



MEDTECS INTERNATIONAL CORPORATION LIMITED

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MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS

The board of directors (the "**Board**") of Medtecs International Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to its unaudited full year financial results announcement for the financial year ended 31 December 2015 ("**FY2015**") made on 29 February 2016 via the SGXNET ("**Preliminary Unaudited Results 2015**"). Further reference is made to the audited financial statements of the Group ("**Audited Financial Statements**") and the report thereon by the Company's auditors for FY2015 found in the Company's annual report for FY2015.

Pursuant to Rule 704(5) of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board wishes to announce that subsequent to the release of the Preliminary Unaudited Results 2015, there are certain adjustments and reclassifications proposed by the Company's auditors and adopted by the Company.

The adjustments were made following the finalisation of the audit and the details and explanation of the material variances between the audited financial statements and the Preliminary Unaudited Results 2015 are shown below:

1) Consolidated Balance Sheet

	Note	Group		Variance %
		Audited Financial Statements US\$'000	Preliminary Unaudited Results 2015 US\$'000	
Assets	a			
Property, plant and equipment		25,140	25,216	(0.03)
Asset held for leasing		5,079	5,104	(0.04)
Deferred tax assets		4	158	(97.5)
Other non-current Assets		5,051	4,064	24.3
Inventories		35,595	36,344	(1.0)
Trade receivables		13,976	13,513	3.4
Other current assets		15,853	14,396	10.1
Fixed Deposits		1,536	1,820	(15.6)
Cash and bank balances		1,887	1,618	16.6

1.) Consolidated Balance Sheet (continued)

	Note	Group		Variance %
		Audited Financial Statements US\$'000	Preliminary Unaudited Results 2015 US\$'000	
Liabilities	b			
Trade payables and other current liabilities		15,228	11,445	33.1
Bank loans		26,583	26,682	(0.4)
Income tax payable		1,358	1,214	11.9
Term loans		2,181	3,578	(39.0)
Pension benefits obligation		729	749	(2.7)
Deferred tax liabilities		291	172	69.2
Equity	c			
Share premium		4,721	4718	(0.1)
Foreign Currency Translation Reserves		149	393	(62.1)

2) Consolidated Profit and Loss Accounts

	Note	Group		Variance %
		Audited Financial Statements US\$'000	Preliminary Unaudited Results 2015 US\$'000	
Profit and Loss Accounts	d			
Revenue		61,587	61,571	-
Cost of Sales and Services		(51,717)	(51,207)	1.0
Distribution and selling expenses		(2,666)	(2,122)	25.6
Administrative Expenses		(4,260)	(5,556)	(23.3)
Financial Expenses		(1,822)	(1,809)	0.7
Other Income-net		562	517	8.7
Tax		(1,161)	(870)	33.4

3) Consolidated Statements of Comprehensive Income

	Note	Group		Variance %
		Audited Financial Statements US\$'000	Preliminary Unaudited Results 2015 US\$'000	
Translation Reserve	e	(360)	(116)	210.3
Total Comprehensive Income		284	529	(46.31)

4) Consolidated Statement of Cash Flow

	Note	Group		Variance %
		Audited Financial Statements US\$'000	Preliminary Unaudited Results 2015 US\$'000	
Net cash used in operating activities	f	6,920	3,773	84.1
Net cash used in investing activities	g	(7,070)	(5,416)	31.0
Net cash provided by financing activities	h	1,094	2,318	(52.8)

Note a:

Property, plant and equipment: The variance was due to different closing rates used in translation for the Company's subsidiaries, Medtecs Taiwan Corporation (MTC) and Hangzhou Jinchen Medical Supplies Manufacture Co., Ltd. (Hangzhou Jinchen)

Asset held for leasing: The variance was due to different closing rates used in translation for MTC

Deferred tax assets: The variance was due to the reclassifications made by MTC from deferred tax assets to deferred tax liabilities (See Note b)

Other non-current Assets: The variance is due to reclassification of a deposit under other current asset to non-current assets after review of its nature. The deposit of USD 1.0 million will be used as subscription capital for incorporation of a new subsidiary in Cambodia. The Company is in the process of completing the incorporation procedures of the same and will make the necessary announcement(s) via SGXNET as and when appropriate in accordance with the listing rules of the SGX-ST.

Inventories: The variance was due to write off of some inventories in Philippines (See Note d)

Trade receivables: The variance was due to different closing rates used in translation or trade receivables in MTC and Hangzhou Jinchen

Other current assets: The variance is due to reclassification of a deposit under other current asset to non-current assets after review of its nature. A deposit of USD 1.0 million will be used as subscription capital for incorporation of a new subsidiary in Cambodia. The Company is in the process of completing the incorporation procedures of the same and will make the necessary announcement(s) via SGXNET as and when appropriate in accordance with the listing rules of the SGX-ST.

Fixed Deposits: The variance was due to maturity of fixed deposits of MTC which were transferred back to cash account.

Cash and bank balances: The variance was due to maturity of fixed deposits of MTC which were transferred back to cash account.

Note b:

Trade payables and other current liabilities: The variance was due to reclassification of term loans to other current liabilities in MTC after reviewing the terms of liability, which was previously recorded as loans

Bank loans: The variance was due to different closing rates used in translation for MTC

Income tax payable: The variance was due to additional tax recognised in MTC (See Note d)

Term loans: The variance was due to reclassification of term loans to other current liabilities in MTC after reviewing the terms of liability, which was previously recorded as loans

Pension benefits obligation: The variance is due to adjustments based on the result of actual actuarial valuation reports.

Deferred tax liabilities: The variance was due to the reclassifications made by MTC from deferred tax assets to deferred tax liabilities (See Note a)

Note c:

Share premium: The variance was due to unrecorded professional fees in relation to the issuance of shares as part of audit adjustments.

Foreign Currency Translation Reserves: The variance was due to different closing rates used in translation for MTC & Hangzhou Jincheng

Note d:

Sales: The variance was due to sales adjustment and an audit adjustment relating for PAS 17 accounting for leases

Cost in cost of sales and services: The variance was due to additional materials and overhead expenses. (See Note a Inventories)

Operating Expenses: The variance was due to transfers of selected distribution and selling expenses from an administrative expenses and reversal of some provisions.

Financial expenses: The variance was due to additional adjustments on interest expense in MTC.

Other Income-net: The variance was due to additional foreign exchange gains.

Tax: The variance was due to additional tax recognised in MTC and provision for deferred income tax.

Note e:

Translation Reserve: The variance is due to adjustment to exchange rate used in translation for MTC

Total Comprehensive Income: The variance was due to the movement in translation reserve

Note f:

The variance is due to movement in cash flow from operations due to the reclassification of prepayments and deposits from other current assets to other non-current deposits (Note g: investing activities) after reviewing the nature of the deposit in MTC. There was also reclassification of long-term loans (Note h: Financing activities) to other current liabilities (operating activities) in MTC. (See Note a and b)

Note g:

The variance is due to movement in cash flow from investing from reclassification of other current assets (Note f: operating activities) to non-current assets (investing activities) after review of the nature of the deposit in MTC. (See Note a)

Note h:

The variance is due to reclassification of long-term loans to other current liabilities (Note f: operating activities) in MTC. (See Note b)

BY ORDER OF THE BOARD

Clement Yang Ker-Cheng
Executive Chairman
14 April 2016