



Innovation & Excellence

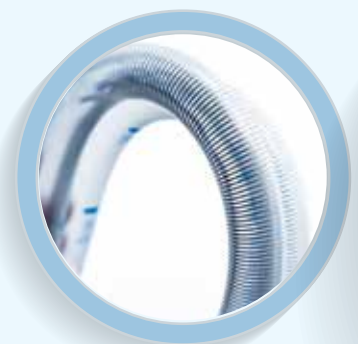
ANNUAL REPORT 2015



Mission Statement

Our mission is to multiply profitability through continuous technological innovation and product and service improvements.

This will help us to fulfil our commitment to provide optimum value for our customers, business partners and shareholders.



The Group has two Core Businesses

1

The research, design, development and manufacture of innovative medical devices through our wholly-owned subsidiaries, Forefront Medical Technology (Pte) Ltd in Singapore; and Forefront (Xiamen) Medical Devices Co., Ltd and Forefront Medical Technology (Jiangsu) Co., Ltd in China.

The subsidiaries have quality certifications of ISO13485:2003 and ISO9001:2008 and manufacturing license from the United States Food and Drug Administration (FDA) as a “contract manufacturer for medical devices”. Forefront Medical Technology (Pte) Ltd additionally has a Conformité Européenne (CE) certificate for Nasogastric Feeding Tube and Jejunal Feeding Tube product and Accreditation certificate of foreign medical device manufacturer from Japan. Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class I and II Medical Device Manufacturing License in China and Accreditation certificate of foreign medical device manufacturer from Japan. Forefront (Xiamen) Medical Devices Co., Ltd additionally has a Class II Medical Device Manufacturing License in China.

2

The manufacture and distribution of piping systems for diverse industries including waste and potable water systems for residential homes, schools, commercial and industrial buildings; underground electrical and internal building wire piping systems; and data and signal line piping systems by telecommunications companies, through our wholly-owned subsidiaries, Vicplas Holdings Pte Ltd in Singapore and Rimplas Industries Sdn. Bhd. in Malaysia. Both Vicplas Holdings Pte Ltd and Rimplas Industries Sdn. Bhd. have quality certification of ISO9001:2008.





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Statement by Chairman

On behalf of the Board, we present the Annual Report of Vicplas International Ltd (“Vicplas” or “the Company”, and together with its subsidiaries, “the Group”) for the financial year ended July 31, 2015 (“FY2015”).

OVERVIEW

In FY2015, revenue of the Group increased by 17% to \$74.1 million and the Group recorded a net profit after tax of \$5.8 million as compared to a net loss after tax of \$4.1 million in the prior year.

This turnaround was due to the higher profits of the pipes and pipe fittings segment exceeding the reduced losses of the medical devices segment.

MEDICAL DEVICES

Revenue for the medical devices segment was \$23.3 million in FY2015, an increase of 9% from the financial year ended July 31, 2014 (“FY2014”) due to the increase in orders.

The medical devices segment reduced its segmental negative results to \$2.7 million in FY 2015 from \$9.0 million in FY 2014. This segment will continue focusing on business development efforts and streamlining of manufacturing activities in order to enhance revenue and utilisation of its manufacturing facilities. In addition, this segment will continue to explore inorganic growth opportunities in new technologies and capabilities relating to medical devices.

PIPES AND PIPE FITTINGS

The Group’s Pipes and Pipe Fittings segment continued its record-breaking performance by posting another year of growing revenue with \$50.8 million in FY2015 which represents an increase of 22% over the preceding year.

The pipes and pipe fittings segment also increased its segmental positive results from \$8.5 million in FY2014 to \$11.8 million in FY2015.

The improved performance in FY2015 was driven by the broadening of customer base and increased product offerings. As a result, this segment recorded higher sales from residential development and the civil engineering sector in Singapore.

OUTLOOK

Medical devices segment

We expect an increase in the manufacturing activities of the medical devices segment for the financial year ending July 31, 2016 (“FY2016”). Barring unforeseen circumstances, this segment is expected to perform better in FY2016 compared to FY2015 due to higher revenue and utilisation of its manufacturing facilities. This segment will continue to leverage on its manufacturing facilities to obtain orders from both existing and potential customers.

In our last Annual Report, we expected the medical devices segment to perform better in FY2015 but not to the point where it could break even. Whilst we are heartened by the significant improvement in the performance of this segment in FY2015, we are mindful that it has yet to break even. The Group will continue to focus on improving the performance of this segment in our unceasing efforts to return it to its erstwhile path to profitability.

Pipes and pipe fittings segment

While the construction industry in Singapore is expected to slow down generally in FY2016, the decline in revenues for the pipes and pipe fittings segment could be mitigated to a certain extent through potential regional and product expansion. This segment will continue its strategy of expanding its 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

Overall, based on current expectation of better performance from the medical devices segment and potential regional and product expansion to limit the impact of a construction slow down on the pipes and pipe fittings segment, the Group is cautiously optimistic of an improvement in FY2016 as compared to FY2015.

APPRECIATION

On behalf of the Board, we thank our customers, suppliers, shareholders and employees for their continued support throughout the year.

We are cognisant of the expectation of our shareholders for their investment in Vicplas to generate returns through dividends.

Vicplas paid its first ever dividend in respect of the financial year ended July 31, 2010 (0.25 cents per ordinary share) and subsequently in respect of the financial year ended July 31, 2012 (0.5 cents per ordinary share). In view of the Group's recovery from making losses in FY2014 to making profits in FY2015, we have recommended the declaration of a final dividend of 0.5 cents per ordinary share and a special

dividend of 0.25 cents per ordinary share in respect of FY2015.

Fundamentally, dividends could only be paid out of profits and should be balanced against the Group's continuing capital need to maintain, grow and develop businesses. Over the years, we have worked very hard to broaden the Group's revenue base in order to strengthen the overall profitability of the Group. With a stronger base from which the Group can generate profits, we seek to build a dividend track record for our shareholders.

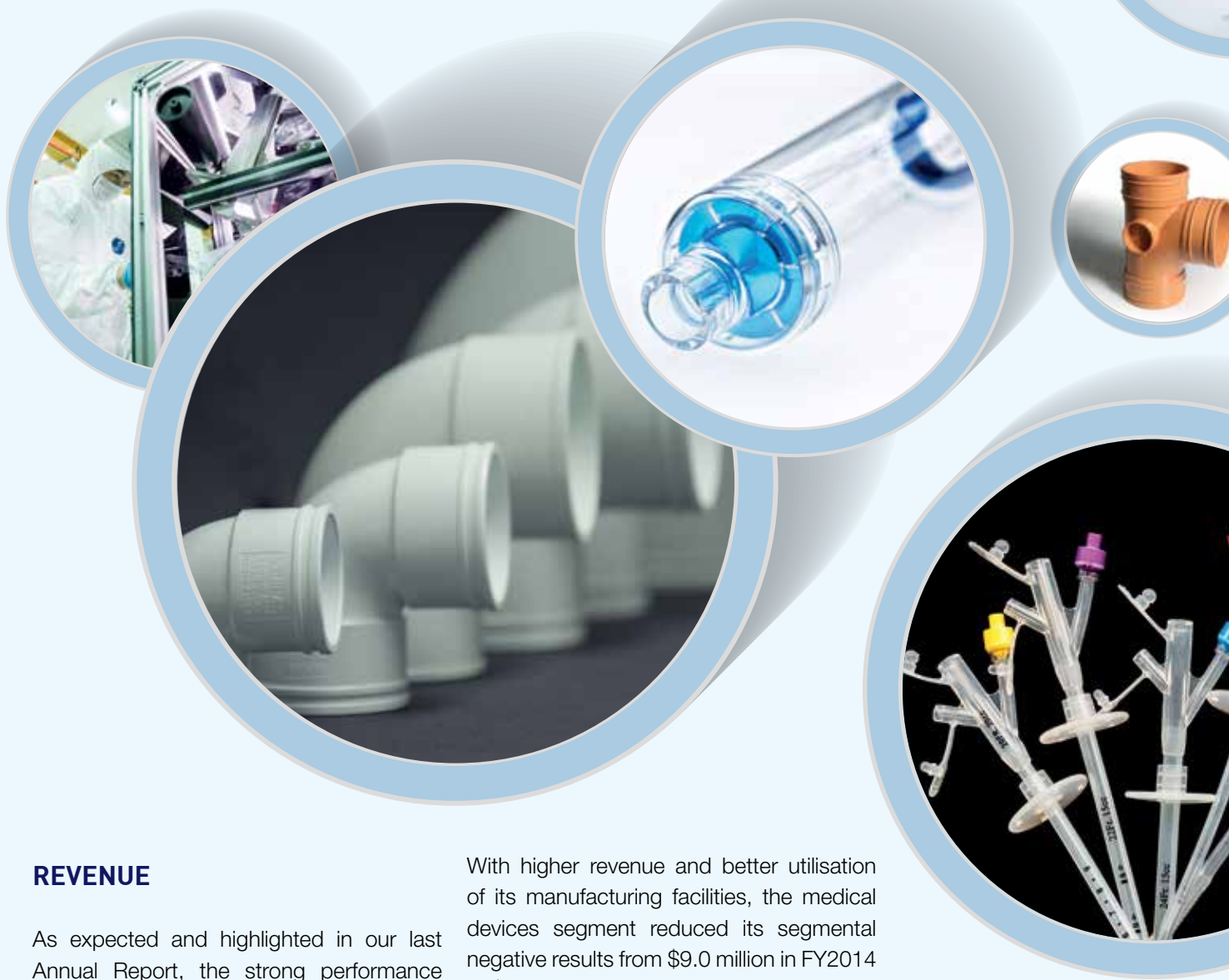
In essence, by focusing on growing the business sustainably, we seek to meet the expectation of our shareholders.

On behalf of the Board, I am pleased to record our appreciation for Mr Robert Gaines-Cooper who re-joined the Board in FY2015. His entrepreneurial zeal will certainly bolster what we can achieve in the future.

YEO WICO

Chairman

Operational and Financial Review



REVENUE

As expected and highlighted in our last Annual Report, the strong performance of the pipes and pipe fittings segment exceeded the reduced losses of the medical devices segment in FY2015.

During the year, revenue increased by 17% to \$74.1 million and the Group recorded a net profit after tax of \$5.8 million as compared to a net loss after tax of \$4.1 million in the prior year.

Revenue for the medical devices segment was \$23.3 million in FY2015, an increase of 9% from FY2014 due to the increase in orders.

With higher revenue and better utilisation of its manufacturing facilities, the medical devices segment reduced its segmental negative results from \$9.0 million in FY2014 to \$2.7 million in FY2015.

The pipes and pipe fitting segment performed strongly again in FY2015, with revenue reaching a record high of \$50.8 million in FY2015 which represented an increase of 22% over the preceding year. This increase was due to higher sales from residential development and the civil engineering sector in Singapore.

OPERATING EXPENSES

Raw material and consumable expense increased by 13% to \$27.4 million which



was lower than the increase in the Group's revenue by 17% to \$74.1 million. This was due to changes in the product mix arising from the increased manufacturing activities.

Employee benefits expense increased by 8% to \$19.1 million due to wage pressure while other operating expenses declined by 11% to \$15.5 million with the streamlining of the manufacturing activities.

Purchases of finished goods for resale rose by 10% to \$4.5 million due to the higher sales and the expansion of the product range in the pipes and pipe fittings segment.

In FY2015, there was a gain from reversal of impairment of \$0.9 million as the utilisation of the property, plant and equipment improved.

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

BALANCE SHEET

Total assets increased by 15% to \$71.1 million as at the end of FY2015 due mainly to the cash and bank balances which had increased from \$8.1 million at the end of FY2014 to \$14.0 million at the end of FY2015 and the recognition of the deferred tax asset of \$1.5 million.

Trade receivables and trade payables were relatively stable despite the increase in revenue.

Total liabilities increased by 21% as compared to the prior year. This is due to the increased utilisation of trade financing facility resulting in an increase in bank borrowings from \$1.0 million at the end of FY2014 to \$2.0 million at the end of FY2015, as well as the higher usage of finance leases of \$0.8 million for the acquisition of manufacturing equipment.

Net asset value of the Group increased by 13% to \$55.9 million at the end of FY2015 as compared to the end of FY2014. Net asset value per ordinary share at the end of FY2015 increased to 11.82 cent as compared to 10.69 cent at the end of FY2014.

WORKING CAPITAL AND CASH FLOW

Net cash from operating activities for FY2015 was an inflow of \$7.4 million as compared to an outflow of \$7.1 million in FY2014 mainly due to the improved performance of the Group. Net cash used in investing activities decreased to \$2.9 million for FY2015 due to the increased use of finance leases. Net cash from financing activities increased due to the proceeds received from the exercise of share options and the increase in bank borrowings.

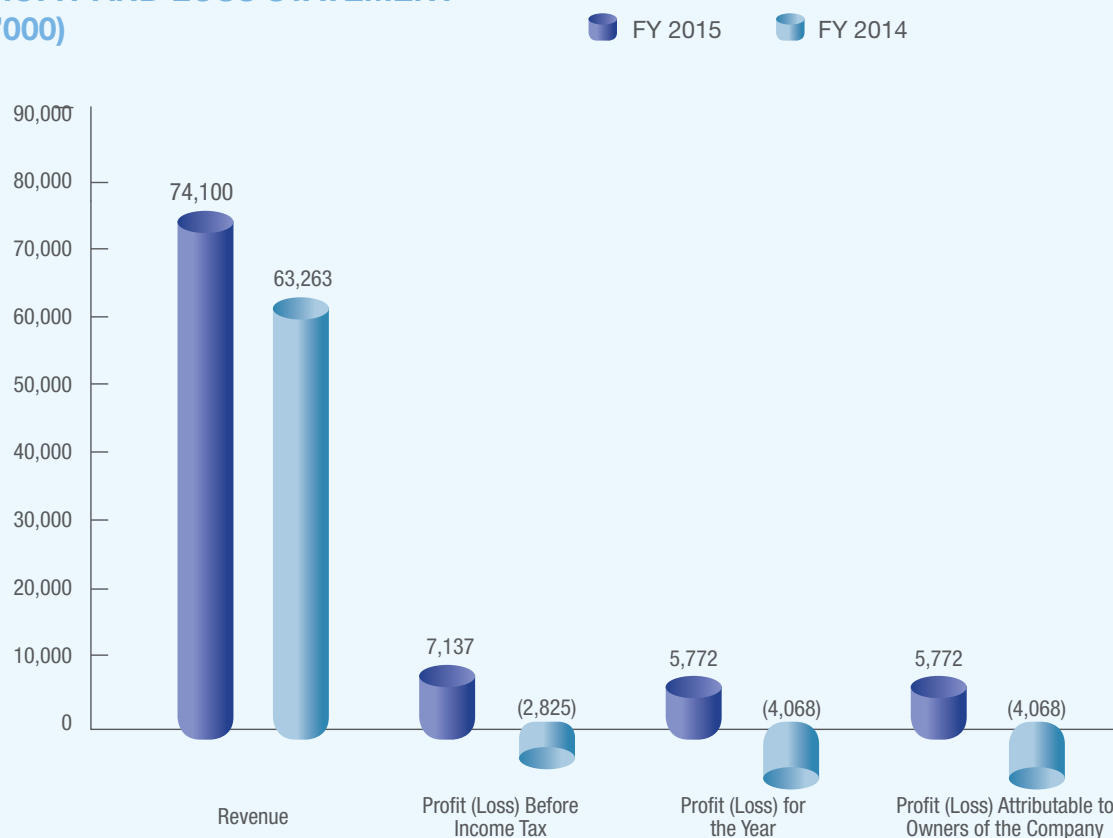
Bank borrowings relating to the trade financing facility increased to \$2.0 million at the end of FY2015 from \$1.0 million at the end of FY2014 due to the timing for the purchase of raw material and the increased purchases during FY2015.

Overall, the Group's cash and bank balances have increased from \$8.1 million at the end of FY2014 to \$14.0 million at the end of FY2015. This is equivalent to net cash of 2.5 cents per ordinary share at the end of FY2015, as compared to 1.5 cents at the end of FY2014.

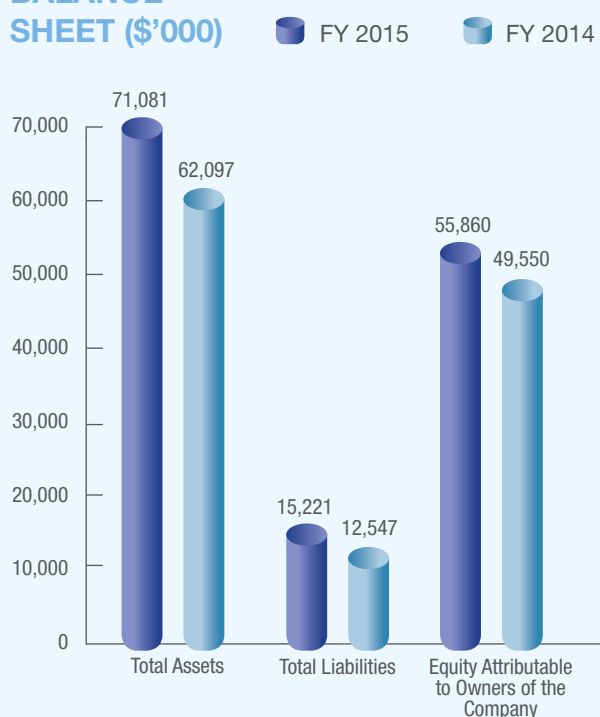


Operational and Financial Review

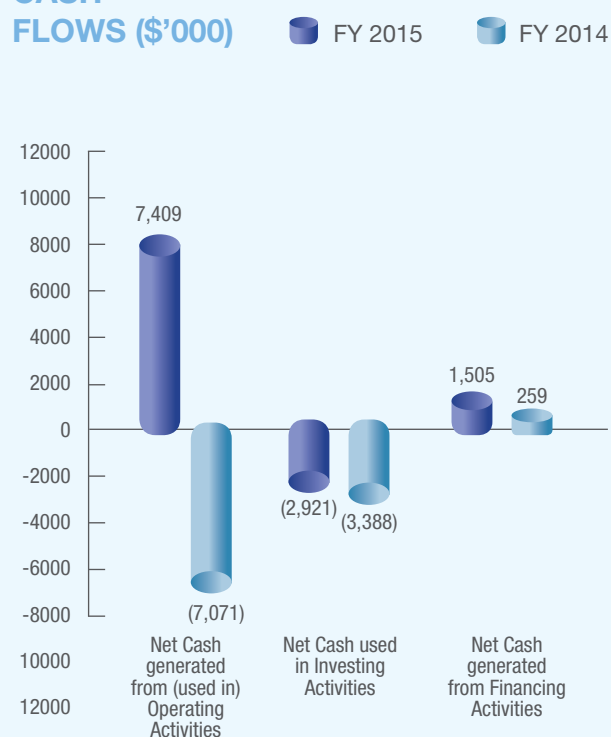
PROFIT AND LOSS STATEMENT (\$'000)



BALANCE SHEET (\$'000)



CASH FLOWS (\$'000)





Board of Directors

YEO WICO

Yeo Wico, aged 48, was appointed as a Non-Executive Director in June 2008. He was re-elected as a Director at the Sixteenth Annual General Meeting ("AGM") of the Company held in November 2014. He is Chairman of the Board of Directors and the Nominating Committee and serves as a member on the Audit, Remuneration and Strategy Committees. Mr. Yeo is currently a partner of Allen & Gledhill LLP, a Singapore law firm. He has been in legal practice in Singapore as an Advocate and Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr. Yeo was admitted as a non-practising solicitor of Solicitors in England and Wales and as an Attorney and Counselor-at-Law in the State of New York. He graduated from the National University of Singapore in 1991 and holds a LLB (Hons) degree. He serves as a Non-Executive Director of SP Services Limited, a wholly-owned subsidiary of Singapore Power Limited.

ROBERT GAINES-COOPERS

Robert Gaines-Coopers, aged 77, was appointed as a Non-Executive Director in June 2015. He was the Executive Chairman of LMA International N.V. since 2004. He was Executive Chairman of Orthofix International N.V., listed on NASDAQ, from 1992-2003 and stepped down as a Non-Executive Director in 2006. He is also Chairman of the Board of Directors of Venner Capital S.A. and he is currently a Director of Chelle Medical Limited. Mr. Gaines-Cooper is a Fellow of the Royal Society of Medicine. He completed the Program for Management Development and participated in the Advanced Corporate Finance course at Harvard Business School in Boston. Mr. Gaines-Cooper holds a B.A. degree in Business Administration from Kensington University Glendale in California.

DAVID D. H. H. CURTIS-BENNETT

David D. H. H. Curtis-Bennett, aged 78, was appointed as a Non-Executive Director in October 2009. He was re-appointed as a Director at the Sixteenth AGM held in November 2014. He serves as a member of the Audit, Nominating, Remuneration and Strategy Committees. Mr. Curtis-Bennett has been the Managing Director of Chelle Medical Limited, which assembles medical devices for anesthesia, since 1994 and Inter Medical Supplies since 1996. Both companies are based in the Seychelles.

NG CHER YAN

Ng Cher Yan, aged 56, was appointed as a Non-Executive Director in May 2010. He was re-elected as a Director at the Sixteenth AGM of the Company held in November 2014. He is Chairman of the Audit and Remuneration Committees and serves as a member of the Nominating Committee. Mr. Ng is currently practising as a Chartered Accountant and is the Immediate Past Chairman of the Citizens' Consultative Committee of the Braddell Heights Constituency in Singapore. Mr. Ng holds a Bachelor of Accountancy degree from the National University of Singapore, and is a fellow member of the Institute of Singapore Chartered Accountants and also a member of the Institute of Chartered Accountants in Australia. He also serves as Independent Non-Executive Director on several public listed companies, namely Ecowise Holdings Limited, Mermaid Maritime Public Co Ltd, MoneyMax Financial Services Ltd, Samko Timber Limited and as Non-Executive Director in Bull Will Co. Ltd.

CHRISTOPHER P. LEE

Christopher P. Lee, aged 53, was appointed a Non-Executive Director in October 2013. He was re-elected as a Director at the Fifteenth AGM of the Company held in November 2013. He is Chairman of the Strategy Committee. Mr. Lee is currently Chief Executive Officer of Venner Medical International and was previously Deputy Group Chief Executive Officer of LMA International N.V., a public company that was previously listed on the Singapore Exchange Securities Trading Limited. He has more than 29 years of business experience in the medical devices industry with experience in blue chip, SMEs and start-up companies. Mr. Lee holds an EMBA from Cranfield University, England and a Diploma in Marketing from Napier University, Scotland. He has been a Chartered Marketer since 1999 and a Member of the Chartered Institute of Marketing, England since 1994. Between 2006 and 2010, Mr. Lee was Chief Executive Officer of Inion Ltd, a Finnish medical device company, listed on the full list of the London Stock Exchange.

Senior Management

CHENG LIANG

Cheng Liang, aged 60, was appointed as Acting Group Chief Executive Officer in October 2014 and is responsible for the overall management of the Group. He has been the Managing Director of the pipes and pipe fittings segment of the Group since January 2009 where he oversaw all operational aspects of the pipes and pipe fittings segment, including executing business strategies, manufacturing, procurement and sales and distribution. Mr. Cheng is a founding member of the Group and was previously an Executive Director of the Group from 1998 to 2008. His prior experiences include tin smelting in Singapore and South Korea, tin trading and forex trading.

CHENG HSHENG @ ZHONG ZIXIAN

Cheng Hsheng @ Zhong Zixian, aged 39, was appointed as Acting Group Operations Director with effect from 1 April 2015. He is responsible for the operational aspects of the Group, as well as ensuring operational support for development of the Group's markets, products and businesses. He has been the Business Operations Director for pipes and pipe fittings segment since August 2012. Mr. Cheng began his career with the pipes and pipe fittings segment in 2001 as an Engineer and has held roles of increasing responsibilities in various functions, such as Production, Operations and Business Development. His other experiences also include compounding of specialty engineering plastics and elastomers.

CHONG JOO SAN

Chong Joo San, aged 56, joined the medical devices segment of the Group in February 2011 as Vice President with responsibility in business development and strategic planning. Prior to that, he was the Head of Medical Division, Asia Pacific of a Swiss-based global precision engineering and plastic injection moulding firm. Mr. Chong's 29-year work experience across multicultural business environments covers business development, strategic planning and mergers and acquisitions in global medical companies, venture capital, and manufacturing of plastic for the medical industry. Mr. Chong graduated with a B.Sc. (Microbiology) from Guelph University, Canada, and holds an International MBA (Magna-cum-Laude) degree from Stratford University, Virginia, USA.

JAMES NG

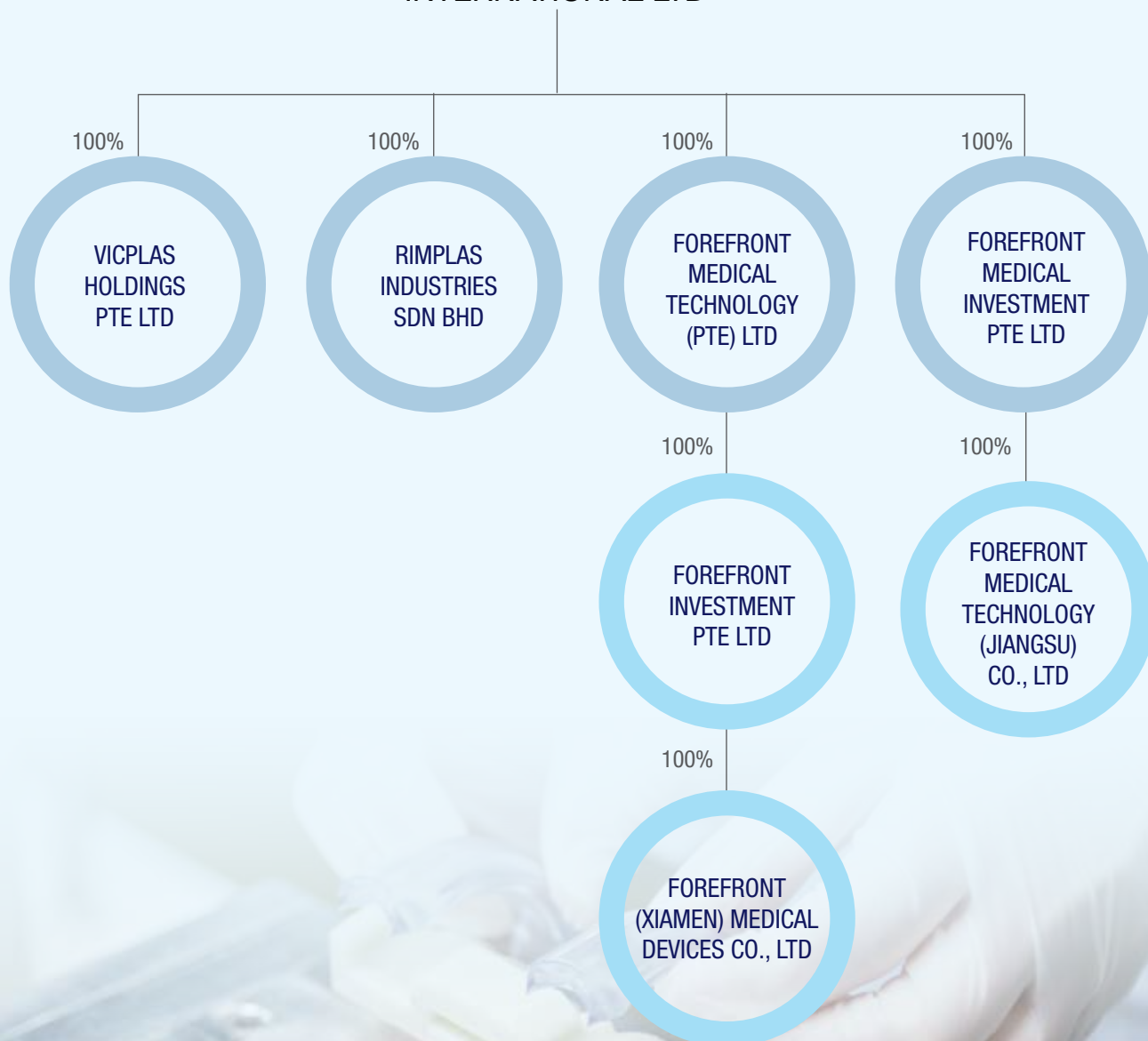
James Ng, aged 47, joined the Group as Chief Financial Officer in November 2014. He is responsible for the Group's financial functions including accounting, internal controls and auditing, financial and management reporting, tax, financial analysis, mergers and acquisition and risk management. Prior to that, he had been the Chief Financial Officer of several listed companies in Singapore. Mr. Ng holds a bachelor of Accountancy from the Nanyang Technological University and is a chartered accountant of the Institute of Singapore Chartered Accountants.

TOON CHIN LIANG

Toon Chin Liang, aged 37, joined the medical devices segment of the Group in May 2014 as the Quality, Assurance and Regulatory Affairs Director and subsequently as the Technical Director in May 2015. Prior to joining the Group, he was the Quality Engineering Manager in one of the largest Swiss pharmaceutical and medical devices company.



Organisation Structure



Corporate Information

BOARD OF DIRECTORS

Mr. Yeo Wico	<i>Non-executive Independent Chairman</i>
Mr. Ng Cher Yan	<i>Non-executive Independent Director</i>
Mr. Robert Gaines-Cooper	<i>Non-executive Director</i>
Mr. David D. H. H. Curtis-Bennett	<i>Non-executive Director</i>
Mr. Christopher P. Lee	<i>Non-executive Director</i>

AUDIT COMMITTEE

Mr. Ng Cher Yan	<i>Chairman</i>
Mr. Yeo Wico	<i>Member</i>
Mr. David D. H. H. Curtis-Bennett	<i>Member</i>

REMUNERATION COMMITTEE

Mr. Ng Cher Yan	<i>Chairman</i>
Mr. Yeo Wico	<i>Member</i>
Mr. David D. H. H. Curtis-Bennett	<i>Member</i>

NOMINATING COMMITTEE

Mr. Yeo Wico	<i>Chairman</i>
Mr. Ng Cher Yan	<i>Member</i>
Mr. David D. H. H. Curtis-Bennett	<i>Member</i>

STRATEGY COMMITTEE

Mr. Christopher P. Lee	<i>Chairman</i>
Mr. Yeo Wico	<i>Member</i>
Mr. David D. H. H. Curtis-Bennett	<i>Member</i>

COMPANY SECRETARY

Ms. Esther Au Siew Peng, ACIS

REGISTERED OFFICE

35 Joo Koon Circle
Singapore 629110
Telephone: (65) 62623888
Facsimile: (65) 63493877

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road, #03-00
ASO Building,
Singapore 048544

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Audit Partner: Mr. Panjabi Sanjay Gordhan
(Appointed with effect from FY2015)

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central @ MBFC Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place UOB Plaza 1
Singapore 048624



Corporate Governance

Corporate Governance Report

The Board of Directors (“Board”) and the management of the Company are committed to maintaining high standards of corporate governance within the Company and its subsidiaries (“Group”). The Group has put in place and adopted various principles, policies and practices complying with the Code of Corporate Governance 2012 (“Code”) where it is applicable and practical to the Group in the context of the Group’s business and organisation structure.

The Company is pleased to report that it has generally adhered to the principles and guidelines as set out in the Code and deviations from any guideline of the Code are explained in this report.

BOARD OF DIRECTORS

Principle 1: Board’s Conduct of Affairs

The Board is responsible for overall corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group. The Board supervises the management of the business and affairs of the Company. Apart from its fiduciary duties and statutory responsibilities, the Board evaluates and approves important matters such as major investments, capital expenditures and funding decisions. The Board has put in place financial authorisation limits for operating and capital budgets, procurement of goods and services, and cheque signatory arrangements. Approval sub-limits are also provided at the management level to facilitate operational efficiency. Matters that are specifically reserved for the Board’s decision include interested person transactions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Board also reviews the financial statements, annual reports and authorises announcements of financial results. The Board believes that a high standard of disclosure is the key to raising the level of corporate governance.

The Board meets at least four times a year and when necessary. Four meetings of the Board were held during the financial year ended July 31, 2015 (“FY2015”). In addition to the regular/scheduled meetings, ad-hoc meetings may be held by way of conference calls to deliberate on urgent and substantive matters. The Company’s Articles of Association provides for Board meetings to be conducted by teleconference or videoconference or other methods of simultaneous communication by electronic, telegraphic or other similar means. Apart from Board meetings, matters are also put to the Board for approval by way of circulating resolutions in writing.

Board members are routinely updated on developments and changes in the operating environment, including revisions to accounting standards, and laws and regulations affecting the Group. The Company is supportive of Board members’ participation in industry conferences and seminars, and will arrange programmes to meet directors’ relevant training needs. The Company brings information on seminars or other training that may be of relevance to the directors’ attention, and funds directors’ attendance at any course or training programme in connection with their duties as directors.

A new director will be provided with a formal letter of appointment setting out the directors’ duties and obligations. The orientation and training programme for new directors includes a briefing on the Group’s operations and corporate governance practices. Where necessary, the Company will provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge.

The Board is supported by four Board committees: the Audit Committee (“AC”), Nominating Committee (“NC”), Remuneration Committee (“RC”) and Strategy Committee (“SC”). Each Board committee is guided by specific written terms of reference.

Corporate Governance Report

The attendance of the directors and committee members at the meetings of the Board and various Board committees held during the financial year are as follows:

Meetings	No. of scheduled meetings held during FY2015	No. of scheduled meetings attended during FY2015					
		Yeo Wico	Nicos C Nicolaides	David D. H. H. Curtis-Bennett	Ng Cher Yan	Christopher P. Lee	Robert Gaines-Cooper
Board	4	4	2 ^(a)	4	4	4	1
Audit Committee	4	4	2 ^(a)	4 ^(b)	4 ^(c)	4 ^(d)	1 ^(e)
Nominating Committee	1	1	1 ^(a)	1	1	1 ^(d)	N.A.
Remuneration Committee	2	2	1 ^(a)	2	2	2 ^(d)	1 ^(e)
Strategy Committee	1	1	N.A.	1	N.A.	1	1 ^(e)

Notes:

- ^(a) Resigned as a director and ceased to be Deputy Chairman of the Board and Chairman of the AC on November 27, 2014. Attended NC and RC meetings by invitation.
- ^(b) Joined the AC on November 27, 2014. Prior to November 27, 2014, he attended AC meetings by invitation.
- ^(c) Assumed the Chairmanship of the AC on November 27, 2014.
- ^(d) Attended AC, NC and RC meetings by invitation.
- ^(e) Appointed as a director on June 23, 2015. Attended AC, RC and SC meetings by invitation.

The SC was established to provide guidance to the management in the development and implementation of strategy and strategic initiatives and to make recommendations to the Board on such matters. During the financial year, ad-hoc meetings and conference calls were held between members of the SC (either individually or as a group) with the management to brainstorm and map out initiatives and strategies. This culminated in an annual strategy session with the management to review and develop the Group's strategy over different time horizons which was eventually approved by the Board. In addition, the Group's strategy was reviewed from time to time during the financial year through several ad-hoc discussions and telephone conferences in response to matters as they arise. The SC had provided guidance to the management on strategic initiatives and their implementation several times in the course of the financial year.

As at the date of this report, the SC is made up of three members, all of whom are non-executive directors:

Mr. Christopher P. Lee (Chairman, Non-executive Director)
 Mr. David D. H. H. Curtis-Bennett (Member, Non-executive Director)
 Mr. Yeo Wico (Member, Independent Director)

Principle 2: Board Composition and Guidance

The Board has five members, all of whom are non-executive directors. Two of the five directors are independent directors and they are Mr. Yeo Wico and Mr. Ng Cher Yan. Details of the directors' shareholdings in the Company are set out in the Directors' Statement.

Corporate Governance Report

The Board's adoption of the independence concept is in line with the definition of an "independent director" set out in the Code. The key elements of fulfilling the criteria of an independent director are that, he is not a member of the management and is free of relationships with the Company, related companies, its 10% shareholders⁽¹⁾ or its officers that could interfere with the exercise of independent judgement or the ability to act in the interests of the Company. Every director is expected to act in good faith and always in the best interests of the Company. The directors contribute positively to the Company with their expertise and knowledge in business, accounting, finance, law and management. They also bring with them impartial judgement and independence in decision making at the Board level and every director shares equal responsibility on the Board. The Board is of the view that its current composition comprises persons who, as a group, provide the appropriate balance and diversity of skills, experience and knowledge of the Company, as well as complementary competencies in industry knowledge and customer-based experience, to meet the Group's needs. The NC is also of the view that the current Board size is adequate, taking into consideration the nature and scope of the Group's operations.

The Company's Articles of Association ("AA") require at least one third of the Board to retire and be subject to re-election by shareholders at every annual general meeting ("AGM"). The AA also requires all directors to offer themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, if a director is appointed by the Board between AGMs, that director is to offer himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation at least once every three years.

The director standing for re-election at the forthcoming AGM under Article 115 of the Company's AA is Mr. Christopher P. Lee.

Mr. Robert Gaines-Cooper and Mr. David D. H. H. Curtis-Bennett are retiring under Section 153(6) of the Companies Act, Cap. 50 at the forthcoming AGM and will be offering themselves for re-appointment to office.

The NC recommends the re-election and re-appointment after assessing their contribution and performance (including attendance, preparedness and participation) and their effectiveness as directors. The Board has accepted the NC's recommendation. Each member of the NC and Board had abstained from deliberating on his own re-nomination as a director.

A brief profile of each director is set out in the "Board of Directors and Senior Management" section of this annual report.

During FY2015, none of the directors have served beyond nine years from the respective date of their first appointment.

Notes:

⁽¹⁾ The term "10% shareholders" refers to person who has an interest or interests in one or more voting shares in the company; and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

Principle 3: Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by separate persons in order to maintain an effective segregation of duties and an appropriate balance of power. Mr. Yeo Wico is our independent non-executive Chairman. He is responsible for the control over the quality and timeliness of the flow of information between management and the Board and ensuring compliance with the Group's guidelines on corporate governance. He also ensures that Board meetings are held on a regular basis.

Mr. Cheng Liang is our Acting Group Chief Executive Officer. He has been part of the senior management team of the Group and he does not sit on the Board. He continues with his role and responsibilities in the pipes and pipe fittings business of the Group whilst he is the Acting Group Chief Executive Officer.

Corporate Governance Report

Principle 4: Board Membership

Principle 5: Board Performance

Nominating Committee

As at the date of this report, the NC is made up of three members, all of whom are non-executive directors:

Mr. Yeo Wico (Chairman, Independent Director)

Mr. Ng Cher Yan (Member, Independent Director)

Mr. David D. H. H. Curtis-Bennett (Member, Non-executive Director)

The NC is entrusted with the specific task of recommending to the Board all Board appointments. This function extends to recommendations by the NC on re-nominations having regard to the director's contribution and performance. Factors taken into account include the director's attendance and participation at Board meetings and Board committee meetings in the financial year under review, whether the Board and the management have benefited from an open and healthy exchange of views and ideas and the director's competencies and contributions.

Periodic reviews of the Board composition, including selection of candidates for new appointments to the Board, are made by the NC as part of the Board's renewal process. In considering candidates for new appointments to the Board, the NC takes into account various factors including the current and mid-term needs and goals of the Company, as well as the relevant expertise of the candidates and their potential contributions to the Board. Candidates would be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The NC is also charged with determining, on an annual basis, and where circumstances require, whether a director is independent and, where a director has multiple board representations, whether the director is able to and has been adequately carrying out his duties as a director of the Company. In determining the independence of directors annually, the NC has reviewed and is of the view that Mr. Yeo and Mr. Ng are independent. The NC also reviewed and is satisfied that the non-executive directors who sit on multiple boards have been able to devote time and attention to the affairs of the Company to fulfill their duties as directors of the Company.

The NC is also mandated to undertake reviews on the performance of the Board as a whole, its Board committees, the contribution by each director to the effectiveness of the Board and training and professional development programmes for the Board. The NC assesses the performance and effectiveness of the Board and the contribution of each director as a whole on an annual basis. To do so, the NC has put in place the following process: Directors are requested to complete an evaluation questionnaire. The performance criteria in respect of the performance of the Board and Board Committees include assessment of the Board's size and composition, access to information, processes and accountability and Board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference. Individual directors are assessed on the director's attendance record, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge as well as overall contribution to the Board and the Board committees, as appropriate. Each member of the NC abstains from voting on any resolution in respect of the assessment of his own performance or re-nomination as a director.

The number of meetings held by the NC and the attendance of its members are set out in the table of meetings on page 14 in this annual report.

Consistent with the Code, the Chairman of the NC is independent and is not associated with the substantial shareholders of the Company.

Corporate Governance Report

The NC and the Board in principle support limiting the number of directorships that an independent director can effectively serve. However, the NC and the Board are of the view that the effectiveness of each of the independent directors is best assessed by a qualitative assessment of the director's contributions as well as by taking into account each director's listed company board directorships, and any other relevant time commitments. If a quantitative limit on the number of directorships is imposed, the NC and the Board may have omitted outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. All Board members have also confirmed that they are able to commit sufficient time for the scheduled meetings and other ad-hoc meetings, and devote appropriate time for such meetings. Such confirmations are taken into account in the NC's assessment of directors' contributions.

The Board does not encourage the appointment of alternate directors, and currently none of the Board members has an alternate director.

Principle 6: Access to Information

Principle 10: Accountability

The agenda and full set of Board papers for consideration are distributed to all members of the Board before the meetings of the Board to ensure that directors could study them and obtain further information and explanation, where necessary. Board members have separate and independent access to senior management and the company secretary at all times. The Board as a whole or an individual Board member may also obtain independent professional advice, if necessary, at the Company's expense.

Apart from the strategy session conducted by the SC, the company secretary attended all Board meetings and Board committee meetings conducted during the year. The company secretary works with the Chairman to ensure that Board procedures are followed and that the Company complies with the requirements of the Companies Act, Cap. 50 and of the SGX-ST, respectively, which are applicable to the Company.

The management provides directors with quarterly management accounts. In addition, information on salient developments and material transactions are also provided to directors as and when they arise.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprises the following members, all of whom are non-executive directors:

Mr. Ng Cher Yan (Chairman, Independent Director)

Mr. Yeo Wico (Member, Independent Director)

Mr. David D.H.H. Curtis-Bennett (Member, Non-executive Director)

The role of the RC is to recommend to the Board a framework of remuneration for the Board and key management personnel and to determine the remuneration packages for executive directors, chief executive officer and key management personnel of the Group. In its review, the RC's objective is to establish a remuneration policy that would be appropriate to attract, retain and motivate a pool of executive talent by ensuring that individual performance and reward are reflective of the business objectives of the Group. The RC will have access to expert advice in the field of executive compensation, when required.

Corporate Governance Report

The fees to be paid to the directors are subject to shareholders' approval at the Company's AGM every year. The proposed fees are determined after considering factors such as effort and time spent, contribution from the directors and market practice.

The number of meetings held by the RC and the attendance of its members are set out in the table of meetings on page 14 in this annual report.

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

The remuneration paid to each of the directors and five key management personnel for the year ended July 31, 2015 are set out below:

Remuneration band	Salary	Bonus	Director's Fees	Other Benefits	Total Remuneration
Name of director					
	%	%	%	%	%
Below S\$250,000					
Yeo Wico	-	-	63	37	100
Robert Gaines-Cooper	-	-	100	-	100
Nicos C Nicolaides	-	-	85	15	100
David D. H. H. Curtis-Bennett	-	-	95	5	100
Ng Cher Yan	-	-	96	4	100
Christopher P. Lee	-	-	61	39	100

Remuneration band	Salary	Bonus	Other Benefits	Total Remuneration
Name of key management personnel				
	%	%	%	%
S\$250,000 to S\$499,999				
Cheng Liang	45	41	14	100
Chong Joo San	67	22	11	100
Daniel Benze ⁽²⁾	79	7	14	100
Below S\$250,000				
Cheng Hsheng @ Zhong Zixian ⁽³⁾	44	40	16	100
Toon Chin Liang	66	26	8	100
James Ng ⁽⁴⁾	78	13	9	100

Notes:

⁽²⁾ Resigned. His last day of service with the Group was June 25, 2015.

⁽³⁾ Appointed as Acting Group Operations Director on April 1, 2015. His father, Mr. Cheng Liang, is the Acting Group Chief Executive Officer.

⁽⁴⁾ Appointed as Chief Financial Officer on November 24, 2014.

Corporate Governance Report

The Company adopts a remuneration policy for staff that is primarily performance based. Remuneration comprises a fixed and a variable component. The fixed component consists of a base salary, fixed allowance and an annual wage supplement. The variable component is in the form of a variable bonus that is linked to the Company's and the individual's performance. The Company also has in place the Vicplas International Share Option Plan to reward and retain eligible directors and employees whose services are vital to the Group's success. For information on the Vicplas International Share Option Plan, please refer to pages 24, 25 and 26 of the annual report.

Other than Mr. Cheng Hsheng @ Zhong Zixian, there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company for FY2015.

Mr. Cheng Hsheng @ Zhong Zixian (Acting Group Operations Director) is the son of Mr. Cheng Liang (Acting Group Chief Executive Officer) and his remuneration is within the band of S\$200,000 to S\$250,000. He also holds 1,000,000 options under the Vicplas International Share Option Plan. Other than Mr. Cheng Hsheng @ Zhong Zixian, there is no immediate family member of a director or the Chief Executive Officer who is employed in the Group.

The aggregate remuneration paid to the top five key management personnel (who are not directors or the Chief Executive Officer) for FY2015 is S\$1,255,105.

Due to competitive reasons and confidentiality and sensitivity of remuneration matters, the Company has disclosed only the remuneration mix and remuneration band of each individual director and the top key management personnel on a named basis.

The Company is of the view that the information disclosed in this annual report should be sufficient for shareholders of the Company to form an adequate understanding of the Company's remuneration policies and practice. The Company believes that full disclosure of remuneration of each individual director and the top key management personnel on a named basis could be disadvantageous to the Group's business interest, given the highly competitive industry conditions.

Principle 11: Risk Management and Internal Controls

The Board recognizes the importance of maintaining a sound system of internal controls, covering not only the financial, but also operational and compliance controls, including risk management, to safeguard shareholders' interests and the Group's assets. Procedures are in place to identify and manage major business risks and evaluate potential financial effects.

The Board is continuously looking into the adequacy and improvement of its system of internal controls.

The Board has received assurance from the Acting Group Chief Executive Officer and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the system of risk management and internal controls in place is adequate and effective in addressing the material risks in the Group in its current business environment. During the financial year under review, the AC has reviewed the adequacy and effectiveness of the Group's internal controls and risk management systems. Based on reviews conducted by the management, work performed by the internal and external auditors, assurances from the Acting Group Chief Executive Officer and the Chief Financial Officer on the financial records and effectiveness of the Company's internal controls and risk management systems, the Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology risks as at July 31, 2015.

Corporate Governance Report

Principle 12: Audit Committee

The AC comprises three members, all of whom are non-executive directors and two of whom are independent directors. The members of the AC at the date of this report are:

Mr. Ng Cher Yan (Chairman, Independent Director)
Mr. Yeo Wico (Member, Independent Director)
Mr. David D. H. H. Curtis-Bennett (Member, Non-executive Director)

The AC held four meetings during the financial year ended July 31, 2015. The AC reviews issues of accounting policy and presentation of external financial reporting as well as the internal financial control, for which the directors are responsible. The following are some of the functions performed by the AC:

- reviewed with the internal auditor and external auditor, their audit plan, the results of their examinations and their evaluation of the system of internal accounting controls, the external auditor's management letter and management's response to it and the external auditor's audit report;
- reviewed interested person transactions;
- reviewed the half-yearly and annual financial statements of the Company and the consolidated financial statements of the Group, including proposed announcements of the financial results prior to submission to the Board; and
- nominated the external auditors for re-appointment.

To effectively discharge its responsibilities, the AC has full access to and the co-operation of Group's management. Full resources are made available to the AC to enable it to discharge its functions properly. The AC has full discretion to invite any director and executive to attend its meetings. The AC met with the internal auditor and external auditor separately without the presence of management. The AC members take steps to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at briefings by the external auditor or other professionals.

The AC having reviewed the non-audit services provided by the external auditors to the Group and being satisfied that the fee of S\$20,086 paid for the non-audit services (being tax advisory) in the financial year 2015 will not prejudice the independence and objectivity of the external auditor, has recommended to the Board, the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company. The aggregate amount of audit and non-audit fees paid to the external auditor in the year under review can be found at note 29 to the financial statements, at page 80 of this annual report.

The Company confirms that it has complied with Rule 712 and 715 of the SGX-ST Listing Manual.

Principle 13: Internal Audit

The Group outsourced its internal audit function to Foo Kon Tan Advisory Services Pte Ltd, an accounting firm that is not affiliated to the external auditors. The internal audit function is independent of the activities it audits. The internal auditors report to the AC and assist in monitoring and updating risks and adequacy of the internal controls systems. The internal auditors assist management to identify, evaluate and update significant risks and develop risks based audit plan for review and approval by the AC.

Corporate Governance Report

Principle 14: Shareholders Rights and Responsibilities

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholders' Meetings

The Board believes in regular, timely and effective communications with shareholders. In addition to the mandatory public announcements made through the SGXNet, timely release of the financial results provides shareholders with an overview of the Group's performances and operations. The principal forum for dialogue with shareholders remains the AGM, during which shareholders are encouraged to raise questions and participate in discussions pertaining to the operations and financials of the Group. In addition, the Company also attends to enquiries from shareholders, analysts and the press on an *ad hoc* basis. Such enquiries are handled by the management staff and independent director listed below in lieu of a dedicated investor relations team. Any queries and concerns regarding the Group can be conveyed to the following persons:

Mr. James Ng, Chief Financial Officer

Telephone no.: 6349 3875

Facsimile no.: 6349 3877

Email: james.ng@vicplas.com.sg

Mr. Cheng Hsheng @ Zhong Zixian, Acting Group Operations Director

Telephone no.: 6349 3818

Facsimile no.: 6349 3877

Email: jaycheng@vicplas.com.sg

Mr. Cheng Liang, Acting Group Chief Executive Officer

Telephone no.: 6349 3868

Facsimile no.: 6349 3877

Email: e_cheng@vicplas.com.sg

Mr. Ng Cher Yan, Independent Director and AC Chairman

Telephone no.: 6883 1188

Facsimile no.: 6349 3877

Email: cy@plusllp.com

DEALINGS IN SECURITIES

The Company has a policy governing dealings in the Company's securities by its directors and executives of the Group which is based on the best practices set out in Rule 1207(19) of the SGX-ST Listing Manual. The Company's internal Code of Best Practices on Securities Transactions (the "Internal Code") emphasize that the law on insider dealing is applicable at all times notwithstanding that there may be certain window periods for them to deal in the shares of the Company. The Internal Code also enables the Company to monitor such share transactions by requiring executives to report to the Company whenever they deal in the Company's shares. In addition, the directors, key officers and employees of the Group are discouraged from dealing in the Company's securities on short term considerations and during the period commencing one month prior to, and ending on, the announcement of the Group's half year and full year results, respectively.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are on an arm's length basis. All interested transactions are subject to review by the AC to ensure compliance with the established procedures.

Renewal of the Company's Shareholders' Mandate for interested person transactions will be tabled at the forthcoming AGM to authorise the carrying on of mandated transactions with interested persons until the next annual general meeting of the Company.

The following disclosures are made pursuant to Rule 907 of the SGX-ST Listing Manual.

Name of interested person and nature of transactions	Aggregate value of all interested person transactions during the financial year 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
Sales of goods to Venner Capital S.A. and subsidiaries and related parties	-	1,780
Income from mould and maintenance services received from Venner Capital S.A. and subsidiaries and related parties	-	10

MATERIAL CONTRACTS

Other than the interested person transactions conducted under the shareholders' mandate, there are no material contracts to which the Company or any related company is a party and which involve directors' interest subsisted at, or have been entered into since the end of the previous financial year.

FINANCIAL RISKS AND MANAGEMENT

Information relating to financial risks and management are set out in elsewhere in this annual report.

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended July 31, 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 30 to 86 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at July 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Yeo Wico
David D. H. H. Curtis-Bennett
Ng Cher Yan
Christopher P. Lee
Robert Gaines Cooper (Appointed on June 23, 2015)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3 and 4 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and Company in which interests are held	Shareholdings registered in name of director		Share options to subscribe for ordinary shares	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
The Company - Vicplas International Ltd (Ordinary shares)				
Yeo Wico	-	3,750,000	6,000,000	2,250,000
David D. H. H. Curtis-Bennett	5,000,000	8,000,000	3,000,000	-
Ng Cher Yan	-	-	3,000,000	3,000,000
Christopher P. Lee	-	-	-	3,000,000

Directors' Statement

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of director and Company in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
The Company - Vicplas International Ltd (Ordinary shares)				
Robert Gaines-Cooper ⁽¹⁾	10,600,000	10,600,000	272,909,933	272,909,933

⁽¹⁾ Venner Capital S.A. ("Venner") is owned by the Bird Island Trust, a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand, a trust company based in Liechtenstein. Mr. Robert Gaines-Cooper is presently the sole beneficiary and protector under the trust. Mr. Robert Gaines-Cooper is deemed to be interested in the shares of the Company owned by Bird Island Trust through Venner. He is also deemed to be interested in the 5,000,000 ordinary shares held by his wife, Mrs Jane Rose Philomene Gaines-Cooper.

By virtue of Section 7 of the Singapore Companies Act, Robert Gaines-Cooper is deemed to have an interest in the Company and in all the subsidiaries of the Company.

4 SHARE OPTIONS

(a) Vicplas International Share Option Plan

Vicplas International Share Option Plan (the "Plan") was approved by the shareholders of the Company at an Extraordinary General Meeting held on September 20, 2010.

The Plan is administered by the Board of Directors whose members are disclosed in paragraph 1 above.

The directors did not participate in any deliberation or decision in respect of the options granted where they were the beneficiary.

The Plan is designed to reward and retain eligible participants whose services are vital to the Group's well-being and success.

Under the Plan, options granted to the directors and employees may, except in certain special circumstances, be exercised for the vested options at any time after one year but no later than the expiry date. The ordinary shares of the Company ("Shares") under option may be exercised in full or in part, on the payment of the exercise price. The exercise price is based on the average of closing prices of the Shares on the Singapore Exchange Securities Trading Limited for the three market days immediately preceding the date of grant. The Board of Directors may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. No options have been granted at a discount.

Under the rules set out in the Plan, Non-Executive Directors, and employees of the Group are eligible to participate provided that they are not controlling shareholders or associates of controlling shareholders.

The directors of the Company are authorised to offer and grant options in accordance with the provisions of the Plan, and to allot and issue such number of shares pursuant to the exercise of options under the Plan, provided that the aggregate number of new shares allotted and issued under the Plan shall not exceed 15% of the total number of issued shares.

Directors' Statement

4 SHARE OPTIONS (cont'd)

(b) Unissued shares under option and options exercised

The number of shares available under the Plan shall not exceed 15% of the issued share capital of the Company. The number of outstanding share options at year end under the Plan are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at August 1, 2014	Granted	Exercised	Forfeited	Balance at July 31, 2015	Exercise price per share	Exercisable period
January 27, 2011	3,000,000	-	-	(3,000,000)	-	\$0.080	January 28, 2012 to January 27, 2021
April 1, 2011	33,250,000	-	(8,250,000)	(14,500,000)	10,500,000	\$0.075	April 2, 2012 to April 1, 2021
March 27, 2014	3,000,000	-	(750,000)	-	2,250,000	\$0.067	March 28, 2015 to March 27, 2019
November 19, 2014	-	3,000,000	-	-	3,000,000	\$0.073	November 20, 2015 to November 19, 2018
	<u>39,250,000</u>	<u>3,000,000</u>	<u>(9,000,000)</u>	<u>(17,500,000)</u>	<u>15,750,000</u>		

In respect of options granted to employees of related corporations, a total of 5,000,000 options were forfeited during the financial year. The total number of options granted to employees of related corporations from the commencement of the Plan to the end of the financial year is reduced from 11,000,000 as at July 31, 2014 to 6,000,000 as at July 31, 2015.

Holders of the above share options have no right to participate in any share issues of any other Company. The following employees have received 5% or more of the total options available under this Plan:

Name of employee	Options granted during the financial year	Aggregate options granted since commencement of the Plan to the end of financial year	Aggregate options exercised since commencement of the Plan to the end of financial year	Aggregate options forfeited/lapsed since commencement of the Plan to the end of financial year	Aggregate options outstanding as at the end of financial year
Mark Samlal (Resigned on October 31, 2014)	-	10,000,000	-	(10,000,000)	-
Daniel Benze (Resigned on June 25, 2015)	-	5,000,000	-	(5,000,000)	-
Cheng Liang	-	2,500,000	-	-	2,500,000
Chong Joo San	-	2,500,000	-	-	2,500,000
Gan Ying Hui (Resigned on December 5, 2014)	-	2,500,000	-	(2,500,000)	-
Cheng Hseng	-	1,000,000	-	-	1,000,000
	<u>-</u>	<u>23,500,000</u>	<u>-</u>	<u>(17,500,000)</u>	<u>6,000,000</u>

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

Directors' Statement

4 SHARE OPTIONS (cont'd)

- (c) The information on directors of the Company holding office at the end of the financial year and participating in the Plan is as follows:

<u>Name of director</u>	<u>Options granted during the financial year</u>	<u>Aggregate options granted since commencement of the Plan to the end of financial year</u>	<u>Aggregate options exercised since commencement of the Plan to the end of financial year</u>	<u>Aggregate options forfeited/ lapsed since commencement of the Plan to the end of financial year</u>	<u>Aggregate options outstanding as at the end of financial year</u>
Yeo Wico	-	6,000,000	(3,750,000)	-	2,250,000
David D. H. H. Curtis-Bennett	-	3,000,000	(3,000,000)	-	-
Ng Cher Yan	-	3,000,000	-	-	3,000,000
Christopher P. Lee	3,000,000	3,000,000	-	-	3,000,000
	<u>3,000,000</u>	<u>15,000,000</u>	<u>(6,750,000)</u>	<u>-</u>	<u>8,250,000</u>

5 AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Mr. Ng Cher Yan (independent non-executive director) and includes Mr. Yeo Wico (independent non-executive director) and Mr. David D. H. H. Curtis-Bennett (independent non-executive director).

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- the Group's financial and operating results and accounting policies;
- the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors' report on those financial statements;
- the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- the co-operation and assistance given by the management to the Group's external auditors; and
- the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

Directors' Statement

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....
Yeo Wico

.....
Ng Cher Yan

October 30, 2015

Independent Auditors' Report

to the Members of Vicplas International Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Vicplas International Ltd (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at July 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 86.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

to the Members of Vicplas International Ltd

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at July 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

October 30, 2015

Statements of Financial Position

July 31, 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	14,001	8,079	281	42
Trade receivables	8	18,554	18,987	-	-
Other receivables	9	3,976	3,969	42,997	26,274
Inventories	10	7,332	6,939	-	-
Income tax receivable		113	-	-	-
Club memberships	11	-	-	-	-
Total current assets		43,976	37,974	43,278	26,316
Non-current assets					
Property, plant and equipment	12	18,914	17,791	-	-
Investment property	13	6,137	6,137	-	-
Intangible assets	14	163	195	-	-
Deferred tax assets	20	1,540	-	-	-
Other receivables	9	351	-	-	-
Subsidiaries	15	-	-	37,150	31,155
Total non-current assets		27,105	24,123	37,150	31,155
Total assets		71,081	62,097	80,428	57,471
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	16	2,027	1,041	-	-
Trade payables	17	3,800	3,921	-	-
Other payables	18	5,165	4,863	889	936
Current portion of finance leases	19	221	5	-	-
Income tax payable		1,684	1,098	-	-
Total current liabilities		12,897	10,928	889	936
Non-current liabilities					
Finance leases	19	531	5	-	-
Deferred tax liabilities	20	1,793	1,614	-	-
Total non-current liabilities		2,324	1,619	-	-
Capital and reserves					
Share capital	22	47,436	46,767	47,436	46,767
Treasury shares	22	(37)	(37)	(37)	(37)
Share option reserve	21	810	693	810	693
Currency translation reserve	23	(341)	(93)	-	-
Revaluation reserve	23	3,062	3,062	-	-
Retained earnings					
(Accumulated losses)		4,930	(842)	31,330	9,112
Total equity		55,860	49,550	79,539	56,535
Total liabilities and equity		71,081	62,097	80,428	57,471

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended July 31, 2015

		Group	
	Note	2015 \$'000	2014 \$'000
Revenue	24	74,100	63,263
Other income	25	2,243	1,424
Changes in inventories of finished goods and work-in-progress		233	(250)
Raw materials and consumables used		(27,401)	(24,242)
Purchase of finished goods for resale		(4,519)	(4,110)
Employee benefits expense		(19,069)	(17,650)
Depreciation and amortisation expenses		(3,731)	(3,694)
Reversal of impairment loss of property, plant and equipment		861	-
Other operating expenses	26	(15,535)	(17,524)
Finance costs	27	(45)	(42)
Profit (Loss) before tax		7,137	(2,825)
Income tax expense	28	(1,365)	(1,243)
Profit (Loss) for the year attributable to owners of the Company	29	5,772	(4,068)
Other comprehensive (loss) income, net of tax:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Revaluation of property	30	-	3,062
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	30	(248)	(75)
Other comprehensive (loss) income for the year, net of tax		(248)	2,987
Total comprehensive income (loss) for the year attributable to owners of the Company		5,524	(1,081)
Earnings (Losses) per share (in cents):			
Basic	31	1.24	(0.88)
Diluted	31	1.20	(0.87)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended July 31, 2015

	Note	Share capital \$'000	Treasury shares \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Revaluation reserve \$'000	Retained earnings (Accumulated losses) \$'000	Total \$'000
<u>Group</u>								
Balance at August 1, 2013		46,767	(13)	623	(18)	-	3,226	50,585
Total comprehensive loss for the year								
Loss for the year		-	-	-	-	-	(4,068)	(4,068)
Other comprehensive income for the year		-	-	-	(75)	3,062	-	2,987
Total		-	-	-	(75)	3,062	(4,068)	(1,081)
Transactions with owners, recognised directly in equity								
Repurchase of shares	22	-	(24)	-	-	-	-	(24)
Recognition of share-based payment	21	-	-	70	-	-	-	70
Total		-	(24)	70	-	-	-	46
Balance at July 31, 2014		<u>46,767</u>	<u>(37)</u>	<u>693</u>	<u>(93)</u>	<u>3,062</u>	<u>(842)</u>	<u>49,550</u>

Statements of Changes in Equity

Year ended July 31, 2015

	Note	Share capital \$'000	Treasury shares \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Revaluation reserve \$'000	Retained earnings (Accumulated losses) \$'000	Total \$'000
<u>Group</u>								
Balance at July 31, 2014		46,767	(37)	693	(93)	3,062	(842)	49,550
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	5,772	5,772
Other comprehensive income for the year		-	-	-	(248)	-	-	(248)
Total		-	-	-	(248)	-	5,772	5,524
Transactions with owners, recognised directly in equity								
Issue of share capital	22	669	-	-	-	-	-	669
Recognition of share-based payment	21	-	-	117	-	-	-	117
Total		669	-	117	-	-	-	786
Balance at July 31, 2015		47,436	(37)	810	(341)	3,062	4,930	55,860

Statements of Changes in Equity

Year ended July 31, 2015

				(Accumulated losses)		
	Note	Share capital	Treasury shares	Share option reserve	Retained earnings	Total
Company		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at August 1, 2013		46,767	(13)	623	(53)	47,324
Profit for the year, representing total comprehensive income for the year		-	-	-	9,165	9,165
Transactions with owners, recognised directly in equity						
Repurchase of shares	22	-	(24)	-	-	(24)
Recognition of share-based payment	21	-	-	70	-	70
Balance at July 31, 2014		46,767	(37)	693	9,112	56,535
Profit for the year, representing total comprehensive income for the year		-	-	-	22,218	22,218
Transactions with owners, recognised directly in equity						
Issue of share capital	22	669	-	-	-	669
Recognition of share-based payment	21	-	-	117	-	117
Balance at July 31, 2015		47,436	(37)	810	31,330	79,539

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended July 31, 2015

	Group	
	2015	2014
	\$'000	\$'000
Operating activities		
Profit (Loss) before income tax	7,137	(2,825)
Adjustments for:		
Allowance for doubtful trade receivables	49	151
(Reversal of allowance) Allowance for inventory obsolescence	(12)	26
Inventories written down to net realisable value	507	82
Amortisation of intangible assets	32	188
Depreciation of property, plant and equipment	3,699	3,506
Reversal of impairment of property, plant and equipment	(861)	-
Write back of retrenchment costs	-	(156)
Gain on disposal of property, plant and equipment	(10)	(56)
Interest income	(29)	(24)
Interest expense	45	42
Share-based payment expenses	117	70
Property, plant and equipment written off	7	2
Operating cash flows before movements in working capital	10,681	1,006
Trade receivables	240	(2,299)
Other receivables	217	(2,195)
Inventories	(888)	742
Trade payables	(135)	1,457
Other payables	(611)	(4,484)
Cash generated from (used in) operations	9,504	(5,773)
Interest paid	(45)	(42)
Interest received	29	24
Income taxes paid	(2,079)	(1,280)
Net cash from (used in) operating activities	7,409	(7,071)

Consolidated Statement of Cash Flows

Year ended July 31, 2015

	Group	
	2015	2014
	\$'000	\$'000
Investing activities		
Prepayment of plant and equipment	(225)	-
Purchase of property, plant and equipment (Note A)	(2,969)	(3,472)
Proceeds on disposal of property, plant and equipment	273	57
Proceeds on disposal of club membership	-	27
Net cash used in investing activities	(2,921)	(3,388)
Financing activities		
Proceeds from bank borrowings (net)	986	292
Repayment of obligations under finance leases	(150)	(9)
Purchase of treasury shares	-	(24)
Proceeds from exercise of share options	669	-
Net cash from financing activities	1,505	259
Net increase (decrease) in cash and cash equivalents	5,993	(10,200)
Cash and cash equivalents at beginning of year	8,079	18,332
Effect of foreign exchange rate changes	(71)	(53)
Cash and cash equivalents at end of year (Note 7)	14,001	8,079

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$3,704,000 (2014: \$3,431,000) of which \$18,000 (2014: \$49,000) remain unpaid at year end and \$766,000 (2014: \$Nil) was acquired under finance lease. Cash payments of \$2,969,000 (2014: \$3,472,000) were made to purchase property, plant and equipment.

See accompanying notes to financial statements.

Notes to Financial Statements

July 31, 2015

1 GENERAL

The Company (Registration No. 199805362R) is incorporated in Singapore with its principal place of business and registered office at 35 Joo Koon Circle, Singapore 629110. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

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

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended July 31, 2015 were authorised for issue by the Board of Directors on October 30, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On August 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Improvements to Financial Reporting Standards (November 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

FRS 109 *Financial Instruments*

Key requirements of FRS 109:

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows comprising solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each accounting period. Debt instruments that are held within a business model whose objective is achieved both by selling financial assets and by collecting contractual cash flows comprising solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of each accounting period. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 Financial Instruments (cont'd)

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect for companies with financial years beginning on or after January 1, 2018, with retrospective application subject to transitional provisions.

Management is currently evaluating the potential impact of FRS 109 on the financial statements of the Group and of the Company in the period of initial application.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 Financial Instruments (cont'd)

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 is expected to take effect for companies with financial years beginning on or after January 1, 2018.

The management is currently evaluating the impact of FRS 115 in the period of initial adoption.

Amendments to FRS 1 Presentation of Financial Instruments: Disclosure Initiative

The amendments which will be effective for financial years beginning on or after January 1, 2016 have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income (“OCI”) arising from equity-accounted investments - An entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The amendments to FRS 1 are effective for companies with annual periods beginning on or after January 1, 2016, with retrospective application subject to transitional provisions. The management is currently assessing the potential impact of amendments to FRS 1 in the period of initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition-date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables".

Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities (cont'd)

The Company has issued corporate guarantee to a bank for borrowings made by the subsidiary. This guarantee is a financial guarantee as it requires the Company to reimburse the bank if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the borrowings.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	-	10% to 33%
Leasehold property	-	Shorter of 50 years or lease term which is 56 years
Leasehold improvements	-	10% to 33%
Plant and equipment	-	10% to 33%
Motor vehicles	-	10% to 33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Capital work-in-progress are plant and equipment under construction at the end of the reporting period and not yet available for use. No depreciation is charged on capital work-in-progress.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

CLUB MEMBERSHIPS - Club memberships are held on a long-term basis and are stated at cost less impairment losses.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The costs of such intangible assets are their fair values at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The intangible assets pertain to intellectual properties and customer relationships acquired through an acquisition in prior years. These intangible assets are amortised on a straight-line basis over their useful lives. Management has assessed the appropriate useful lives to be 10 years and 4 years, respectively, for intellectual properties and customer relationships. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 21. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share option reserve.

Fair value is measured using the Trinomial Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability exercise restrictions and behavioral considerations.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight line basis.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Revenue from the rendering of services that are of a short duration is recognised when the services are completed.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

On the disposal of a foreign operation, (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Notes to Financial Statements

July 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is internally provided to the Chief Executive Officer ("CEO") and the Board of Directors ("BOD"), who are the Group's chief operating decision makers. All operating segments' operating results are reviewed regularly by the Group's CEO and BOD to make decision about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, bank balances, and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Apart from those involving estimations (see below), the management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Allowances for doubtful receivables

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 8 and 9 respectively.

Allowances for inventories

The management of the Group reviews the aging analysis of inventories at the end of each reporting period, and makes allowances for inventory items that are identified as obsolete and slow-moving. The management estimates the net realisable value for goods for resale based primarily on the latest selling prices and current market conditions. The carrying amount of the Group's inventories is disclosed in Note 10.

Notes to Financial Statements

July 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Useful lives of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives reflect the management's estimate of the periods that the Group expects to derive future economic benefits from the use of the property, plant and equipment. Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of these assets. Therefore, future revision to depreciation charges may arise. The carrying amount of the Group's property, plant and equipment is disclosed in Note 12 to the financial statements.

Impairment of property, plant and equipment

In accordance with FRS 36 *Impairment of Assets*, management performs an impairment assessment on the recoverable amount of the property, plant and equipment. The impairment assessment considered the recoverable amount of the property, plant and equipment using value in use through estimation of the forecasted discounted cash flows to be derived from the use of the assets. Based on the impairment assessment performed in current year, the results led to a reversal of impairment loss amounting to \$861,000 as a result of certain uncertainties relating to presumption of continuing use of the previously impaired assets no longer exist at the end of the reporting period. The carrying amount of the Group's property, plant and equipment, and details of the key factors considered in the impairment assessment is disclosed in Note 12 to the financial statements.

Fair value of investment property

The Group's investment property is stated at fair value, as accounted for by management based on the market evidence of transaction prices of similar properties by an independent professional valuer as disclosed in Note 13. The estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, there are certain estimates which require assessment of factors that are not within management's control, such as overall market conditions which may differ from the estimates of fair value of the investment property set forth in the financial statements. The carrying amount of investment property is disclosed in Note 13.

Income tax

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

As at July 31, 2015, the Group recognised deferred tax asset amounting to \$1,500,000 (Note 20) arising from unutilised tax losses of a subsidiary of \$6,000,000 based on the future estimated taxable income of the subsidiary. The estimation of the future taxable income requires considerable judgement. Actual results may differ from the forecast estimate impacting the future realisation of the deferred tax asset.

Notes to Financial Statements

July 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Impairment of investments in and receivables from subsidiaries

Management reviews the investments in the subsidiaries periodically with the view of assessing whether there is any indication of impairment. To determine whether the investments in the subsidiaries are impaired, management exercises judgement and makes estimation of the fair value less cost to sell or the value in use of those investments and the nature of the underlying assets of the cash generating units ("CGU"). The value-in-use calculation requires the management to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The medical devices segment and pipes and pipe fittings segment are assessed as separate CGUs by the management to determine whether the investments in the subsidiaries require any impairment.

Based on current year's assessment, the result has led to a partial reversal of impairment loss amounting to \$5,900,000 for the year ended July 31, 2015 with respect to investment in a subsidiary as a result of recovery of the recoverable amount of the subsidiary. Other than the reversal of impairment as disclosed, management is confident that the allowance for impairment for all other subsidiaries, where necessary, is adequate.

The carrying amount of the investments in subsidiaries of the Company is disclosed in Note 15 to the financial statements.

The receivables due from the subsidiaries are tested for impairment whenever there is any objective evidence that these receivables may be impaired. For the year ended July 31, 2015, management evaluated the recoverability and assessed that no impairment was required, having regard to the existing performance and financial position of the relevant subsidiaries. The carrying amounts of the receivables due from subsidiaries are disclosed in Note 9.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	<u>Group</u>		<u>Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents), at amortised cost:				
- Cash and cash equivalents	14,001	8,079	281	42
- Trade receivables	18,554	18,987	-	-
- Other receivables (excluding prepayments, and VAT input)	807	1,048	42,964	26,260
Total	<u>33,362</u>	<u>28,114</u>	<u>43,245</u>	<u>26,302</u>
Financial liabilities				
Amortised cost:				
- Bank borrowings	2,027	1,041	-	-
- Trade payables	3,621	3,921	-	-
- Other payables	4,971	4,533	876	904
- Finance leases	752	10	-	-
Total	<u>11,371</u>	<u>9,505</u>	<u>876</u>	<u>904</u>

Notes to Financial Statements

July 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies

The Group's overall policy with respect to managing risk arising in the normal course of the Group's business as well as that associated with financial instruments is to minimise the potential adverse effects of the financial performance of the Group. The key financial risks include market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The policies for managing these risks are summarised below.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the Group's transactions that are not denominated in their respective functional currencies. These transactions are from the Group's ordinary course of business.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than its respective functional currencies. The currency giving rise to this risk is primarily United States and Singapore dollars. Foreign currency exposures are monitored by management on an ongoing basis. The effects on the Group's profit or loss arising from the effects of reasonably possible changes to foreign currency risk at the end of the reporting period are shown below.

The Company has certain investments in foreign subsidiaries whose net assets are exposed to currency translation risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	<u>Liabilities</u>		<u>Assets</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
United States dollar ("USD")	2,632	1,544	5,822	1,312
Singapore dollar ("SGD")	1,111	1,364	1,907	1,376
Malaysia ringgit ("MYR")	41	60	-	-

Notes to Financial Statements

July 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit for the year will increase (decrease) by:

	USD impact		SGD impact		MYR impact	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Profit or loss	(319)	23	(80)	(1)	4	6

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit for the year will increase (decrease) by:

	USD impact		SGD impact		MYR impact	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Profit or loss	319	(23)	80	1	(4)	(6)

All monetary assets and monetary liabilities of the Company are denominated in Singapore dollars, the functional currency of the entity. Accordingly, no foreign currency sensitivity is presented.

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates.

The Group's exposure to interest rate risk mainly arises from the fixed deposits and bills payable. The terms of repayment of bills payable and their interest rates are shown in Note 16. The interest rate payable for the finance lease is fixed at the inception of the finance lease, and the impact of fluctuation in short-term interest rates on cash and deposits (Note 7) is relatively insignificant. Interest of the finance lease is disclosed in Note 19.

As at the end of the reporting period, interest rate sensitivity analysis have not been presented as the impact on the Group's and the Company's profit or loss are not expected to be material.

Notes to Financial Statements

July 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a stringent procedure in extending credit terms to customer and monitoring its credit risk. Credit evaluations are performed on all customers requiring credit over a certain amount. Where appropriate, letters of credit, cash and/or advance payments are required for new customers and those with an unacceptable credit assessment.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

The Group's medical devices segment in the current year sells mainly to a third party customer and is dependent on this major customer (see Notes 8 and 32). Hence, the Group's medical devices segment is subject to concentration credit risk. The management performs ongoing credit evaluation of the customer.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 respectively.

(iv) Liquidity risk management

Liquidity risk arises when the Group is unable to meet its obligations towards other counterparties.

The Group finances its operations by a combination of bank borrowings and internally generated cash flows. Adequate lines of credit and availability of committed funding lines are maintained at all times to meet its obligations as and when they fall due.

The directors are of the opinion that liquidity risk is contained given that the Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities, and that if required, financing can be obtained from its lines of banking credit facilities.

Liquidity and interest risk analyses

Non-derivative financial assets

The Group's and the Company's non-derivative financial assets of \$33,362,000 (2014: \$28,114,000) and \$43,245,000 (2014: \$26,302,000) respectively, are repayable on demand or due within one year from the end of the reporting period and non-interest bearing other than fixed deposits (Note 7).

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

Notes to Financial Statements

July 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Adjustment \$'000	Total \$'000
<u>Group</u>					
2015					
Non-interest bearing	-	8,592	-	-	8,592
Variable interest rate instruments	2.36	2,038	-	(11)	2,027
Finance lease liability (fixed rate)	3.84	246	605	(99)	752
		<u>10,876</u>	<u>605</u>	<u>(110)</u>	<u>11,371</u>
2014					
Non-interest bearing	-	8,454	-	-	8,454
Variable interest rate instruments	2.29	1,048	-	(7)	1,041
Finance lease liability (fixed rate)	6.30	7	6	(3)	10
		<u>9,509</u>	<u>6</u>	<u>(10)</u>	<u>9,505</u>
<u>Company</u>					
2015					
Financial liabilities					
Non-interest bearing	-	<u>876</u>	<u>-</u>	<u>-</u>	<u>876</u>
Contingent liabilities	-	<u>9,685</u>	<u>-</u>	<u>(9,685)</u>	<u>-</u>
2014					
Financial liabilities					
Non-interest bearing	-	<u>904</u>	<u>-</u>	<u>-</u>	<u>904</u>
Contingent liabilities	-	<u>9,685</u>	<u>-</u>	<u>(9,685)</u>	<u>-</u>

Notes to Financial Statements

July 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management objectives and policies (cont'd)*

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables, payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the bank borrowings and finance leases as disclosed in Notes 16 and 19 respectively and equity attributable to owners of the Company, comprising issued capital and reserves. The Group's overall strategy remains unchanged from 2014.

5 RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Venner Capital S.A., incorporated in the Republic of Panama, which is also its ultimate holding company. The ultimate controlling party is Mr Robert Gaines Cooper whose interest in Company is held through Venner Capital S.A.

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.

Transactions and arrangements between the Group and group companies of the ultimate holding company are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
<u>Ultimate holding company</u>		
Miscellaneous income	<u>7</u>	<u>14</u>
<u>Subsidiaries of the ultimate holding company</u>		
Sale of goods	1,790	1,722
Miscellaneous charges	(23)	(39)
Rental income	<u>72</u>	<u>72</u>

Notes to Financial Statements

July 31, 2015

6 RELATED PARTY TRANSACTIONS

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

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

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Entity in which a director has interest</u>		
Sales of goods	66	-
	<u>66</u>	<u>-</u>
<u>Entity in which a director is a partner</u>		
Legal fees expense	(40)	(30)
	<u>(40)</u>	<u>(30)</u>

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Short-term benefits	2,363	2,176
Post-employment benefits	88	62
Share-based payment	117	101
	<u>2,568</u>	<u>2,339</u>

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

7 CASH AND CASH EQUIVALENTS

	<u>Group</u>		<u>Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents	12,003	7,559	281	42
Fixed deposits	1,998	520	-	-
Total	<u>14,001</u>	<u>8,079</u>	<u>281</u>	<u>42</u>

The fixed deposits bear interest at 2.28% (2014: 3.20% to 3.45%) per annum and for a term of 365 days (2014: 365 days). The Group's fixed deposits are readily convertible to cash at minimal costs.

Notes to Financial Statements

July 31, 2015

8 TRADE RECEIVABLES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Outside parties	17,743	18,536
Allowance for doubtful trade receivables	(243)	(402)
	<u>17,500</u>	<u>18,134</u>
Amounts due from contract customers (Note 8A)	430	-
Subsidiaries of the ultimate holding company (Note 5)	624	853
Total	<u>18,554</u>	<u>18,987</u>

The credit periods on sale of goods is 30 to 90 days (2014: 30 to 90 days). No interest is charged on the outstanding balance.

An allowance has been made for estimated irrecoverable amounts from the sale of goods to outside parties of \$243,000 (2014: \$402,000). Allowance for doubtful trade receivables is provided based on the assessment of outstanding debts more than 60 days after the credit term and by reference to past default experience.

Before accepting any new customer, the Group obtained customers' general profile from an external credit monitoring service provider to assess the potential customer's credit worthiness and defines credit limits to customer. Credit limits attributed to customer are reviewed periodically.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$6,293,000 (2014: \$7,157,000) which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at end of the reporting period, 1.9% (2014: 11.4%) of the Group's trade receivables amounting to \$352,000 (2014: \$2,157,000) is due from a single customer which is also the Group's largest customer.

Below is an analysis of trade receivables:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Not past due nor impaired (i)	12,261	11,830
Past due but not impaired (ii)	6,293	7,157
	<u>18,554</u>	<u>18,987</u>
Impaired receivables - individually assessed (iii)	243	402
Less: Allowance for doubtful debts	(243)	(402)
	<u>-</u>	<u>-</u>
Total trade receivables, net	<u>18,554</u>	<u>18,987</u>

Notes to Financial Statements

July 31, 2015

8 TRADE RECEIVABLES (cont'd)

- (i) Based on the credit evaluation process performed by management, the receivables that are not past due and not impaired relate to customer that have been assessed to be creditworthy.
- (ii) Aging of receivables that are past due but not impaired:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
< 3 months	4,972	5,690
3 months to 6 months	1,005	1,000
6 months to 12 months	181	364
> 12 months	135	103
	<u>6,293</u>	<u>7,157</u>

- (iii) These amounts are stated before any deduction for impairment losses.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the management believes that there is no further credit allowance required in excess of the allowance for doubtful debts. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of the year	402	552
Amounts written off during the year	(208)	(301)
Increase in allowance recognised in profit or loss	49	151
Balance at end of the year	<u>243</u>	<u>402</u>

Notes to Financial Statements

July 31, 2015

8A CONSTRUCTION CONTRACTS

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Contracts in progress at end of the reporting period:		
Amounts due from contract customers included in trade receivables (Note 8)	430	-
Amounts due to contract customers included in trade payables (Note 17)	(179)	(80)
	<u>251</u>	<u>(80)</u>
Contract costs incurred plus recognised profits (less recognised losses to date)	2,442	1,334
Less: Progress billings	(2,191)	(1,414)
	<u>251</u>	<u>(80)</u>

9 OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Deposits	605	823	-	-
Other receivables due from subsidiaries of the Company (Note 5)	-	-	6,985	6,481
Dividend receivable from subsidiaries of the Company (Note 5)	-	-	35,979	19,779
Others	<u>202</u>	<u>225</u>	<u>-</u>	<u>-</u>
	807	1,048	42,964	26,260
Prepayments	926	1,304	33	14
VAT input	<u>2,243</u>	<u>1,617</u>	<u>-</u>	<u>-</u>
Total	<u>3,976</u>	<u>3,969</u>	<u>42,997</u>	<u>26,274</u>
<u>Non-current</u>				
Prepayments	<u>351</u>	<u>-</u>	<u>-</u>	<u>-</u>

In determining the recoverability of receivables from the subsidiaries, the Company considers the financial strength and performance of the subsidiaries. Accordingly, the management believes that no allowance for doubtful debts is required.

During the year, the Group made a prepayment for the acquisition of plant and equipment of \$351,000 of which \$126,000 was acquired under finance lease.

The dividend receivable and other receivables due from subsidiaries of the Company are unsecured, interest-free and repayable on demand.

Notes to Financial Statements

July 31, 2015

10 INVENTORIES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Raw materials	3,430	2,998
Work-in-progress	415	309
Finished goods	3,487	3,632
Total	<u>7,332</u>	<u>6,939</u>

During the year, the cost of inventories recognised as an expense includes \$507,000 (2014: \$82,000) in respect of write down to net realisable value.

During the year, a reversal of allowance for inventory no longer required of \$12,000 (2014: allowance for inventory of \$26,000) was recognised to profit or loss as a result of certain inventories which allowance were provided for in prior years were subsequently sold in the current year.

11 CLUB MEMBERSHIPS

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Cost	-	-
Impairment	-	-
Carrying amount	<u>-</u>	<u>-</u>

Movement in impairment of club memberships:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Balance at beginning of the year	-	59
Disposal during the year	-	(59)
Balance at end of the year	<u>-</u>	<u>-</u>

The club memberships were fully disposed of in prior year.

Notes to Financial Statements

July 31, 2015

12 PROPERTY, PLANT AND EQUIPMENT

	Office equipment \$'000	Leasehold property \$'000	Leasehold improvements \$'000	Group Plant and equipment \$'000	Motor vehicles \$'000	Capital work-in- progress \$'000	Total \$'000
Cost:							
At August 1, 2013	2,079	11,477	7,724	25,386	1,128	536	48,330
Additions	244	97	368	193	419	2,110	3,431
Disposals	(1)	-	-	(30)	(2)	-	(33)
Written off	(15)	-	(124)	(774)	-	-	(913)
Reclassification	37	-	643	1,449	-	(2,129)	-
Revaluation *	-	3,689	-	-	-	-	3,689
Transfer to investment property *							
(Note 13)	-	(6,935)	-	-	-	-	(6,935)
Exchange differences	(4)	(7)	-	(40)	-	-	(51)
At July 31, 2014	2,340	8,321	8,611	26,184	1,545	517	47,518
Additions	74	-	114	2,000	651	865	3,704
Disposals	-	-	-	(302)	(337)	(7)	(646)
Written off	(13)	-	-	(224)	(4)	-	(241)
Reclassification	-	-	953	51	-	(1,004)	-
Exchange differences	20	(33)	416	174	4	90	671
At July 31, 2015	2,421	8,288	10,094	27,883	1,859	461	51,006

Notes to Financial Statements

July 31, 2015

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment	Leasehold property	Leasehold improvements	Plant and equipment	Motor vehicles	Capital work-in- progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation:							
At August 1, 2013	1,304	2,592	2,447	16,071	759	-	23,173
Depreciation	470	255	1,536	1,053	192	-	3,506
Disposals	-	-	-	(30)	(2)	-	(32)
Written off	(15)	-	(124)	(772)	-	-	(911)
Transfer to investment property* (Note 13)	-	(798)	-	-	-	-	(798)
Exchange differences	(2)	(1)	-	(26)	-	-	(29)
At July 31, 2014	1,757	2,048	3,859	16,296	949	-	24,909
Depreciation	296	317	1,663	1,205	218	-	3,699
Disposals	-	-	-	(249)	(134)	-	(383)
Written off	(13)	-	-	(221)	-	-	(234)
Exchange differences	12	(9)	195	(52)	(2)	-	144
At July 31, 2015	2,052	2,356	5,717	16,979	1,031	-	28,135
Impairment:							
At August 1, 2013 and July 31, 2014	104	-	543	4,149	22	-	4,818
Reversal of impairment during the year	(24)	-	(45)	(792)	-	-	(861)
At July 31, 2015	80	-	498	3,357	22	-	3,957
Carrying amount:							
At July 31, 2015	289	5,932	3,879	7,547	806	461	18,914
At July 31, 2014	479	6,273	4,209	5,739	574	517	17,791

* In 2014, the Group made a transfer of leasehold property to investment property with carrying amount of \$6,137,000 after revaluation due to end of occupation of a portion of the leasehold property to a related company from April 2014 onwards, and the commencement of such portion of leasehold property held to earn rental from outside parties under operating leases.

Notes to Financial Statements

July 31, 2015

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group also carried out a review of the recoverable amount of plant and equipment having regard to its ongoing operations. The recoverable amount of the relevant assets has been determined on the basis of their value in use through estimation of the forecasted cash flows to be derived from the use of the assets. The key assumptions used for the value in use calculation are those relating to the discount rate, growth rates and expected capital expenditure. The growth rates are based on the contracted and estimates of projected customer orders. The Group prepares the cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolate cash flows for the following five years based on 1% growth rates. The discount rate used in measuring value in use is 13.1% (2014: 12.0%). Based on the impairment assessment performed in current year, the results led to a reversal of impairment loss amounting to \$861,000 as a result of certain uncertainties relating to presumption of continuing use of the previously impaired assets no longer exist at the end of the reporting period.

The carrying amounts of the Group's plant and equipment and motor vehicles include amounts of \$619,000 (2014: \$Nil) and \$197,000 (2014: \$21,000) respectively, in respect of assets held under finance leases.

Details of the leasehold property held by the Group as at July 31, 2015 are set out below:

<u>Location</u>	<u>Description</u>	<u>Area</u>	<u>Tenure</u>
35 Joo Koon Circle Singapore 629110	Leasehold factory and office	14,755 sq metre	Lease term of 56 years from February 1, 2000

The leasehold property is used in both the manufacturing and sale of the Group's products as well as to earn rental income. Accordingly, the portion that is held to generate rental income has been classified as investment property (Note 13).

The carrying amount of the portion of the leasehold property recognised as investment property (Note 13) has been determined based on the space area used for generating rental income over the total available space area. The portion of the leasehold building that is held in use by the Group is carried at cost less accumulated depreciation and any accumulated impairment loss.

There is a legal mortgage over the leasehold property having a carrying amount of approximately \$5,668,000 (2014: \$5,945,000) to secure banking facilities granted to the Group.

13 INVESTMENT PROPERTY

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	6,137	-
Transfers from property, plant and equipment (Note 12)	-	6,137
Balance at end of year	<u>6,137</u>	<u>6,137</u>

The fair value of the Group's investment property at July 31, 2015 and 2014 is \$6,137,000 and has been determined on the basis of valuation carried out at the end of the reporting period by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuation was arrived at principally by using the basis of income capitalisation approach. In estimating the fair value, the highest and best use of the property is its current use.

Notes to Financial Statements

July 31, 2015

13 INVESTMENT PROPERTY (cont'd)

The fair value at the investment property falls under level 3 of the fair value hierarchy and there were no transfers between the respective levels during the year. Details of significant unobservable inputs used in the fair value measurement are as follows:

Valuation technique	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Income capitalisation approach	Capitalisation rate	7% (2014: 7%)	The estimated fair value would increase if the capitalisation rate were lower.
	Rental rate per square feet		
	- Office	\$1.9 (2014: \$2.0)	The estimated fair value would increase if the rental rate per square feet were higher.
	- Production	\$1.7 (2014: \$1.7)	

The property rental income from the Group's investment property which are leased out under operating leases amounted to \$104,000 (2014: \$72,000) in current year. Direct operating expenses arising on the investment property amounted to \$50,000 (2014: \$50,000) in current year.

There is a legal mortgage over the investment property to secure banking facilities granted to the Group.

14 INTANGIBLE ASSETS

	Intellectual properties	Development costs	Group Customer relationships	Development rights	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
At August 1, 2013, July 31, 2014 and 2015	326	289	2,775	800	4,190
Accumulated amortisation:					
At August 1, 2013	99	-	942	253	1,294
Amortisation for the year	33	-	155	-	188
At July 31, 2014	132	-	1,097	253	1,482
Amortisation for the year	32	-	-	-	32
At July 31, 2015	164	-	1,097	253	1,514
Impairment:					
At August 1, 2013, and July 31, 2014	-	289	1,677	547	2,513
At July, 2015					
Carrying amount:					
At July 31, 2015	162	-	1	-	163
At July 31, 2014	194	-	1	-	195

Notes to Financial Statements

July 31, 2015

15 SUBSIDIARIES

	<u>Company</u> \$'000
Cost:	
At August 1, 2013	50,209
Deemed investment arising from financial guarantee provided to a subsidiary	94
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	27
At July 31, 2014	<u>50,330</u>
Deemed investment arising from financial guarantee provided to a subsidiary	85
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	10
At July 31, 2015	<u>50,425</u>
Impairment:	
At August 1, 2013 and July 31, 2014	19,175
Reversal of impairment during the year	(5,900)
At July 31, 2015	<u>13,275</u>
Carrying amount:	
At July 31, 2015	<u>37,150</u>
At July 31, 2014	<u>31,155</u>

Details of the Company's subsidiaries at July 31, 2015 are as follows:

<u>Name of subsidiary and country of incorporation and operation</u>	<u>Principal activity</u>	<u>Proportion of ownership interest and voting power held</u>	
		<u>2015</u> %	<u>2014</u> %
Vicplas Holdings Pte Ltd (a) (Singapore)	Manufacturing, trading and distributing of pipes and pipe fittings	100	100
Rimplas Industries Sdn. Bhd. (b) (Malaysia)	Manufacturing and distributing of pipes and pipe fittings	100	100
Forefront Medical Investment Pte. Ltd. (a) (Singapore)	Wholesale of medicinal and pharmaceutical products	100	100

Notes to Financial Statements

July 31, 2015

15 SUBSIDIARIES (cont'd)

Details of the Company's subsidiaries at July 31, 2015 are as follows:

Name of subsidiary and country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held	
		2015	2014
		%	%
Forefront Medical Technology (Pte) Ltd (a) (Singapore)	Developing and manufacturing of medical devices	100	100
Subsidiary of Forefront Medical Technology (Pte) Ltd			
Forefront Investment Pte. Ltd. (a) (Singapore)	Investment holding	100	100
Subsidiary of Forefront Investment Pte. Ltd.			
Forefront (Xiamen) Medical Devices Co., Ltd (b) (People's Republic of China)	Manufacturing and assembly of medical devices	100	100
Subsidiary of Forefront Medical Investment Pte. Ltd.			
Forefront Medical Technology (Jiangsu) Co., Ltd (b) (People's Republic of China)	Manufacturing and assembly of medical devices	100	100

Note:

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practices of Deloitte & Touche Tohmatsu Limited.

During the year, the management estimated the recoverable amount of the investment in a subsidiary based on its net asset value as at July 31, 2015 which approximated the recoverable amount. The management estimated the net asset value of the subsidiary approximates its fair value less costs to sale. Based on the assessment, a partial reversal of impairment loss of \$5,900,000 was recognised in profit or loss during the year as a result of recovery of the recoverable amount of the subsidiary mainly due to positive financial performance of the subsidiary. Other than the reversal of impairment as disclosed, management is confident that the allowance for impairment for all other subsidiaries, where necessary is adequate.

Notes to Financial Statements

July 31, 2015

16 BANK BORROWINGS

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Bills payable to banks	<u>2,027</u>	<u>1,041</u>

The borrowings are repayable within one year. As the amounts are due for settlement within 12 months, they are shown under current liabilities.

Bills payable bear interest at rates ranging from 2.29% to 2.43% (2014: 2.29% to 2.40%) per annum. The carrying amount of the bills payable approximates its fair value due to its short-term maturity.

Bills payables are repayable between 1 to 5 months (2014: 1 to 6 months) from the date the bills are first issued.

The bills payable are secured by way of a legal mortgage over the Group's leasehold property and investment property as disclosed in Notes 12 and 13 respectively and a corporate guarantee of \$9,685,000 (2014 : \$9,685,000) given by the Company.

17 TRADE PAYABLES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Outside parties	3,600	3,832
Subsidiaries of ultimate holding company (Note 5)	21	-
Contract customers		
- Amount due to contract customers (Note 8A)	179	80
- Advances received	-	9
Total	<u>3,800</u>	<u>3,921</u>

The credit periods on purchases of goods is 30 to 120 days (2014: 30 to 120 days). No interest is charged on the outstanding balance.

Notes to Financial Statements

July 31, 2015

18 OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Outside parties	2,066	2,140	256	165
Accruals	2,582	2,126	303	262
Directors' fees (Note 6)	317	267	317	267
Other payables due to subsidiaries of the Company (Note 5)	-	-	-	210
Subsidiaries of ultimate holding company (Note 5)	6	-	-	-
	<u>4,971</u>	<u>4,533</u>	<u>876</u>	<u>904</u>
Provision for unutilised leave	194	330	13	32
Total	<u>5,165</u>	<u>4,863</u>	<u>889</u>	<u>936</u>

19 FINANCE LEASES

	<u>Group</u>		<u>Group</u>	
	<u>Minimum</u>	<u>Present value of minimum</u>	<u>Minimum</u>	<u>Present value of minimum</u>
	<u>lease payments</u>	<u>lease payments</u>	<u>lease payments</u>	<u>lease payments</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Amounts payable under finance leases:				
Within one year	246	7	221	10
In the second to fifth years inclusive	605	6	531	-
	<u>851</u>	<u>13</u>	<u>752</u>	<u>10</u>
Less: Future finance charges	(99)	(3)	-	-
Present value of lease obligations	<u>752</u>	<u>10</u>	<u>752</u>	<u>10</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(221)	(5)
Amount due for settlement after 12 months			<u>531</u>	<u>5</u>

It is the Group's policy to lease certain of its plant and equipment and motor vehicles under finance leases. The average lease term is 1 - 7 years (2014: 7 years). For the year ended July 31, 2015, the average effective borrowing rate is 3.84% (2014: 6.30%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets and corporate guarantee from the Company.

Notes to Financial Statements

July 31, 2015

20 DEFERRED TAX

The following are the major deferred tax liabilities and (assets) recognised by the Group and the movements thereon, during the current and prior reporting periods:

	Revaluation of investment property \$'000	Accelerated tax depreciation \$'000	Provision \$'000	Revaluation of assets \$'000	Tax losses \$'000	Total \$'000
At August 1, 2013	-	1,117	(44)	206	-	1,279
(Credit) Charge to profit or loss for the year (Note 28)	-	(135)	16	(173)	-	(292)
Charge to other comprehensive income for the year	627	-	-	-	-	627
At July 31, 2014	627	982	(28)	33	-	1,614
Charge (Credit) to profit or loss for the year (Note 28)	-	99	109	(25)	(1,500)	(1,317)
Exchange difference	-	(44)	-	-	-	(44)
At July 31, 2015	627	1,037	81	8	(1,500)	253

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group	
	2015 \$'000	2014 \$'000
Deferred tax liabilities	1,793	1,614
Deferred tax assets	(1,540)	-
	253	1,614

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of \$17,930,000 (2014: \$12,266,000 available to offset against future profits. A deferred tax asset has been recognised in respect of \$6,000,000 (2014: \$Nil) of such losses. No deferred tax assets has been recognised in respect of the remaining \$11,930,000 (2014: \$12,266,000) due to the unpredictability of future profit streams. With respect to the total unutilised tax losses, \$4,640,000 and \$13,290,000 will expire in January 2019 and January 2020 respectively.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of foreign subsidiaries for which deferred tax liabilities have not been recognised is \$2,692,000 (2014: \$2,283,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Notes to Financial Statements

July 31, 2015

21 SHARE-BASED PAYMENTS

The Company has a share option scheme for the following participants of the Group:

- (a) Group Employees who hold such rank as may be designated by the Board of Directors from time to time;
- (b) Non-Executive Directors who, in the opinion of the Board of Directors, have contributed or will contribute to the success of the Group; and
- (c) Associated company employees who hold such rank as may be designated by the Board of Directors from time to time and who, in the opinion of the Board of Directors, have contributed or will contribute to the success of the Group.

The Vicplas International Shares Option Plan ("VISOP") is administered by the Board of Directors.

Options are exercisable at a price based on the volume weighted average price for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days preceding the date of grant. The vesting period is 1 to 5 years. If the options remain unexercised after a period of 5 to 10 years from the date of grant, the options expire. Options are forfeited if the participant of the share option scheme leaves the Group before the options are exercised.

Share options granted under the VISOP carry no rights to dividends and no voting rights until the options become vested and are exercised.

Details of the share options outstanding during the year are as follows:

	<u>Group and Company</u>			
	<u>2015</u> '000	<u>2014</u> '000	<u>2015</u> \$	<u>2014</u> \$
	Number of share options		Weighted average exercise price	
Outstanding at the beginning of the year	39,250	38,250	0.0756	0.0754
Granted during the year	3,000	3,000	0.0730	0.0670
Exercised during the year	(9,000)	-	0.0743	-
Forfeited during the year	(17,500)	(2,000)	0.0750	0.0750
Outstanding at the end of the year	<u>15,750</u>	<u>39,250</u>	0.0713	0.0740
Exercisable at the end of the year	<u>9,300</u>	<u>26,850</u>	<u>0.0750</u>	<u>0.0756</u>

Notes to Financial Statements

July 31, 2015

21 SHARE-BASED PAYMENTS (cont'd)

In 2015, 17,500,000 (2014: 2,000,000) options have been forfeited due to the leaving of 3 (2014: 2) participants of the share option scheme. The options outstanding at the end of the year have a weighted average remaining contractual life of 4.2 years (2014: 4.9 years).

In 2015, 3,000,000 options were granted on November 19, 2014. The estimated fair values of the options granted on that date ranges from \$0.034 to \$0.038.

In 2014, 3,000,000 options were granted on March 27, 2014. The estimated fair values of the options granted on that date ranges from \$0.039 to \$0.045.

In 2012, options were granted on January 27, 2011 and April 1, 2011. The estimated fair values of the options granted on those dates ranges from \$0.015 to \$0.023.

The fair values for share options granted during the year were calculated using the Trinomial Option Pricing Model. The inputs into the model at the date of grant were as follows:

	<u>2012</u>	<u>2014</u>	<u>2015</u>
Weighted average share price	\$0.0757	\$0.089	\$0.080
Weighted average exercise price	\$0.0754	\$0.067	\$0.073
Expected volatility	40%	49% to 53%	54% to 59%
Expected life	3 to 6 years	3 to 4.5 years	3 to 4.5 years
Risk free rate	0.45% to 1.50%	0.86% to 1.36%	0.83% to 1.33%
Expected dividend yield	\$0.025	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised total expenses of \$117,000 and \$107,000 (2014: \$70,000 and \$43,000) respectively related to equity-settled share-based payment transactions during the year.

22 SHARE CAPITAL AND TREASURY SHARES

SHARE CAPITAL

	<u>Group and Company</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	'000	'000	\$'000	\$'000
Number of ordinary shares				
Issued and paid up:				
At beginning of year	464,044	464,044	46,767	46,767
Exercise of share options (Note 21)	9,000	-	669	-
At the end of the year	<u>473,044</u>	<u>464,044</u>	<u>47,436</u>	<u>46,767</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends when declared by the Company.

Notes to Financial Statements

July 31, 2015

22 SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share options over ordinary shares granted under employee share option scheme:

As at July 31, 2015, participants of the share option scheme held options over 15,750,000 ordinary shares, of which 6,450,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

<u>Number of options</u>	<u>Expiring on:</u>
4,500,000	April 1, 2016
6,000,000	April 1, 2021
2,250,000	March 27, 2019
3,000,000	November 19, 2019
<u>15,750,000</u>	

As at July 31, 2014, participants of the share option scheme held options over 39,250,000 ordinary shares, of which 12,400,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

<u>Number of options</u>	<u>Expiring on:</u>
12,750,000	April 1, 2016
3,000,000	January 27, 2021
20,500,000	April 1, 2021
3,000,000	March 27, 2019
<u>39,250,000</u>	

Share options granted under the share option scheme carry no rights to dividends and no voting rights. Further details of the share option scheme are contained in Note 21 to the financial statements.

TREASURY SHARES

In 2014, the Company paid \$24,000 to acquire 310,000 of its own shares through market purchase. These shares are held as treasury shares. There are no shares been repurchased during the year.

23 CURRENCY TRANSLATION AND REVALUATION RESERVES

Revaluation reserve

The revaluation reserve of \$3,062,000, net of tax effect of \$627,000, arose on the transfer of an owner-occupied property to an investment property carried at fair value in 2014 (see Notes 12 and 13). The difference between the carrying amount of the property and its fair value at that date of transfer was recognised in other comprehensive income. When the investment property is subsequently disposed, the revaluation reserve may be transferred to retained earnings.

Currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserves.

Notes to Financial Statements

July 31, 2015

24 REVENUE

An analysis of the Group's revenue for the year, is as follows:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Sales of goods	73,473	61,929
Revenue from construction contracts	627	1,334
	<u>74,100</u>	<u>63,263</u>

25 OTHER INCOME

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Gain on disposal of property, plant and equipment	10	56
Interest income from fixed deposits	29	24
Income from mould and maintenance services	599	621
Miscellaneous income:		
Ultimate holding company (Note 5)	7	14
Outside parties	266	230
Tooling income	674	331
Foreign exchange gain, net	532	-
Rental income from subsidiaries of the ultimate holding company (Note 5)	72	72
Rental income from outside parties	32	-
Government grant	22	76
	<u>2,243</u>	<u>1,424</u>

Notes to Financial Statements

July 31, 2015

26 OTHER OPERATING EXPENSES

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Advertisement and marketing expenses	626	908
Allowance for doubtful trade receivables	49	151
(Reversal of allowance) Allowance for inventory obsolescence	(12)	26
Audit fees	173	169
Computer expenses	237	199
Factory consumables	308	379
Foreign exchange loss, net	-	286
Insurance	348	365
Inventories written down to net realisable value	507	82
Laboratory and testing	57	201
Professional fees	332	638
Property, plant and equipment written off	7	2
Packaging materials	528	590
Property tax	149	151
Rental of premises and equipment	1,315	1,515
Repair and maintenance	980	1,585
Sterilisation and decontamination	437	422
Tooling expenses	1,060	818
Transportation and freight	1,506	1,507
Travelling and entertainment	732	1,389
Upkeep of factory premises	517	486
Upkeep of vehicles	316	297
Water and electricity	2,504	2,969
Others	2,859	2,389
	<u>15,535</u>	<u>17,524</u>

27 FINANCE COSTS

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Interest on bank borrowings	37	41
Interest on obligations under finance leases	8	1
	<u>45</u>	<u>42</u>

Notes to Financial Statements

July 31, 2015

28 INCOME TAX EXPENSE

	Group	
	2015	2014
	\$'000	\$'000
Current tax	2,175	792
Adjustment in respect of underprovision of current tax in prior years	417	708
Deferred tax expense relating to the reversal of temporary difference (Note 20)	(1,426)	(292)
Adjustment in respect of underprovision of deferred tax in prior years (Note 20)	109	-
Withholding tax	90	35
Income tax expense for the year	<u>1,365</u>	<u>1,243</u>

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit (loss) for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit (loss) as follows:

	Group	
	2015	2014
	\$'000	\$'000
Profit (Loss) before income tax	<u>7,137</u>	<u>(2,825)</u>
Tax at the domestic income tax rate 17% (2014: 17%)	1,213	(480)
Tax effect of exemption granted under productivity and innovation credit	(14)	(251)
Tax effect of (income) expenses that are not (taxable) deductible in determining taxable profit	(93)	35
Tax exempt income	(38)	(173)
Deferred tax asset not recognised	1,381	1,821
Effect of tax rebate	(20)	(32)
Withholding tax	90	35
Effect of different tax rates of subsidiaries operating in other jurisdictions	(198)	(442)
Underprovision in prior years - current tax	417	708
Underprovision in prior years - deferred tax	109	-
Deferred tax asset recognised from previous years unrecognised tax losses	(1,500)	-
Others	18	22
Income tax expense for the year	<u>1,365</u>	<u>1,243</u>

Notes to Financial Statements

July 31, 2015

29 PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year has been arrived at after charging:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Audit fees paid to auditors:		
- Auditors of the Company	127	127
- Other auditors	46	42
Non-audit fees:		
- Auditors of the Company	20	8
Costs of defined contribution plans included in employee benefits expense	627	662
Cost of inventories recognised as an expense	38,629	40,519
Directors' fees included in employee benefits expense	317	266
Directors' remuneration included in employee benefits expense	603	590
	<u>603</u>	<u>590</u>

30 COMPONENTS OF OTHER COMPREHENSIVE (LOSS) INCOME

Other comprehensive (loss) income:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Revaluation of property		
Gains arising during the year	-	3,689
Deferred tax liability arising on revaluation of property	-	(627)
	<u>-</u>	<u>3,062</u>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(248)	(75)
	<u>(248)</u>	<u>2,987</u>

Notes to Financial Statements

July 31, 2015

31 EARNINGS (LOSSES) PER SHARE

	Group	
	2015	2014
	\$'000	\$'000
<u>Earnings (Losses)</u>		
Earnings (Losses) for the purposes of basic earnings (loss) per share profit (loss) for the year attributable to owners of the Company	<u>5,772</u>	<u>(4,068)</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	466,331	464,044
Effect of dilutive potential ordinary shares:		
Share-options	<u>15,458</u>	<u>2,919</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>481,789</u>	<u>466,963</u>
Earnings (Losses) per share (cents) - basic	<u>1.24</u>	<u>(0.88)</u>
Earnings (Losses) per share (cents) - diluted	<u>1.20</u>	<u>(0.87)</u>

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

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment to arrive at segment results.

Notes to Financial Statements

July 31, 2015

32 SEGMENT INFORMATION (cont'd)

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

The measurement basis of the Group's reportable segments is in accordance with its accounting policy as described in Note 2.

Segment revenue and results:

	Medical devices \$'000	Pipes and pipe fittings \$'000	Group Eliminations \$'000	Total \$'000
2015				
Revenue				
External sales	23,257	50,843	-	74,100
Results				
Segment result	(2,737)	11,769	(333)	8,699
Unallocated corporate expense				(1,546)
Interest expense	(6)	(39)	-	(45)
Interest income	-	29	-	29
Profit before tax				7,137
Income tax expense				(1,365)
Profit for the year				5,772
2014				
Revenue				
External sales	21,425	41,838	-	63,263
Results				
Segment result	(9,043)	8,480	(624)	(1,187)
Unallocated corporate expense				(1,617)
Interest expense	-	(42)	-	(42)
Interest income	3	18	-	21
Loss before tax				(2,825)
Income tax expense				(1,243)
Loss for the year				(4,068)

Notes to Financial Statements

July 31, 2015

32 SEGMENT INFORMATION (cont'd)

Segment revenue and results:

			Group	
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
2015				

Other information

Capital expenditures	2,014	1,690	-	3,704
Depreciation and amortisation	2,142	1,589	-	3,731

Statement of financial position

Assets

Segment assets	25,060	45,707	-	70,767
Unallocated corporate assets (a)				314
Consolidated total assets				<u>71,081</u>

Liabilities

Segment liabilities	9,790	4,546	-	14,336
Unallocated corporate liabilities (b)				885
Consolidated total liabilities				<u>15,221</u>

In addition to the depreciation and amortisation reported above, a reversal of impairment loss amounting to \$861,000 (2014: \$Nil) were recognised in respect of property, plant and equipment as a result of certain uncertainties relating to presumption of continuing use of the previously impaired assets no longer exist at the end of the reporting period. The reversal of impairment loss was attributed to the medical devices segment.

2014

Other information

Capital expenditures	1,647	1,784	-	3,431
Depreciation and amortisation	2,354	1,340	-	3,694

Statement of financial position

Assets

Segment assets	21,631	40,410	-	62,041
Unallocated corporate assets (a)				56
Consolidated total assets				<u>62,097</u>

Liabilities

Segment liabilities	6,605	5,219	-	11,824
Unallocated corporate liabilities (b)				723
Consolidated total liabilities				<u>12,547</u>

Notes to Financial Statements

July 31, 2015

32 SEGMENT INFORMATION (cont'd)

- (a) Unallocated corporate assets comprise of certain bank balances, fixed deposits and certain prepayments.
- (b) Unallocated corporate liabilities comprise of the accruals and provision for corporate expenses.

Geographical information

Revenue is analysed by the location of the customers. Segment assets and additions to property, plant and equipment are analysed by the geographical area in which the assets are located.

	<u>Revenue</u>		<u>Non-current assets</u>		<u>Carrying amount of segment assets</u>		<u>Additions to property, plant and equipment</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	69,788	58,846	13,360	15,521	42,817	41,110	2,294	1,588
Malaysia	4,312	4,417	659	902	5,940	5,272	18	210
China	-	-	13,086	7,700	22,324	15,715	1,392	1,633
	<u>74,100</u>	<u>63,263</u>	<u>27,105</u>	<u>24,123</u>	<u>71,081</u>	<u>62,097</u>	<u>3,704</u>	<u>3,431</u>

Information about major customer

Included in revenues arising from the sales of medical devices are revenues of approximately \$15.4 million (2014: \$16.1 million) which arose from sales to the Group's largest customer. Apart from this largest customer, there was no other single customer that contributed more than 10% of the consolidated revenue for the years ended July 31, 2015 and 2014.

33 CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Commitment for acquisition of property, plant and equipment	<u>380</u>	<u>552</u>

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July 31, 2015

34 CONTINGENT LIABILITIES

	<u>Company</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Guarantee given to banks and financial institutions for credit facilities granted to subsidiaries (unsecured)	<u>9,685</u>	<u>9,685</u>

The bankers' guarantee issued in favour of third parties are secured by way of a legal mortgage over the Group's leasehold property and a corporate guarantee by the Company of \$9,685,000 (2014: \$9,685,000) as disclosed in Notes 12 and 13. The corporate guarantee by the Company with respect to certain assets under finance leases is disclosed in Note 19.

The Company has given undertakings to provide continuing financial support to certain of its subsidiaries with current liabilities exceeding their current assets by \$25,098,000 (2014: \$15,971,000) to enable them to continue as going concerns and to meet their obligations for at least 12 months from the date of this report.

35 OPERATING LEASE ARRANGEMENTS

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
<u>The Group as lessee</u>		
Minimum lease payments under operating leases recognised as an expense in the year	<u>1,315</u>	<u>1,515</u>

At the end of the reporting period, the Group has outstanding commitments of non-cancellable operating leases, which fall due as follows:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Within one year	1,355	1,343
In the second to fifth year inclusive	1,075	1,115
After five years	<u>5,763</u>	<u>5,654</u>
	<u>8,193</u>	<u>8,112</u>

Notes to Financial Statements

July 31, 2015

35 OPERATING LEASE ARRANGEMENTS (cont'd)

Operating lease payments represent rentals payable by the Group for its factory space and office premises. Leases are negotiated for a term ranging from 5 to 56 years and rental is fixed over the duration of the lease.

The Group as lessor

The Group rents out part of its office premises to a subsidiary of the ultimate holding company and an outside party under operating leases. Rental income earned during the year was \$104,000 (2014: \$72,000).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Within one year	138	12
In the second to fifth year inclusive	<u>51</u>	<u>-</u>
	<u>189</u>	<u>12</u>

36 DIVIDENDS

The directors propose a final dividend of \$0.005 per ordinary share and a special dividend of \$0.0025 per ordinary share to be paid to shareholders in respect of the current financial year. Both dividends are one tier tax exempt. The dividends above are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements.

Analysis of Shareholdings

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S\$ 47,436,183
Issued and Fully Paid-Up Capital (excluding Treasury Shares)	:	S\$ 47,399,083
Number of Issued Shares (excluding Treasury Shares)	:	472,583,829
Number/Percentage of Treasury Shares	:	461,000 (0.10%)
Class Of Shares	:	Ordinary shares
Voting Rights (excluding Treasury Shares)	:	One Vote Per Share

Distribution of shareholdings as at 14 October 2015

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	3	0.18	74	0.00
100 - 1,000	199	11.83	192,643	0.04
1,001 - 10,000	740	44.00	4,288,962	0.91
10,001 - 1,000,000	716	42.57	59,451,723	12.58
1,000,001 and above	24	1.42	408,650,427	86.47
Total	1,682	100.00	472,583,829	100.00

Twenty largest shareholders as at 14 October 2015

No.	Name of shareholders	No. of shares	%
1	Venner Capital S.A.	198,916,666	42.09
2	DBS Vickers Securities (S) Pte Ltd	69,466,713	14.70
3	Chua Kim Hua	23,081,000	4.88
4	Cheng Liang	11,529,497	2.44
5	Robert Gaines-Cooper	10,600,000	2.24
6	Lim Sim Moi	9,938,000	2.10
7	Loh Beng Seng	9,716,018	2.06
8	Maybank Kim Eng Securities Pte Ltd	8,899,781	1.88
9	Curtis-Bennett David Dangar Henry Honywood	8,000,000	1.69
10	UOB Kay Hian Pte Ltd	7,384,000	1.56
11	Irene Tay Gek Lim	5,945,878	1.26
12	Chua Yean Shien (Cai Yingxian)	5,937,000	1.26
13	Gaines Cooper Jane Rose Philomene	5,000,000	1.06
14	Liu Wenying	4,659,100	0.99
15	Ho Lai Heng	4,520,300	0.96
16	Yeo Wico	3,750,000	0.79
17	Citibank Nominees Singapore Pte Ltd	3,722,000	0.79
18	Chua Eng Eng	3,535,000	0.75
19	HSBC (Singapore) Nominees Pte Ltd	3,048,000	0.64
20	Nicos C. Nicolaides	2,250,000	0.48
Total		399,898,953	84.62

Based on the information available to the Company as at 14 October 2015, approximately 32.68% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Analysis of Shareholdings

Substantial Shareholders as shown in the Register of Substantial Shareholders

Name of substantial shareholders	No. of shares beneficially held by substantial shareholders	No. of shares in which the substantial shareholders are deemed to have an interest	Total no. of shares	% ⁽¹⁾
Venner Capital S.A.	267,909,933	-	267,909,933	56.69
CTX Treuhand AG, as trustee of the Bird Island Trust	-	267,909,933 ⁽²⁾	267,909,933	56.69
Robert Gaines-Cooper	10,600,000	272,909,933 ⁽³⁾	283,509,933	59.99

⁽¹⁾ “%” is based on 472,583,829 issued shares and disregarding the 461,000 shares held in treasury.

⁽²⁾ Venner Capital S.A. is owned by the Bird Island Trust, a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand AG, a trust company based in Liechtenstein. Mr. Robert Gaines-Cooper is presently the sole beneficiary and protector under the trust.

⁽³⁾ Venner Capital S.A. is owned by the Bird Island Trust, a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand AG, a trust company based in Liechtenstein. Mr. Robert Gaines-Cooper is presently the sole beneficiary and protector under the trust. Mr. Gaines-Cooper is deemed to be interested in the shares of the Company owned by Bird Island Trust through Venner Capital S.A.. He is also deemed to be interested in the 5,000,000 shares held by his wife, Mrs. Jane Rose Philomene Gaines-Cooper.

Notice of Seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting (“**AGM**”) of Vicplas International Ltd (the “**Company**”) will be held at 35 Joo Koon Circle, Singapore 629110 on Thursday, November 26, 2015 at 11.00 a.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the year ended July 31, 2015 and the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final (one-tier tax exempt) dividend of S\$0.005 per share and a special (one-tier tax exempt) dividend of S\$0.0025 per share for the year ended July 31, 2015. **(Resolution 2)**
3. To approve the Directors’ Fees of S\$295,179.00 (2014: S\$266,849.00) for the year ended July 31, 2015. **(Resolution 3)**
4. To re-elect Mr Christopher P. Lee, who is retiring by rotation pursuant to Article 115 of the Company’s Articles of Association, and who, being eligible, offers himself for re-election. [See Explanatory Note] **(Resolution 4)**
5. To re-appoint Mr Robert Gaines-Cooper as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 and to hold such office from the date of this AGM until the next Annual General Meeting of the Company. [See Explanatory Note] **(Resolution 5)**
6. To re-appoint Mr David D. H. H. Curtis-Bennett as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 and to hold such office from the date of this AGM until the next Annual General Meeting of the Company. [See Explanatory Note] **(Resolution 6)**
7. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without any modifications, as Ordinary Resolutions:

8. Authority to allot and issue shares and convertible instruments **(Resolution 8)**

“That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

 - (a)
 - (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

Notice of Seventeenth Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

Provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercise of any share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that share options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of the Company; and
- (iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note]

Notice of Seventeenth Annual General Meeting

9. Renewal of the Shareholders' Mandate for interested person transactions

(Resolution 9)

"That:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into transactions falling within the types of interested person transactions described in the Appendix to the Company's Circular to Shareholders dated November 6, 2015 (the "**Circular**") with any party who is of the class of interested persons described in the Appendix to the Circular, provided that such transactions are made on normal commercial terms and will not be prejudicial to the interests of the Company and minority shareholders and in accordance with the guidelines and procedures for such interested person transactions as set out in the Appendix to the Circular;
- (b) the approval given in paragraph (a) above (the "**Shareholders' Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution." [See Explanatory Note]

10. Renewal of the Share Purchase Mandate

(Resolution 10)

"That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchase(s) on the SGX-ST (each a "**Market Purchase**"); and/or
 - (ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

Notice of Seventeenth Annual General Meeting

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held;
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.

- (c) in this Resolution:

“Prescribed Limit” means that number of issued Shares representing ten per cent (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price of the Shares,

where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the making of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, as deemed to be adjusted for any corporate action which occurs after the relevant five (5) Market Day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from the shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“Market Day” means a day on which the SGX-ST is open for trading in securities;

Notice of Seventeenth Annual General Meeting

- (d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and
- (e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.” [See Explanatory Note]

11. Authority to grant options, and allot and issue shares pursuant to the Vicplas International Share Option Plan

(Resolution 11)

“That approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the Vicplas International Share Option Plan (the “**Share Option Plan**”) and to allot and issue from time to time such number of ordinary shares in the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan, provided that the aggregate number of new ordinary shares which may be issued pursuant to options to be granted under the Share Option Plan, when added to the number of new ordinary shares issued and issuable in respect of all options granted under the Share Option Plan, shall not exceed 15% of the total number of issued ordinary shares in the capital of the Company, excluding treasury shares, from time to time.” [See Explanatory Note]

12. Authority to issue new shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme

(Resolution 12)

“That pursuant to Section 161 of the Companies Act, Cap. 50, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the Company as may be required to be allotted and issued pursuant to the Vicplas International Ltd Scrip Dividend Scheme.” [See Explanatory Note]

By Order of the Board

Esther Au
Company Secretary
Singapore

November 6, 2015

Notes:

A member is entitled to appoint a proxy to attend and vote in his place. A proxy need not be a member of the Company. Members wishing to vote by proxy at the AGM may use the proxy form enclosed. To be valid, the completed proxy form must be lodged at the registered office of the Company at 35 Joo Koon Circle, Singapore 629110 not less than 48 hours before the AGM.

Notice of Seventeenth Annual General Meeting

Explanatory Notes:

1. Resolution 4 is to re-elect Mr Christopher P. Lee, who will be retiring by rotation under Article 115 of the Company's Articles of Association. Mr Lee is considered a Non-Independent Director. If he is re-elected, he will remain as Chairman of the Strategy Committee. Key information on Mr Lee can be found on page 8 of the Annual Report 2015. There are no material relationships (including immediate family relationships) between Mr Lee and the other Directors of the Company or the Company.
2. Resolution 5 is to re-appoint Mr Robert Gaines-Cooper, who is over the age of 70 years old, as a Director of the Company to hold office until the next Annual General Meeting of the Company. Section 153(6) of the Companies Act, Cap. 50 requires the re-appointment to be approved by way of Ordinary Resolution at the AGM of the Company. Mr Gaines-Cooper is considered a Non-Independent Director and he currently does not serve on any Board committees. He is a controlling shareholder of the Company. Key information on Mr Gaines-Cooper can be found on page 8 of the Annual Report 2015. There are no material relationships (including immediate family relationships) between Mr Gaines-Cooper and the other Directors of the Company.
3. Resolution 6 is to re-appoint Mr David D. H. H. Curtis-Bennett, who is over the age of 70 years old, as a Director of the Company to hold office until the next Annual General Meeting of the Company. Section 153(6) of the Companies Act, Cap. 50 requires the re-appointment to be approved by way of Ordinary Resolution at the AGM of the Company. Mr Curtis-Bennett is considered a Non-Independent Director. If he is re-appointed, he will remain as a member of the Audit, Nominating, Remuneration and Strategy Committees. Key information on Mr Curtis-Bennett can be found on page 8 of the Annual Report 2015. There are no material relationships (including immediate family relationships) between Mr Curtis-Bennett and the other Directors of the Company or the Company.
4. Resolution 8 is an Ordinary Resolution to empower the Directors, from the date of this AGM until the date of the next Annual General Meeting of the Company, to issue shares in the Company, to make or grant instruments convertible into shares, and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro-rata* basis to shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 8 is passed after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when Resolution 8 is passed; and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Notice of Seventeenth Annual General Meeting

5. Resolution 9 is an Ordinary Resolution to renew the Shareholders' Mandate for transactions with interested persons and empower the Directors of the Company from the date of this AGM until the date of the next Annual General Meeting to enter into transactions falling within the types of interested person transactions described in the Appendix to the Company's Circular to Shareholders dated November 6, 2015. For more details, please refer to paragraph 2 of the Appendix to the Company's Circular to Shareholders dated November 6, 2015.
6. Resolution 10 is an Ordinary Resolution to renew, effective until the next Annual General Meeting, the Share Purchase Mandate for the Company to purchase or acquire its issued ordinary shares on the terms and subject to the conditions of Resolution 10.

The Company intends to use internal resources or external borrowings or a combination of both to finance its purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact of such purchase or acquisition on the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, whether the purchase or acquisition is made out of profits or capital, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

The financial effects of an assumed purchase or acquisition of such ordinary shares by the Company pursuant to the Share Purchase Mandate, based on the audited financial statements of the Group and the Company for the year ended July 31, 2015 and certain other assumptions, are set out in paragraph 3.7 of the Company's Circular to Shareholders dated November 6, 2015 and are for illustration only.

7. Resolution 11 is an Ordinary Resolution to empower the Directors of the Company to offer and grant options, and to allot and issue from time to time such number of ordinary shares in the Company as may be required to be issued pursuant to the exercise of options under the Vicplas International Share Option Plan, provided that the aggregate number of new ordinary shares which may be issued pursuant to options to be granted under the Vicplas International Share Option Plan, when added to the number of new ordinary shares issued and issuable in respect of all options granted under the Vicplas International Share Option Plan, shall not exceed 15% of the total number of issued ordinary shares in the capital of the Company, excluding treasury shares, from time to time.
8. Resolution 12 is an Ordinary Resolution to empower the Directors of the Company to allot and issue ordinary shares in the Company pursuant to the Vicplas International Ltd Scrip Dividend Scheme to eligible members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Notice of Seventeenth Annual General Meeting

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Proxy Form

VICPLAS INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199805362R)

Important

CPF Investors

- For investors who have used their CPF monies to buy shares in the capital of Vicplas International Ltd, the Annual Report 2015 is forwarded to them at the request of their CPF Approved Nominees and is solely FOR INFORMATION ONLY
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF Investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated November 6, 2015.

I/We _____ (Name)

of _____ (Address)

being a *member/members of Vicplas International Ltd (the “Company”) hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Seventeenth Annual General Meeting (“AGM”) of the Company as *my/our *proxy/proxies to attend and to vote for *me/us and on *my/our behalf at the AGM of the Company, to be held at 35 Joo Koon Circle, Singapore 629110 on Thursday, November 26, 2015 at 11.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM (of which Resolution Nos. 1 to 12 (inclusive) will be proposed as Ordinary Resolutions, as indicated hereunder). If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting as *he/they may think fit, as *he/they will on any other matter arising at the AGM. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

No.	Resolutions	For**	Against**
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended July 31, 2015 and the Auditors' Report thereon.		
2.	To declare a first and final (one-tier tax exempt) dividend of S\$0.005 per share and a special (one-tier tax exempt) dividend of S\$0.0025 per share for the year ended July 31, 2015.		
3.	To approve Directors' fees of S\$295,179.00 (2014: S\$266,849.00) for the year ended July 31, 2015.		
4.	To re-elect Mr Christopher P. Lee as a Director pursuant to Article 115 of the Company's Articles of Association.		
5.	To re-appoint Mr Robert Gaines-Cooper as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.		
6.	To re-appoint Mr David D. H. H. Curtis-Bennett as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.		
7.	To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.		
8.	To authorise the Directors to issue additional shares and convertible instruments.		
9.	To approve the renewal of the Shareholders' Mandate for interested person transactions.		
10.	To approve the renewal of the Share Purchase Mandate.		
11.	To authorise the grant of options, and the allotment and issuance of shares pursuant to the Vicplas International Share Option Plan.		
12.	To authorise the issuance of shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme.		

Dated this _____ 2015

Total No. of Ordinary Shares in:	No. of Ordinary Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal

* Delete where inapplicable

** The Resolutions will be voted by poll at the AGM. Please indicate your vote “For” or “Against” with a tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Notes:

- (a) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
- (b) A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (c) Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (d) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of its attorney.
- (e) An instrument appointing a proxy or proxies must be deposited at the registered office of the Company, 35 Joo Koon Circle, Singapore 629110, not less than 48 hours before the time appointed for holding the meeting.
- (f) The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.



Vicplas International Ltd

Company Registration No. 199805362R

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