



MEDTECS INTERNATIONAL CORPORATION LIMITED

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.

This announcement has not been examined or approved by the Exchange. The Sponsor and the Exchange assume 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.

The contact persons for the Sponsor are Ms. Evelyn Wee (Telephone Number: +65 6232 0724) and Mr. Howard Cheam Heng Haw (Telephone Number: +65 6233 0685), R & T Corporate Services Pte. Ltd., at 9 Battery Road #25-01, Straits Trading Building, Singapore 049910.

Half Year Financial Statements

PART I - INFORMATION REQUIRED FOR QUARTERLY - (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS ANNOUNCEMENT

1. (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of immediately preceding financial year.

Unaudited Half Year Results

	Group		
	US\$'000		%
	Latest Half Year 30 June 2014	Previous Half Year 30 June 2013	Increase/ (Decrease)
Revenues	25,961	32,894	(21.1)
Costs of sales and services	(21,804)	(27,747)	(21.4)
Gross profit	4,157	5,147	(19.2)
Other items as income			
Other operating income (expense), net	163	(54)	(401.9)
Financial income	315	265	18.9
Other items as expense			
Distribution and selling expenses	(886)	(1,024)	(13.5)
Administrative expenses	(2,461)	(2,433)	1.2
Financial expenses	(1,005)	(1,013)	(0.8)
Profit before tax	283	888	(68.1)
Income tax expense	(26)	(74)	(64.9)
Net profit for the period	257	814	(68.4)
Attributable to:			
Equity holders of the Company	255	821	(68.9)
Non-controlling interests	2	(7)	(128.6)
	257	814	(68.4)

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	US\$'000	
	Latest Half Year 30 June 2014	Previous Half Year 30 June 2013
Depreciation	1,872	2,001
Amortisation of:		
Assets held for leasing	1,182	965
Transaction cost	51	60
Financial expense	887	875
Other finance cost	117	138
Financial income	(315)	(265)

**Statement of Comprehensive Income
For the half year ended 30 June 2014**

	Group		
	US\$'000		%
	Latest Half Year 30 June 2014	Previous Half Year 30 June 2013	Increase/ (Decrease)
Profit after tax	257	814	(68.4)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on consolidation	37	(453)	(108.2)
Total comprehensive income	294	361	(18.6)
Attributable to:			
Equity holders of the Company	291	409	(28.9)
Non-controlling interests	3	(48)	(106.3)
	294	361	(18.6)

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

Unaudited Half Year Balance Sheet

		Group US\$'000		Company US\$'000	
		30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013
ASSETS					
Non-current assets					
Property, plant and equipment, net	Note 1	29,843	31,535	1,026	1,118
Investment property		3,552	3,607	–	–
Assets held for leasing		5,066	5,286	–	–
Investment in subsidiaries		–	–	31,931	31,931
Goodwill		712	712	–	–
Deferred tax assets		204	203	–	–
Other non-current assets		1,347	1,339	40	33
		<u>40,724</u>	<u>42,682</u>	<u>32,997</u>	<u>33,082</u>
Current assets					
Inventories	Note 2	36,615	35,191	103	99
Trade receivables		12,107	13,606	6,367	7,527
Other current assets	Note 3	11,113	13,911	6,461	11,433
Asset held for sale		1,876	1,876	–	–
Due from subsidiaries (trade)		–	–	15,856	17,089
Fixed deposits		1,725	2,061	202	201
Cash and bank balances		2,430	2,092	270	49
		<u>65,866</u>	<u>68,737</u>	<u>29,259</u>	<u>36,398</u>
TOTAL ASSETS		<u>106,590</u>	<u>111,419</u>	<u>62,256</u>	<u>69,480</u>

EQUITY AND LIABILITIES

	Group US\$'000		Company US\$'000	
	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013
Current liabilities				
Trade payables and other liabilities	12,359	12,081	1,439	1,418
Due to subsidiaries (trade)	–	–	30,562	35,918
Term loans (current portion) Note 4	3,087	5,148	2,000	2,500
Trust receipts and acceptances payable	1,581	1,488	950	983
Bank loans	26,047	27,529	786	786
Income tax payable	23	103	1	–
	<u>43,097</u>	<u>46,349</u>	<u>35,738</u>	<u>41,605</u>
NET CURRENT ASSETS/(LIABILITIES)	22,769	22,388	(6,479)	(5,207)
Non-current liabilities				
Term loans Note 4	5,758	7,667	4,825	5,773
Deferred tax liabilities	89	89	1	1
Pension benefits obligation	820	782	183	170
	<u>6,667</u>	<u>8,538</u>	<u>5,009</u>	<u>5,944</u>
TOTAL LIABILITIES	<u>49,764</u>	<u>54,887</u>	<u>40,747</u>	<u>47,549</u>
Equity attributable to equity holder of the Company				
Share capital	21,745	21,745	21,745	21,745
Share premium	4,737	4,737	4,737	4,737
Equity component of convertible bonds	267	267	267	267
Employee share option reserve	294	294	294	294
Actuarial losses	(257)	(257)	(32)	(32)
Foreign currency translation reserve	1,287	1,251	–	–
Revenue reserves	26,109	25,854	(5,502)	(5,080)
	<u>54,182</u>	<u>53,891</u>	<u>21,509</u>	<u>21,931</u>
Non-controlling interests	<u>2,644</u>	<u>2,641</u>	<u>–</u>	<u>–</u>
	<u>56,826</u>	<u>56,532</u>	<u>21,509</u>	<u>21,931</u>
TOTAL EQUITY AND LIABILITIES	<u>106,590</u>	<u>111,419</u>	<u>62,256</u>	<u>69,480</u>

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

Note 1 Decrease in property, plant and equipment is due to depreciation.

Note 2 Increase in inventories pertains to build-up of inventories for 2H sales.

Note 3 Decrease in other current assets pertains to collections of advances to suppliers.

Note 4 Decrease in term loans was due to payments made on maturing portions of the term loans.

1.(b)(ii) In relation to the aggregate amount of the group's borrowings and the debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 30 June 2014		As at 31 December 2013	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
4,367	26,348	4,902	29,263

Amount repayable after one year

As at 30 June 2014		As at 31 December 2013	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
4,825	934	6,865	802

Details of any collateral

Secured Group's borrowings repayable in one year or less comprised of:

- a.) Trust receipts and acceptances payable amounting to approximately US\$1.6 million and US\$1.5 million as of 30 June 2014 and 31 December 2013, respectively;
- b.) Short-term bank loans of approximately US\$0.8 million as of 30 June 2014 and 31 December 2013 which are secured by cash in bank amounting to US\$0.2 million; and
- c.) Secured long-term bank loans of approximately US\$6.8 million and US\$9.5 million as of 30 June 2014 and 31 December 2013, respectively which are collateralized by building and certain machinery and equipment of the Group, with net book values of approximately US\$21.8 million and US\$20.1 million as of 30 June 2014 and 31 December 2013, respectively.

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

Unaudited Half Year Statement of Cash Flows

Group US\$'000	
Latest Half Year 30 June 2014	Previous Half Year 30 June 2013

OPERATING ACTIVITIES

Profit before taxation	283	888
Adjustments for:		
Depreciation	1,872	2,001
Amortization of:		
Assets held for leasing	1,182	965
Transaction cost	51	60
Financial expense	887	875
Other finance costs	117	138
Financial income	(315)	(265)
Operating cash flows before working capital changes	4,077	4,662
Decrease (increase) in:		
Other current assets	2,798	(744)
Trade receivables	1,505	132
Inventories	(1,413)	(1,681)
Increase (decrease) in:		
Pension benefits obligation	38	40
Trade payables and other liabilities	298	397
Trust receipts and acceptances payable - net	93	(1,259)
Net cash generated from operations	7,396	1,547
Income taxes paid	(107)	(169)
Other finance costs paid	(117)	(138)
Interest received	315	265
Net cash flows generated from operating activities	7,487	1,505

1.(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (continuation)

Group US\$'000	
Latest Half Year 30 June 2014	Previous Half Year 30 June 2013

INVESTING ACTIVITIES

Net proceeds from disposal (purchases) of property, plant and equipment	(125)	129
Increase in:		
Assets held for leasing	(962)	(1,155)
Other non-current assets	(8)	(24)
Net cash flows used in investing activities	(1,095)	(1,050)

FINANCING ACTIVITIES

Net proceeds from (payments of) short-term bank loans	(1,482)	3,329
Net payments of term loans	(4,021)	(2,703)
Decrease in fixed deposit	336	–
Interest paid	(887)	(875)
Net cash flows used in financing activities	(6,054)	(249)
Net increase in cash and bank balances	338	206
Cash and bank balances at beginning of period	2,092	2,222
Cash and bank balances at end of period	2,430	2,428

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

Group

US\$'000										
Attributed to equity holders of the Group									Total equity	
Share capital	Share premium	Employee share option reserve	Equity component of convertible bonds	Actuarial losses	Translation reserves	Revenue reserves	Total reserves	Non-controlling interests		
Balance at 31 December 2012	21,745	4,737	294	267	(82)	1,662	25,241	26,903	2,694	56,558
Net profit for the period	–	–	–	–	–	–	821	821	(7)	814
Other comprehensive loss	–	–	–	–	–	(412)	–	(412)	(41)	(453)
Total comprehensive income (loss) for the period	–	–	–	–	–	(412)	821	409	(48)	361
Balance at 30 June 2013	21,745	4,737	294	267	(82)	1,250	26,062	27,312	2,646	56,919
Net loss for the period	–	–	–	–	–	–	(208)	(208)	(9)	(217)
Other comprehensive income (loss)	–	–	–	–	(175)	1	–	1	4	(170)
Total comprehensive income (loss) for the period	–	–	–	–	(175)	1	(208)	(207)	(5)	(387)
Balance at 31 December 2013	21,745	4,737	294	267	(257)	1,251	25,854	27,105	2,641	56,532
Net income for the period	–	–	–	–	–	–	255	255	2	257
Other comprehensive income	–	–	–	–	–	36	–	36	1	37
Total comprehensive income for the period	–	–	–	–	–	36	255	291	3	294
Balance at 30 June 2014	21,745	4,737	294	267	(257)	1,287	26,109	27,396	2,644	56,826

Company

US\$'000									
Attributed to equity holders of the Company							Non-controlling interests	Total equity	
Share capital	Share premium	Employee share option reserve	Equity component of convertible bonds	Actuarial gains (losses)	Revenue reserves	Total reserves			
Balance at 31 December 2012	21,745	4,737	294	267	8	(5,117)	(5,117)	–	21,934
Net loss for the period, representing total comprehensive loss for the period	–	–	–	–	–	(604)	(604)	–	(604)
Balance at 30 June 2013	21,745	4,737	294	267	8	(5,721)	(5,721)	–	21,330
Net income for the period	–	–	–	–	–	641	641	–	641
Actuarial losses	–	–	–	–	(40)	–	–	–	(40)
Balance at 31 December 2013	21,745	4,737	294	267	(32)	(5,080)	(5,080)	–	21,931
Net loss for the period, representing total comprehensive loss for the period	–	–	–	–	–	(422)	(422)	–	(422)
Balance at 30 June 2014	21,745	4,737	294	267	(32)	(5,502)	(5,502)	–	21,509

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 for 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 held as treasury shares, if any, against the total number issued shares excluding treasury 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 reported on.

None

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 30 June 2014 and 31 December 2013 was 434,905,705 shares.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed.

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 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 2013, except for the changes made in paragraph 5.

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.

In the current financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRSs does not result in changes to the Group's accounting policies and have no material effect on the financial statements for the current figures.

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.

Group	
First Half 2014	First Half 2013

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

(i) Based on weighted average number of ordinary shares in issue	0.059 US cents	0.189 US cents
(ii) On a fully diluted basis	0.059 US cents	0.189 US cents

Explanatory note to 6 (i) and (ii)

Earnings per share for the financial periods ended 30 June 2014 and 30 June 2013, based on existing issued share capital, are calculated on the basis of the weighted average number of issued shares of 434,905,705. The half year earnings per share on a fully diluted basis are calculated based on the weighted average number of shares of 434,905,705. There were no adjustments since the effects of share options are anti-dilutive.

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

Group	
As at 30 June 2014	As at 31 December 2013

Net asset value per ordinary share based on the total number of shares excluding treasury shares as at the end of the period reported on	13.07 US cents	13.00 US cents
--	----------------	----------------

Company	
As at 30 June 2014	As at 31 December 2013

Net asset value per ordinary share based on the total number of shares excluding treasury shares as at the end of the period reported on	4.95 US cents	5.04 US cents
--	---------------	---------------

Explanatory note to 7

The net asset value per ordinary share is calculated based on the total number of issued shares of 434,905,705 for the financial periods ended 30 June 2014 and 31 December 2013.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss 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 focused its resources to cover higher margined sales. This strategy resulted in a decrease of 21.1% from US\$32.9 million in 1H13 to US\$26.0 million in 1H14. With lower revenues, the group net profit declined by 68.4% from US\$0.8 million in 1H13 to US\$0.3 million in 1H14.

Revenue

Revenues from the Original Product Manufacturing (“OPM”) division declined by 25.3% from US\$26.7 million in 1H13 to US\$19.9 million in 1H14 coming from business disruptions in Cambodia and absence of lower-margined fabric sales.

Revenues from the Hospital Services division grew marginally by 1.3% from US\$5.1 million in 1H13 to US\$5.2 million in 1H14 arising from new hospital contracts in the Philippines. There was a decline in the trading and distribution division by 24.2% from US\$1.0 million in 1H13 to US\$0.8 million in 1H14 arising from lower trading opportunities during the year.

Profitability

The Group’s gross profit decreased by 19.2% from US\$5.1 million in 1H13 to US\$4.2 million in 1H14 arising from lower revenues. Gross margins slightly increased from 15.6% in 1H13 to 16.0% in 1H14 from focus on higher margined items, net of the effect of higher materials and production cost.

Gross Profit from the OPM division decreased by 19.5% from US\$4.6 million in 1H13 to US\$3.7 million in 1H14 arising from lower revenues. Gross margins improved from 17.4% in 1H13 to 18.7% in 1H14 due to focus on higher margined items.

The Hospital Services division was flat at US\$0.2 million in both periods. The Trading and Distribution division was also flat at US\$0.2 million in both periods.

Distribution, selling and administrative expenses decreased by 3.2% from US\$3.5 million in 1H13 to US\$3.3 million in 1H14 from lower distribution cost on lower revenues.

Overall, the Group’s net profit declined from US\$814,000 in 1H13 to US\$257,000 in 1H14 arising from lower revenues.

Cash Flow and Balance Sheet

The Group’s total assets decreased from US\$111 million in 31 December 2013 to US\$106.6 million in 30 June 2014. Property, plant and equipment decreased from US\$31.5 million in 31 December 2013 to US\$29.8 million in 30 June 2014 due to depreciation for the period. Inventory increased slightly from US\$35.2 million as at 31 December 2013 to US\$36.6 million as at 30 June 2014 due to build up for sales requirement for 2H14.

The Group’s borrowings decreased by US\$5.3 million from US\$41.8 million in 31 December 2013 to US\$36.5 million in 30 June 2014 to as a result of the payment of some term loans.

The Group’s operating cash flow remained positive and this was partly utilised to repay a significant portion of its trade payables. On its investing activities, US\$ 1.1 million was used in the replacement of regular linen inventory for its Hospital Service division.

The Group had a positive working capital of US\$22.8 million as at 30 June 2014 as compared to US\$22.4 million as at 31 December 2013.

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

It was stated in the full year financial statement announcement dated 20 March 2014 and in the Company's annual report for the financial year ended 31 December 2013 that "Barring unforeseen circumstances, the Group expects to remain profitable this financial year". The Group's financial results for the financial period ended 30 June 2014 are consistent with the prospects statement made.

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.

The Company has consistent growth in demand in the US and European markets and continues to expand further to seek customers in Asia Pacific. The Company is focused on opportunities in this growth but will be more strategic in products with higher margins. Cost control measures are in place as the ever challenging volatility in the raw material continues to exist. Cost items like labor, energy and other production costs control remain to be a challenge due to inflationary pressures.

The OPM division remains to be the Group's flagship division having seen the immense growth opportunity in the US, European and Asia Pacific markets.

The Hospital Services Division continues to be a major factor to the Group's profitability.

The Company also sees a growing business opportunity in the global market as environmental health safety and disease control become a key concern for several countries.

Barring unforeseen circumstances, the Group expects to remain profitable this financial year.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None

(b) Corresponding period of the immediately preceding financial year

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

None

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

No dividend has been declared or recommended for the current financial period ended 30 June 2014.

13. 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.

14. Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the period ended 30 June 2014 to be false or misleading in any material respect.

ON BEHALF OF THE BOARD

Clement Yang Ker-Cheng
Chairman
Date: 14 August 2014


MEDTECS INTERNATIONAL CORPORATION 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 Wilfrido Candelaria Rodriguez, 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 2014 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: Wilfrido Candelaria Rodriguez
Director

Date: 14 August 2014