Mission Statement

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

This will help us to fulfill our commitment to provide optimum value for our customers, business partners and shareholders.
The Vicplas Group was incorporated in 1993 and was first listed on the SGX SESDAQ - 22 April 1999. We now have two core businesses:

- The manufacture and distribution of proprietary plastic building products, including uPVC pipes, pipe fittings and electrical conduits in Singapore. All our products are marketed under the Vicplas brand.

- The manufacturing of innovative medical devices through our 50% owned joint venture Forefront Medical Technology (Pte) Ltd (FMT).

FMT is involved in the research, design, development and distribution of innovative medical devices. FMT manufactures cutting edge products such as the Laryngeal Mask Airway, which is a medical device for anaesthesia. Since its inception in 2000, FMT has achieved quality certifications such as ISO9001: 2000, ISO13488: 1996, EN46002: 1996 and ISO13485: 2003.

The Group serves primarily customers in Singapore as well as regional markets. With the renewed impetus to diversify our business and, the global nature of the medical devices market, the Group aims to expand its presence worldwide.

We will capitalise on our core competencies while diversifying, in order to return value for all our beloved shareholders.
Organisation Structure
Chairman’s Message

“On behalf of the Board of Directors, it is once again my pleasure to present to you Vicplas International Ltd’s performance for the financial year ended 31 July 2006.

Financial Review

We continued to enjoy growth in profit and revenue in FY2006 after the turnaround the year earlier. Net profit rose 3.2% to $1.67 million on turnover increase of 11.2% to $12.82 million. If not for the 22.3% fall in net earnings in the first half year, we would have achieved better results. The fall in net earnings in the first half year was due to lower contribution from our 50% joint venture company, Forefront Medical Technology (“FMT”), and higher staff cost. Fortunately, we gathered steam in the second half year when net earnings rose 53.2% to $835,000 so that we finished FY2006 on a firm footing.

Earnings per share improved to 0.64 cents from 0.62 cents in the last financial year. Net Asset Value per share also grew to 6.51 cents from 5.88 cents in the same period.

Sales of uPVC pipe and pipe fittings including medical device components accounted for 96% or $12.35 million of Group revenue with the remaining 4% coming from the polymer business.

At the pre-tax profit level, we registered a better performance, up 24% to $2.14 million in FY2006. The increase was due mainly to the management fee of $400,000 we received from FMT and $535,000 in share of tax benefits from FMT owing to write back of prior years’ taxes following attainment of pioneer status.

Our joint venture FMT itself continued to be profitable, recording a pre-tax profit of $4.24 million in FY2006 on a turnover of $25.86 million. The sales and profit figures were lower than the last financial year due mainly from lower sales prices and volume and additional expenses.

Outlook

Going forward, although we project lower FMT sales in FY2007, the long-term medical technology industry uptrend remains intact, given that it is one of the fastest-growing industries in the world and a key growth engine for Singapore.

Our optimism is further bolstered by government efforts to nurture a world-class biomedical industry in Singapore. Already, several global biomedical companies have located their manufacturing operations here because of the excellent infrastructure and strong legal framework that supports intellectual property protection.
As one of the early entrants into the medical device sector in Singapore, we have been able to build up our competencies and capabilities in medical device manufacturing by leveraging on our partnership with LMA Group to produce airway devices.

In the process, we have gained valuable knowledge of the industry’s unique requirements and achieved the relevant industry certification such as ISO 9000 and ISO 13485. These have enabled us to better address our customers’ needs and move up the manufacturing value chain.

With the success of the medical device joint venture, we are now well-poised to expand into other segments of the medical device market so as to tap on the growing demand for medical and healthcare products worldwide. This would allow us to cater for different niche medical products with the greatest market potential.

Our proven track record in medical device contract manufacturing has also stood us in good stead with several large US companies looking for Asian partners in the region, especially in the light of the rising outsourcing trend by US and European medical product manufacturers to Asia.

Over the longer term, we aim to move beyond contract manufacturing and seek joint product development with our partners. To achieve this, we will continue to invest heavily to enhance our R&D strengths, and tap on potential business leads with IE Singapore and the Economic Development Board.

As for the Group’s uPVC pipes and pipe fittings business, barring any raw material price fluctuations, we are optimistic this business will perform well in FY2007 as the Singapore construction industry is set for expansion amid a property boom and redevelopment of some properties under enbloc sales transacted over the past one and a half year. In addition, the construction industry further expand by the launch of several large-scale national projects, such as the two Integrated Resorts, Sports Hub and the Marina Bay Financial Centre. However, the operations of our polymer business would be scaled down and ceased eventually.

We remain committed to growing our core business segment and we will concentrate our efforts on diversifying beyond our traditional portfolios by eyeing for more medical device outsourcing opportunities.

In appreciation

To the dedicated management team and staff of Vicplas, I would like to record my sincere appreciation for all your hard work and valuable contribution to the Group over the past year.

On behalf of my fellow board directors, I would also like to thank all our customers, bankers, business associates, suppliers and shareholders for their continuing support and belief in us.

I look forward to another year of growth and achievements ahead.

Chua Kim Hua
Chairman
**Segmental Review**

**uPVC Pipes, Pipe Fittings inclusive of Medical Device Components**

Sales of uPVC pipe and pipe fittings inclusive of medical device components rose 15.2% from S$10.72 million to S$12.35 million in FY2006, and this increase was due to higher sales of uPvc pipes and pipe fittings in the second half of FY2006.

This business segment contributed 96% of Group revenue in FY2006, achieving a pre-tax profit of S$1.19 million in FY2006, up from S$0.23 million in FY2005.

**Polymers**

As the Group is scaling down and eventually ceasing the Polymers business, this segment saw sales decline from S$0.81 million in FY2005 to S$0.47 million in FY2006. The losses before interest, joint venture and taxation increased 216.13% to S$0.98 million in FY2006 from a year earlier as a result of recognition of impairment loss on property, plant and equipment amounting to S$0.6 million.

**Forefront Medical Technology**

As with the previous financial year, our joint venture company Forefront Medical Technology (FMT) was the biggest contributor to the Group’s bottom line. The Group derived an after-tax profit of S$2.65 million from FMT in FY2006, a marginal decline from S$2.77 million a year earlier.

FMT recorded a turnover of S$25.86 million in FY2006, down from FY2005’s S$27.69 million; while pre-tax profit declined from S$6.96 million to S$4.24 million.

FMT has attributed the net profit decrease to a reduction in sales price and sales volume of its medical devices. In addition, the company also had to recognise a S$0.4 million under-charged utilities expense, and make a management service payment of S$0.4 million to Vicplas.

**Geographical Review**

In terms of geographical segments, our Singapore operations contributed S$11.37 million or 88.73% of total revenue, and this was an increase of 9.13% over FY2005. The Malaysian operations also saw higher revenue contributions, up 30.42% to S$1.44 million. The increase in revenue was mainly due to increase in sales volume in FY2006.
Chua Kim Hua, aged 66, is the Non-Executive Chairman of the Group. He serves as a member on the Audit, Nominating and Remuneration Committees. Mr. Chua has more than 30 years of experience in the building and construction industry. He had been conferred the Long Service Award by the Ministry of Education and had also been awarded the Public Service Medal, Pingat Bakti Masyarakat (PBM). Mr. Chua is also the Director and Executive Chairman of King Wan Corporation Limited.

Loh Beng Seng, aged 59, is the Chief Executive Officer and Executive Director of the Group. Mr. Loh has more than 30 years of experience in the plastic products manufacturing industry. He is responsible for the Group’s business development, in particular, strategic planning, new product development, marketing and overall corporate management. Mr. Loh also oversees the financial and administration, legal and corporate affairs functions of the Group. He is a member of the Singapore Institute of Directors.

Cheng Liang, aged 51, is an Executive Director of the Group. He is responsible for overseeing the manufacturing operations of the Group and the procurement of specialised machines and raw materials including chemicals and additives. Mr. Cheng’s previous experiences include tin smelting in Singapore and South Korea, tin trading and forex trading.

Lim Hock Beng, aged 66, is an Independent Non-Executive Director. He serves as the Chairman of the Audit Committee and is a member of both the Nominating and Remuneration Committees. Mr. Lim was the founder and the Managing Director of Lim Associates Pte Ltd, a company providing corporate secretarial services to private and public listed companies, for 27 years until his retirement in 1996. He holds a Diploma in Management Accounting & Finance and is a member of the Singapore Institute of Directors. Currently, Mr. Lim is the Managing Director of a private investment holding company. Current directorships in public companies listed on the SGX-ST include Huan Hsin Holdings Ltd, King Wan Corporation Limited, GP Industries Ltd, Colex Holdings Ltd and LMA International N.V.

Ang Mong Seng, aged 57, is an Independent Non-Executive Director. He serves as the Chairman for both the Nominating and Remuneration Committees and also as a member of the Audit Committee. He has more than 28 years of experience in estate management. Mr. Ang is presently a Member of Parliament for Hong Kah GRC (Bukit Gombak), Chairman of Hong Kah Town Council and Chief Operating Officer of EM Services Pte Ltd. He also serves as the Independent Non-Executive Director on various public listed companies, including United Fiber System Ltd, Chip Eng Seng Corporation Ltd, Ecowise Holdings Ltd, AnnAik Ltd and Hoe Leong Corporation Ltd.

Mr. Teo Kok Meng, aged 43, joined the Group as a Financial Controller in September 1999. He is responsible for the Group’s financial management, internal control system and accounting functions. Prior to that, he was the Accounts Manager of a company listed on the main board of the Singapore Exchange Ltd. Mr. Teo is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a non-practicing member of the Institute of Certified Public Accountants of Singapore.
BOARD OF DIRECTORS

Mr. Chua Kim Hua Group Chairman
Mr. Loh Beng Seng Chief Executive Officer
Mr. Cheng Liang Executive Director
Mr. Lim Hock Beng Independent Director
Mr. Ang Mong Seng Independent Director

COMPANY SECRETARIES

Jennifer Lee Siew Jee, ACIS
Tan Cheng Siew @ Nur Farah Tan, ACIS

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SHARE REGISTRAR

B.A.C.S. Private Limited
63 Cantonment Road
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AUDIT COMMITTEE

Mr. Lim Hock Beng Chairman
Mr. Ang Mong Seng Member
Mr. Chua Kim Hua Member

ADMITTED AUDITORS

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Certified Public Accountants
6 Shenton Way #32-00,
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Singapore 068809
Audit Partner: William Lim Choon Hock
(Appointed on December 30, 2003)

PRINCIPAL BANKERS

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