

VICPLAS INTERNATIONAL LTD  
(COMPANY REGISTRATION NO. 199805362R)  
HALF-YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 JANUARY 2015

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 Jan 2015	31 Jan 2014	Increase/(Decrease)
1	Revenue	37,599	30,076	25.0
2	Other income	467	426	9.6
3	Changes in inventories of finished goods and work-in progress	868	266	226.3
4	Raw materials and consumables used	(14,231)	(11,014)	29.2
5	Purchase of finished goods for resale	(2,943)	(2,370)	24.2
6	Employee benefit expenses	(9,666)	(9,000)	7.4
7	Depreciation and amortisation expenses	(1,783)	(1,711)	4.2
8	Other operating expenses	(7,493)	(7,689)	(2.5)
9	Finance cost	(1)	(1)	-
10	Profit (Loss) before income tax	2,817	(1,017)	nm
11	Income tax expense	(1,202)	(728)	65.1
12	Profit (Loss) for the period attributable to owners of the Company	1,615	(1,745)	nm
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	(153)	(2)	7,550
	Other comprehensive loss for the period	(153)	(2)	7,550
	Total comprehensive income (loss) for the period attributable to owners of the Company	1,462	(1,747)	nm

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 Jan 2015 S\$'000	31 Jul 2014 S\$'000	31 Jan 2015 S\$'000	31 Jul 2014 S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	7,819	8,079	135	42
Trade receivables	18,560	18,987	-	-
Other receivables	3,961	3,969	26,219	26,274
Inventories	7,997	6,939	-	-
Total current assets	<u>38,337</u>	<u>37,974</u>	<u>26,354</u>	<u>26,316</u>
<b>Non-current assets:</b>				
Property, plant and equipment	18,307	17,791	-	-
Investment property	6,137	6,137	-	-
Intangible assets	179	195	-	-
Subsidiaries	-	-	31,155	31,155
Total non-current assets	<u>24,623</u>	<u>24,123</u>	<u>31,155</u>	<u>31,155</u>
<b>Total assets</b>	<b><u>62,960</u></b>	<b><u>62,097</u></b>	<b><u>57,509</u></b>	<b><u>57,471</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Amount owing to banks	2,352	1,041	-	-
Trade payables	2,554	3,921	-	-
Other payables	3,763	4,863	791	936
Income tax payable	1,316	1,098	-	-
Current portion of finance leases	107	5	-	-
Total current liabilities	<u>10,092</u>	<u>10,928</u>	<u>791</u>	<u>936</u>
<b>Non-current liabilities:</b>				
Finance leases	6	5	-	-
Deferred tax liability	1,618	1,614	-	-
Total non-current liabilities	<u>1,624</u>	<u>1,619</u>	<u>-</u>	<u>-</u>
<b>Capital and reserves:</b>				
Share capital	46,936	46,767	46,936	46,767
Treasury shares	(37)	(37)	(37)	(37)
Share option reserve	756	693	747	693
Currency translation reserve	(246)	(93)	-	-
Revaluation reserve	3,062	3,062	-	-
Retained earnings (accumulated losses)	773	(842)	9,072	9,112
Equity attributable to owners of the Company and total equity	<u>51,244</u>	<u>49,550</u>	<u>56,718</u>	<u>56,535</u>
<b>Total liabilities and equity</b>	<b><u>62,960</u></b>	<b><u>62,097</u></b>	<b><u>57,509</u></b>	<b><u>57,471</u></b>

Notes:

1 Revenue comprises:

	31 Jan 2015 S\$'000	31 Jan 2014 S\$'000
Medical devices	12,151	10,223
Pipes and pipe fittings	25,448	19,853
Total	37,599	30,076

2 Other income comprises:

	31 Jan 2015 S\$'000	31 Jan 2014 S\$'000
Foreign exchange gain	1	49
Interest income from outside parties	9	5
Gain on disposal of property, plant and equipment	10	-
Miscellaneous income from outside parties	411	336
Rental income from related parties	36	36
Total	467	426

3 Other operating expenses comprises:

	31 Jan 2015 S\$'000	31 Jan 2014 S\$'000
Building related expenses	(338)	(572)
Insurance	(206)	(161)
Legal, license and professional fees	(276)	(307)
Packaging materials	(288)	(266)
Repair and maintenance	(362)	(284)
Sterilisation and decontamination	(279)	(396)
Transportation and freight	(1,086)	(1,087)
Travelling expenses	(396)	(644)
Upkeep of motor vehicles	(178)	(172)
Water and electricity	(1,339)	(1,634)
Others	(2,745)	(2,166)
Total	(7,493)	(7,689)

Others comprise of administration expenses and marketing expenses.

4 Income tax expense comprises:

	31 Jan 2015 S\$'000	31 Jan 2014 S\$'000
Current tax	(1,109)	(711)
Adjustment in respect of underprovision of taxation in prior year	(77)	-
Withholding tax	(16)	(17)
Total	(1,202)	(728)

Withholding tax was paid to the Malaysian authority in respect of management consultancy fee and rental charges from a subsidiary.

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 Jan 2015		As at 31 Jul 2014	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
2,459	-	1,046	-

**Amount repayable after one year**

As at 31 Jan 2015		As at 31 Jul 2014	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
6	-	5	-

**Details of any collateral**

The Group's bank borrowings are secured by way of legal mortgages over its leasehold land and buildings of carrying value of approximately S\$11,952,994 (31 Jul 2014: S\$11,798,000) and a corporate guarantee by the Company of S\$9,685,000 (31 Jul 2014: S\$9,685,000). The Group's obligations under finance leases are secured by the lessors' title to the leased assets with carrying value of approximately S\$237,945 (31 Jul 2014: S\$21,000).

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 2014 to 31 Jan 2015	1 Aug 2013 to 31 Jan 2014
	S\$'000	S\$'000
<b>Operating activities:</b>		
Profit (Loss) before income tax	2,817	(1,017)
Adjustments for:		
Write back for doubtful debt	(50)	-
Depreciation of property, plant and equipment	1,767	1,617
Amortisation of intangible assets	16	94
Gain on disposal of property, plant and equipment	(10)	-
Share-based payment expenses	63	48
Interest income	(9)	(5)
Interest expense	1	1
Operating cash flows before movements in working capital	<u>4,595</u>	<u>738</u>
Trade receivables	477	1,645
Other receivables	9	(412)
Inventories	(1,058)	1,146
Trade payables	(1,368)	(1,539)
Other payables	(1,102)	(5,458)
Cash (used in) generated from operations	<u>1,553</u>	<u>(3,880)</u>
Interest paid	(1)	(1)
Interest received	9	5
Income tax paid	(979)	(634)
Net cash (used in) from operating activities	<u>582</u>	<u>(4,510)</u>
<b>Investing activities:</b>		
Purchase of property, plant and equipment (see (a))	(2,465)	(1,686)
Proceeds on disposal of plant and equipment	178	-
Net cash used in investing activities	<u>(2,287)</u>	<u>(1,686)</u>
<b>Financing activities:</b>		
Proceeds from exercise of share options	169	-
Increase in amount owing to banks	1,312	1,529
Repayment of obligations under finance leases	(1)	(2)
Increase in finance leases	104	-
Purchase of treasury shares	-	(24)
Net cash from financing activities	<u>1,584</u>	<u>1,503</u>
Net decrease in cash and cash equivalents	(121)	(4,693)
Cash and cash equivalents at beginning of period	8,079	18,332
Effect of foreign exchange rate changes	(139)	(9)
Cash and cash equivalents at end of period	<u>7,819</u>	<u>13,630</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>7,819</u>	<u>13,630</u>

Note (a):

During the period, the Group acquired property, plant and equipment with an aggregate cost of S\$2,465,000 (31 Jan 2014: S\$1,686,000) of which cash payment of S\$2,361,000 (31 Jan 2014: S\$1,686,000) was made and S\$104,000 (31 Jan 2014: S\$Nil) was acquired under finance lease arrangements.

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	Accumulated profit / (losses)	Attributable to owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>FY 2015</b>							
<b>Group</b>							
Balance at 31 Jul 2014	46,767	(37)	693	(93)	3,062	(842)	49,550
Issues of shares	169	-	-	-	-	-	169
Recognition of share-based payment	-	-	63	-	-	-	63
Total comprehensive income for the period	-	-	-	(153)	-	1,615	1,462
Balance at 31 Jan 2015	46,936	(37)	756	(246)	3,062	773	51,244
<b>Company</b>							
Balance at 31 Jul 2014	46,767	(37)	693	-	-	9,112	56,535
Issues of shares	169	-	-	-	-	-	169
Recognition of share-based payment	-	-	54	-	-	-	54
Total comprehensive loss for the period	-	-	-	-	-	(40)	(40)
Balance at 31 Jan 2015	46,936	(37)	747	-	-	9,072	56,718
<b>FY 2014</b>							
<b>Group</b>							
Balance at 31 Jul 2013	46,767	(13)	623	(18)	-	3,226	50,585
Acquisition of treasury shares	-	(24)	-	-	-	-	(24)
Recognition of share-based payment	-	-	48	-	-	-	48
Total comprehensive loss for the period	-	-	-	(2)	-	(1,745)	(1,747)
Balance at 31 Jan 2014	46,767	(37)	671	(20)	-	1,481	48,862
<b>Company</b>							
Balance at 31 Jul 2013	46,767	(13)	623	-	-	(53)	47,324
Acquisition of treasury shares	-	(24)	-	-	-	-	(24)
Recognition of share-based payment	-	-	48	-	-	-	48
Total comprehensive income for the period	-	-	-	-	-	122	122
Balance at 31 Jan 2014	46,767	(37)	671	-	-	69	47,470

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.

Issued and fully paid ordinary shares	Number of shares			
	As at 31 Jan 2015		As at 31 Jan 2014	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	464,044,829	46,767	464,044,829	46,767
Issue of shares in pursuant to exercise of share options	2,250,000	169	-	-
Balance at the end of the financial period	466,294,829	46,936	464,044,829	46,767

As at 31 Jan 2015, there were 27,500,000 share options outstanding under the Vicplas International Share Option Plan (31 Jan 2014: 38,250,000 share options).

**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:

	<b>As at 31 Jan 2015</b>	<b>As at 31 Jul 2014</b>
Number of issued shares	466,294,829	464,044,829
Treasury shares	461,000	461,000
Number of issued shares excluding treasury shares	465,833,829	463,583,829

**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.**

	<b>As at 31 Jan 2015</b>		<b>As at 31 Jan 2014</b>	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	461,000	37	151,000	13
Share buyback	-	-	310,000	24
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.**

The same accounting policies and methods of computation are followed in the financial statement as compared with the most recent audited annual financial statements except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 Aug 2014.

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 first half year announcement.

**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.**

Not applicable.

**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.**

	<b>31 Jan 2015</b>	<b>31 Jan 2014</b>
Earnings (Loss) 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 (in cents)	0.35	(0.38)
- Weighted average number of shares	465,010,862	464,044,829
(b) On a fully diluted basis (in cents)	0.35	(0.37)
- Adjusted weighted average number of shares	467,734,706	465,829,639

**7 Net asset value for the issuer and group per ordinary share based on issued share capital of the issuer at the end of the current financial period reported on and the immediately preceding financial year.**

<b>Group</b>	<b>31 Jan 2015 (in cents)</b>	<b>31 Jul 2014 (in cents)</b>
Net asset value per ordinary share	11.00	10.69

<b>Company</b>	<b>31 Jan 2015 (in cents)</b>	<b>31 Jul 2014 (in cents)</b>
Net asset value per ordinary share	12.18	12.20

The calculation of net asset value per ordinary share is based on 465,833,829 ordinary shares in issue excluding treasury shares as at 31 Jan 2015 (31 Jul 2014: 463,583,829 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 Group increased to S\$37.6 million for the six months ended 31 Jan 2015 ("1H FY2015") from S\$30.1 million for the six months ended 31 Jan 2014 ("1H FY2014"). As compared to the previous corresponding period, revenue of the medical device segment increased by S\$1.9 million due to an increase in orders from customers. Revenue for the pipes and pipe fittings segment increased by S\$5.6 million from S\$19.9 million in 1H FY2014 due to the marketing to construction and civil engineering sectors in Singapore, broadening of the customer base and an increase in product offerings.

Other income increased as there was additional product development and mould making work completed in 1H FY2015 compared to 1H FY2014.

Raw material and consumables used increased by 29.2% driven by the increase in revenue.

Purchase of finished goods for resale increased as a result of the increase in revenue and product offerings of the pipes and pipe fittings segment.

Employee benefit expenses increased due to the higher level of production activities.

The taxation expense for 1H FY2015 mainly relates to the pipes and pipe fittings segment which was profitable.

Overall, the Group has recorded a net profit after tax of S\$1.6 million as the higher profits of the pipes and pipe fittings segment exceeded the reduced losses of the medical devices segment.

Statement of financial position

Trade receivables decreased slightly due to improved collections despite the increase in revenue.

Inventories increased as a result of the increase in production volume.

Trade payables and Other payables decreased due to payments made to creditors.

Amount owing to bank relates to bills payable for the purchase of raw material for the pipes and pipe fittings segment. The increase in bills payable as at 31 Jan 2015 was due to the timing of purchase of raw material and the increased demand in this segment.

Cash flow

Net cash from operating activities for 1H FY2015 is an inflow of S\$0.6 million as compared with an outflow of S\$4.5 million in the previous corresponding period mainly due to the improved performance of the Group. Net cash used in investing activities increased to S\$2.3 million for 1H FY2015 due to the construction for the Changzhou plant and the acquisition of equipments to meet higher production activities in Singapore. Net cash from financing activities increased due to the proceeds received for the exercise of share options and the increase in the finance leases.

Overall the Group has cash and bank balances of S\$7.8 million as at 31 Jan 2015.



**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

In the next 12 months, we expect an increase in the manufacturing activities in the medical devices segment. As previously announced, this segment is not expected to be profitable for the financial year ending 31 Jul 2015 ("FY2015"). However, this segment has the capacity to improve its performance with higher revenue and higher utilisation of its manufacturing facilities.

Pipes and pipe fittings segment

While the construction industry in Singapore is expected to slow down generally in the next 12 months, this could be mitigated by an increase in the civil engineering sector. The pipes and pipe fittings segment will continue its strategy of expanding its current product range so as to attract new customers and provide better service to existing customers. The key risk in this segment remains the collectability of receivables. Management will continue to exercise prudence in managing this risk.

Overall, based on the performance in 1H FY2015, the Group currently expects an improvement in FY2015 as compared to the prior year due to the positive contribution of the pipes and pipe fittings segment exceeding the loss of the medical devices segment.

**11 Dividend**

**(a) Current financial period reported on**

No dividend was declared for the current financial period reported on.

**(b) Corresponding period of the immediately preceding financial year**

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

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

There was no dividend declared or recommended for the period under review.

**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 transaction under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Sales of goods to subsidiaries and associates of Venner Capital S.A.	-	675
Income from mould and maintenance services received from subsidiaries and associates of Venner Capital S.A.	-	10

**14 Negative assurance 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 their attention which may render the unaudited consolidated half year financial results ended 31 Jan 2015 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Cheng Liang  
Acting Group Chief Executive Officer  
10 March 2015