchange.)

Statement of financial position

Trade receivables decreased mainly due to the improvement in collection as the gradual recovery in the global logistics situation resulted in lower trade receivables turnover days.

Contract assets increased due to higher inventories in production and post-production in the medical devices segment for contracts whereby the revenue is to be recognised over time as at 31 July 2023 as compared to 31 July 2022.

Inventories decreased mainly due to improvement in inventory turnover days especially in the medical devices segment as less buffer stock is required due to the gradual recovery in the global logistics situation.

Right-of-use assets and Lease liabilities (total of current and non-current) decreased mainly due to the depreciation of existing facilities (including the Changzhou plant extension which commenced in FY2023) and the corresponding amortisation of rental contracts for the facilities.

Total bank borrowings (current and non-current) decreased substantially due to repayments made.

Trade payables and other payables decreased mainly due to lower level of activities in the medical devices segment.

Cash flow

Net cash from operating activities for FY2023 increased to S\$18.0 million as compared to S\$10.3 million for FY2022 despite lower profit before income tax, as the cash inflow from the reduction in both trade receivables and inventory turnover days more than offset the cash outflow from the increase in contract assets.

Net cash used in investing activities decreased to S\$5.3 million in FY2023 mainly due to lower capital expenditure incurred as compared to FY2022 when the Changzhou plant extension was being undertaken and more plant and equipment were purchased for the medical devices segment.

Net cash used in financing activities amounted to S\$12.8 million for FY2023 due to substantial repayment of bank borrowings and lower proceeds from bank borrowings as compared to FY2022.

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

There was no forecast or prospect statement disclosed to shareholders previously.

4 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.

Medical devices segment

The medical devices segment recorded a respectable sales performance of S\$90.6 million, a slight decrease of 2.2% over FY2022, in the context of ongoing adjustments in certain customers' inventory level. FY2023 saw the review of internal supply chains by certain customers wanting to rightsize finished goods inventories that may have been ordered as safety stocks during the uncertain days of the Covid-19 pandemic. Consequently, orders to the medical devices segment in the second half of FY2023 were significantly impacted as compared to the same period last year. This reduced ordering situation is expected to continue until the customers' inventory levels have stabilised. The segment continued to face increased operating costs mainly due to the effects of rising supply chain costs and other disruptions caused by the pandemic, as well as higher costs associated with the re-commencement of post pandemic business development and marketing initiatives. FY2023 was also the first full year of the new expanded manufacturing facility in Changzhou and the bringing onboard of additional technical resources to meet current and future demand for new project commercialisations from our customers. The segment also recorded significant unrealised foreign exchange loss due to unfavorable currency movements mainly due to RMB against USD. These unrealised foreign exchange loss do not have an impact on the cashflow. Given these headwinds, the segmental result of S\$3.4 million was understandable but nonetheless disappointing with a decrease of S\$6.8 million over FY2022.

During FY2023 the segment has continued to focus on new capabilities as well as to develop an additional near shore USA manufacturing site in Mexico to improve its collaboration and offerings to its global customer base. The segment has also continued to prioritise efficiency improvements and cost reductions at all its manufacturing locations.

The current expectation for the medical devices segment is for its revenue and segmental result to be somewhat constrained during the period when the rightsizing of inventory in supply chains by its customers is still in progress and the new Mexico plant is being set up and operationalised. After this phase is completed, the segment will be well-positioned to further grow its global customer base in key medical devices markets such as USA, Europe and Japan as well as expand its capability to service new projects for the China market.

Pipes and pipe fittings segment

The pipes and pipe fittings segment concluded FY2023 with sales of S\$38.7 million (an increase of 1.2% over FY2022). While demand from the built environment in Singapore remains strong, some customers are expected to experience prolonged challenges exacerbated by the pandemic and the elevated cost environment in the construction industry. In FY2023, the segment prioritised prudent credit risk management which necessarily results in forgoing some sales from built environment projects due to credit risks assessments. The segment achieved a segmental result of S\$7.2 million, posting a 59.9% improvement over FY2022 due to lower material costs, extensive cost containment and efficiency improvement measures in its plants.

In FY2023, the segment focused on the pipeline of civil engineering projects with demand for infrastructure works in preparation of new residential and mega projects in Singapore. With a manufacturing presence in Singapore and a wide range of quality products certified with 4 Green Marks from the Singapore Green Building Council, the segment is well positioned to support its customers as the domestic construction industry continues its growth momentum. The segment will continue to focus on civil engineering projects as well as product expansion beyond the built environment. Whilst the segment expects higher revenue from the brightened industry outlook, it continues to face intensified competition, cost pressures and credit risk exposures.

(Note: The segmental result of the medical devices segment and pipes and pipe fittings segment are before corporate, interest and tax expenses as set out in Note 4 of the Condensed Interim Financial Statements.)

Group

The Group recorded a revenue of S\$129.2 million which was a decrease of 1.2% over FY2022, and a profit after tax of S\$4.2 million which was a decrease of 52.1% compared to FY2022 due to the lower results of the medical devices segment (which was partially offset by higher results of the pipes and pipe fittings segment). The current expectation is for the Group's revenue growth to be somewhat constrained in the next reporting period as discussed in relation to the medical devices segment whilst the pipes and pipe fittings segment is expected to continue its gradual recovery. The Group also faces increasing operating costs due to inflationary pressures and higher development and expansion costs.

While the Group remains cautiously optimistic, it is keeping a vigilant watch on the challenges that may arise from the uncertainties in the wider macro environment and the ongoing inflationary and interest rate pressures. The Group will continue to exercise prudent cost management, while developing new business opportunities, and strengthening its base for future growth.

5 Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company has procured undertakings from all of its Directors and relevant Executive Officers (in the format set out in Rule 720(1) and appendix 7.7) in compliance with Listing Rule 720(1).

6 Notification pursuant to Rule 704(13) of the Listing Manual

Report of persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

Mr Walter Tarca's son is employed as a senior customer service executive by a wholly-owned subsidiary of the Company.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Michael Tarca	33	Son of Mr Walter Tarca (Group Chief Executive Officer)	Senior customer service executive, since February 2022	Not applicable

BY ORDER OF THE BOARD

Walter Tarca
Group Chief Executive Officer
28 September 2023