VICPLAS INTERNATIONAL LTD
(COMPANY REGISTRATION NO. 199805362R)
HALF-YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 JANUARY 2017

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 2017	31 Jan 2016	Increase/(Decrease)
Revenue	**32,473**	**39,706**	**(18.2)**
Other income	2,019	1,033	95.5
Changes in inventories of finished goods and work-in progress	377	52	625.0
Raw materials and consumables used	(12,776)	(14,982)	(14.7)
Purchase of finished goods for resale	(1,049)	(2,244)	(53.3)
Employee benefit expense	(10,020)	(10,324)	(2.9)
Depreciation and amortisation expenses	(1,687)	(2,087)	(19.2)
Other operating expenses	(7,029)	(7,638)	(8.0)
Finance costs	(69)	(100)	(31.0)
Profit before tax	**2,239**	**3,416**	**(34.5)**
Income tax expense	(603)	(1,402)	(57.0)
Profit after tax	**1,636**	**2,014**	**(18.8)**
Other comprehensive income (loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(153)	(539)	(71.6)
Other comprehensive loss, net of tax	(153)	(539)	(71.6)
Total comprehensive income	**1,483**	**1,475**	**0.5**
Profit attributable to:			
Equity holders of the Company	1,661	2,014	(17.5)
Non-controlling interests	(25)	-	nm
	1,636	2,014	(18.8)
Total comprehensive income attributable to:			
Equity holders of the Company	1,508	1,475	2.2
Non-controlling interests	(25)	-	nm
	1,483	1,475	0.5

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 2017 S$'000	31 Jul 2016 S$'000	31 Jan 2017 S$'000	31 Jul 2016 S$'000
ASSETS				
Current assets:				
Cash and cash equivalents	17,099	18,486	292	812
Trade receivables	15,645	16,607	-	-
Other receivables	2,414	3,198	37,283	39,899
Inventories	6,837	7,202	-	-
Total current assets	41,995	45,493	37,575	40,711
Non-current assets:				
Property, plant and equipment	18,447	18,358	-	-
Investment property	6,020	6,020	-	-
Intangible assets	1,198	1,214	-	-
Deferred tax asset	1,544	1,544	-	-
Subsidiaries	-	-	40,011	40,033
Total non-current assets	27,209	27,136	40,011	40,033
Total assets	**69,204**	**72,629**	**77,586**	**80,744**
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	2,407	1,486	-	-
Trade payables	2,038	2,850	-	-
Other payables	3,684	5,758	1,034	1,901
Current portion of finance leases	323	337	-	-
Income tax payable	1,268	1,619	-	30
Total current liabilities	9,720	12,050	1,034	1,931
Non-current liabilities:				
Finance leases	411	571	-	-
Bank borrowings	43	60	-	-
Deferred tax liabilities	1,531	1,530	-	-
Total non-current liabilities	1,985	2,161	-	-
Capital and reserves:				
Share capital	49,909	49,807	49,909	49,807
Treasury shares	(37)	(37)	(37)	(37)
Share option reserve	1,033	1,039	1,033	1,039
Currency translation reserve	(971)	(818)	-	-
Revaluation reserve	2,965	2,965	-	-
Retained earnings	4,608	5,445	25,647	28,004
	57,507	58,401	76,552	78,813
Non-controlling interests	(8)	17	-	-
Total equity	57,499	58,418	76,552	78,813
Total liabilities and equity	**69,204**	**72,629**	**77,586**	**80,744**

Notes : -

1 Revenue comprises:

	31 Jan 2017 S$'000	31 Jan 2016 S$'000
Medical devices	12,775	15,897
Pipes and pipe fittings	19,698	23,809
Total	32,473	39,706

2 Other income comprises:

	31 Jan 2017 S$'000	31 Jan 2016 S$'000
Gain on disposal of property, plant and equipment	15	53
Interest income from outside parties	18	8
Income from tooling, mould and maintenance services	1,626	769
Miscellaneous income, net:		
-Outside parties	219	118
Foreign exchange gain, net	79	-
Rental income:		
-Subsidiaries of the ultimate holding company	36	36
-Outside parties	-	33
Government grant	26	16
Total	2,019	1,033

3 Other operating expenses comprises:

	31 Jan 2017 S$'000	31 Jan 2016 S$'000
Advertisement and marketing expenses	(490)	(295)
Allowance for doubtful trade receivables	(25)	-
Audit fees	(112)	(105)
Computer expenses	(54)	(81)
Factory consumables	(154)	(213)
Foreign exchange loss, net	-	(134)
Insurance	(262)	(255)
Laboratory and testing	(20)	(16)
Professional fees	(354)	(289)
Packaging materials	(232)	(237)
Property tax	(81)	(72)
Rental of premises and equipment	(728)	(718)
Repair and maintenance	(302)	(430)
Sterilisation and decontamination	(114)	(227)
Tooling expenses	(912)	(638)
Transportation and freight	(540)	(901)
Travelling and entertainment	(291)	(425)
Upkeep of factory premises	(191)	(344)
Upkeep of vehicles	(136)	(108)
Water and electricity	(1,090)	(1,331)
Others	(941)	(819)
Total	(7,029)	(7,638)

4 Income tax expenses comprises:

	31 Jan 2017 S$'000	31 Jan 2016 S$'000
Current tax	(449)	(1,326)
Adjustment in respect of underprovision of current tax in prior year	(134)	(57)
Withholding tax	(20)	(19)
Income tax expense for the year	(603)	(1,402)

Withholding tax arises from interests, management consultancy fees 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 Jan 2017		As at 31 Jul 2016	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
2,730	-	1,823	-

Amount repayable after one year

As at 31 Jan 2017		As at 31 Jul 2016	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
454	-	631	-

Details of any collateral

The Group's bank borrowings are secured by way of legal mortgages over its leasehold land property and investment property of carrying value of approximately $5,257,000 (31 Jul 2016: $5,392,000) and investment property $6,021,000 (31 Jul 2016: $6,021,000) and a corporate guarantee by the Company of $15,985,000 (31 Jul 2016: $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 $826,000 (31 Jul 2016: $950,000).

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 2016 to 31 Jan 2017 S$'000	1 Aug 2015 to 31 Jan 2016 S$'000
Operating activities:		
Profit before income tax	2,239	3,416
Adjustments for:		
Amortisation of intangible assets	16	16
Depreciation of property, plant and equipment	1,671	2,071
(Gain)/Loss on disposal of property, plant and equipment	(15)	53
Interest income	(18)	(8)
Interest expense	69	100
Share-based payment expenses	(6)	35
Operating cash flows before movements in working capital	3,956	5,683
Trade receivables	1,024	(32)
Other receivables	477	(27)
Inventories	172	(1,433)
Trade payables	(877)	(1,041)
Other payables	(1,178)	(1,059)
Cash generated from operations	3,574	2,091
Interest paid	(69)	(100)
Interest received	18	8
Income taxes paid	(950)	(737)
Net cash from operating activities	2,573	1,262
Investing activities:		
Purchase of property, plant and equipment (see (a))	(2,098)	(1,693)
Proceeds on disposal of property, plant and equipment	15	54
Payment for second tranche purchase consideration of a subsidiary	(500)	-
Net cash used in investing activities	(2,583)	(1,639)
Financing activities:		
Proceed from bank borrowings (net)	905	1,454
Repayments under finance leases	(114)	(201)
Proceeds from exercise of share options	102	752
Dividend paid	(2,498)	(2,031)
Net cash used in financing activities	(1,605)	(26)
Net decrease in cash and cash equivalents	(1,615)	(403)
Cash and cash equivalents at beginning of year	18,486	14,001
Effect of foreign exchange rate changes	228	109
Cash and cash equivalents at end of year	17,099	13,707
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	17,099	13,707

Note (a):
During the period, the Group acquired property, plant and equipment with an aggregate cost of $1,679,000 (31 Jan 2016: $2,220,000) of which $21,000 (31 Jan 2016: $43,000) was acquired and remain unpaid at year end, and $nil (31 Jan 2016: $502,000) was acquired by means of finance lease. Cash payments of $2,098,000 (31 Jan 2016: S$1,693,000) were made to purchase property, plant and equipment including $440,000 that was unpaid at the end of the previous financial year.

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 (losses) / profit	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 2017									
Group									
Balance at 31 Jul 2016	49,807	(37)	1,039	(818)	2,965	5,445	58,401	17	58,418
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	1,661	1,661	(25)	1,636
Other comprehensive loss for the period	-	-	-	(153)	-	-	(153)	-	(153)
Total	-	-	-	(153)	-	1,661	1,508	(25)	1,483
Transactions with owners, recognised directly in equity:									
Exercise of share options	102	-	-	-	-	-	102	-	102
Dividend paid to shareholders									
- Cash	-	-	-	-	-	(2,498)	(2,498)	-	(2,498)
Recognition of share-based payment	-	-	(6)	-	-	-	(6)	-	(6)
Total	102	-	(6)	-	-	(2,498)	(2,402)	-	(2,402)
Balance at 31 Jan 2017	49,909	(37)	1,033	(971)	2,965	4,608	57,507	(8)	57,499
Company									
Balance at 31 Jul 2016	49,807	(37)	1,039	-	-	28,004	78,813		
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	141	141		
Transactions with owners, recognised directly in equity:									
Exercise of share options	102	-	-	-	-	-	102		
Dividend paid to shareholders									
- Cash	-	-	-	-	-	(2,498)	(2,498)		
Recognition of share-based payment	-	-	(6)	-	-	-	(6)		
Total	102	-	(6)	-	-	(2,498)	(2,402)		
Balance at 31 Jan 2017	49,909	(37)	1,033	-	-	25,647	76,552		
FY 2016									
Group									
Balance at 31 Jul 2015	47,436	(37)	810	(341)	3,062	4,930	55,860		
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	2,014	2,014		
Other comprehensive income for the period	-	-	-	(539)	-	-	(539)		
Total	-	-	-	(539)	-	2,014	1,475		
Transactions with owners, recognised directly in equity:									
Issues of shares of share options	753	-	-	-	-	-	753		
Dividend paid to shareholders									
- Cash	-	-	-	-	-	(2,031)	(2,031)		
- Share	1,618		-	-	-	(1,618)	-		
Recognition of share-based payment	-	-	35	-	-	-	35		
Total	2,371	-	35	-	-	(3,649)	(1,243)		
Balance at 31 Jan 2016	49,807	(37)	845	(880)	3,062	3,295	56,092		
Company									
Balance at 31 Jul 2015	47,436	(37)	810	-	-	31,330	79,539		
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	(325)	(325)		
Transactions with owners, recognised directly in equity:									
Issues of shares of share options	753	-	-	-	-	-	753		
Dividend paid to shareholders									
- Cash						(2,031)	(2,031)		
- Share	1,618					(1,618)	-		
Recognition of share-based payment	-	-	35	-	-	-	35		
Total	2,371	-	35	-	-	(3,649)	(1,243)		
Balance at 31 Jan 2016	49,807	(37)	845	-	-	27,356	77,971		

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 Jan 2017		As at 31 Jan 2016	
	Number of shares	$'000	Number of shares	$'000
Balance at the beginning of the financial period	498,727,699	49,807	473,044,829	47,436
Issue of shares pursuant to the exercise of share options	1,450,000	102	10,050,000	753
Issues of shares pursuant to the application of the Vicplas International Ltd Scrip Dividend Scheme to the final dividend of $0.005 per share and special dividend of $0.0025 per share for the financial year ended 31 Jul 2015	-	-	15,632,870	1,618
Balance at the end of the financial period	500,177,699	49,909	498,727,699	49,807

As at 31 Jan 2017, there were 32,250,000 share options outstanding under the Vicplas International Share Option Plan (31 Jan 2016: 20,700,000 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:

	As at 31 Jan 2017	As at 31 Jan 2016
Number of issued shares	500,177,699	498,727,699
Treasury shares	(461,000)	(461,000)
Number of issued shares excluding treasury shares	499,716,699	498,266,699

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 Jan 2017		As at 31 Jan 2016	
	Number of treasury shares	S$'000	Number of treasury shares	S$'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.

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 2016.

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.

	31 Jan 2017 (in cents)	31 Jan 2016 (in cents)
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	0.33	0.42
- Weighted average number of shares	499,251,753	476,856,361
(b) On a fully diluted basis	0.33	0.42
- Adjusted weighted average number of shares	501,546,610	480,514,295

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 Jan 2017 (in cents)	31 Jul 2016 (in cents)
Net asset value per ordinary share	11.51	11.72

Company

	31 Jan 2017 (in cents)	31 Jul 2016 (in cents)
Net asset value per ordinary share	15.32	15.82

The calculation of net asset value per ordinary share is based on 499,716,699 ordinary shares in issue excluding treasury shares as at 31 Jan 2017 (31 Jul 2016: 498,266,699 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 Group decreased to $32.5 million for the six months ended 31 Jan 2017 ("1H FY2017") as compared to $39.7 million for the six months ended 31 Jan 2016 ("1H FY2016"). The decrease in revenue as a Group was driven by lower revenue from both medical devices segment and pipes & pipe fittings segment.

Overall revenue for the medical devices segment was $12.8 million in 1H FY2017, a decrease of 19.6% from 1H FY2016 due to decreased orders from its major customer, notwithstanding an increase in revenue from other customers. Revenue for the pipes and pipe fittings segment declined by 17.3% to $19.7 million in 1H FY2017 due to the general slow down in the construction industry in Singapore.

Other income was higher in 1H FY2017 due to an increase in tooling income as more moulds were built for customers' new projects.

Raw materials and consumables used decreased by 14.7% primarily due to decreased revenue in both medical devices segment and pipes & pipe fittings segment, offset by increased raw material prices.

The decrease in the Purchase of finished goods for resale was due to reduced revenue from the pipes and pipe fittings segment from the slow down in construction activities.

Employee benefit expenses were slightly lower in 1H FY2017 due to reduction in headcount and overtime cost, offset by salary increases.

Overall, the Group recorded a net profit after tax of $1.6 million for 1H FY2017 as compared to $2.0 million for 1H FY2016.

Statement of financial position

Trade receivables decreased due to improved collections in the medical devices segment as well as decrease in revenue from both segments.

Bank borrowings pertain mainly to trust receipts utilised in the purchase of raw materials for the pipes and pipe fittings segment and its increase is attributed to the timing of repayment.

Trade payables and Other payables decreased due to lower level of activities, the payment for the second tranche purchase consideration of a subsidiary acquired in the financial year ended 31 July 2016 ("FY2016") and the payment of bonus and annual wage supplement ("AWS") to employees.

Cash flow

Net cash from operating activities for 1H FY2017 was an inflow of $2.6 million as compared with an inflow of $1.3 million in 1H FY2016. Net cash used in investing activities increased to $2.6 million for 1H FY2017 due to the increase in capital expenditures and payment for the second tranche purchase consideration of a subsidiary acquired in FY2016. Net cash used in financing activities increased due to the payment of dividend to shareholders of $2.5 million and lesser proceeds from exercise of share options during 1H FY2017.

Overall, the Group has a cash balance of $17.1 million as at 31 Jan 2017.

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
Despite the reduction in revenue from a major customer, the medical devices segment improved its operating performance in 1H FY2017 through driving efficiency improvements and through revenue from new projects. The segment will continue to broaden and deepen its customer base to increase revenue as well as continuing to make further efficiency improvements in its manufacturing processes.

Pipes and pipe fittings segment
The construction industry in Singapore continues to slow down especially for residential homes. This trend is likely to continue for the rest of the financial year ending 31 July 2017. The pipes and pipe fittings segment will continue to focus on business development efforts in regional growth and product expansion.

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

11 Dividend

(a) Current financial period reported on

Interim dividend - S$0.0025 per ordinary share (one-tier exempt)

(b) Corresponding period of the immediately preceding financial year

Interim dividend - S$0.0025 per ordinary share (one-tier exempt)

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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$100,000 and transactions under shareholders' mandate pursuant to Rule 920) S$'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.	-	934

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 2017 to be false or misleading in any material respect.

15 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 compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Cheng Liang
Acting Group Chief Executive Officer
7 March 2017