



MEDTECS INTERNATIONAL CORPORATION LIMITED

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This announcement has not been examined or approved by the Exchange. The Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Unaudited Half Year Financial Statements For The Period Ended 30 June ("1H") 2024

CONDENSED INTERIM STATEMENTS OF INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2024	Previous Half Year Ended 30 June 2023	Increase/ (Decrease)
Revenue	25,527	26,538	(3.8)
Costs of sales and services	(22,377)	(22,281)	0.4
Gross profit	3,150	4,257	(26.0)
Other items of income			
Other operating income, net	1,035	964	7.4
Financial income	698	663	5.3
Other items of expense			
Distribution and selling expenses	(2,667)	(4,119)	(35.3)
Administrative expenses	(6,642)	(7,118)	(6.7)
Financial expenses	(407)	(395)	3.0
Loss before tax	(4,833)	(5,748)	(15.9)
Income tax benefit (expense)	122	(21)	(681.0)
Net loss for the period	(4,711)	(5,769)	(18.3)
Attributable to:			
Equity holders of the Company	(3,879)	(5,358)	(27.6)
Non-controlling interests	(832)	(411)	102.4
Net loss for the period	(4,711)	(5,769)	(18.3)

US\$'000	
Latest Half Year Ended 30 June 2024	Previous Half Year Ended 30 June 2023

Depreciation	2,187	2,086
Amortisation of:		
Assets held for leasing	937	1,006
Right-of-use assets	502	544
Intangible assets	117	10
Interest expense on:		
Loans	238	225
Lease liabilities	143	143
Provision for:		
Impairment on property, plant and equipment	1,523	–
Expected credit losses	491	–
Inventory losses	–	440
Write-off of inventories	516	–
Other finance cost	26	27
Interest income	(698)	(608)
Dividend income	–	(55)
Loss (gain) on disposal of property, plant and equipment	–	(361)
Foreign exchange loss/(gain)	(532)	(126)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2024	Previous Half Year Ended 30 June 2023	Increase/ (Decrease)
Loss after tax	(4,711)	(5,769)	(18.3)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation	(573)	179	(420.1)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	–	235	(100.0)
Actuarial gains	18	–	100.0
Total comprehensive loss	<u>(5,266)</u>	<u>(5,355)</u>	<u>(1.7)</u>
Attributable to:			
Equity holders of the Company	(4,434)	(4,944)	(10.3)
Non-controlling interests	(832)	(411)	102.4
Total comprehensive loss	<u>(5,266)</u>	<u>(5,355)</u>	<u>(1.7)</u>

CONDENSED INTERIM BALANCE SHEETS

		Group US\$'000		Company US\$'000	
		30 June 2024	31 Dec 2023	30 June 2024	31 Dec 2023
ASSETS					
Non-current assets					
Property, plant and equipment, net	Note 1	37,272	40,566	85	121
Investment properties		2,450	2,505	–	–
Assets held for leasing		3,693	3,915	–	–
Right-of-use of asset		8,721	9,109	88	145
Net investment in sub-lease		–	–	4,660	4,621
Investment in subsidiaries		–	–	28,241	28,241
Intangible assets		3,246	3,363	–	–
Deferred tax assets		2,365	2,254	–	–
Trade receivables	Note 2	2,215	4,265	2,215	4,265
Other non-current assets		4,558	4,995	78	79
		<u>64,520</u>	<u>70,972</u>	<u>35,367</u>	<u>37,472</u>
Current assets					
Inventories		37,902	37,359	380	345
Trade receivables	Note 2	20,542	20,084	10,184	9,980
Other current assets	Note 3	6,036	5,311	564	156
Due from subsidiaries (trade)		–	–	16,092	15,379
Fixed deposits	Note 4	14,495	10,736	–	–
Cash and bank balances	Note 5	17,636	22,305	624	351
		<u>96,611</u>	<u>95,795</u>	<u>27,844</u>	<u>26,211</u>
TOTAL ASSETS		<u>161,131</u>	<u>166,767</u>	<u>63,211</u>	<u>63,683</u>

EQUITY AND LIABILITIES

	Group US\$'000		Company US\$'000	
	30 June 2024	31 Dec 2023	30 June 2024	31 Dec 2023
Current liabilities				
Accounts payable and other current liabilities	5,879	5,974	809	703
Lease liabilities	801	801	21	21
Bank loans	24,035	23,861	–	–
Income tax payable	2,099	2,332	–	–
	<u>32,814</u>	<u>32,968</u>	<u>830</u>	<u>724</u>
NET CURRENT ASSETS	<u>63,797</u>	<u>62,827</u>	<u>27,014</u>	<u>25,487</u>
Non-current liabilities				
Lease liabilities – net of current portion	2,081	2,243	189	186
Deferred tax liabilities	309	312	11	11
Other non-current liabilities	885	936	187	194
	<u>3,275</u>	<u>3,491</u>	<u>387</u>	<u>391</u>
TOTAL LIABILITIES	<u>36,089</u>	<u>36,459</u>	<u>1,217</u>	<u>1,115</u>
NET ASSETS	<u>125,042</u>	<u>130,308</u>	<u>61,994</u>	<u>62,568</u>
Equity attributable to equity holders of the Company				
Share capital	27,471	27,471	27,471	27,471
Share premium	4,721	4,721	4,721	4,721
Actuarial gains	229	211	105	105
Foreign currency translation reserve	(1,423)	(850)	–	–
Other reserves	394	394	561	561
Revenue reserves	95,739	99,618	31,497	32,071
Less: Treasury shares	(2,361)	(2,361)	(2,361)	(2,361)
	<u>124,770</u>	<u>129,204</u>	<u>61,994</u>	<u>62,568</u>
Non-controlling interests	<u>272</u>	<u>1,104</u>	<u>–</u>	<u>–</u>
Total equity	<u>125,042</u>	<u>130,308</u>	<u>61,994</u>	<u>62,568</u>
TOTAL EQUITY AND LIABILITIES	<u>161,131</u>	<u>166,767</u>	<u>63,211</u>	<u>63,683</u>

Explanatory notes that are material to an understanding of the information:

Note 1 Decrease in Property, plant and equipment is primarily due to depreciation expense and impairment loss recognized on machineries used for the glove factory operations in Cambodia.

Note 2 Decrease in Trade Receivables is primarily due to the collection of receivables from customers and provision for expected credit losses recognized for past due accounts.

Note 3 Increase in Other Current Assets is due to advance payment to suppliers for fixed asset purchases and raw materials.

Note 4 Increase in Fixed deposits is due to additional reserve placements for new short-term borrowings.

Note 5 Decrease in Cash and bank balances is due to net operating loss and working capital usage requirements of the Group during the period.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Group	
US\$'000	
Latest Half Year Ended 30 June 2024	Previous Half Year Ended 30 June 2023

OPERATING ACTIVITIES

Loss before tax	(4,833)	(5,748)
Adjustments for:		
Depreciation	2,187	2,086
Amortization of:		
Assets held for leasing	937	1,006
Right-of-use assets	502	544
Intangible assets	117	10
Provision for:		
Expected credit losses	491	–
Impairment loss on property, plant and equipment	1,523	–
Inventory losses	–	440
Write-off of inventories	516	–
Financial expense	381	368
Other finance costs	26	27
Dividend income	–	(55)
Financial income	(698)	(608)
Unrealized foreign exchange gains	(1,457)	–
Net changes in pension benefits obligation	(33)	49
Gain on disposal of property, plant and equipment	–	(361)
Operating cash flows before working capital changes	(341)	(2,242)
Change in operating assets:		
Other current assets	(723)	(2,537)
Trade receivables	826	1,685
Inventories	(1,239)	(3,499)
Fixed deposits	–	(1,344)
Change in operating liabilities:		
Accounts payable and other current liabilities	(213)	144
Net cash used in operations	(1,690)	(7,793)
Income taxes received (paid)	(225)	6
Other finance costs paid	(26)	(27)
Net cash used in operating activities	(1,941)	(7,814)

Group US\$'000	
Latest Half Year Ended 30 June 2024	Previous Half Year Ended 30 June 2023

INVESTING ACTIVITIES

Purchases of property, plant and equipment	(361)	(647)
Proceeds from disposal of property, plant and equipment	–	361
Decrease / (Increase) in:		
Assets held for leasing	(715)	(820)
Fixed deposits	(551)	–
Other non-current assets	437	1,154
Dividends received	–	55
Interest received	698	608
Net cash generated from (used in) investing activities	(492)	711

FINANCING ACTIVITIES

Proceeds of short-term bank loans – net	1,631	4,975
Pledge of fixed deposits	(3,208)	–
Interest paid	(381)	(225)
Payment of lease liabilities	(278)	(589)
Net cash generated from (used in) financing activities	(2,236)	4,161
Net decrease in cash and bank balances	(4,669)	(2,942)
Cash and bank balances at beginning of period	22,305	18,122
Cash and bank balances at end of period	17,636	15,180

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group

US\$'000										
Attributed to equity holders of the Group								Non-controlling interests	Total equity	
Share capital	Share premium	Actuarial gains	Translation reserves	Revenue reserves	Other Reserves	Total reserves	Treasury shares			
Balance at 31 December 2022	27,471	4,721	250	(735)	120,424	19	119,708	(2,361)	2,526	152,315
Net loss for the period	–	–	–	–	(5,358)	–	(5,358)	–	(411)	(5,769)
Other comprehensive income	–	–	–	179	–	235	414	–	–	414
Total comprehensive loss for the period	–	–	–	179	(5,358)	235	(4,944)	–	(411)	(5,355)
Balance at 30 June 2023	27,471	4,721	250	(556)	115,066	254	114,764	(2,361)	2,115	146,960
Net loss for the period	–	–	–	–	(15,708)	–	(15,708)	–	(1,011)	(16,719)
Other comprehensive income (loss)	–	–	(39)	(294)	260	140	106	–	–	67
Total comprehensive income (loss) for the period	–	–	(39)	(294)	(15,448)	140	(15,602)	–	(1,011)	(16,652)
Balance at 31 December 2023	27,471	4,721	211	(850)	99,618	394	99,162	(2,361)	1,104	130,308
Net loss for the period	–	–	–	–	(3,879)	–	(3,879)	–	(832)	(4,711)
Other comprehensive income (loss)	–	–	18	(573)	–	–	(573)	–	–	(555)
Total comprehensive income (loss) for the period	–	–	18	(573)	(3,879)	–	(4,452)	–	(832)	(5,266)
Balance at 30 June 2024	27,471	4,721	229	(1,423)	95,739	394	94,710	(2,361)	272	125,042

Company

US\$'000								
Share capital	Share premium	Actuarial gains	Revenue reserves	Other reserves	Total reserves	Treasury shares	Total equity	
Balance at 31 December 2022	27,471	4,721	105	53,332	561	53,893	(2,361)	83,829
Net loss for the period, representing total comprehensive loss for the period	–	–	–	(2,965)	–	(2,965)	–	(2,965)
Balance at 30 June 2023	27,471	4,721	105	50,367	561	50,928	(2,361)	80,864
Net loss for the period, representing total comprehensive loss for the period	–	–	–	(18,296)	–	(18,296)	–	(18,296)
Balance at 31 December 2023	27,471	4,721	105	32,071	561	32,632	(2,361)	62,568
Net loss for the period, representing total comprehensive loss for the period	–	–	–	(574)	–	(574)	–	(574)
Balance at 30 June 2024	27,471	4,721	105	31,497	561	32,058	(2,361)	61,994

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

These notes form an integral part of the condensed interim financial statements.

1. CORPORATE INFORMATION

Medtecs International Corporation Limited (the “**Company**”) is a limited liability company, which is domiciled in the Philippines, incorporated in Bermuda and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 22/F The World Center Building, #330 Sen. Gil Puyat Avenue Bel-air, Makati City, Philippines.

The principal activities of the Company are manufacturing and selling of medical supplies and equipment and woven and knitted medical textile products and nitrile gloves.

The condensed interim consolidated financial statements have not been audited or reviewed by auditors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

2.1 Basis of preparation

The condensed interim financial statements of the Company and its subsidiaries (collectively, the “**Group**”) have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The condensed interim financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollars (US\$) and all values in the tables are rounded to the nearest thousand (\$’000) unless otherwise indicated.

2.2 New and amended standards adopted by the Group

A number of amendments to the SFRS(I) have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Lease Liability in a Sale and Leaseback (Amendments to SFRS(I) 16)	1 January 2024
Classification of Liabilities as Current or Non-Current (Amendments to FRS 1)	1 January 2024
Non-current Liabilities with Covenants (Amendments to FRS 1)	1 January 2024
Supplier Finance Arrangements (Amendments to FRS 7 and SFRS(I) 7)	1 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate-related Disclosures	1 January 2024

2.3 Use of judgments and estimates

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION

Business segments

The *manufacturing segment* produces and sub-contracts a wide range of medical consumables, including patients' apparels, disposable surgical masks, boot covers and surgical gowns, underpads, adult diapers, blankets, bed linens and medical bandages. These medical consumables are supplied to large multinational corporate medical distributors, group purchasing organisations, pharmaceutical companies and hospital groups in North America and Europe.

The *hospital services segment* provides laundry and leasing services to various hospitals that are outsourcing its non-critical functions.

The *distribution segment* markets Medtecs-branded medical consumables to hospitals, pharmacies and other end users in Asia Pacific and through online channels. The Group also leverages its distribution network to market other branded medical supplies and equipment such as wheelchairs, syringes, and wireless hand-held ultrasounds.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

(a) Business segments

The following table presents revenue, results and other information, assets, liabilities and other segment information regarding the Group's business segments for the half-years ended 30 June 2024 and 30 June 2023.

Half-Year Ended 30 June 2024

	Manufacturing US\$'000	Hospital services US\$'000	Distribution and others US\$'000	Group US\$'000
Revenue	16,454	7,496	1,577	25,527
Results	(6,280)	1,093	63	(5,124)
Financial expenses				(407)
Financial income				698
Income tax benefit				122
Net loss for the period				(4,711)
Total assets	142,324	13,339	5,468	161,131
Total liabilities	35,777	309	3	36,089
<i>Other segment information:</i>				
Capital expenditure	361	–	–	361
Depreciation and amortization	2,450	1,238	55	3,743
Provision for expected credit losses	491	–	–	491
Provision for impairment loss on property, plant and equipment	1,523	–	–	1,523
Other non-cash expenses - net	(1,490)	–	–	(1,490)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(a) Business segments (continued)

Half-Year Ended 30 June 2023

	Manufacturing US\$'000	Hospital services US\$'000	Distribution and others US\$'000	Group US\$'000
Revenue	17,536	7,342	1,660	26,538
Results	(6,458)	523	(81)	(6,016)
Financial expenses				(395)
Financial income				663
Income tax expense				(21)
Net loss for the period				(5,769)
Total assets	162,851	15,978	2,901	181,730
Total liabilities	34,393	270	13	34,676
<i>Other segment information:</i>				
Capital expenditure	535	112	–	647
Depreciation and amortization	2,265	1,317	54	3,636
Provision for inventory obsolescence	440	–	–	440
Other non-cash expenses - net	(169)	–	–	(169)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(b) Geographical segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the half-years ended 30 June 2023 and 30 June 2023.

Half-Year Ended 30 June 2024	North America US\$'000	Asia Pacific US\$'000	Europe US\$'000	Group US\$'000
Revenue	3,945	10,400	11,182	25,527
Results	(792)	(2,088)	(2,244)	(5,124)
Financial expenses				(407)
Financial income				698
Income tax benefit				122
Net loss for the period				(4,711)
Total assets	1,972	154,344	4,815	161,131
Total liabilities	–	36,089	–	36,089
<i>Other segment information:</i>				
Capital expenditures	–	361	–	361
Depreciation and amortization	–	3,743	–	3,743
Provision for expected credit losses	–	491	–	491
Provision for impairment loss on property, plant and equipment	–	1,523	–	1,523
Other non-cash expenses - net	–	(1,490)	–	(1,490)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(b) Geographical segments (continued)

Half-Year Ended 30 June 2023	North America US\$'000	Asia Pacific US\$'000	Europe US\$'000	Group US\$'000
Revenue	3,225	14,059	9,254	26,538
Results	(731)	(3,187)	(2,098)	(6,016)
Financial expenses				(395)
Financial income				663
Income tax expense				(21)
Net loss for the period				(5,769)
Total assets	590	178,620	2,520	181,730
Total liabilities	–	34,676	–	34,676
<i>Other segment information:</i>				
Capital expenditures	–	647	–	647
Depreciation and amortization	–	3,636	–	3,636
Provision for inventory obsolescence	–	440	–	440
Other non-cash expenses - net	–	(169)	–	(169)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

Disaggregation of revenue

	Manufacturing		Hospital Services		Distribution and Others		Total	
	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Primary geographical markets								
North America	3,945	3,225	–	–	–	–	3,945	3,225
Asia Pacific	1,327	5,057	7,496	7,342	1,577	1,660	10,400	14,059
Europe	11,182	9,254	–	–	–	–	11,182	9,254
	<u>16,454</u>	<u>17,536</u>	<u>7,496</u>	<u>7,342</u>	<u>1,577</u>	<u>1,660</u>	<u>25,527</u>	<u>26,538</u>
Revenue from contracts								
Revenue from manufacturing	16,454	17,536	–	–	–	–	16,454	17,536
Revenue from hospital services	–	–	7,496	7,342	–	–	7,496	7,342
Revenue from distribution and others	–	–	–	–	1,577	1,660	1,577	1,660
	<u>16,454</u>	<u>17,536</u>	<u>7,496</u>	<u>7,342</u>	<u>1,577</u>	<u>1,660</u>	<u>25,527</u>	<u>26,538</u>
Timing of transfer of goods or services								
At a point in time	16,454	17,536	–	–	1,273	1,356	17,727	18,892
Over time	–	–	7,496	7,342	304	304	7,800	7,646
	<u>16,454</u>	<u>17,536</u>	<u>7,496</u>	<u>7,342</u>	<u>1,577</u>	<u>1,660</u>	<u>25,527</u>	<u>26,538</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. FINANCIAL INSTRUMENTS

As at 30 June 2024

Group	Financial assets US\$'000	Financial liabilities US\$'000	Total US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	32,131	–	32,131
Trade receivables	22,757	–	22,757
Other current assets*	2,518	–	2,518
	<u>57,406</u>	<u>–</u>	<u>57,406</u>
Financial liabilities:			
Bank loans	–	(24,035)	(24,035)
Trade payables and other current liabilities**	–	(5,824)	(5,824)
Lease liabilities	–	(2,882)	(2,882)
	<u>–</u>	<u>(32,741)</u>	<u>(32,741)</u>
	<u>57,406</u>	<u>(32,741)</u>	<u>24,665</u>

*excluding non-financial assets

**excluding non-financial liabilities

As at 30 June 2024

Company	Financial assets US\$'000	Financial liabilities US\$'000	Total US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	624	–	624
Trade receivables	12,399	–	12,399
Other current assets*	103	–	103
Due from subsidiaries (trade)	16,092	–	16,092
Net investment on sub-lease	4,660	–	4,660
	<u>33,878</u>	<u>–</u>	<u>33,878</u>
Financial liabilities:			
Trade payables and other current liabilities**	–	(799)	(799)
Lease liabilities	–	(210)	(210)
	<u>–</u>	<u>(1,009)</u>	<u>(1,009)</u>
	<u>33,878</u>	<u>(1,009)</u>	<u>32,869</u>

*excluding non-financial assets

**excluding non-financial liabilities

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. FINANCIAL INSTRUMENTS (continued)

As at 31 December 2023

Group	Financial assets US\$'000	Financial liabilities US\$'000	Total US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	33,041	–	33,041
Trade receivables	24,349	–	24,349
Other current assets*	2,677	–	2,677
	<u>60,067</u>	<u>–</u>	<u>60,067</u>
Financial liabilities:			
Bank loans	–	(23,861)	(23,861)
Trade payables and other current liabilities**	–	(5,922)	(5,922)
Lease liabilities	–	(3,044)	(3,044)
	<u>–</u>	<u>(32,827)</u>	<u>(32,827)</u>
	<u>60,067</u>	<u>(32,827)</u>	<u>27,240</u>

*excluding non-financial assets

**excluding non-financial liabilities

As at 31 December 2023

Company	Financial assets US\$'000	Financial liabilities US\$'000	Total US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	351	–	351
Trade receivables	14,245	–	14,245
Other current assets*	84	–	84
Due from subsidiaries (trade)	15,379	–	15,379
Net investment on sub-lease	4,621	–	4,621
	<u>34,680</u>	<u>–</u>	<u>34,680</u>
Financial liabilities:			
Trade payables and other current liabilities**	–	(692)	(692)
Lease liabilities	–	(207)	(207)
	<u>–</u>	<u>(899)</u>	<u>(899)</u>
	<u>34,680</u>	<u>(899)</u>	<u>33,781</u>

*excluding non-financial assets

**excluding non-financial liabilities

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. TAXATION

The major components of income tax expense (benefit) for the half-years ended 30 June 2024 and 30 June 2023 are:

	Group		Company	
	1H2024 US\$'000	1H2023 US\$'000	1H2024 US\$'000	1H2023 US\$'000
Current	(8)	62	–	–
Deferred income tax:				
Origination and reversal of temporary differences	(114)	(41)	–	–
Income tax expense (benefit)				
Recognised in the profit and loss accounts	(122)	21	–	–

6. DIVIDENDS

No dividends were declared in 1H2024 and FY2023.

7. INVESTMENT PROPERTIES

	Group	
	2024 US\$'000	2023 US\$'000
Cost:		
As at 1 January	5,465	5,465
Accumulated depreciation:		
As at 1 January	2,959	2,848
Depreciation charge for the period	56	54
As at 30 June	3,015	2,902
Net carrying amount as at 30 June	2,450	2,563

The Group's investment properties includes buildings and building improvements that are mainly held to earn rentals and capital appreciation. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. A valuation of the fair value of the investment properties was performed by an independent appraiser. Aggregate fair value of the investment properties was determined using the income approach. Income approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The discount rate of 11.1% used under the income approach for valuing anticipated future benefits into current property value is computed under the “Built-Up” method. As at 31 December 2023, fair market value of the investment properties, which is based on its highest and best use, amounted to US\$3.8 million. The fair value is categorised under Level 3 (valuation techniques for which the lowest level input that is significant to the fair value measurement is not based on observable data) fair value hierarchy.

8. LOANS AND BORROWINGS

Amount repayable in one year or less, or on demand

As at 30 June 2024		As at 31 December 2023	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
21,265	2,770	20,911	2,950

Details of any collateral

Secured short-term bank loans of approximately US\$21.1 million and US\$20.9 million as of 30 June 2024 and 31 December 2023, respectively, are secured by property, plant and equipment and guarantee deposit, with net book values of approximately US\$12.0 million and US\$10.3 million as of 30 June 2024 and 31 December 2023, respectively.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment amounting to US\$0.4 million (30 June 2023: US\$0.6 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

10. SHARE CAPITAL

10.1 Share Capital

	<u>Group and Company</u>
	US\$'000
Authorised	
As at 1 January 2023, 31 December 2023 and 30 June 2024	50,000
- 1,000,000,000 ordinary shares of US\$0.05 each	
Issued and paid up	
As at 1 January 2023, 31 December 2023 and 30 June 2024	27,246
- 544,911,240 ordinary shares of US\$0.05 each	

The Company has only one class of shares: ordinary shares of US\$0.05 each, with each share carrying one vote, without restriction. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and subsequently approved by the shareholders.

10.2 Treasury Shares

	<u>Group and Company</u>
	US\$'000
As at 1 January 2023, 31 December 2023 and 30 June 2024	2,361
- 4,500,000 treasury shares	

There were no changes in the share capital of the Company in the half-year ended 30 June 2024.

The total number of issued Shares (excluding treasury shares) as at 30 June 2024 and 31 December 2023 was 544,911,240. The total number of treasury shares as at 30 June 2024 and 31 December 2023 was 4,500,000, which represented approximately 0.83% of the total number of issued Shares (excluding treasury shares) of 544,911,240 as at 30 June 2024 and 31 December 2023.

The Company had no convertibles or subsidiary holdings as at 30 June 2024 and 30 June 2023.

11. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED UNDER APPENDIX 7C OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at and for the financial year ended 31 December 2023.

2. 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.

3. 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: (a) based on the weighted average number of ordinary shares on issue and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

Group	
First Half Ended 30 June 2024	First Half Ended 30 June 2023

Loss per ordinary share for the period
after deducting any provision for preference dividends:

(i) Based on weighted average number of ordinary shares in issue during the period	(0.712 US cents)	(0.983 US cents)
(ii) On a fully diluted basis	(0.712 US cents)	(0.983 US cents)

Explanatory note to 3 (i) and (ii)

Loss per share for the six-month periods ended 30 June 2024 and 30 June 2023 are calculated based on the weighted average number of issued ordinary shares, excluding treasury shares, during the six-month periods ended 30 June 2024 and 30 June 2023 of 544,911,240.

4. 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: (a) current financial period reported on and (b) immediately preceding financial year.

Group	
As at 30 June 2024	As at 31 December 2023

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	22.90 US cents	23.71 US cents
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Company	
As at 30 June 2024	As at 31 December 2023

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on

11.38 US cents

11.48 US cents

Explanatory note to 4

The net asset value per ordinary share is calculated based on 544,911,240 issued shares, excluding treasury shares, as at 30 June 2024 and 31 December 2023.

5. **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 financial 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 financial period reported on.**

Business Overview

The Group's revenue slightly decreased by 3.8% from US\$26.5 million in 1H2023 to US\$25.5 million in 1H2024 due to lower government stockpiling projects in the Philippines and lower e-commerce sales. Despite that, the Group has continued to leverage on the growth of orders from its existing OEM customers, maintaining its revenue position in both half-year periods with sales from regular OEM customers increasing 35.4% from US\$9.9 million in 1H2023 to US\$13.4 million in 1H2024.

Revenue

Revenue from the Manufacturing division decreased by 6.2% from US\$17.5 million in 1H2023 to US\$16.5 million in 1H2024 due to lower government stockpiling projects and lower e-commerce sales.

Revenue from the Hospital Services division increased slightly by 2.1% from US\$7.3 million in 1H2023 to US\$7.5 million in 1H2024 due to higher linen consumption in Taiwan from a new hospital contract.

Revenue from the Trading and Distribution division decreased by 5.0% from US\$1.7 million in 1H2023 to US\$1.6 million in 1H2024 arising from lower demand for our healthcare products in Taiwan.

Profitability

The Group's gross profit decreased by 26.0% from US\$4.3 million in 1H2023 to US\$3.2 million in 1H2024 on decline in high-margin sales and additional inventory write-offs.

Gross profit from the Manufacturing division decreased by 45.8% from US\$3.0 million in 1H2023 to US\$1.6 million in 1H2024 due to decline in high-margin e-commerce sales and write-off of supplies and inventory amounting to US\$516,000 during the period.

Gross profit from the Hospital Services division increased by 28.5% from US\$1.0 million in 1H2023 to US\$1.3 million in 1H2024 due to an increase in revenue and lower linen costs.

Gross profit from the Trading and Distribution division decreased by 14.2% from US\$249,000 in 1H2023 to US\$214,000 in 1H2024 due to decline in selling prices of some product offerings in the Taiwan domestic market.

Other operating income increased by 7.4% from US\$964,000 in 1H2023 to US\$1.0 million in 1H2024 primarily due to foreign exchange gains arising from proper management of non-USD denominated foreign currencies during the period.

Distribution and selling expenses decreased by 35.3% from US\$4.1 million in 1H2023 to US\$2.7 million in 1H2024 due to lower freight and handling costs following a decline in e-commerce sales. General and administrative expenses decreased by 6.7% from US\$7.1 million in 1H2023 to US\$6.6 million in 1H 2024 due to lower salary expenses and cost-cutting measures.

Financial income increased by 5.4% from US\$663,000 in 1H2023 to US\$698,000 in 1H2024 due to higher interest income earned from new fixed deposit placements made.

Income tax expenses decreased by 681.0% from an income tax expense of US\$21,000 in 1H2023 to an income tax benefit of US\$122,000 in 1H2024 due to the lower net operating profits earned by some subsidiaries.

Overall, the Group's net loss after tax decreased from US\$5.8 million in 1H2023 to US\$4.7 million in 1H2024 due to lower operating expenses from cost-cutting measures made by the Group.

Cash Flow and Balance Sheet

The Group's total assets decreased from US\$166.8 million as at 31 December 2023 to US\$161.1 million as at 30 June 2024 due to net cash used from operations and decrease in trade receivables from provision for bad debts and provision for impairment loss on property, plant and equipment. Property, plant and equipment decreased to US\$37.3 million as at 30 June 2024 from US\$40.6 million as at 31 December 2023 due to depreciation expenses and provision for impairment loss on machinery used at the Cambodian glove factory.

The Group's cash outflow from operating activities decreased to US\$1.9 million in 1H2024 from US\$7.8 million in 1H2023 due to lower net operating loss and fewer working capital requirements during the period. Cash outflow from investing activities amounted to US\$492,000 in 1H2024 from US\$711,000 cash generated in 1H2023, due to additional regular fixed deposit placements. Cash outflow from financing activities amounted to US\$2.2 million in 1H2024 from the cash generated in 1H2023:US\$4.2 million due to new pledged fixed deposits from new loan availments, as well as payment of interest and lease.

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

No forecast or prospect statement has been disclosed to shareholders previously.

7. 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.

As we approach the second half of 2024 and beyond, Medtecs is well-positioned to capitalise on emerging opportunities while reinforcing our core competencies, and intend to focus strategically on several key areas, such as the OEM business enhancement, market diversification and expansion, and technological advancement. The Board of Directors remains engaged in overseeing these strategic initiatives to ensure alignment with our commitment to enhancing shareholder value.

Strategic Initiatives and Board Oversight

As disclosed in the annual report for the financial year ended 31 December 2023 ("FY2023"), our Chairman had during this same period initiated the 4A Project, through which the Group intends to use artificial intelligence ("AI"), application programming interface ("API"), analytics and automation to enhance our operational efficiency and effectiveness. The CEO provides regular progress updates on the implementation of the 4A Project during monthly executive management meetings so that the leadership team comprising the Chairman, CEO, CFO, General Counsel, heads of business units, as well as head of the Group's IT team can closely monitor advancements, address challenges promptly, and ensure the implementation of the 4A Project remains aligned with our overall business strategy. We aim to leverage no-code AI tools to enhance decision-making accuracy, implement API integration to streamline processes, use analytics to extract actionable insights from our data, and expand automation efforts to reduce manual labour and minimise errors. These 4A measures are projected to contribute to cost reduction, efficiency improvement, and revenue expansion through data-driven insights.

As disclosed in our FY2023 annual report and previous financial results, we are exploring opportunities in renewable energy markets, such as solar power and energy storage services, as a potential new growth driver as part of our commitment to sustainability and green manufacturing. This Board-proposed initiative has already yielded tangible progress with the commencement of a solar panel installation project on the rooftop of our glove factory in Cambodia. We will continue to pursue this initiative and seek strategic partnerships with industry players. As and when there are developments, more information on future plans will be provided to, and requisite approvals will be obtained from, shareholders at the appropriate juncture.

Composition and Governance

As announced on 30 April 2024, we are pleased to update shareholders on the recent addition of two independent non-executive directors to our Board, namely Ms. Zhao Yuhong, who is based on Hong Kong, and Ms. Jessie Low Mui Choo, who is based in Singapore. With their background and experience, they bring fresh perspectives and innovative ideas to our strategic discussions to further enhance our corporate governance and decision-making process.

Risk Management

In response to market volatility and uncertainties, we have implemented a comprehensive risk management strategy. This includes strengthening our overall quality management processes through obtaining key international quality certifications, enhancing the quality control team's competencies through external ISO training and on-the-job training in laboratory operations and colour matching as well as diversifying our production locations, procurement sources, export destinations, and capital sources. In this regard, our overseas factories have successfully passed CE, SMETA, ISO-9001/13485/14001/14064 audits and obtained WCA and WRAP recertifications, which demonstrates our adherence to such international quality standards. We will continue to implement the enhancements to each of these processes through the latter half of 2024.

Commitment to Enhancing Shareholder Value

Each of our strategic initiatives currently being considered, from the 4A Project to our plans to explore renewable energy opportunities, is designed with the ultimate goal of enhancing shareholder value. We believe that by improving operational efficiency, exploring new growth avenues, and maintaining a strong focus on quality and innovation, we are well-positioned to deliver both short-term results and long-term value to our shareholders.

8. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

No.

(b)

(i) Amount per share

Not applicable.

(ii) Previous corresponding period

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not Applicable

(d) The date the dividend is payable

Not Applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not Applicable

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

No dividend has been declared to focus our resources on working capital requirements and upcoming expansion projects.

10. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders' mandate for interested person transactions.

11. Negative confirmation pursuant to Rule 705(5).

The board of directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the half year ended 30 June 2024 to be false or misleading in any material respect.

12. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers (in the format as set out in Appendix 7H) in accordance with Rule 720(1) of the Catalist Rules.

ON BEHALF OF THE BOARD

Clement Yang Ker-Cheng
Chairman
Date: 8 August 2024

MEDTECS INTERNATIONAL COPORATION LIMITED
(Incorporated in Bermuda)

**CONFIRMATION BY THE BOARD OF DIRECTORS
PURSUANT TO RULE 705(5) OF THE
LISTING MANUAL SECTION B: RULES OF CATALIST**

We, Clement Yang Ker-Cheng and William Yang Weiyuan, being two of the Directors of Medtecs International Corporation Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the half year ended 30 June 2024 to be false or misleading in any material aspect.

For and on behalf of the Board
of MEDTECS INTERNATIONAL CORPORATION LIMITED

Name: Clement Yang Ker-Cheng
Director

Name: William Yang Weiyuan
Director

Date: 8 August 2024