

VICPLAS INTERNATIONAL LTD
(COMPANY REGISTRATION NO. 199805362R)
FULL-YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2019

1(a) An income statement for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	S\$'000		%
	31 Jul 2019	31 Jul 2018 (Restated*)	Increase/(Decrease)
Revenue	80,165	70,236	14.1
Other income	3,467	2,682	29.3
Changes in inventories of finished goods and work-in progress	(97)	400	nm
Raw materials and consumables used	(34,061)	(29,095)	17.1
Purchase of finished goods for resale	(2,060)	(2,476)	(16.8)
Employee benefits expense	(24,546)	(21,273)	15.4
Depreciation and amortisation expenses	(3,944)	(3,572)	10.4
Changes in fair value of investment property	-	482	nm
Other operating expenses	(14,605)	(14,987)	(2.5)
Finance costs	(341)	(147)	132.0
Profit before tax	3,978	2,250	76.8
Income tax credit	222	1,348	(83.5)
Profit after tax	4,200	3,598	16.7
Other comprehensive (loss) income, net of tax: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(88)	63	(239.7)
Other comprehensive (loss) income, net of tax	(88)	63	(239.7)
Total comprehensive income	4,112	3,661	12.3
Profit attributable to:			
Owners of the Company	4,236	3,620	17.0
Non-controlling interests	(36)	(22)	63.6
	4,200	3,598	16.7
Total comprehensive income attributable to:			
Owners of the Company	4,148	3,683	12.6
Non-controlling interests	(36)	(22)	63.6
	4,112	3,661	12.3

* The income statement for the year ended 31 July 2018 ("FY2018") have been restated to take into account the retrospective adjustments relating to Singapore Financial Reporting Standards (International) ("SFRS(I)") 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*. Please refer to Item 4 of this announcement.

1(b)(i) A statement of financial position for the issuer and Group together with a comparative statement as at the end of the immediately preceding financial year.

	Group			Company		
	31 Jul 2019 S\$'000	31 Jul 2018 S\$'000 (Restated*)	1 Aug 2017 S\$'000 (Restated*)	31 Jul 2019 S\$'000	31 Jul 2018 S\$'000	1 Aug 2017 S\$'000
ASSETS						
Current assets:						
Cash and cash equivalents	4,106	7,892	16,313	164	235	2,035
Trade receivables	24,452	18,448	18,498	-	-	-
Other receivables	2,617	2,116	2,567	36,750	38,148	37,047
Contact assets	4,947	4,008	2,208	-	-	-
Inventories	9,819	9,963	4,641	-	-	-
Total current assets	45,941	42,427	44,227	36,914	38,383	39,082
Non-current assets:						
Property, plant and equipment	23,885	20,166	17,488	-	-	-
Investment property	6,502	6,502	6,020	-	-	-
Joint venture	1,795	1,168	-	-	-	-
Intangible assets	1,162	1,201	1,181	-	-	-
Associate	239	-	-	-	-	-
Deferred tax assets	2,881	2,500	1,500	-	-	-
Subsidiaries	-	-	-	40,766	40,469	40,222
Total non-current assets	36,464	31,537	26,189	40,766	40,469	40,222
Total assets	82,405	73,964	70,416	77,680	78,852	79,304
LIABILITIES AND EQUITY						
Current liabilities:						
Bank borrowings	8,626	2,810	1,331	-	-	-
Trade payables	4,270	4,205	2,590	-	-	-
Other payables	6,318	5,979	5,202	1,432	1,547	1,294
Contract liabilities	757	285	205	-	-	-
Current portion of finance leases	225	172	254	-	-	-
Income tax payable	32	15	576	-	-	41
Total current liabilities	20,228	13,466	10,158	1,432	1,547	1,335
Non-current liabilities:						
Finance leases	113	142	314	-	-	-
Bank borrowings	-	-	15	-	-	-
Deferred tax liabilities	1,536	1,522	1,534	-	-	-
Total non-current liabilities	1,649	1,664	1,863	-	-	-
Capital and reserves:						
Share capital	50,407	50,407	50,053	50,407	50,407	50,053
Treasury shares	(37)	(37)	(37)	(37)	(37)	(37)
Share option reserve	1,480	1,372	1,169	1,480	1,372	1,169
Currency translation reserve	(1,038)	(950)	(1,013)	-	-	-
Revaluation reserve	2,965	2,965	2,965	-	-	-
Retained earnings	6,832	5,122	5,281	24,398	25,563	26,784
Equity attributable to owners of	60,609	58,879	58,418	76,248	77,305	77,969
Non-controlling interests	(81)	(45)	(23)	-	-	-
Total equity	60,528	58,834	58,395	76,248	77,305	77,969
Total liabilities and equity	82,405	73,964	70,416	77,680	78,852	79,304

* The statement of financial position as at 31 July 2018 and 1 August 2017 have been restated to take into account the retrospective adjustments relating to SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*. Please refer to Item 4 of this announcement.

Notes : -

1 Revenue comprises:

	31 Jul 2019 S\$'000	31 Jul 2018 S\$'000 (Restated)
Medical devices	45,046	31,927
Pipes and pipe fittings	35,119	38,309
Total	80,165	70,236

2 Other income comprises:

	31 Jul 2019 S\$'000	31 Jul 2018 S\$'000
Gain on disposal of property, plant and equipment	94	-
Interest income from outside parties	4	7
Income from tooling, mould and maintenance services	2,092	1,695
Miscellaneous income, net:		
-Outside parties	1,140	827
Rental income:		
-Subsidiaries of the ultimate holding company	72	72
-Outside parties	12	12
Government grant	53	69
Total	3,467	2,682

3 Other operating expenses comprises:

	31 Jul 2019 S\$'000	31 Jul 2018 S\$'000 (Restated)
Advertisement and marketing expenses	(1,053)	(1,019)
Allowance for doubtful trade receivables	(103)	(256)
Allowance for inventory obsolescence	(319)	(6)
Audit fees	(227)	(233)
Bad debts written off	(137)	-
Computer expenses	(65)	(97)
Factory consumables	(581)	(461)
Foreign exchange loss, net	(37)	(424)
Insurance	(515)	(467)
Inventories written down to net realisable value	(28)	(62)
Laboratory and testing	(244)	(162)
Loss on disposal of property, plant and equipment	-	(9)
Professional fees	(546)	(816)
Packaging materials	(416)	(450)
Property tax	(177)	(155)
Rental of premises and equipment	(1,151)	(1,327)
Repair and maintenance	(1,118)	(902)
Sterilisation and decontamination	(75)	(100)
Tooling expenses	(396)	(585)
Transportation and freight	(1,192)	(1,359)
Travelling and entertainment	(584)	(662)
Upkeep of factory premises	(449)	(515)
Upkeep of vehicles	(382)	(359)
Water and electricity	(2,083)	(2,201)
Others	(2,727)	(2,360)
Total	(14,605)	(14,987)

4 Income tax credit comprises:

	31 Jul 2019 S\$'000	31 Jul 2018 S\$'000
Current tax	(197)	(94)
Adjustment in respect of over provision of current tax in prior year	92	474
Deferred tax	367	1,012
Withholding tax	(40)	(44)
Income tax credit for the year	222	1,348

Withholding tax arises from interests and rental charges to subsidiaries.

5 nm – not meaningful

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 Jul 2019		As at 31 Jul 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,851	-	2,982	-

Amount repayable after one year

As at 31 Jul 2019		As at 31 Jul 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
113	-	142	-

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\$4,586,000 (31 July 2018: S\$4,856,000) and investment property S\$6,502,000 (31 July 2018: S\$6,502,000) and a corporate guarantee by the Company of S\$21,985,000 and US\$2,000,000 (31 July 2018: S\$15,985,000). The Group's obligations under finance leases are secured by the lessors' title to the leased assets with carrying value of approximately S\$465,000 (31 July 2018: S\$463,000).

1(c) A statement of cash flows for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	1 Aug 2018 to 31 Jul 2019 S\$'000	1 Aug 2017 to 31 Jul 2018 S\$'000 (Restated)
Operating activities:		
Profit before income tax	3,978	2,250
Adjustments for:		
Allowance for doubtful trade receivables	103	256
Allowance for inventory obsolescence	319	6
Bad debts written off	137	-
Inventories written down to net realisable value	28	62
Amortisation of intangible assets	39	33
Depreciation of property, plant and equipment	3,905	3,539
(Gain)/ Loss on disposal of property, plant and equipment	(94)	9
Change in fair value of investment property	-	(482)
Interest income	(4)	(7)
Interest expense	341	147
Share-based payment expenses	108	203
Operating cash flows before movements in working capital	<u>8,860</u>	<u>6,016</u>
Trade receivables	(6,269)	(148)
Other receivables	614	575
Contract assets	(939)	(1,800)
Inventories	(240)	(5,532)
Trade payables	83	1,622
Other payables	(52)	768
Contract liabilities	472	80
Cash generated from operations	<u>2,529</u>	<u>1,581</u>
Interest paid	(341)	(147)
Interest received	4	7
Income taxes paid	(126)	(225)
Net cash from operating activities	<u>2,066</u>	<u>1,216</u>
Investing activities:		
Purchase of property, plant and equipment (see (a))	(7,038)	(6,417)
Deposit placed for purchase of property, plant and equipment	(1,124)	(118)
Proceeds on disposal of property, plant and equipment	120	176
Addition to intangible asset	-	(53)
Investment in a joint venture	(627)	(1,168)
Investment in an associate	(239)	-
Net cash used in investing activities	<u>(8,908)</u>	<u>(7,580)</u>
Financing activities:		
Proceeds from bank borrowings (net)	5,816	1,464
Repayments of obligations under finance leases	(232)	(254)
Proceeds from exercise of share options	-	354
Dividend paid	(2,526)	(3,779)
Net cash from/ (used in) financing activities	<u>3,058</u>	<u>(2,215)</u>
Net decrease in cash and cash equivalents	(3,784)	(8,579)
Cash and cash equivalents at beginning of year	7,892	16,313
Effect of foreign exchange rate changes	(2)	158
Cash and cash equivalents at end of year	<u>4,106</u>	<u>7,892</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>4,106</u>	<u>7,892</u>

Note (a):

During the year, the Group acquired property, plant and equipment with an aggregate cost of S\$7,695,000 (31 July 2018: S\$6,426,000) of which S\$519,000 (31 July 2018: S\$117,000) was acquired and remain unpaid at year end and S\$255,000 (31 July 2018: nil) was acquired under finance lease. Cash payments of S\$7,038,000 (31 July 2018: S\$6,417,000) were made to purchase property, plant and equipment of which S\$117,000 (31 July 2018: S\$108,000) pertains to payment of prior year outstanding balance.

1(d)(i) A statement for the issuer and Group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY 2019									
Group									
Balance at 1 Aug 2018	50,407	(37)	1,372	(950)	2,965	4,071	57,828	(45)	57,783
Effects of changes in accounting policies	-	-	-	-	-	1,051	1,051	-	1,051
Balance at 1 Aug 2018 (Restated)	50,407	(37)	1,372	(950)	2,965	5,122	58,879	(45)	58,834
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	4,236	4,236	(36)	4,200
Other comprehensive loss for the year	-	-	-	(88)	-	-	(88)	-	(88)
Total	-	-	-	(88)	-	4,236	4,148	(36)	4,112
Transactions with owners, recognised directly in equity:									
Dividends	-	-	-	-	-	(2,526)	(2,526)	-	(2,526)
Recognition of share-based payment	-	-	108	-	-	-	108	-	108
Total	-	-	108	-	-	(2,526)	(2,418)	-	(2,418)
Balance at 31 Jul 2019	50,407	(37)	1,480	(1,038)	2,965	6,832	60,609	(81)	60,528
FY 2018									
Group									
Balance at 1 Aug 2017	50,053	(37)	1,169	(1,013)	2,965	4,900	58,037	(23)	58,014
Effects of changes in accounting policies	-	-	-	-	-	381	381	-	381
Balance at 1 Aug 2017 (Restated)	50,053	(37)	1,169	(1,013)	2,965	5,281	58,418	(23)	58,395
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	2,950	2,950	(22)	2,928
Effects of changes in accounting policies	-	-	-	-	-	670	670	-	670
Profit for the year (Restated)	-	-	-	-	-	3,620	3,620	(22)	3,598
Other comprehensive income for the year	-	-	-	63	-	-	63	-	63
Total	-	-	-	63	-	3,620	3,683	(22)	3,661
Transactions with owners, recognised directly in equity:									
Exercise of share options	354	-	-	-	-	-	354	-	354
Dividends	-	-	-	-	-	(3,779)	(3,779)	-	(3,779)
Recognition of share-based payment	-	-	203	-	-	-	203	-	203
Total	354	-	203	-	-	(3,779)	(3,222)	-	(3,222)
Balance at 31 Jul 2018	50,407	(37)	1,372	(950)	2,965	5,122	58,879	(45)	58,834
FY 2019									
Company									
Balance at 1 Aug 2018	50,407	(37)	1,372	-	-	25,563	77,305		
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	1,361	1,361		
Transactions with owners, recognised directly in equity:									
Dividends	-	-	-	-	-	(2,526)	(2,526)		
Recognition of share-based payment	-	-	108	-	-	-	108		
Total	-	-	108	-	-	(2,526)	(2,418)		
Balance at 31 Jul 2019	50,407	(37)	1,480	-	-	24,398	76,248		
FY 2018									
Company									
Balance at 1 Aug 2017	50,053	(37)	1,169	-	-	26,784	77,969		
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	2,558	2,558		
Transactions with owners, recognised directly in equity:									
Exercise of share options	354	-	-	-	-	-	354		
Dividends	-	-	-	-	-	(3,779)	(3,779)		
Recognition of share-based payment	-	-	203	-	-	-	203		
Total	354	-	203	-	-	(3,779)	(3,222)		
Balance at 31 Jul 2018	50,407	(37)	1,372	-	-	25,563	77,305		

1(d)(ii) 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 Jul 2019		As at 31 Jul 2018	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	505,677,699	50,407	501,427,699	50,053
Issue of shares pursuant to the exercise of share options	-	-	4,250,000	354
Balance at the end of the financial period	505,677,699	50,407	505,677,699	50,407

Outstanding share options

Grant date	Exercise price per share	Number of share options					Exercise period
		As at 31 Jul 2018	Issued	Forfeited	Exercised	As at 31 Jul 2019	
19 November 2014	S\$ 0.073	750,000	-	-	-	750,000	20 November 2015 to 19 November 2019
18 January 2016	0.115	2,500,000	-	-	-	2,500,000	19 January 2017 to 18 January 2021
18 January 2016	0.115	10,000,000	-	-	-	10,000,000	19 January 2017 to 18 January 2026
23 January 2017	0.108	13,000,000	-	(2,000,000)	-	11,000,000	24 January 2018 to 23 January 2022
		26,250,000	-	(2,000,000)	-	24,250,000	

1(d)(iii) 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 Jul 2019	As at 31 Jul 2018
Number of issued shares	505,677,699	505,677,699
Treasury shares	461,000	461,000
Number of issued shares excluding treasury shares	505,216,699	505,216,699

1(d)(iv) 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 Jul 2019		As at 31 Jul 2018	
	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.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretation that are equivalent to International Financial Reporting Standards as issued by the International Accounting Standards Board. SFRS(I) is the applicable financial reporting framework for the preparation and presentation of financial statements for Singapore incorporated companies listed on Singapore Exchange Securities Trading Limited.

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 as at 31 July 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 August 2018 as follows:

SFRS(I) 1	<i>First-time Adoption of Singapore Financial Reporting Standards (International)</i>
SFRS(I) 9	<i>Financial Instruments</i>
SFRS(I) 15	<i>Revenue from Contracts with Customers</i>

The results in this current announcement are not comparable to the results in previous announcements because of retrospective adjustments and restatement of comparative figures in this announcement.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

SFRS(I) requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to FRS financial statements. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any significant impact on the Group's financial statements.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for recognition, classification and measurement of financial assets, impairment of financial assets and hedge accounting from 1 January 2018. In relation to the impairment of financial assets, SFRS(I) 9 requires expected credit loss model and replaces the FRS39 incurred loss model. The Group adopts the simplified approach on all trade receivables. Please refer to the impact on the Group's financial statements arising from the adoption of SFRS(I) 9 in Item 5 below.

SFRS(I) 15 Revenue from Contracts with Customers

In the current year, the Group has applied SFRS(I) 15 which is effective for an annual period that begins on or after 1 January 2018. SFRS(I) 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios.

Previously all sales of inventories were recognised as revenue at a point in time when the Group transferred significant risks and rewards of ownership of the goods to the buyer. Under SFRS(I) 15, the Group is required to assess its contracts with customers to determine whether the revenue should be recognised over time or at a point in time. Under the terms of the contracts with certain customers, the Group is contractually restricted from redirecting the goods to another customer and has an enforceable right to payment for work done. Under the requirements of SFRS(I) 15, revenue from such contracts is now required to be recognised over time. Such revenue is recognised on commencement of the production of goods based on the proportion of contract costs incurred for work performed to date. Revenue from other contracts are recognised at a point in time when the Group's performance obligations under the contracts have been fulfilled, which generally coincides when the goods are delivered and control of such goods have been passed to the customers. Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. SFRS(I) 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'.

As a result of the application of SFRS(I) 15, a portion of the Group's revenue (which would have been recognised in FY2019 previously) had to be retrospectively adjusted to be recognised in FY2018 instead. The impact on revenue for each of the reporting period is dependent on the amount of inventories in production and post-production at the end of each reporting period for contracts whereby the revenue is to be recognised over time. As the level of such inventories was higher in FY2019 when compared to FY2018, the incremental revenue recognised in FY2019 was higher than the revenue adjusted retrospectively to FY2018. On a cumulative basis, higher revenue, profit after tax and retained earnings were recognised in FY2019. Please refer to the impact on the Group's financial statements arising from the adoption of SFRS(I) 15 in Item 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to the impact from the adoption of SFRS(I) 9 and SFRS(I) 15 from the computation below:

	As at 31 Jul 2019 S\$'000 Increase/ (Decrease)	As at 31 Jul 2018 S\$'000 Increase/ (Decrease)	As at 1 Aug 2017 S\$'000 Increase/ (Decrease)
<u>Statement of financial position</u>			
Trade receivables	(779)	(928)	(540)
Inventory	(2,305)	(2,029)	(1,287)
Contract assets	4,947	4,008	2,208
Total assets	1,863	1,051	381
Trade payables	(757)	(285)	(205)
Contract liabilities	757	285	205
Total liabilities	-	-	-
Net assets	1,863	1,051	381

	For the year ended 31 Jul 2019 S\$'000 Better/ (Worse)	For the year ended 31 Jul 2018 S\$'000 Better/ (Worse)
<u>Income statement</u>		
Revenue	1,168	1,563
Changes in inventories of finished goods and work-in progress	(278)	(742)
Other operating expenses	(80)	(151)
	810	670

6 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.

	31 Jul 2019 (in cents)	31 Jul 2018 (in cents) (Restated)
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	0.84	0.72
- Weighted average number of shares	505,216,699	503,261,904
(b) On a fully diluted basis	0.84	0.72
- Adjusted weighted average number of shares	505,322,385	503,897,034

7 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

	31 Jul 2019 (in cents)	31 Jul 2018 (in cents) (Restated)
Net asset value per ordinary share	11.98	11.65

Company

	31 Jul 2019 (in cents)	31 Jul 2018 (in cents)
Net asset value per ordinary share	15.09	15.30

The calculation of net asset value per ordinary share is based on 505,216,699 ordinary shares in issue excluding treasury shares as at 31 July 2019 (31 July 2018: 505,216,699 ordinary shares).

8 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") increased to S\$80.2 million for the year ended 31 July 2019 ("FY2019") as compared to S\$70.2 million for the year ended 31 July 2018 ("FY2018") driven by higher revenue from medical devices segment. The revenue for the medical devices segment was S\$45.0 million in FY2019, an increase of 41.1% from FY2018 due to increased orders from its customers. The pipes and pipe fittings segment recorded revenue of S\$35.1 million in FY2019, decreased by 8.3% from FY2018.

Other income was higher in FY2019 due to higher tools fabrication for customers' projects.

Raw materials and consumables used increased by 17.1% due to increased revenue in the medical devices segment and a margin squeeze in the pipes and pipe fittings segment. With the continued slow down in residential home projects in Singapore, the pipes and pipe fittings segment is facing price competition for its products.

Employee benefits expense were higher in FY2019 due to increased headcount and overtime in the medical devices segment to meet the higher revenue.

Other operating expenses decreased mainly due to lower foreign exchange loss and professional fees. The increase in other variable costs in the medical devices segment was offset by lower level of usage or activities in the pipes and pipe fittings segment, which resulted in an overall decrease in other operating expenses.

Income tax was a credit of S\$0.2 million in FY2019 mainly due to tax expense for the year being less than the recognition of deferred tax assets from unutilised tax losses in Forefront (Xiamen) Medical Devices Co., Ltd.

Overall, the Group recorded a net profit after tax of S\$4.2 million in FY2019 as compared to S\$3.6 million in FY2018.

Statement of financial position

Higher trade receivables were due to higher sales in the medical devices segment.

Other receivables increased due to deposit placed for the purchase of new plant and equipment predominantly in the medical devices segment.

Property, plant and equipment increased due to additions in the medical devices segment such as procuring of machines and automation equipment to support new projects and replacement of aging machines in the pipes and pipe fittings segment.

Joint venture increased due to the partial capital injection made to the joint venture in Cambodia under the pipes and pipe fittings segment.

Associate increased due to the investment made for a 20% stake in a company based in United Kingdom under the medical devices segment.

Deferred tax assets increased due to the recognition of deferred tax assets from unutilised tax losses in Forefront (Xiamen) Medical Devices Co., Ltd., partially offset by the de-recognition of deferred tax assets in Forefront Medical Technology (Jiangsu) Co., Ltd. as its tax losses are utilised.

Bank borrowings increased mainly due to a bank loan of S\$5.0 million for the medical devices segment to finance its business expansion.

Trade and other payables increased due primarily to higher level of activities in the medical devices segment.

Cash flow

Net cash from operating activities for FY2019 increased to S\$2.1 million from S\$1.2 million mainly due to higher profits and depreciation of property, plant and equipment which were offset partially by higher working capital requirement to support the increase in sales in the medical devices segment and longer collection cycle in the pipes and pipe fittings segment.

Net cash used in investing activities increased by S\$1.3 million in FY2019 mainly due to purchases of plant and machinery and deposit placed for purchase of plant and machinery in the medical devices segment.

Net cash from financing activities increased in FY2019 mainly due to the proceeds from bank borrowings.

Overall, the Group had a cash balance of S\$4.1 million as at 31 July 2019, a decrease of S\$3.8 million from the prior year.

9 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.

10 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 has made substantive progress in FY2019 and returned to profitability with positive segmental results of S\$2.8 million. It has further expanded its global customer base and commercialised new projects whilst continuing its strong focus on efficiency improvements in its manufacturing plants. The foundation for the medical devices segment is stronger than when it was last profitable in FY2013. Specifically, over the past years, the medical devices segment has developed a more diverse business that provides a wider and deeper range of services to its customers in order to sustain its efforts in capturing future growth opportunities. For a snapshot of the improvements made, please refer to Appendix A, Page 12.

The current expectation for the medical devices segment is for its positive momentum to continue with robust business development activities to further grow its customer base and revenue, coupled with planned improvements in product mix, plant efficiency and utilisation. Nonetheless, this optimism must be tempered by caution in the face of a macro environment of some uncertainty due to the current international trading conditions.

Pipes and pipe fittings segment

The residential homes segment of the construction industry in Singapore is expected to remain challenging. In view of the increased competition and lower demand in the residential homes segment, the pipes and pipe fittings segment will continue to focus on civil engineering projects in Singapore, regional growth and product expansion.

As announced, the segment's joint venture had acquired a piece of land in Cambodia for a new manufacturing facility. Due to the current challenging market conditions in Cambodia, the segment will not proceed with building the manufacturing facility and will continue to sell products through distribution while exploring alternative use for the land.

Group

The Group will continue to exercise prudent cost management while developing new business opportunities and strengthening the base for its future growth, though it may face challenges amidst uncertainties in the economy.

11 Dividend

(a) Current financial period reported on

Any dividend recommend for the current financial period reported on?

Yes.

Name of Dividend	Final (proposed)	Special (proposed)
Dividend Type	Cash	Cash
Dividend Rate	S\$0.005 per ordinary share (one-tier tax exempt)	S\$0.0025 per ordinary share (one-tier tax exempt)
Tax Rate	N.A	N.A
Book Closure Date	8 January 2020	1 July 2020
Date Payable	17 January 2020	10 July 2020

The Directors are pleased to propose a final dividend of S\$0.005 per ordinary share (one-tier tax exempt) and a special dividend of S\$0.0025 per ordinary share (one-tier tax exempt) in respect of the financial year ended 31 July 2019 for approval by shareholders at the Annual General Meeting to be held on 28 November 2019. The proposed dividends (final and special) amount to S\$0.0075 per ordinary share (one-tier tax exempt).

The Group's ability to maintain its track record of S\$0.0075 per ordinary share of total dividend per annum is dependent on its business performance and fundamentals as well as its capital requirements to support the business. A final dividend of S\$0.005 per ordinary share is recommended for FY2019 which is the same as FY2018. Separately, as the medical devices segment has returned to profitability after five years of negative segmental results, a special dividend of S\$0.0025 per ordinary share is recommended for FY2019. Hence, the total dividend recommended in respect of FY2019 is S\$0.0075 per ordinary share (which represents the fifth consecutive financial year in which the Group has maintained a total dividend per annum of S\$0.0075 per ordinary share).

Also, we have received feedback from shareholders that dividend payments twice a year is preferred. Therefore, it is further recommended that the special dividend of S\$0.0025 per ordinary share be paid in July 2020 separately from paying the final dividend of S\$0.005 per ordinary share in January 2020. By fixing and announcing the books closure dates and payment dates for both final and special dividends upfront, shareholders will have greater certainty regarding when the dividends will be received. Therefore, if and when both dividends are approved at the forthcoming annual general meeting, shareholders will benefit from knowing upfront their entitlements to dividend payments in 2020.

(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	Interim	Final
Dividend Type	Cash	Cash
Dividend Rate	S\$0.0025 per ordinary share (one-tier tax exempt)	S\$0.005 per ordinary share (one-tier tax exempt)
Tax Rate	N.A	N.A

(c) Date payable

Please refer to 11(a).

(d) Books closure date

Please refer to 11(a).

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

Not applicable.

13 Interested person transactions.

Name of interested person	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.	-	2,669

14 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.

	Medical devices		Pipes & pipe fittings		Eliminations		Total	
	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)				(Restated)
Revenue								
External sales	45,046	31,927	35,119	38,309	-	-	80,165	70,236
Results								
Segment result	2,811	(556)	3,920	5,864	(601)	(413)	6,130	4,895
Unallocated expenses							(1,815)	(2,505)
Interest expense	(184)	(31)	(157)	(116)	-	-	(341)	(147)
Interest income	-	-	4	7	-	-	4	7
Profit before income tax							3,978	2,250
Income tax credit							222	1,348
Profit for the year							4,200	3,598
Other information								
Capital expenditure	4,682	5,174	3,013	1,305	-	-	7,695	6,479
Depreciation and amortisation	2,031	1,670	1,913	1,902	-	-	3,944	3,572
Balance Sheet								
Assets								
Segment assets	45,624	34,669	36,596	39,040	-	-	82,220	73,709
Unallocated corporate assets							185	255
Consolidated total assets							82,405	73,964
Liabilities								
Segment liabilities	13,135	6,989	7,310	6,594	-	-	20,445	13,583
Unallocated corporate liabilities							1,432	1,547
Consolidated total liabilities							21,877	15,130

Geographical segments

	Revenue		Segment assets		Additions to property, plant and equipment	
	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)		
Singapore	75,262	63,688	48,088	42,373	1,991	1,226
Malaysia	3,917	3,741	4,172	4,364	1,204	161
China	986	2,807	30,145	27,227	4,500	5,092
	80,165	70,236	82,405	73,964	7,695	6,479

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

- 16 A breakdown of sales

	Group		
	31 Jul 2019 S\$'000	31 Jul 2018 S\$'000 (Restated)	Increase/ (Decrease) %
Sales reported for first half	37,098	35,316	5.0
Sales reported for second half	43,067	34,920	23.3
	80,165	70,236	14.1
Profit after tax reported for first half	310	1,445	(78.5)
Profit after tax reported for second half	3,890	2,153	80.7
	4,200	3,598	16.7

- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest full year S\$'000	Previous full year S\$'000
Ordinary shares	2,526	3,779

- 18 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).

- 19 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.

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
Mr Cheng Hsheng @ Zhong Zixian	42	Son of Mr Cheng Liang (Group Chief Executive Officer)	Group Operations Director with effect from 1 April 2016	Not applicable

BY ORDER OF THE BOARD

Cheng Liang
Group Chief Executive Officer
27 September 2019

The medical devices segment has evolved significantly since FY2013. Its focus is still 100% on the medical devices sector but rather than having most of its revenue derived from a single customer for a single family of products in a single medical industry segment, it now has a much broader range of customers in different locations and manufactures a much wider range of products from components to full medical devices for an increasing number of medical industry segments such as Airway Management, Respiratory, Endoscopy, Drug Delivery and Vascular. Also, the segment has shown substantial depth of experience and expertise that gives its global customers the confidence to place orders with it for the manufacturing of their medical devices.

Over the last six years (including FY2019) the segment has focused on improvements in the following areas:

- Building more and better capabilities to provide customers with the products, services and people needed to give them the right solutions, all under one roof
- Investing in automation to improve plant utilisation and efficiency
- Investing in training to build a highly proactive and experienced team with the right technical expertise and high engagement in the business
- Expanding into electro-mechanical design and manufacture
- Faster and more effective collaborative project commercialisation

Certainly, there will be challenges along the way. At this moment, the key challenge is the uncertainty arising from the ongoing trade tensions between the major economies. The segment continues to monitor this situation very closely and will expand its Singapore manufacturing operations to provide a greater range of manufacturing options to customers.

In summary, the medical devices segment has charted its clear and consistent direction for achieving growth over the long term. It will continue to improve capabilities and operational efficiency in order to be a strategic manufacturing partner to global product owners in the medical devices industry. Whether new business opportunities are found in more efficient manufacturing of an existing mature product or scaling up manufacturing of a new product design, the medical devices segment is poised to offer its customers the right solutions for their medical devices projects.