

VICPLAS INTERNATIONAL LTD
 (COMPANY REGISTRATION NO. 199805362R)
 HALF-YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 JANUARY 2014

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

Group				
		S\$'000	%	
		31 Jan 2014	31 Jan 2013	
		Increase/(Decrease)		
1	Revenue	30,076	46,448	(35.2)
2	Other income	426	638	(33.2)
3	Changes in inventories of finished goods and work-in progress	266	(85)	nm
4	Raw materials and consumables used	(11,014)	(13,355)	(17.5)
5	Purchase of finished goods for resale	(2,370)	(1,599)	48.2
6	Employee benefit expenses	(9,000)	(13,152)	(31.6)
7	Depreciation and amortisation expenses	(1,711)	(1,706)	0.3
8	Other operating expenses	(7,689)	(9,675)	(20.5)
9	Finance cost	(1)	(6)	(83.3)
10	(Loss) Profit before income tax	(1,017)	7,508	nm
11	Income tax expense	(728)	(2,101)	(65.3)
12	(Loss) Profit for the period attributable to owners of the Company	(1,745)	5,407	nm
Other comprehensive (loss) income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
	Exchange differences on translation of foreign operations	(2)	216	nm
	Other comprehensive (loss) income for the period	(2)	216	nm
	Total comprehensive (loss) income for the period attributable to owners of the Company	(1,747)	5,623	nm

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

	Group		Company	
	31 Jan 2014 S\$'000	31 Jul 2013 S\$'000	31 Jan 2014 S\$'000	31 Jul 2013 S\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	13,630	18,332	1,299	1,646
Trade receivables	15,194	16,839	-	-
Other receivables	2,186	1,774	15,930	15,519
Inventories	6,643	7,789	-	-
Club membership	-	27	-	-
Total current assets	<u>37,653</u>	<u>44,761</u>	<u>17,229</u>	<u>17,165</u>
Non-current assets:				
Property, plant and equipment	20,447	20,339	-	-
Intangible assets	289	383	-	-
Subsidiaries	-	-	31,034	31,034
Total non-current assets	<u>20,736</u>	<u>20,722</u>	<u>31,034</u>	<u>31,034</u>
Total assets	<u>58,389</u>	<u>65,483</u>	<u>48,263</u>	<u>48,199</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Amount owing to banks	2,278	749	-	-
Trade payables	925	2,464	-	-
Other payables	4,086	9,544	793	866
Income tax payable	942	843	-	9
Current portion of finance leases	7	8	-	-
Total current liabilities	<u>8,238</u>	<u>13,608</u>	<u>793</u>	<u>875</u>
Non-current liabilities:				
Finance leases	10	11	-	-
Deferred tax liability	1,279	1,279	-	-
Total non-current liabilities	<u>1,289</u>	<u>1,290</u>	<u>-</u>	<u>-</u>
Capital and reserves:				
Share capital	46,767	46,767	46,767	46,767
Treasury shares	(37)	(13)	(37)	(13)
Share option reserve	671	623	671	623
Currency translation reserve	(20)	(18)	-	-
Retained earnings (accumulated losses)	1,481	3,226	69	(53)
Equity attributable to owners of the Company and total equity	<u>48,862</u>	<u>50,585</u>	<u>47,470</u>	<u>47,324</u>
Total liabilities and equity	<u>58,389</u>	<u>65,483</u>	<u>48,263</u>	<u>48,199</u>

Notes:

1 Revenue comprises:

	31 Jan 2014 S\$'000	31 Jan 2013 S\$'000
Medical devices	10,223	28,490
Pipes and pipe fittings	19,853	17,958
Total	30,076	46,448

2 Other income comprises:

	31 Jan 2014 S\$'000	31 Jan 2013 S\$'000
Foreign exchange gain	49	101
Interest income from outside parties	5	7
Miscellaneous income from related parties	-	74
Miscellaneous income from outside parties	336	420
Rental income from related parties	36	36
Total	426	638

3 Other operating expenses comprises:

	31 Jan 2014 S\$'000	31 Jan 2013 S\$'000
Allowance for doubtful debts	-	(167)
Allowance for inventories obsolescence	-	(191)
Building related expenses	(572)	(631)
Writeoff of property, plant and equipment	-	(19)
Insurance	(161)	(148)
Legal, license and professional fees	(307)	(304)
Packaging materials	(266)	(837)
Repair and maintenance	(284)	(599)
Sterilisation and decontamination	(396)	(537)
Transportation and freight	(1,087)	(1,093)
Travelling expenses	(644)	(547)
Upkeep of motor vehicles	(172)	(102)
Water and electricity	(1,634)	(1,876)
Others	(2,166)	(2,624)
Total	(7,689)	(9,675)

Others comprise of administration expenses and marketing expenses.

4 Income tax expense comprises:

	31 Jan 2014 S\$'000	31 Jan 2013 S\$'000
Current tax	(711)	(1,865)
Adjustment in respect of underprovision of taxation in prior year	-	(216)
Withholding tax	(17)	(20)
Total	(728)	(2,101)

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

5 nm – not meaningful

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

Amount repayable in one year or less, or on demand

As at 31 Jan 2014		As at 31 Jul 2013	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
2,285	-	757	-

Amount repayable after one year

As at 31 Jan 2014		As at 31 Jul 2013	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
10	-	11	-

Details of any collateral

The Group's bank borrowings are secured by way of legal mortgages over its leasehold land and buildings of carrying value of approximately S\$8,553,000 (31 Jul 2013: S\$8,610,000) and a corporate guarantee by the Company of S\$9,685,000 (31 Jul 2013: S\$9,685,000). The Group's obligations under finance leases are secured by the lessors' title to the leased assets with carrying value of approximately S\$24,000 (31 Jul 2013: S\$36,000).

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

	1 Aug 2013 to 31 Jan 2014	1 Aug 2012 to 31 Jan 2013
	S\$'000	S\$'000
Operating activities:		
(Loss) Profit before income tax	(1,017)	7,508
Adjustments for:		
Allowance for doubtful trade receivables, net	-	167
Depreciation of property, plant and equipment	1,617	1,612
Amortisation of intangible assets	94	94
Writeoff of property, plant and equipment	-	19
Allowance for inventories obsolescence, net	-	191
Share-based payment expenses	48	83
Interest income	(5)	(7)
Interest expense	1	6
Operating cash flows before movements in working capital	<u>738</u>	<u>9,673</u>
Trade receivables	1,645	(2,664)
Other receivables	(412)	(372)
Inventories	1,146	133
Trade payables	(1,539)	(1,628)
Other payables	(5,458)	(1,282)
Cash (used in) generated from operations	<u>(3,880)</u>	<u>3,860</u>
Interest paid	(1)	(6)
Interest received	5	7
Income tax paid	(634)	(1,227)
Net cash (used in) from operating activities	<u>(4,510)</u>	<u>2,634</u>
Investing activities:		
Purchase of property, plant and equipment (see (a))	<u>(1,686)</u>	<u>(4,672)</u>
Net cash used in investing activities	<u>(1,686)</u>	<u>(4,672)</u>
Financing activities:		
Proceeds from exercise of share options	-	56
Increase in amount owing to banks	1,529	853
Repayment of obligations under finance leases	(2)	(58)
Payment of dividend	-	(911)
Purchase of treasury shares	(24)	(13)
Net cash from (used in) financing activities	<u>1,503</u>	<u>(73)</u>
Net decrease in cash and cash equivalents	(4,693)	(2,111)
Cash and cash equivalents at beginning of period	18,332	16,572
Effect of foreign exchange rate changes	(9)	75
Cash and cash equivalents at end of period	<u><u>13,630</u></u>	<u><u>14,536</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u><u>13,630</u></u>	<u><u>14,536</u></u>

Note (a):

During the period, the Group acquired property, plant and equipment with an aggregate cost of S\$1,686,000 (31 Jan 2013: S\$4,717,000) of which cash payment of S\$1,686,000 (31 Jan 2013: S\$4,672,000) was made and S\$Nil (31 Jan 2013: S\$45,000) was acquired under finance lease arrangements.

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

	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Revaluation reserve	Accumulated profit / (losses)	Attributable to owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY 2014							
Group							
Balance at 31 Jul 2013	46,767	(13)	623	(18)	-	3,226	50,585
Acquisition of treasury shares	-	(24)	-	-	-	-	(24)
Recognition of share-based payment	-	-	48	-	-	-	48
Total comprehensive income for the period	-	-	-	(2)	-	(1,745)	(1,747)
Balance at 31 Jan 2014	46,767	(37)	671	(20)	-	1,481	48,862
Company							
Balance at 31 Jul 2013	46,767	(13)	623	-	-	(53)	47,324
Acquisition of treasury shares	-	(24)	-	-	-	-	(24)
Recognition of share-based payment	-	-	48	-	-	-	48
Total comprehensive income for the period	-	-	-	-	-	122	122
Balance at 31 Jan 2014	46,767	(37)	671	-	-	69	47,470
FY 2013							
Group							
Balance at 31 Jul 2012	45,368	-	458	(210)	757	(709)	45,664
Issues of shares	1,399	-	-	-	-	-	1,399
Acquisition of treasury shares	-	(13)	-	-	-	-	(13)
Dividend	-	-	-	-	-	(2,254)	(2,254)
Recognition of share-based payment	-	-	83	-	-	-	83
Total comprehensive income for the period	-	-	-	216	-	5,407	5,623
Balance at 31 Jan 2013	46,767	(13)	541	6	757	2,444	50,502
Company							
Balance at 31 Jul 2012	45,368	-	458	-	-	4,377	50,203
Issues of shares	1,399	-	-	-	-	-	1,399
Acquisition of treasury shares	-	(13)	-	-	-	-	(13)
Dividend	-	-	-	-	-	(2,254)	(2,254)
Recognition of share-based payment	-	-	58	-	-	-	58
Total comprehensive income for the period	-	-	-	-	-	78	78
Balance at 31 Jan 2013	46,767	(13)	516	-	-	2,201	49,471

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid ordinary shares	Number of shares			
	As at 31 Jan 2014		As at 31 Jan 2013	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	464,044,829	46,767	450,323,426	45,368
Issue of shares in pursuant to exercise of share options	-	-	750,000	56
Issue of shares in pursuant to the application of the Vicplas International Ltd Scrip Dividend Scheme to the final dividend of S\$0.005 per share for the financial year ended 31 Jul 2012	-	-	12,971,403	1,343
Balance at the end of the financial period	464,044,829	46,767	464,044,829	46,767

As at 31 Jan 2014, there were 38,250,000 share options outstanding under the Vicplas International Share Option Plan (31 Jan 2013: 38,250,000 share options).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares:

As at 31 Jan 2014	As at 31 Jul 2013
463,583,829	463,893,829

The total number of issued shares as at 31 Jan 2014 was 464,044,829 (31 Jul 2013: 464,044,829) of which 461,000 shares (31 Jul 2013: 151,000) were held as treasury shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	As at 31 Jan 2014		As at 31 Jan 2013	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	151,000	13	-	-
Share buyback	310,000	24	151,000	13
Balance at the beginning of the financial period	461,000	37	151,000	13

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

The same accounting policies and methods of computation are followed in the financial statement as compared with the most recent audited annual financial statements except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 Aug 2013.

The adoption of these new/revised accounting standards (including its consequential amendments) and interpretations does not result in changes to the Group's and Company's accounting policies and has no material effect on the first half year announcement.

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

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	31 Jan 2014	31 Jan 2013
(Loss) Earnings per ordinary share for the period based on the profit after tax attributable to shareholders		
(a) Based on weighted average number of ordinary shares in issue (in cents)	(0.38)	1.20
- Weighted average number of shares	464,044,829	451,660,403
(b) On a fully diluted basis (in cents)	(0.37)	1.19
- Adjusted weighted average number of shares	465,829,639	455,895,697

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

Group

	31 Jan 2014 (in cents)	31 Jul 2013 (in cents)
Net asset value per ordinary share	10.54	10.90

Company

	31 Jan 2014 (in cents)	31 Jul 2013 (in cents)
Net asset value per ordinary share	10.24	10.20

The calculation of net asset value per ordinary share is based on 463,583,829 ordinary shares in issue excluding treasury shares as at 31 Jan 2014 (31 Jul 2013: 463,893,829 ordinary shares).

8 A review of the performance of the group to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

(a) Any significant factors that affected the turnover, costs and earnings of the group for the current period reported on, including (where applicable) seasonal or cyclical factors; and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Income statement

Revenue for the Group decreased to S\$30.1 million for the six months ended 31 Jan 2014 ("1H FY2014") from S\$46.4 million for the six months ended 31 Jan 2013 ("1H FY2013"). As compared to the previous corresponding period, revenue of the medical device segment decreased by S\$18.3 million due to the decrease in purchase orders from its major customer, as previously announced. Furthermore, the Changzhou facility is still going through the process of ramping up. Revenue for the pipes and pipe fittings segment increased by S\$1.9 million from S\$18.0 million in 1H FY2013 due to the stable requirement for public housing in Singapore, increased customer base and increased product offerings.

Other income decreased as there was reduced product development and mould making work completed in 1H FY2014 compared to 1H FY2013.

Raw material and consumables used decreased by 17.5% as compared to the 35.2% decrease in revenue. This was due to the change in product mix arising from the cessation of a line of medical products.

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

Employee benefit expenses and Other operating expenses decreased due to the cessation of medical devices manufacturing operations in Singapore.

The taxation expense for 1H FY2014 mainly relates to the pipes and pipe fittings segment which was profitable.

Overall, the Group is in a net loss position of S\$1.7 million as the loss of the medical devices segment is greater than the positive contribution of the pipes and pipe fittings segment, which is consistent with the previous announcement.

Statement of financial position

Trade receivables decreased due to the decrease in revenue offset by a higher proportion of trade receivables in the pipes and pipe fittings segment which has a longer collection period than the medical devices segment.

Other receivable increased due to deposits received for product development and mould making work from third parties which are currently ongoing.

Inventories, Trade payables and Other payables decreased due to the decrease in revenue and cessation of medical devices manufacturing in Singapore. In particular Other payables as at 31 Jul 2013 included a provision for retrenchment and other related costs of S\$3.2 million which was substantially paid out as at 31 Jan 2014.

Amount owing to bank relates to bills payable for the purchase of raw material for the pipes and pipe fittings segment. The increase in bills payable as at 31 Jan 2014 was due to the timing of purchase of raw material and the increased demand in this segment.

Cash flow

Net cash from operating activities for 1H FY2014 is an outflow of S\$4.5 million as compared with an inflow of S\$2.6 million in the previous corresponding period mainly due to the lower performance of the Group in 1H FY2014 and the retrenchment payments for the cessation of the medical device manufacturing operations in Singapore. Net cash used in investing activities decreased to S\$1.7 million for 1H FY2014. The higher S\$4.7 million in the previous corresponding period was due to higher construction cost incurred for the Changzhou plant. Net cash from financing activities increased due to the increase in bills payable.

Overall the Group has cash and bank balances of S\$13.6 million as at 31 Jan 2014.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There was no forecast or prospect statement disclosed to shareholders previously.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Medical devices segment

In the next 12 months, this segment will continue to ramp up the operations in the Changzhou facility. This segment has also been receiving new purchase orders from its major customer on a monthly basis. As previously announced, this segment is not expected to be profitable for the financial year ending 31 Jul 2014 ("FY2014"). However, this segment could improve its performance with more new customers and higher utilisation of the manufacturing facilities in China over time. The segment also intends to explore inorganic growth opportunities.

Pipes and pipe fittings segment

The construction industry in Singapore is expected to remain relatively healthy in the next 12 months, though some construction projects may be delayed by the measures to restrict the number of foreign workers in Singapore. This segment will continue its strategy of expanding its current product range so as to attract new customers and provide better service to existing customers. It will also market its products for potential projects in Malaysia. The key risk in this segment remains the collectability of receivables, especially in light of the publicly reported cases of contractors encountering financial difficulties. Management continues to exercise prudence in managing this risk.

Overall, the Group does not expect to be profitable in FY2014 as the loss of the medical devices segment is currently expected to be greater than the positive contribution of the pipes and pipe fittings segment.

11 Dividend

(a) Current financial period reported on

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

(b) Corresponding period of the immediately preceding financial year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

13 Interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transaction under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Sales of goods to subsidiaries and associates of Venner Capital S.A.	-	843
Income from mould and maintenance services received from subsidiaries and associates of Venner Capital S.A.	-	-

14 Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual.

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited consolidated half year financial results for the period ended 31 Jan 2014 to be false or misleading in any material respect.

For and on behalf of the Board

Yeo Wico
Chairman

Nicos Nicolaides
Deputy Chairman

BY ORDER OF THE BOARD

Mark Samlal
Group Chief Executive Officer
14 March 2014