

VICPLAS INTERNATIONAL LTD
(COMPANY REGISTRATION NO. 199805362R)
HALF-YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 JANUARY 2020

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 2020	31 Jan 2019	Increase/(Decrease)
Revenue	47,165	37,098	27.1
Other income	1,094	1,482	(26.2)
Changes in inventories of finished goods and work-in progress	194	413	(53.0)
Raw materials and consumables used	(20,059)	(16,104)	24.6
Purchase of finished goods for resale	(966)	(1,333)	(27.5)
Employee benefit expense	(13,937)	(11,646)	19.7
Depreciation and amortisation expenses	(2,312)	(1,960)	18.0
Other operating expenses	(7,350)	(7,598)	(3.3)
Finance costs	(243)	(120)	102.5
Profit before tax	3,586	232	
Income tax	(1,316)	78	nm
Profit after tax	2,270	310	632.3
Other comprehensive loss, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(47)	(87)	(46.0)
Other comprehensive loss for the period, net of tax	(47)	(87)	(46.0)
Total comprehensive income for the period	2,223	223	896.9
Profit attributable to:			
Owners of the Company	2,312	331	598.5
Non-controlling interests	(42)	(21)	100.0
	2,270	310	632.3
Total comprehensive income attributable to:			
Owners of the Company	2,265	244	828.3
Non-controlling interests	(42)	(21)	100.0
	2,223	223	896.9

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 2020 S\$'000	31 Jul 2019 S\$'000	31 Jan 2020 S\$'000	31 Jul 2019 S\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	5,370	4,106	66	164
Trade receivables	24,864	24,452	-	-
Other receivables	3,084	2,617	34,159	36,750
Contract assets	4,107	4,947	-	-
Inventories	9,721	9,819	-	-
Total current assets	47,146	45,941	34,225	36,914
Non-current assets:				
Property, plant and equipment	24,781	23,885	-	-
Right-of-use	6,544	-	-	-
Investment property	6,502	6,502	-	-
Joint venture	1,795	1,795	-	-
Associate	239	239	-	-
Intangible assets	1,215	1,162	-	-
Deferred tax assets	1,781	2,881	-	-
Subsidiaries	-	-	40,787	40,766
Total non-current assets	42,857	36,464	40,787	40,766
Total assets	90,003	82,405	75,012	77,680
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	11,003	8,626	-	-
Contract liabilities	1,856	757	-	-
Trade payables	3,728	4,270	-	-
Other payables	5,047	6,318	849	1,432
Lease liabilities	1,132	225	-	-
Income tax payable	26	32	-	-
Total current liabilities	22,792	20,228	849	1,432
Non-current liabilities:				
Lease liabilities	5,229	113	-	-
Deferred tax liabilities	1,536	1,536	-	-
Total non-current liabilities	6,765	1,649	-	-
Capital and reserves:				
Share capital	50,605	50,407	50,605	50,407
Treasury shares	(37)	(37)	(37)	(37)
Share option reserve	1,513	1,480	1,513	1,480
Currency translation reserve	(1,085)	(1,038)	-	-
Revaluation reserve	2,965	2,965	-	-
Retained earnings	6,608	6,832	22,082	24,398
Equity attributable to owners of the Company	60,569	60,609	74,163	76,248
Non-controlling interests	(123)	(81)	-	-
Total equity	60,446	60,528	74,163	76,248
Total liabilities and equity	90,003	82,405	75,012	77,680

Notes : -

1 Revenue comprises:

	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000
Medical devices	29,836	17,766
Pipes and pipe fittings	17,329	19,332
Total	47,165	37,098

2 Other income comprises:

	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000
Interest income from outside parties	-	3
Income from tooling, mould and maintenance services	830	1,178
Miscellaneous income, net:		
-Outside parties	185	227
Rental income:		
-Subsidiaries of the ultimate holding company	36	36
-Outside parties	6	6
Government grant	37	32
Total	1,094	1,482

3 Other operating expenses comprises:

	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000
Advertisement and marketing expenses	(460)	(633)
Audit fees	(90)	(112)
Computer expenses	(55)	(46)
Factory consumables	(325)	(233)
Foreign exchange loss, net	(708)	(233)
Insurance	(314)	(256)
Laboratory and testing	(115)	(111)
Professional fees	(284)	(333)
Packaging materials	(223)	(257)
Property tax	(92)	(88)
Rental of premises and equipment	(382)	(568)
Repair and maintenance	(493)	(626)
Sterilisation and decontamination	(30)	(17)
Tooling expenses	(221)	(419)
Transportation and freight	(560)	(598)
Travelling and entertainment	(327)	(309)
Upkeep of factory premises	(240)	(260)
Upkeep of vehicles	(184)	(169)
Water and electricity	(1,078)	(1,062)
Others	(1,169)	(1,268)
Total	(7,350)	(7,598)

4 Income tax comprises:

	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000
Current tax	(60)	(139)
Adjustment in respect of (under)/ over provision of current tax in prior year	(87)	224
Deferred tax	(1,100)	-
Withholding tax	(69)	(7)
Income tax for the year	(1,316)	78

Withholding tax arises from interests 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 2020		As at 31 Jul 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
12,135	-	8,851	-

Amount repayable after one year

As at 31 Jan 2020		As at 31 Jul 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,229	-	113	-

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 \$4,449,000 (31 Jul 2019: \$4,856,000) and \$6,502,000 (31 Jul 2019: \$6,502,000) respectively and a corporate guarantee by the Company of \$21,985,000 and US\$2,000,000 (31 Jul 2019: \$21,985,000 and US\$2,000,000). The Group's obligations under lease liabilities for finance leases portion are secured by the lessors' title to the leased assets with carrying value of approximately \$474,000 (31 Jul 2019: \$465,000).

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 2019 to 31 Jan 2020 S\$'000	1 Aug 2018 to 31 Jan 2019 S\$'000
Operating activities:		
Profit before income tax	3,586	232
Adjustments for:		
Amortisation of intangible assets	34	20
Depreciation of property, plant and equipment	2,132	1,940
Depreciation of right-of-use assets	146	-
Interest income	-	(3)
Interest expense	243	120
Share-based payment expenses	33	54
Operating cash flows before movements in working capital	<u>6,174</u>	<u>2,363</u>
Trade receivables	(425)	(3,353)
Other receivables	(15)	(393)
Contract assets	840	1,367
Inventories	(28)	(516)
Trade payables	(500)	(1,036)
Other payables	(1,135)	(567)
Contract liabilities	1,099	123
Cash generated from (used in) from operations	<u>6,010</u>	<u>(2,012)</u>
Interest paid	(230)	(120)
Interest received	-	3
Income taxes (net)	(222)	139
Net cash from (used in) operating activities	<u>5,558</u>	<u>(1,990)</u>
Investing activities:		
Purchase of property, plant and equipment (see (a))	(3,910)	(2,145)
Prepayment for plant and equipment	(483)	(500)
Additions to intangible asset	(87)	-
Investment in a joint venture	-	(617)
Investment in an associate	-	(176)
Net cash used in investing activities	<u>(4,480)</u>	<u>(3,438)</u>
Financing activities:		
Proceed from bank borrowings (net)	2,377	5,944
Repayments of lease liabilities	(357)	(106)
Proceeds from exercise of share options	198	-
Dividend paid	(2,536)	(2,526)
Net cash (used in) from financing activities	<u>(318)</u>	<u>3,312</u>
Net increase (decrease) in cash and cash equivalents	760	(2,116)
Cash and cash equivalents at beginning of period	4,106	7,892
Effect of foreign exchange rate changes	504	(123)
Cash and cash equivalents at end of period	<u>5,370</u>	<u>5,653</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>5,370</u>	<u>5,653</u>

Note (a):

During the period, the Group acquired property, plant and equipment with an aggregate cost of \$3,796,000 (31 Jan 2019: \$2,547,000) of which the outstanding amount of \$405,000 (31 Jan 2019: \$392,000) was acquired and remain unpaid at the end of the period under review and Nil (31 Jan 2019: \$127,000) was acquired under finance lease. Cash payments of \$3,910,000 (31 Jan 2019: \$2,145,000) were made to purchase property, plant and equipment of which \$519,000 (31 Jan 2019: \$117,000) 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 2020									
Group									
Balance at 1 Aug 2019	50,407	(37)	1,480	(1,038)	2,965	6,832	60,609	(81)	60,528
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	2,312	2,312	(42)	2,270
Other comprehensive loss for the period	-	-	-	(47)	-	-	(47)	-	(47)
Total	-	-	-	(47)	-	2,312	2,265	(42)	2,223
Transactions with owners, recognised directly in equity:									
Issue of share capital	198	-	-	-	-	-	198	-	198
Dividends	-	-	-	-	-	(2,536)	(2,536)	-	(2,536)
Recognition of share-based payment	-	-	33	-	-	-	33	-	33
Total	198	-	33	-	-	(2,536)	(2,305)	-	(2,305)
Balance at 31 Jan 2020	50,605	(37)	1,513	(1,085)	2,965	6,608	60,569	(123)	60,446
FY 2019									
Group									
Balance at 1 Aug 2018	50,407	(37)	1,372	(950)	2,965	4,071	57,828	(45)	57,783
* Effects of change in accounting policies	-	-	-	-	-	401	401	-	401
Balance at 1 Aug 2018 (restated)	50,407	(37)	1,372	(950)	2,965	4,472	58,229	(45)	58,184
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	331	331	(21)	310
Other comprehensive income for the period	-	-	-	(87)	-	-	(87)	-	(87)
Total	-	-	-	(87)	-	331	244	(21)	223
Transactions with owners, recognised directly in equity:									
Dividends	-	-	-	-	-	(2,526)	(2,526)	-	(2,526)
Recognition of share-based payment	-	-	54	-	-	-	54	-	54
Total	-	-	54	-	-	(2,526)	(2,472)	-	(2,472)
Balance at 31 Jan 2019	50,407	(37)	1,426	(1,037)	2,965	2,277	56,001	(66)	55,935
FY 2020									
Company									
Balance at 1 Aug 2019	50,407	(37)	1,480	-	-	24,398	76,248		
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	220	220		
Transactions with owners, recognised directly in equity:									
Issue of share capital	198	-	-	-	-	-	198		
Dividends	-	-	-	-	-	(2,536)	(2,536)		
Recognition of share-based payment	-	-	33	-	-	-	33		
Total	198	-	33	-	-	(2,536)	(2,305)		
Balance at 31 Jan 2020	50,605	(37)	1,513	-	-	22,082	74,163		
FY 2019									
Company									
Balance at 1 Aug 2018	50,407	(37)	1,372	-	-	25,563	77,305		
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	1,008	1,008		
Transactions with owners, recognised directly in equity:									
Dividends	-	-	-	-	-	(2,526)	(2,526)		
Recognition of share-based payment	-	-	54	-	-	-	54		
Total	-	-	54	-	-	(2,526)	(2,472)		
Balance at 31 Jan 2019	50,407	(37)	1,426	-	-	24,045	75,841		

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 2020		As at 31 Jan 2019	
	Number of shares	S\$'000	Number of shares	S\$'000
Balance at the beginning of the financial period	505,677,699	50,407	505,677,699	50,407
Issue of shares pursuant to the exercise of share options	2,000,000	198	-	-
Balance at the end of the financial period	507,677,699	50,605	505,677,699	50,407

Outstanding share options

Grant date	Exercise price per share	Number of share options					Exercise period
		As at 31 Jan 2019	Issued	Forfeited	Exercised	As at 31 Jan 2020	
19 November 2014	S\$ 0.073	750,000	-	-	(750,000)	-	20 November 2015 to 19 November 2019
18 January 2016	0.115	2,500,000	-	-	(1,250,000)	1,250,000	19 January 2017 to 18 January 2021
18 January 2016	0.115	10,000,000	-	-	-	10,000,000	19 January 2017 to 18 January 2026
23 January 2017	0.108	13,000,000	-	(2,000,000)	-	11,000,000	24 January 2018 to 23 January 2022
		26,250,000	-	(2,000,000)	(2,000,000)	22,250,000	

Treasury shares

	As at 31 Jan 2020	As at 31 Jan 2019
Treasury shares	461,000	461,000
Number of issued shares excluding treasury shares	507,216,699	505,216,699
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 2020	As at 31 Jul 2019
Number of issued shares	507,677,699	505,677,699
Treasury shares	(461,000)	(461,000)
Number of issued shares excluding treasury shares	507,216,699	505,216,699

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 2020		As at 31 Jan 2019	
	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 2019, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 August 2019 namely SFRS(I) 16 *Leases*.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease, and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group has adopted the SFRS(I) 16 using the modified retrospective approach, where the comparative figures of the financial year prior to the first adoption will not be restated. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model.

In compliance with SFRS(I) 16, the Group has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 August 2019 adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position before 1 August 2019, accordingly no adjustment was made to the opening retained earnings of the Group. Subsequent to initial recognition, the Group depreciate the ROU assets over the lease term, and recognise interest expenses on the lease liabilities.

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.

Please refer to the impact from the adoption of SFRS(I) 16 from the computation below:

	As at 31 Jan 2020 S\$'000 Increase/ (Decrease)
<u>Statement of financial position</u>	
Property, plant and equipment	(474)
Right-of-use assets	6,544
Total assets	6,070
Lease liabilities	6,361
Total liabilities	6,361
Net assets	(291)
	For the financial period ended 31 Jan 2020 S\$'000 Better/ (Worse)
<u>Income Statement</u>	
Rental expense	214
Depreciation and amortisation expenses	(146)
Interest expense	(78)
	(10)

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 2020 (in cents)	31 Jan 2019 (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	0.46	0.07
- Weighted average number of shares	506,788,710	505,216,699
(b) On a fully diluted basis	0.46	0.07
- Adjusted weighted average number of shares	506,788,710	505,665,885

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 2020 (in cents)	31 Jul 2019 (in cents)
Net asset value per ordinary share	11.92	11.98

Company

	31 Jan 2020 (in cents)	31 Jul 2019 (in cents)
Net asset value per ordinary share	14.62	15.09

The calculation of net asset value per ordinary share is based on 507,216,699 ordinary shares in issue excluding treasury shares as at 31 Jan 2020 (31 Jul 2019: 505,216,699 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 to \$47.2 million("M") for the six months ended 31 January 2020 ("1H FY2020") as compared to \$37.1M for the six months ended 31 January 2019 ("1H FY2019"), driven by higher revenue from medical devices segment which was partially offset by lower revenue from the pipes and pipe fittings segment. The revenue for the medical devices segment was \$29.8M in 1H FY2020, an increase of 67.9% from 1H FY2019 due to increased orders from its customers while its segment result improved to \$2.9M in 1H FY2020 from negative \$0.1M in 1H FY2019. The pipes and pipe fittings segment recorded revenue of \$17.3M in 1H FY2020, a decrease of 10.4% from 1H FY2019. Despite the decrease in revenue, the pipes and pipe fittings segment exercised tight cost control and its segment result improved slightly to \$2.4M in 1H FY2020 from \$2.3M in 1H FY2019.

Other income decreased by 26.2% due to fewer tools built for customers.

Raw materials and consumables used increased by 24.6% due to increased customer orders in the medical devices segment.

Employee benefit expenses were higher in 1H FY2020 by 19.7% due to increase in headcount and overtime in the medical devices segment to meet the higher revenue.

Depreciation and amortisation expenses increased by 18.0% due to increased capital expenditure as well as the impact from the adoption of SFRS(I) 16 mentioned in paragraph 5.

Other operating expenses decreased by 3.3% mainly due to lower tooling expenses, reduction in other variable costs due to lower level of usage or activities in the pipes and pipe fittings segment, as well as the impact from the adoption of SFRS(I) 16 mentioned in paragraph 5.

The tax expense in 1H FY2020 amounting to \$1.3M was mainly due to the de-recognition of deferred tax asset as the underlying unutilised tax losses in the previous financial years for Forefront Medical Technology (Jiangsu) Co., Ltd. were utilised in current period. This de-recognition does not have a cashflow impact.

Overall, the Group recorded a net profit after tax of \$2.3M for 1H FY2020 as compared to \$0.3M for 1H FY2019.

Statement of financial position

Trade receivables increased due to higher sales in the medical devices segment and slower collection from customers in the pipes and pipe fittings segment.

Other receivables increased due to deposit placed for new plant and equipment.

Contract assets decreased due to less inventories in production and post-production for contracts whereby the revenue is to be recognised over time as at 31 January 2020 as compared to 31 July 2019.

Property, plant and equipment increased mainly due to capital expenditure.

Right-of-use ("ROU") assets and Lease liabilities increased due to the adoption of SFRS(I) 16 from the recognition of ROU assets and lease liabilities. Please refer to paragraph 4 for explanation for ROU assets.

Deferred tax assets decreased due to the de-recognition of deferred tax assets in Forefront Medical Technology (Jiangsu) Co., Ltd. as its tax losses were utilised in the current period.

Bank borrowings increased mainly due to higher trust receipts utilised in the purchase of raw materials for the pipes and pipe fittings segment.

Contract liabilities increased mainly due to higher balances due to customers under tooling and maintenance services. These arose when the billings made to customers exceeded the revenue recognised to date.

Trade payables and other payables decreased mainly due to lower level of activities in the pipes and pipe fittings segment and payment of accruals eg bonus.

Cash flow

Net cash generated from operating activities improved to \$5.6M in 1H FY2020 from a negative \$2.0M in 1H FY2019 due to higher profit before tax and lower working capital requirements.

Net cash used in investing activities was \$4.5M in 1H FY2020 as compared to \$3.4M in 1H FY2019 due to higher capital expenditure, offset partially by lower investment in joint venture and associate.

Net cash used in financing activities was \$0.3M in 1H FY2020 due to lesser bank borrowings as compared to 1H FY2019.

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 continues to show positive momentum with improving and consistent signs of growth based on an increase in revenue by 67.9% in 1H FY2020 as compared to 1H FY2019. The segment will continue to broaden its customer base and core capabilities to improve service offerings to customers. In addition, it will continue with its efforts to make efficiency improvements in its manufacturing plants to improve costs and margins. In view of the COVID-19 situation, the performance of the segment in the second half of the financial year ending 31 July 2020 ("2H FY2020") will be adversely affected by the consequential short-term slowdown/disruption to production activities (but which are expected to normalise). Over the longer term, the segment will continue to be mindful of uncertainties in international trading conditions that are current or may develop.

Pipes and pipe fittings segment

The pipes and pipe fittings segment expects continuation of lower margins and increased competition in 2H FY2020. Since the outbreak of COVID-19, some construction firms in Singapore are facing labour shortages and supply chain disruption resulting in deadline extension for projects adding new challenges to the segment. The segment will continue to focus on civil engineering projects, regional growth and product expansion.

Group

Overall, the Group expects challenges as it faces uncertainties in the economy as well as impact from the COVID-19 situation. It 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?

No dividend was declared or recommended for the current period reported on.

As mentioned in the Annual Report of the financial years ended 31 July 2018 and 31 July 2019, in order to provide greater flexibility for managing the Group's capital needs throughout the year, dividend will be determined and declared at year end rather than half yearly. This flexibility will place the Group in a stronger position to manage uncertainties or unforeseen events, such as the COVID-19 situation.

By way of background, the following dividend was declared in respect of the financial year ended 31 July 2019.

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Rate	S\$0.005 per ordinary share (one-tier tax exempt)	S\$0.0025 per ordinary share (one-tier tax exempt)
Tax Rate	N.A	N.A
Book Closure Date	8 January 2020	1 July 2020
Date Paid/Payable	17 January 2020	10 July 2020

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Please refer to paragraph 11(a).

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.	-	1,212

14 **Segmented revenue and results for business or geographical segments of the group in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding period.**

	Medical devices		Pipes & pipe fittings		Eliminations		Total	
	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000
Revenue								
External sales	29,836	17,766	17,329	19,332	-	-	47,165	37,098
Results								
Segment result	2,902	(105)	2,388	2,303	(332)	(276)	4,958	1,922
Unallocated expenses							(1,129)	(1,573)
Interest expense	(108)	(75)	(135)	(45)	-	-	(243)	(120)
Interest income	-	-	-	3	-	-	-	3
Profit before income tax							3,586	232
Income tax							(1,316)	78
Profit for the year							2,270	310
Other information								
Capital expenditure	3,103	1,503	693	1,044	-	-	3,796	2,547
Depreciation and amortisation	1,235	975	1,077	985	-	-	2,312	1,960
Balance Sheet								
Assets								
Segment assets	47,074	37,910	42,858	37,865	-	-	89,932	75,775
Unallocated corporate assets							71	91
Consolidated total assets							90,003	75,866
Liabilities								
Segment liabilities	14,356	10,289	14,353	7,889	-	-	28,709	18,178
Unallocated corporate							848	1,753
Consolidated total liabilities							29,557	19,931

Geographical segments

	Revenue		Segment assets		Additions to property, plant and equipment	
	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000	31 Jan 2020 S\$'000	31 Jan 2019 S\$'000
Singapore	44,450	34,519	54,694	45,621	1,628	865
Malaysia	1,765	2,418	4,550	4,101	21	222
China	950	161	30,759	26,144	2,147	1,460
	47,165	37,098	90,003	75,866	3,796	2,547

15 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

16 **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 2020 to be false or misleading in any material respect.

17 **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 the format set out in Rule 720(1) and appendix 7.7) in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Cheng Liang
Group Chief Executive Officer
13 March 2020