

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED**

31 JANUARY 2024

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VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period ended 31 January 2024

		Group		
		S\$'000		%
		6 months ended 31 January 2024	6 months ended 31 January 2023	Increase/ (Decrease)
	Note			
Revenue		51,057	66,413	(23.1)
Other income		1,947	1,553	25.4
Changes in inventories of finished goods and work-in-progress		2,426	2,052	18.2
Raw materials and consumables used		(26,447)	(33,681)	(21.5)
Purchase of finished goods for resale		(1,006)	(566)	77.7
Employee benefits expense		(17,711)	(20,614)	(14.1)
Depreciation and amortisation expenses		(3,420)	(2,932)	16.6
Other operating expenses		(6,157)	(8,354)	(26.3)
Finance costs		(412)	(577)	(28.6)
Profit before tax	5	277	3,294	(91.6)
Income tax expense	6	(53)	(791)	(93.3)
Profit after tax		224	2,503	(91.1)
Other comprehensive income (loss), net of tax:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		132	(804)	nm
Other comprehensive income (loss), net of tax		132	(804)	nm
Total comprehensive income		356	1,699	(79.0)
Profit attributable to:				
Owners of the Company		224	2,503	(91.1)
Total comprehensive income attributable to:				
Owners of the Company		356	1,699	(79.0)
<u>Other information</u>				
Adjusted EBITDA		3,989	7,380	(45.9)

Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation; and excludes unrealised foreign exchange by adding back unrealised foreign exchange loss and deducting unrealised foreign exchange gain.

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

31 January 2024

	Note	Group		Company	
		31 January 2024 S\$'000	31 July 2023 S\$'000	31 January 2024 S\$'000	31 July 2023 S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents		4,460	8,566	233	33
Trade receivables		26,835	24,875	-	-
Other receivables		3,039	2,306	2,467	5,119
Contract assets		16,137	13,803	-	-
Income tax receivable		540	517	-	-
Inventories		15,917	19,342	-	-
Total current assets		66,928	69,409	2,700	5,152
Non-current assets:					
Other receivables		22	132	23,013	23,013
Property, plant and equipment	11	42,210	39,074	-	-
Right-of-use assets	10	14,046	7,022	-	-
Joint venture		1,795	1,795	-	-
Intangible assets		1,593	1,537	-	-
Deferred tax assets		52	52	-	-
Subsidiaries		-	-	50,417	50,374
Total non-current assets		59,718	49,612	73,430	73,387
Total assets		126,646	119,021	76,130	78,539
LIABILITIES AND EQUITY					
Current liabilities:					
Bank borrowings	12	13,390	6,354	-	-
Contract liabilities		441	466	-	-
Trade payables		9,326	9,870	-	-
Other payables		6,238	8,957	1,099	1,388
Lease liabilities	13	1,628	1,320	-	-
Income tax payable		222	284	4	13
Total current liabilities		31,245	27,251	1,103	1,401
Non-current liabilities:					
Bank borrowings	12	3,008	4,148	-	-
Other payables		211	212	-	-
Lease liabilities	13	12,489	5,731	-	-
Deferred tax liabilities		3,009	3,121	-	-
Total non-current liabilities		18,717	13,212	-	-
Capital and reserves:					
Share capital	14	51,034	51,034	51,034	51,034
Treasury shares		(37)	(37)	(37)	(37)
Share option reserve		2,293	2,232	2,293	2,232
Currency translation reserve		(2,264)	(2,396)	-	-
Capital reserve		(169)	(169)	-	-
Statutory reserve		730	705	-	-
Revaluation reserve		2,965	2,965	-	-
Retained earnings		22,132	24,224	21,737	23,909
Total equity		76,684	78,558	75,027	77,138
Total liabilities and equity		126,646	119,021	76,130	78,539

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

31 January 2024

	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Capital reserve	Statutory reserve	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY 2024									
Group									
Balance at 1 August 2023	51,034	(37)	2,232	(2,396)	(169)	705	2,965	24,224	78,558
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	224	224
Other comprehensive income for the period	-	-	-	132	-	9	-	-	141
Total	-	-	-	132	-	9	-	224	365
Transactions with owners, recognised directly in equity:									
Dividends	-	-	-	-	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	-	-	61	-	-	-	-	-	61
Transfer to statutory reserve	-	-	-	-	-	16	-	(16)	-
Total	-	-	61	-	-	16	-	(2,316)	(2,239)
Balance at 31 January 2024	<u>51,034</u>	<u>(37)</u>	<u>2,293</u>	<u>(2,264)</u>	<u>(169)</u>	<u>730</u>	<u>2,965</u>	<u>22,132</u>	<u>76,684</u>
FY 2023									
Group									
Balance at 1 August 2022	51,034	(37)	1,871	(394)	(169)	655.00	2,965	22,387	78,312
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	2,503	2,503
Other comprehensive loss for the period	-	-	-	(804)	-	-	-	-	(804)
Total	-	-	-	(804)	-	-	-	2,503	1,699
Transactions with owners, recognised directly in equity:									
Dividends	-	-	-	-	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	-	-	180	-	-	-	-	-	180
Total	-	-	180	-	-	-	-	(2,300)	(2,120)
Balance at 31 January 2023	<u>51,034</u>	<u>(37)</u>	<u>2,051</u>	<u>(1,198)</u>	<u>(169)</u>	<u>655</u>	<u>2,965</u>	<u>22,590</u>	<u>77,891</u>

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

31 January 2024

	Share capital	Treasury shares	Share option reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY 2024					
Company					
Balance at 1 August 2023	51,034	(37)	2,232	23,909	77,138
Total comprehensive income for the period:					
Profit for the period	-	-	-	128	128
Transactions with owners, recognised directly in equity:					
Dividends	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	15	-	61	-	61
Total	-	-	61	(2,300)	(2,239)
Balance at 31 January 2024	51,034	(37)	2,293	21,737	75,027
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	-	-	-	117	117
Transactions with owners, recognised directly in equity:					
Dividends	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	15	-	180	-	180
Total	-	-	180	(2,300)	(2,120)
Balance at 31 January 2023	51,034	(37)	2,051	23,576	76,624

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

31 January 2024

	Group	
	6 months ended 31 January 2024	6 months ended 31 January 2023
	S\$'000	S\$'000
Operating activities:		
Profit before income tax	277	3,294
Adjustments for:		
Reversal of allowance for inventory obsolescence	(37)	-
Amortisation of intangible assets	36	29
Depreciation of property, plant and equipment	2,706	2,359
Depreciation of right-of-use assets	678	544
Gain on disposal of property, plant and equipment	(6)	(1)
Interest expense	412	577
Write off of property, plant and equipment	-	3
Share-based payment expenses	61	180
Foreign exchange (gain) loss	(182)	808
Operating cash flows before movements in working capital	3,945	7,793
Trade receivables	(1,992)	3,367
Other receivables	(614)	(418)
Inventories	3,601	349
Contract assets	(2,334)	(1,099)
Trade payables	(581)	(1,801)
Other payables	(2,737)	(3,000)
Contract liabilities	(25)	57
Cash generated from operations	(737)	5,248
Interest paid	(207)	(379)
Income taxes paid	(243)	(1,436)
Net cash (used in) from operating activities	(1,187)	3,433
Investing activities:		
Purchase of property, plant and equipment (see (a))	(5,691)	(2,462)
Deposit for purchase of property, plant and equipment	-	(216)
Proceeds on disposal of property, plant and equipment	57	437
Addition to intangible assets	(92)	(54)
Net cash used in investing activities	(5,726)	(2,295)

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS****31 January 2024**

	Group	
	6 months ended 31 January 2024	6 months ended 31 January 2023
	S\$'000	S\$'000
Financing activities:		
Proceeds from bank borrowings	7,012	2,000
Repayment of bank borrowings	(1,116)	(2,240)
Repayment of lease liabilities	(791)	(711)
Dividends paid	(2,300)	(2,300)
Net cash from (used in) financing activities	<u>2,805</u>	<u>(3,251)</u>
Net decrease in cash and cash equivalents	(4,108)	(2,113)
Cash and cash equivalents at beginning of period	8,566	8,888
Effect of foreign exchange rate changes	2	(119)
Cash and cash equivalents at end of period	<u>4,460</u>	<u>6,656</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>4,460</u>	<u>6,656</u>

Note (a):

During the period, the Group acquired property, plant and equipment with an aggregate cost of S\$5,670,000 (31 January 2023: S\$3,701,000) of which S\$359,000 (31 January 2023: S\$1,641,000) remain unpaid at the end of the period. Cash payments of S\$5,691,000 (31 January 2023: S\$2,462,000) were made to purchase property, plant and equipment of which S\$380,000 (31 January 2023: S\$402,000) pertains to payment of prior period 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 and for the six month ended 31 January 2024 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 six months ended 31 January 2024 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 2023.

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 2023.

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 half 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 2023.

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 period.

4.1 Reportable segments

	Medical devices		Pipes & pipe fittings		Eliminations		Total	
	6 months ended 31 January 2024 S\$'000	6 months ended 31 January 2023 S\$'000	6 months ended 31 January 2024 S\$'000	6 months ended 31 January 2023 S\$'000	6 months ended 31 January 2024 S\$'000	6 months ended 31 January 2023 S\$'000	6 months ended 31 January 2024 S\$'000	6 months ended 31 January 2023 S\$'000
Revenue								
External sales	31,690	47,368	19,367	19,045	-	-	51,057	66,413
Results								
Segment result	(1,617)	2,557	4,097	3,135	(445)	(385)	2,035	5,307
Unallocated expenses							(1,346)	(1,436)
Interest expense	(311)	(383)	(112)	(196)	11	2	(412)	(577)
Profit before income tax							277	3,294
Income tax expense							(53)	(791)
Profit for the period							224	2,503
Other information								
Capital expenditure	4,954	3,327	716	374	-	-	5,670	3,701
Depreciation and amortisation	2,512	1,969	908	963	-	-	3,420	2,932
Balance Sheet								
Assets								
Segment assets	89,888	87,876	36,471	36,448	-	-	126,359	124,324
Unallocated corporate assets							287	345
Consolidated total assets							126,646	124,669
Liabilities								
Segment liabilities	32,074	27,771	16,786	18,027	-	-	48,860	45,798
Unallocated corporate liabilities							1,102	980
Consolidated total liabilities							49,962	46,778

Geographical segments

	Revenue		Segment Assets		Capital Expenditure	
	6 months ended 31 January 2024 S\$'000	6 months ended 31 January 2023 S\$'000	6 months ended 31 January 2024 S\$'000	6 months ended 31 January 2023 S\$'000	6 months ended 31 January 2024 S\$'000	6 months ended 31 January 2023 S\$'000
Singapore	45,646	61,888	69,551	60,817	4,711	635
Malaysia	2,004	1,442	5,681	5,582	167	27
China	789	473	47,678	55,086	738	2,987
United Kingdom	2,618	2,610	3,736	3,184	54	52
	51,057	66,413	126,646	124,669	5,670	3,701

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

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

4 Segment information (cont'd)

4.2 Disaggregation of revenue

	6 months ended 31 January 2024	6 months ended 31 January 2023
	S\$'000	S\$'000
<u>Segment revenue - Sales of goods</u>		
Medical devices segment	31,690	47,368
Pipes and pipe fittings segment	19,367	19,045
	<u>51,057</u>	<u>66,413</u>
<u>Timing of revenue recognition</u>		
At a point in time:		
Medical devices segment	6,513	6,463
Pipes and pipe fittings segment	19,367	19,045
	<u>25,880</u>	<u>25,508</u>
Over time:		
Medical devices segment	25,177	40,905
	<u>51,057</u>	<u>66,413</u>

5 Profit for the period

Profit for the period has been arrived at after crediting/(charging):

	6 months ended 31 January 2024	6 months ended 31 January 2023
	S\$'000	S\$'000
Income from tooling, mould and maintenance services	1,326	807
Foreign exchange		
- realised foreign exchange gain (loss) , net	896	(395)
- unrealised foreign exchange gain (loss), net	120	(628)
Government grant	26	14
Advertisement and marketing expenses	(263)	(408)
Reversal of allowance for inventory obsolescence	37	-
Factory consumables	(247)	(409)
Laboratory and testing	(138)	(201)
Professional fees	(504)	(446)
Repair and maintenance	(535)	(777)
Sterilisation and decontamination	(21)	(36)
Tooling expenses	(206)	(320)
Transportation and freight	(472)	(421)
Travelling and entertainment	(234)	(158)
Water and electricity	(1,711)	(1,515)

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 January 2024	6 months ended 31 January 2023
	S\$'000	S\$'000
<u>Current tax:</u>		
Current tax expense	(177)	(625)
Adjustment in respect of prior period	-	(142)
<u>Deferred tax:</u>		
Deferred tax expense relating to the origination and reversal of temporary difference	143	3
Adjustment in respect of prior years	5	(3)
Withholding tax *	(24)	(24)
Total	<u>(53)</u>	<u>(791)</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 January 2024 and 31 July 2023:

	Group		Company	
	31 January 2024	31 July 2023	31 January 2024	31 July 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents), at amortised cost:				
- Cash and cash equivalents	4,460	8,566	233	33
- Trade receivables	26,835	24,875	-	-
- Other receivables (excluding prepayments and VAT input)	1,536	1,317	25,480	28,114
At amortised cost	<u>32,831</u>	<u>34,758</u>	<u>25,713</u>	<u>28,147</u>
Financial liabilities				
Amortised cost:				
- Bank borrowings	16,398	10,502	-	-
- Trade payables	9,326	9,870	-	-
- Other payables	6,449	8,575	1,099	1,257
At amortised cost	<u>32,173</u>	<u>28,947</u>	<u>1,099</u>	<u>1,257</u>
Lease liabilities	<u>14,117</u>	<u>7,051</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 December 5, 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 period, Group entities entered into the following transactions with group companies of the ultimate holding company:

	Group	
	31 January 2024	31 January 2023
	S\$'000	S\$'000
Sale of goods	375	428
Rental income	20	36
	<u>395</u>	<u>464</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
Subsidiaries and associates of Venner Capital S.A.	Venner Capital S.A. is a controlling shareholder of the Company	-	375

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

	Group	
	31 January 2024	31 January 2023
	S\$'000	S\$'000
<u>Entity in which a director is a partner</u>		
Legal fees expense	(55)	(120)

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

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

10 Right-of-use assets

	Land	Factory space	Motor vehicle	Total
	S\$'000	S\$'000	S\$	S\$'000
Cost:				
At 1 August 2023	3,568	5,313	375	9,256
Addition	-	7,562	150	7,712
Reclassification to property, plant and equipment	-	(39)	-	(39)
Currency re-alignment	-	38	-	38
Derecognised	-	(33)	-	(33)
At 31 January 2024	<u>3,568</u>	<u>12,841</u>	<u>525</u>	<u>16,934</u>
Accumulated depreciation:				
At 1 August 2023	384	1,741	109	2,234
Depreciation for the period	52	603	24	679
Derecognised	-	(33)	-	(33)
Reclassification	-	-	-	-
Currency re-alignment	-	8	-	8
At 31 January 2024	<u>436</u>	<u>2,319</u>	<u>133</u>	<u>2,888</u>
Carrying amount:				
At 31 January 2024	<u>3,132</u>	<u>10,522</u>	<u>392</u>	<u>14,046</u>
At 31 July 2023	<u>3,184</u>	<u>3,572</u>	<u>266</u>	<u>7,022</u>

11 Property, plant and equipment

During the six months ended 31 January 2024, the Group acquired assets amounting to S\$5,670,000 (31 January 2023: S\$3,701,000).

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 January 2024		As at 31 July 2023	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
13,390	-	6,354	-

Amount repayable after one year

As at 31 January 2024		As at 31 July 2023	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,008	-	4,148	-

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\$8,928,000 (31 July 2023: S\$9,180,000) and corporate guarantee by the Company of S\$26,985,000 and US\$2,000,000 (31 July 2023: 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 January 2024 S\$'000	As at 31 July 2023 S\$'000
1,628	1,320
12,489	5,731

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 January 2024		As at 31 January 2023	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	511,537,699	51,034	511,537,699	51,034
Issue of shares pursuant to the exercise of share options	-	-	-	-
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 January 2023	Issued	Exercised	As at 31 July 2023	Issued	Exercised		As at 31 January 2024
18 January 2016	S\$ 0.115	9,490,000	-	-	9,490,000	-	-	9,490,000	19 January 2017 to 18 January 2026
23 January 2017	0.108	7,900,000	-	-	7,900,000	-	-	7,900,000	24 January 2018 to 23 January 2027
11 January 2022	0.227	5,600,000	-	-	5,600,000	-	-	5,600,000	12 January 2023 to 11 January 2032
		22,990,000		-	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 January 2024	As at 31 July 2023
Number of issued shares	511,537,699	511,537,699
Treasury shares	461,000	461,000
Number of issued shares excluding treasury	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 January 2024		As at 31 July 2023	
	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

(a) Current financial period reported on

Any dividend recommend for the current financial period reported on?

No dividend was declared or recommended for the current period reported on.

In order to provide greater flexibility for managing the Group's capital needs throughout the year, dividend will be determined and declared at year end rather than half yearly. This flexibility will also place the Group in a stronger position to manage uncertainties in the macro environment as well as the Group's working capital, cashflow and capital expenditure requirements.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial period?

No dividend was declared or recommended for the corresponding period of the immediately preceding financial period.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Please refer to paragraph 15(a).

VICPLAS INTERNATIONAL LTD AND ITS SUBSIDIARIES

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

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 January 2024 (in cents)	31 July 2023 (in cents)
15.00	15.37

Company

Net asset value per ordinary share

31 January 2024 (in cents)	31 July 2023 (in cents)
14.68	15.09

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 January 2024 (31 July 2023: 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 January 2024 (in cents)	31 January 2023 (in cents)
0.04	0.49
511,076,699	511,076,699
0.04	0.48
513,708,552	519,300,574

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 January 2024 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 for the six-month period then ended 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 to S\$51.1 million for the six months ended 31 January 2024 ("1H FY2024") from S\$66.4 million for the six months ended 31 January 2023 ("1H FY2023") due to lower revenue from medical devices segment.

The revenue for medical devices segment was S\$31.7 million in 1H FY2024, a decrease of 33.1% from 1H FY2023 due to the reduction in orders from certain customers as they continued to rebalance 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 1.7% from 1H FY2023 in revenue to S\$19.4 million in 1H FY2024 as construction activities in Singapore improved.

Other income increased by 25.4% in 1H FY2024 mainly due to the increase in income from tooling, mould and maintenance services as compared to 1H FY2023.

Raw materials and consumables used decreased by 21.5% due to the decrease in production activities.

Employee benefits expense (including salary) decreased by 14.1% due to decreased headcount and overtime.

Depreciation and amortisation expenses increased by 16.6% mainly due to the depreciation of Changzhou plant extension which commenced in January 2023 which led to six months of depreciation being recorded in 1H FY2024 as compared to one month of depreciation in 1H FY2023.

Other operating expenses decreased by 26.3% mainly due to foreign exchange gain of S\$1.0 million in 1H FY2024 as compared to foreign exchange loss of S\$1.0 million in 1H FY2023. The decrease is partly due to lower production activities that resulted in lower laboratory and testing costs, factory consumables and selling and marketing expenses.

Income tax expense decreased by 93.3% in 1H FY2024 due to lower profitability.

Overall, the Group recorded profit before tax of S\$0.3 million for 1H FY2024, a decrease of 91.6% from S\$3.3 million for 1H FY2023; and profit after tax of S\$0.2 million for 1H FY2024, a decrease of 91.1% as compared to S\$2.5 million for 1H FY2023. The Group's adjusted EBITDA for 1H FY2024 was S\$4.0 million, which was a smaller decrease in percentage terms of 45.9%, compared to S\$7.4 million for 1H FY2023. 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 by adding back unrealised foreign exchange loss and deducting unrealised foreign exchange gain.)

Statement of financial position

Trade receivables increased mainly due to slightly slower collection which in turn resulted in higher trade receivables turnover days.

Contract assets increased due to more devices in production and post-production in the medical devices segment for contracts whereby the revenue has been recognised over time as at 31 January 2024 as compared to 31 July 2023.

Inventories decreased mainly due to lower production activities coupled with less buffer stock required due to the gradual recovery in the global logistics situation.

Right-of-use assets and Lease liabilities (total of current and non-current) increased due to the establishment of the new plant in Juarez, Mexico, with the lease contract being signed in October 2023.

Total Bank borrowings (by aggregating current and non-current) increased to fund working capital and capital expenditure to support the new plant expansion in Juarez, Mexico.

Other payables decreased mainly due to payment of accruals, such as bonuses.

Other information (cont'd)

Cash flow

Net cash used in operating activities for 1H FY2024 was S\$1.2 million as compared to net cash from operating activities of S\$3.4 million for 1H FY2023 mainly due to lower profit before income tax and increase in working capital.

Net cash used in investing activities increased to S\$5.7 million in 1H FY2024 mainly due to higher capital expenditure incurred to support the new plant expansion in Juarez, Mexico.

Net cash from financing activities was S\$2.8 million in 1H FY2024 as compared to net cash used in financing activities of S\$3.3 million in 1H FY2023 due to higher proceeds from bank borrowings and lower repayment of bank borrowings.

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 sales in 1H FY2024 of S\$31.7 million, a decrease of 33.1% from 1H FY2023, due to continued adjustments by certain customers in their post pandemic inventory holdings. Financial year ended 31 July 2023 ("FY2023") saw the review of internal supply chains by certain customers wanting to right size 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 were significantly impacted starting in the second half of FY2023 and continuing into 1H FY2024. This reduced ordering situation is expected to continue until the customers' inventory levels have stabilised. The segment continued to face increased operating costs associated with the Changzhou plant extension, business development, marketing initiatives and startup costs associated with the new plant in Mexico. The plant in Juarez, Mexico has been handed over to the segment which is in the midst of constructing the internal fitout, including clean rooms. The segment also brought on board additional technical staff in China and Singapore in 1H FY2024 to meet future demand for new project commercialisations from its customers.

During 1H FY2024, the segment continued to focus on building up new capabilities as well as developing its new manufacturing site in Juarez, Mexico to improve its collaboration and offerings to its global customer base. The segment expects the Mexico plant to contribute to segment revenue by the second half of calendar year 2024. The segment has also continued to focus on efficiency improvements and cost reductions at all manufacturing locations.

The current expectation is for the revenue and segmental result of the medical devices segment to be constrained by the right sizing of inventory by its customers (which is still in progress) and the new Mexico plant 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 recorded sales of S\$19.4 million in 1H FY2024 posting a slight increase of 1.7% as compared to 1H FY2023. While the segment is expected to generate sales from increased public housing and infrastructure projects, it also expects to face challenges as some customers continue to experience difficulties exacerbated by the pandemic and the current elevated cost environment in the construction industry. The segment achieved a 1H FY2024 segmental result of S\$4.1 million, posting a 30.7% improvement as compared to 1H FY2023 due to cost and efficiency improvements in its manufacturing plants.

The segment focused on the pipeline of civil engineering projects driven by demand from infrastructure works, particularly for upcoming residential and mega projects in Singapore. Leveraging its manufacturing presence in Singapore coupled with its diverse range of high-quality products certified with 4 Green Marks from the Singapore Green Building Council, the segment is well positioned to support its customers' requirements. Additionally, the segment is broadening its product portfolio beyond the built environment. Although the segment expects to record sales from greater activity in the built environment, it continues to face intensified competition, cost pressures and credit risk exposures.

(Note: The segmental results 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 in 1H FY2024 a revenue of S\$51.1 million which was a decrease of 23.1% over 1H FY2023, and a profit after tax of S\$0.2 million which was a decrease of 91.1% as compared to 1H FY2023 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 positive path. The Group also faces increasing operating costs due to inflationary pressures and higher investment, 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 Negative confirmation on interim financial results under Rule 705(5) of the Listing Manual.

The Chairman of the Board and Chairman of the Audit Committee on behalf of the Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention which may render the unaudited consolidated half year financial results for the period ended 31 January 2024 to be false or misleading in any material respect.

6 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 Appendix 7.7 under Rule 720(1)) in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Walter Tarca
Group Chief Executive Officer

15 March 2024