VICPLAS INTERNATIONAL LTD
(COMPANY REGISTRATION NO. 199805362R)
HALF-YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 JANUARY 2018

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 2018	31 Jan 2017	Increase/(Decrease)
Revenue	**33,960**	**32,473**	**4.6**
Other income	1,369	2,019	(32.2)
Changes in inventories of finished goods and work-in progress	362	377	(4.0)
Raw materials and consumables used	(14,083)	(12,776)	10.2
Purchase of finished goods for resale	(1,270)	(1,049)	21.1
Employee benefit expense	(10,246)	(10,020)	2.3
Depreciation and amortisation expenses	(1,764)	(1,687)	4.6
Other operating expenses	(6,869)	(7,029)	(2.3)
Finance costs	(68)	(69)	(1.4)
Profit before tax	**1,391**	**2,239**	
Income tax expense	141	(603)	nm
Profit after tax	**1,532**	**1,636**	**(6.4)**
Other comprehensive income (loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	30	(153)	nm
Other comprehensive profit/(loss) for the period, net of tax	30	(153)	nm
Total comprehensive income for the period	**1,562**	**1,483**	**5.3**
Profit attributable to:			
Owners of the Company	1,531	1,661	(7.8)
Non-controlling interests	1	(25)	nm
	1,532	1,636	(6.4)
Total comprehensive income attributable to:			
Owners of the Company	1,561	1,508	3.5
Non-controlling interests	1	(25)	nm
	1,562	1,483	5.3

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 2018 S$'000	31 Jul 2017 S$'000	31 Jan 2018 S$'000	31 Jul 2017 S$'000
ASSETS				
Current assets:				
Cash and cash equivalents	11,174	16,313	1,285	2,035
Trade receivables	18,475	19,038	-	-
Other receivables	2,868	2,567	37,447	37,047
Inventories	8,231	5,928	-	-
Total current assets	40,748	43,846	38,732	39,082
Non-current assets:				
Property, plant and equipment	17,570	17,488	-	-
Investment property	6,020	6,020	-	-
Joint venture	1,168	-	-	-
Intangible assets	1,165	1,181	-	-
Other receivables	1,845	-	-	-
Deferred tax asset	1,500	1,500	-	-
Subsidiaries	-	-	40,273	40,222
Total non-current assets	29,268	26,189	40,273	40,222
Total assets	**70,016**	**70,035**	**79,005**	**79,304**
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	2,271	1,331	-	-
Trade payables	3,832	2,795	-	-
Other payables	4,359	5,202	1,124	1,294
Current portion of finance leases	186	254	-	-
Income tax payable	288	576	25	41
Total current liabilities	10,936	10,158	1,149	1,335
Non-current liabilities:				
Finance leases	225	314	-	-
Bank borrowings	-	15	-	-
Deferred tax liabilities	1,534	1,534	-	-
Total non-current liabilities	1,759	1,863	-	-
Capital and reserves:				
Share capital	50,213	50,053	50,213	50,053
Treasury shares	(37)	(37)	(37)	(37)
Share option reserve	1,270	1,169	1,270	1,169
Currency translation reserve	(983)	(1,013)	-	-
Revaluation reserve	2,965	2,965	-	-
Retained earnings	3,915	4,900	26,410	26,784
Equity attributable to owners of the Company	57,343	58,037	77,856	77,969
Non-controlling interests	(22)	(23)	-	-
Total equity	57,321	58,014	77,856	77,969
Total liabilities and equity	**70,016**	**70,035**	**79,005**	**79,304**

Notes : -

1 Revenue comprises:

	31 Jan 2018 S$'000	31 Jan 2017 S$'000
Medical devices	14,276	12,775
Pipes and pipe fittings	19,684	19,698
Total	33,960	32,473

2 Other income comprises:

	31 Jan 2018 S$'000	31 Jan 2017 S$'000
Gain on disposal of property, plant and equipment	10	15
Interest income from outside parties	6	18
Income from tooling, mould and maintenance services	872	1,626
Miscellaneous income, net:		
-Outside parties	286	219
Foreign exchange gain, net	96	79
Rental income:		
-Subsidiaries of the ultimate holding company	36	36
-Outside parties	6	-
Government grant	57	26
Total	1,369	2,019

3 Other operating expenses comprises:

	31 Jan 2018 S$'000	31 Jan 2017 S$'000
Advertisement and marketing expenses	(497)	(490)
Allowance for doubtful trade receivables	-	(25)
Audit fees	(112)	(112)
Computer expenses	(43)	(54)
Factory consumables	(196)	(154)
Insurance	(239)	(262)
Laboratory and testing	(58)	(20)
Professional fees	(361)	(354)
Packaging materials	(222)	(232)
Property tax	(77)	(81)
Rental of premises and equipment	(667)	(728)
Repair and maintenance	(430)	(302)
Sterilisation and decontamination	(49)	(114)
Tooling expenses	(449)	(912)
Transportation and freight	(627)	(540)
Travelling and entertainment	(313)	(291)
Upkeep of factory premises	(276)	(191)
Upkeep of vehicles	(183)	(136)
Water and electricity	(1,072)	(1,090)
Others	(998)	(941)
Total	(6,869)	(7,029)

4 Income tax expenses comprises:

	31 Jan 2018 S$'000	31 Jan 2017 S$'000
Current tax	(89)	(449)
Adjustment in respect of over(under) provision of current tax in prior year	238	(134)
Withholding tax	(8)	(20)
Income tax expense for the year	141	(603)

Withholding tax arises from interests, management consultancy fees and rental charges to subsidiaries.

5 nm – not meaningful

1(b)(ii) Aggregate amount of Group's borrowings and debt securities together with comparative figures as at the end of the immediate preceding financial year

Amount repayable in one year or less, or on demand

As at 31 Jan 2018		As at 31 Jul 2017	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
2,457	-	1,585	-

Amount repayable after one year

As at 31 Jan 2018		As at 31 Jul 2017	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
225	-	329	-

Details of any collateral

The Group's bank borrowings are secured by way of legal mortgages over its leasehold land property and investment property of carrying value of approximately $4,991,000 (31 Jul 2017: $5,126,000) and $6,020,000 (31 Jul 2017: $6,020,000) respectively and a corporate guarantee by the Company of $15,985,000 (31 Jul 2017: $15,985,000). The Group's obligations under finance leases are secured by the lessors' title to the leased assets with carrying value of approximately $578,000 (31 Jul 2017: $702,000).

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 2017 to 31 Jan 2018 S$'000	1 Aug 2016 to 31 Jan 2017 S$'000
Operating activities:		
Profit before income tax	1,391	2,239
Adjustments for:		
Amortisation of intangible assets	16	16
Depreciation of property, plant and equipment	1,748	1,671
Gain on disposal of property, plant and equipment	(10)	(15)
Interest income	(6)	(18)
Interest expense	68	69
Share-based payment expenses	101	(6)
Operating cash flows before movements in working capital	3,308	3,956
Trade receivables	623	1,024
Other receivables	(4)	477
Inventories	(2,193)	172
Trade payables	1,061	(877)
Other payables	(1,339)	(1,178)
Cash generated (use in) from operations	1,456	3,574
Interest paid	(68)	(69)
Interest received	6	18
Income taxes paid (net)	(148)	(950)
Net cash from operating activities	1,246	2,573
Investing activities:		
Purchase of property, plant and equipment (see (a))	(1,755)	(2,098)
Prepayment for plant and equipment	(1,845)	-
Proceeds on disposal of property, plant and equipment	10	15
Investment in a joint venture	(1,168)	-
Payment for second tranche purchase consideration of a subsidiary	-	(500)
Net cash used in investing activities	(4,758)	(2,583)
Financing activities:		
Proceed from bank borrowings (net)	924	905
Repayments under finance leases	(157)	(114)
Proceeds from exercise of share options	160	102
Dividend paid	(2,516)	(2,498)
Net cash used in financing activities	(1,589)	(1,605)
Net decrease in cash and cash equivalents	(5,101)	(1,615)
Cash and cash equivalents at beginning of period	16,313	18,486
Effect of foreign exchange rate changes	(38)	228
Cash and cash equivalents at end of period	11,174	17,099
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	11,174	17,099

Note (a):

During the period, the Group acquired property, plant and equipment with an aggregate cost of $1,656,000 (31 Jan 2017: $1,679,000) of which the outstanding amount of $8,000 (31 Jan 2017: $21,000) was acquired and remain unpaid at the end of the period under review. Cash payments of $1,755,000 (31 Jan 2017: S$2,098,000) were made to purchase property, plant and equipment of which $107,000 (31 Jan 2017: $440,000) pertain to payment of prior year outstanding balance.

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

	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Revaluation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
FY 2018									
Group									
Balance at 31 Jul 2017	50,053	(37)	1,169	(1,013)	2,965	4,900	58,037	(23)	58,014
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	1,531	1,531	1	1,532
Other comprehensive loss for the period	-	-	-	30	-	-	30	-	30
Total	-	-	-	30	-	1,531	1,561	1	1,562
Transactions with owners, recognised directly in equity:									
Issue of share capital	160	-	-	-	-	-	160	-	160
Dividends	-	-	-	-	-	(2,516)	(2,516)	-	(2,516)
Recognition of share-based payment	-	-	101	-	-	-	101	-	101
Total	160	-	101	-	-	(2,516)	(2,255)	-	(2,255)
Balance at 31 Jan 2018	50,213	(37)	1,270	(983)	2,965	3,915	57,343	(22)	57,321
Company									
Balance at 31 Jul 2017	50,053	(37)	1,169	-	-	26,784	77,969		
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	2,142	2,142		
Transactions with owners, recognised directly in equity:									
Issue of share capital	160	-	-	-	-	-	160		
Dividends	-	-	-	-	-	(2,516)	(2,516)		
Recognition of share-based payment	-	-	101	-	-	-	101		
Total	160	-	101	-	-	(2,516)	(2,255)		
Balance at 31 Jan 2018	50,213	(37)	1,270	-	-	26,410	77,856		
FY 2017									
Group									
Balance at 31 Jul 2016	49,807	(37)	1,039	(818)	2,965	5,445	58,401	17	58,418
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	1,661	1,661	(25)	1,636
Other comprehensive loss for the period	-	-	-	(153)	-	-	(153)	-	(153)
Total	-	-	-	(153)	-	1,661	1,508	(25)	1,483
Transactions with owners, recognised directly in equity:									
Issue of share capital	102	-	-	-	-	-	102	-	102
Dividends	-	-	-	-	-	(2,498)	(2,498)	-	(2,498)
Recognition of share-based payment	-	-	(6)	-	-	-	(6)	-	(6)
Total	102	-	(6)	-	-	(2,498)	(2,402)	-	(2,402)
Balance at 31 Jan 2017	49,909	(37)	1,033	(971)	2,965	4,608	57,507	(8)	57,499
Company									
Balance at 31 Jul 2016	49,807	(37)	1,039	-	-	28,004	78,813		
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	141	141		
Transactions with owners, recognised directly in equity:									
Issue of share capital	102	-	-	-	-	-	102		
Dividends						(2,498)	(2,498)		
Recognition of share-based payment	-	-	(6)	-	-	-	(6)		
Total	102	-	(6)	-	-	(2,498)	(2,402)		
Balance at 31 Jan 2017	49,909	(37)	1,033	-	-	25,647	76,552		

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.

State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in share capital

	Number of shares			
	As at 31 Jan 2018		As at 31 Jan 2017	
	Number of shares	$'000	Number of shares	$'000
Balance at the beginning of the financial period	501,427,699	50,053	498,727,699	49,807
Issue of shares pursuant to the exercise of share options	2,250,000	160	1,450,000	102
Balance at the end of the financial period	503,677,699	50,213	500,177,699	49,909

As at 31 Jan 2018, there were 28,250,000 share options outstanding under the Vicplas International Share Option Plan (31 Jan 2017: 32,250,000 share options).

Treasury shares

	As at 31 Jan 2018	As at 31 Jan 2017
Treasury shares	461,000	461,000
Number of issued shares excluding treasury shares	503,216,699	500,966,699
Percentage of treasury shares against total number of issued shares (excluding treasury shares)	0.1%	0.1%

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 2018	As at 31 Jul 2017
Number of issued shares	503,677,699	501,427,699
Treasury shares	(461,000)	(461,000)
Number of issued shares excluding treasury shares	503,216,699	500,966,699

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

	As at 31 Jan 2018		As at 31 Jan 2017	
	Number of treasury shares	S$'000	Number of treasury shares	S$'000
Balance at the beginning of the financial period	461,000	37	461,000	37
Balance at the end of the financial period	461,000	37	461,000	37

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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during, and at the end of, the current financial period reported on.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computations for the current reporting period consistent with those of the most recent audited financial statement as at 31 July 2017.

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 2018 (in cents)	31 Jan 2017 (in cents)
Earnings per ordinary share for the period based on the profit after tax attributable to shareholders		
(a) Based on weighted average number of ordinary shares in issue	0.31	0.33
- Weighted average number of shares	501,851,210	499,251,753
(b) On a fully diluted basis	0.30	0.33
- Adjusted weighted average number of shares	502,113,459	501,546,610

7 Net asset value for the issuer and Group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and the immediately preceding financial year.

Group

	31 Jan 2018 (in cents)	31 Jul 2017 (in cents)
Net asset value per ordinary share	11.39	11.58

Company

	31 Jan 2018 (in cents)	31 Jul 2017 (in cents)
Net asset value per ordinary share	15.47	15.56

The calculation of net asset value per ordinary share is based on 503,216,699 ordinary shares in issue excluding treasury shares as at 31 Jan 2018 (31 Jul 2017: 500,966,699 ordinary shares).

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

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

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

Income statement

Revenue for the Group increased slightly to $34.0 million for the six months ended 31 Jan 2018 ("1H FY2018") as compared to $32.5 million for the six months ended 31 Jan 2017 ("1H FY2017"), driven by higher revenue from medical devices segment. The revenue for the medical devices segment was $14.3 million in 1H FY2018, an increase of 11.7% from 1H FY2017 due to increased orders from its customers. The pipes and pipe fittings segment recorded revenue of $19.7 million in 1H FY2018, unchanged from 1H FY2017.

Other income was lower in 1H FY2018 due to fewer tools built for customers.

Raw materials and consumables used increased by 10.2% due to increased revenue in the medical devices segment and a change in product mix in the pipes and pipe fittings segment. With the continued slow down in residential construction projects in Singapore, the pipes and pipe fittings segment sold less products used in residential construction projects though it sold more products used in civil engineering projects in 1H FY2018 as compared to 1H FY2017.

Employee benefit expenses were higher in 1H FY2018 due to increase in headcount and overtime in the medical devices segment to meet the higher revenue.

The positive tax expense recorded in 1H FY2018 was due to the utilisation of tax losses carryfoward and a refund from IRAS in relation to prior year's tax amounting to $0.2 million.

Overall, the Group recorded a net profit after tax of $1.5 million for 1H FY2018 as compared to $1.6 million for 1H FY2017.

Statement of financial position

Trade receivables decreased due to faster collection in the medical devices segment partially offset by slightly slower collection in the pipes and pipe fittings segment.

Inventories increased from $5.9 million in 1H FY2017 to $8.2 million in 1H FY2018 due to higher inventory level in the medical devices segment to cater for its new and existing customers' demand.

Joint venture increased due to the partial capital injection made in Cambodia for the new manufacturing facility.

Non-current other receivables pertain to prepayments made in the medical devices segment to purchase equipment to cater for new projects.

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

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

Other payables decreased mainly due to the payment of bonus and annual wage supplement to employees.

Cash flow

Net cash from operating activities for 1H FY2018 decreased to $1.2 million from $2.6 million in 1H FY2017 mainly due to lower profits and the increase in inventories, partially offset by the increase in trade payable. Net cash used in investing activities increased by $2.2 million in 1H FY2018 due to the $1.2 million investment in a joint venture as well as prepayment for plant and equipment. Net cash used in financing activities remained relatively constant, an outflow of $1.6 million.

Overall, the Group has a cash balance of $11.2 million as at 31 January 2018.

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

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

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

Medical devices segment

The medical devices segment showed encouraging signs with an increase in revenue by 11.7% in 1H FY2018 as compared to 1H FY2017. This segment will continue to broaden and deepen its customer base to further increase revenue as well as continuing to make further efficiency improvements in its manufacturing processes.

Pipes and pipe fittings segment

The construction industry in Singapore is expected to remain weak for the second half of the financial year ending 31 July 2018. Due to delay in construction and the time needed to obtain regulatory approvals, the new manufacturing plant in Cambodia is expected to be operational in the financial year ending 31 July 2019. The segment will continue to focus on civil engineering projects, regional growth and product expansion.

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

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period?

Yes.

Name of Dividend	Interim (proposed)
Dividend Type	Cash
Dividend Rate	S$0.0025 per ordinary share
Tax Rate	One-tier tax exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceeding financial period?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	S$0.0025 per ordinary share
Tax Rate	One-tier tax exempt

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

13 Interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'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.	-	1,311

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

The Chairman of the Board and Chairman of the Audit Committee on behalf of the Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention which may render the unaudited consolidated half year financial results for the period ended 31 January 2018 to be false or misleading in any material respect.

15 Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1).

The Company has procured undertakings from all of its Directors and relevant Executive Officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Cheng Liang
Acting Group Chief Executive Officer
9 March 2018