



MEDTECS INTERNATIONAL CORPORATION LIMITED

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Full Year Financial Statements

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

1.(a)(i) 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 the immediately preceding financial year.

CONDENSED STATEMENTS OF INCOME		Group		
		US\$'000		%
		Latest Year 31 Dec 2021 Unaudited	Previous Year 31 Dec 2020 Audited	Increase/ (Decrease)
Revenue	Note 1	144,155	400,327	(64.0)
Costs of sales and services		(102,121)	(228,707)	(55.4)
Gross profit	Note 1	42,034	171,620	(75.5)
Other items of income				
Other operating income, net		1,764	379	365.4
Financial income		33	36	(8.3)
Other items of expense				
Distribution and selling expenses		(12,177)	(22,271)	(45.3)
Administrative expenses		(13,845)	(13,139)	5.4
Financial expenses		(891)	(1,535)	(42)
Profit before tax		16,918	135,090	(87.5)
Income tax expense		(408)	(3,374)	(87.9)
Net profit for the period		16,510	131,716	(87.5)
Attributable to:				
Equity holders of the Company		17,342	131,711	(87.0)
Non-controlling interests		(832)	5	(167.4)
Net profit for the period		16,510	131,716	(87.5)

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 Year 2021 Unaudited	Previous Year 2020 Audited
Depreciation	3,640	4,427
Amortization of:		
Assets held for leasing	2,136	3,269
Right-of-use assets	788	533
Interest expense	858	1,486
Other finance cost	33	49
Interest income	(33)	(36)
Movement of pension benefit obligation	48	146

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Group		
	US\$'000		%
	Latest Year 2021 Unaudited	Previous Year 2020 Audited	Increase/ (Decrease)
Profit after tax	16,510	131,716	(87.5)
Exchange difference on consolidation	(835)	3,001	(127.8)
Actuarial gains (losses)	194	(148)	231.1
Total comprehensive income	15,869	134,569	(88.2)
Attributable to:			
Equity holders of the Company	16,701	134,564	(87.6)
Non-controlling interests	(832)	5	(167.4)
Total comprehensive income	15,869	134,569	(88.2)

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

CONDENSED BALANCE SHEETS

		Group US\$'000		Company US\$'000	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
ASSETS					
Non-current assets					
Property, plant and equipment, net	Note 2	32,110	21,499	184	50
Investment properties		2,728	2,839	–	–
Assets held for leasing		4,452	4,358	–	–
Right-of-use of asset	Note 3	8,386	5,573	380	77
Investment in subsidiaries		–	–	28,353	28,353
Goodwill		709	709	–	–
Deferred tax assets		33	33	12	12
Other non-current assets		3,787	4,617	113	297
		<u>52,205</u>	<u>39,628</u>	<u>29,042</u>	<u>28,789</u>
Current assets					
Inventories		49,660	53,678	2,390	611
Trade receivables		42,347	49,308	25,785	17,442
Other current assets		13,072	15,733	7,672	14,498
Due from subsidiaries (trade)		–	–	20,518	30,780
Fixed deposits		9,275	5,178	–	–
Cash and bank balances	Note 4	49,015	82,161	15,711	20,008
		<u>163,369</u>	<u>206,058</u>	<u>72,076</u>	<u>83,339</u>
TOTAL ASSETS		<u>215,574</u>	<u>245,686</u>	<u>101,118</u>	<u>112,128</u>

EQUITY AND LIABILITIES

	Group US\$'000		Company US\$'000	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Current liabilities				
Trade payables and other current liabilities	8,753	10,357	1,621	3,286
Due to subsidiaries (trade)	–	–	–	–
Term loans (current portion)	–	1,250	–	1,250
Bank loans	9,306	31,603	–	–
Income tax payable	2,567	2,775	–	1
	<u>20,626</u>	<u>45,985</u>	<u>1,621</u>	<u>4,537</u>
NET CURRENT ASSETS (LIABILITIES)	<u>142,743</u>	<u>160,073</u>	<u>70,455</u>	<u>78,802</u>
Non-current liabilities				
Term loans	–	228	–	–
Lease liability	5,791	3,158	337	211
Deferred tax liabilities	147	181	–	–
Other non-current liabilities	1,103	1,644	240	276
	<u>7,041</u>	<u>5,211</u>	<u>577</u>	<u>487</u>
TOTAL LIABILITIES	<u>27,667</u>	<u>51,196</u>	<u>2,198</u>	<u>5,024</u>
NET ASSETS	<u>187,907</u>	<u>194,490</u>	<u>98,920</u>	<u>107,104</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/(losses)	52	(142)	49	11
Foreign currency translation reserve	2,397	3,232	–	–
Other reserves	394	394	561	561
Revenue reserves	152,291	157,789	68,230	74,340
Less: Treasury shares	(2,112)	–	(2,112)	–
	<u>185,214</u>	<u>193,465</u>	<u>98,920</u>	<u>107,104</u>
Non-controlling interests	<u>2,693</u>	<u>1,025</u>	<u>–</u>	<u>–</u>
Total equity	<u>187,907</u>	<u>194,490</u>	<u>98,920</u>	<u>107,104</u>
TOTAL EQUITY AND LIABILITIES	<u>215,574</u>	<u>245,686</u>	<u>101,118</u>	<u>112,128</u>

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

Note 1 Decrease in Revenue and Gross Profit is due to lower global demand and decline in global market prices for Personal Protective Equipment (“PPE”) and facemasks.

Note 2 Increase in Property, Plant and Equipment is due to the ongoing construction costs of a new glove production plant in Cambodia.

Note 3 Increase in Right-of-Use Assets pertains to new leasehold land in Cambodia.

Note 4 Decrease in Cash and Cash is primarily due to repayment of loans, cash dividends, share buybacks and capital expenditures.

Note 5 Decrease in Bank Loans is due to fewer borrowings and repayment of loans.

1.(b)(ii) In relation to the aggregate amount of the group’s borrowings and 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 31 December 2021 US\$'000		As at 31 December 2020 US\$'000	
Secured	Unsecured	Secured	Unsecured
5,417	3,889	2,372	30,481

Amount repayable after one year

As at 31 December 2021 US\$'000		As at 31 December 2020 US\$'000	
Secured	Unsecured	Secured	Unsecured
–	–	228	–

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.

CONDENSED STATEMENTS OF CASH FLOWS

Group US\$'000	
Latest Year 2021 Unaudited	Previous Year 2020 Audited

OPERATING ACTIVITIES

Profit before tax	16,918	135,090
Adjustments for:		
Depreciation	3,640	3,960
Amortization of:		
Assets held for leasing	2,136	3,576
Right-of-use assets	788	535
Provision for inventory obsolescence	3,000	659
Provision for doubtful debt	19	-
Financial expense	858	1,486
Other finance costs	33	49
Financial income	(33)	(36)
Gain on disposal of property, plant and equipment	(33)	(2)
Operating cash flows before working capital changes	27,326	145,317
Decrease/(increase) in:		
Other current assets	2,661	305
Trade receivables	6,679	(33,987)
Inventories	678	(15,802)
Increase/(decrease) in:		
Pension benefits obligation	48	146
Trade payables and other current liabilities	(2,827)	7,167
Net cash generated from operations	34,565	103,146
Income taxes paid	(650)	(1,543)
Other finance costs paid	(33)	(49)
Interest received	33	36
Net cash generated from operating activities	33,915	101,590

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 (continued).

Group US\$'000	
Latest Year 2021 Unaudited	Previous Year 2020 Audited

INVESTING ACTIVITIES

Purchases of:

Property, plant and equipment	(14,140)	(6,463)
Assets held for leasing	(2,230)	(1,938)
Decrease in other non-current assets	830	2,111
Proceeds from disposal of:		
Property, plant and equipment	33	15
Assets held for leasing	-	91
Net cash used in investing activities	(15,507)	(6,184)

FINANCING ACTIVITIES

Payment of short-term bank loans – net	(22,297)	(4,676)
Payment of term loans – net	(1,478)	(4,779)
Fixed deposit	(4,097)	(248)
Interest paid	(398)	(1,179)
Payment of lease liabilities	(823)	(763)
Dividends paid	(22,840)	(4,669)
Purchase of treasury shares	(2,112)	-
Minority investment	2,500	-
Decrease in other non-current liability	(9)	(1)
Net cash used in financing activities	(51,554)	(16,315)

Net increase / (decrease) in cash and bank balances	(33,146)	79,091
Cash and bank balances at beginning of period	82,161	3,070
Cash and bank balances at end of period	49,015	82,161

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

CONDENSED STATEMENTS OF CHANGES IN EQUITY

Group

US\$'000										
Attributed to equity holders of the Group										
Share capital	Share Premium	Actuarial gains (losses)	Translation Reserves	Revenue reserves	Other reserves	Total Reserves	Treasury shares	Non-controlling interests	Total equity	
Balance at 1 January 2020	27,471	4,721	6	231	30,747	394	31,372	–	1,020	64,590
Net profit for the year	–	–	–	–	131,711	–	131,711	–	5	131,716
<u>Other comprehensive income for the year</u>										
Foreign currency translation reserves	–	–	–	3,001	–	–	3,001	–	–	3,001
Actuarial losses	–	–	(148)	–	–	–	–	–	–	(148)
Other comprehensive income for the year			(148)	3,001	–	–	3,001	–	–	2,853
Total comprehensive income/(loss) for the year	–	–	(148)	3,001	131,711	–	134,712	–	5	134,569
Cash dividends declared	–	–	–	–	(4,669)	–	(4,669)	–	–	(4,669)
Balance at 31 December 2020	27,471	4,721	(142)	3,232	157,789	394	161,415	–	1,025	194,490

US\$'000										
Attributed to equity holders of the Group										
Share capital	Share Premium	Actuarial gains (losses)	Translation Reserves	Revenue reserves	Other reserves	Total reserves	Treasury shares	Non-controlling interests	Total equity	
Balance at 31 December 2020 and 1 January 2021	27,471	4,721	(142)	3,232	157,789	394	161,415	–	1,025	194,490
Net profit for the year	–	–	–	–	17,342	–	17,342	–	(832)	16,510
<u>Other comprehensive income for the year</u>										
Foreign currency translation reserves	–	–	–	(835)	–	–	(835)	–	–	(835)
Actuarial gains	–	–	194	–	–	–	–	–	–	194
Other comprehensive income for the year	–	–	194	(835)	–	–	(835)	–	–	(835)
Total comprehensive income/(loss) for the year	–	–	194	(835)	17,342	–	16,507	–	(832)	15,869
Purchase of treasury shares	–	–	–	–	–	–	–	(2,112)	–	(2,112)
Minority investment	–	–	–	–	–	–	–	–	2,500	2,500
Cash dividends declared	–	–	–	–	(22,840)	–	(22,840)	–	–	(22,840)
Balance at 31 December 2021	27,471	4,721	52	2,397	152,291	394	155,082	(2,112)	2,693	187,907

Company

US\$'000								
Attributed to equity holders of the Company								
Share capital	Share premium	Actuarial Gain (Loss) on Retirement	Revenue reserves	Other reserves	Total reserves	Treasury shares	Total equity	
Balance at 1 January 2020	27,471	4,721	24	(8,318)	561	(7,757)	–	24,459
Net income for the year	–	–	–	87,327	–	87,327	–	87,327
Other Comprehensive Loss for the year	–	–	(13)	–	–	–	–	(13)
Total Other Comprehensive Income for the year	–	–	(13)	87,327	–	87,327	–	87,314
Cash dividends declared	–	–	–	(4,669)	–	(4,669)	–	(4,669)
Balance at 31 December 2020 and 1 January 2021	27,471	4,721	11	74,340	561	74,901	–	107,104
Net income for the year	–	–	–	16,729	–	16,729	–	16,729
Other Comprehensive Income for the year	–	–	38	–	–	–	–	38
Total Other Comprehensive Income for the year	–	–	38	16,729	–	16,729	–	16,767
Purchase of treasury shares	–	–	–	–	–	–	(2,112)	(2,112)
Cash dividends declared	–	–	–	(22,840)	–	(22,840)	–	(22,840)
Balance at 31 December 2021	27,471	4,721	49	68,229	561	68,790	(2,112)	98,919

NOTES TO THE CONDENSED 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 7B Country Space1 Building, 133 H.V. Dela Costa St., 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

2.1 Basis of preparation

The condensed 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 financial statements of the Group for the financial year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed 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 2020.

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 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

The following amendments to SFRS(I) below 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>
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 - <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to SFRS(I) 16, <i>COVID-19-related Rent Concessions beyond 30 June 2021</i>	1 January 2021

2.3 Use of judgments and estimates

In preparing the condensed 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 2020.

NOTES TO THE CONDENSED 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, crochet blankets, bed linens and medical bandages. These medical consumables are supplied to large medical multinational corporation distributors, pharmaceutical companies and hospital groups in the USA and Europe.

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

The *distribution segment* is involved in the marketing of Medtecs-branded medical consumables to hospitals, pharmacies and other end users in Asia Pacific. The Group also leverages on its distribution network to market other branded medical supplies and equipment such as wheel chairs, syringes, nebulizers and blood pressure monitors.

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 financial years ended 31 December 2021 and 2020.

31 December 2021	Manufacturing \$'000	Hospital services \$'000	Distribution and others \$'000	Group \$'000
Revenue	117,937	14,971	11,247	144,155
Results	14,683	413	2,680	17,776
Financial expenses				(891)
Financial income				33
Income tax expense				(408)
Net profit for the year				16,510
Total assets	196,257	14,068	5,249	215,574
Total liabilities	26,096	1,514	57	27,667
<i>Other segment information:</i>				
Capital expenditure	14,140	–	–	14,140
Depreciation and amortization	4,317	2,136	111	6,564
Provision for inventory obsolescence	3,000	–	–	3,000
Provision for doubtful debt	10	9	–	19
Other non-cash expenses - net	475	–	–	475

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(a) Business segments (continued)

31 December 2020

	Manufacturing \$'000	Hospital services \$'000	Distribution and others \$'000	Group \$'000
Revenue	357,817	14,668	27,842	400,327
Results	123,802	(1,298)	14,085	136,589
Financial expenses				(1,535)
Financial income				36
Income tax expense				(3,374)
Net profit for the year				131,716
Total assets	223,545	13,301	8,840	245,686
Total liabilities	48,584	2,553	59	51,196
<i>Other segment information:</i>				
Capital expenditure	6,463	–	–	6,463
Depreciation and amortization	4,384	3,576	111	8,071
Provision for inventory obsolescence	659	–	–	659
Provision for doubtful debt	12	–	–	12
Other non-cash expenses - net	283	–	–	283

NOTES TO THE CONDENSED 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 years ended 31 December 2021 and 2020.

31 December 2021	North America \$'000	Asia Pacific \$'000	Europe \$'000	Australia \$'000	Group \$'000
Revenue	37,642	76,451	30,062	–	144,155
Results	4,642	9,427	3,707	–	17,776
Financial expenses					(891)
Financial income					33
Income tax expense					(408)
Net profit for the year					16,510
Total assets	6,454	206,565	2,555	–	215,574
Total liabilities	–	27,667	–	–	27,667
<i>Other segment information:</i>					
Capital expenditures	–	14,140	–	–	14,140
Depreciation and amortization	–	6,564	–	–	6,564
Provision for inventory obsolescence	–	3,000	–	–	3,000
Provision for doubtful debt	–	19	–	–	19
Other non-cash expenses - net	–	185	–	–	185

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(b) Geographical segments (continued)

31 December 2020	North America \$'000	Asia Pacific \$'000	Europe \$'000	Australia \$'000	Group \$'000
Revenue	49,219	217,464	118,929	14,715	400,327
Results	16,793	74,197	40,578	5,021	136,589
Financial expenses					(1,535)
Financial income					36
Income tax expense					(3,374)
Net profit for the year					131,716
Total assets	15,074	227,808	2,804	–	245,686
Total liabilities	–	51,196	–	–	51,196
<i>Other segment information:</i>					
Capital expenditures	–	6,463	–	–	6,463
Depreciation and amortization	–	8,071	–	–	8,071
Provision for inventory obsolescence	–	659	–	–	659
Provision for doubtful debt	–	12	–	–	12
Other non-cash expenses - net	–	283	–	–	283

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

Disaggregation of revenue

	Manufacturing		Hospital Services		Distribution and Others		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Primary geographical markets								
North America	37,642	49,219	–	–	–	–	37,642	49,219
Asia Pacific	50,233	174,954	14,971	14,668	11,247	27,842	76,451	217,464
Europe	30,062	118,929	–	–	–	–	30,062	118,929
Australia	–	14,715	–	–	–	–	–	14,715
	<u>117,937</u>	<u>357,817</u>	<u>14,971</u>	<u>14,668</u>	<u>11,247</u>	<u>27,842</u>	<u>144,155</u>	<u>400,327</u>
Revenue from contracts								
Revenue from manufacturing	117,937	357,817	–	–	–	–	117,937	357,817
Revenue from hospital services	–	–	14,971	14,668	–	–	14,971	14,668
Revenue from distribution and others	–	–	–	–	11,247	27,842	11,247	27,842
	<u>117,937</u>	<u>357,817</u>	<u>14,971</u>	<u>14,668</u>	<u>11,247</u>	<u>27,842</u>	<u>144,155</u>	<u>400,327</u>
Timing of transfer of goods or services								
At a point in time	117,937	357,817	–	–	10,635	27,229	128,572	385,046
Over time	–	–	14,971	14,668	612	613	15,583	15,281
	<u>117,937</u>	<u>357,817</u>	<u>14,971</u>	<u>14,668</u>	<u>11,247</u>	<u>27,842</u>	<u>144,155</u>	<u>400,327</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

4. FINANCIAL INSTRUMENTS

31 December 2021

Group	Financial assets \$'000	Other financial liabilities \$'000	Total \$'000
Financial assets:			
Cash and bank balances and fixed deposits	57,584	–	57,584
Trade receivables	42,347	–	42,347
Other current assets*	344	–	344
	<u>100,275</u>	<u>–</u>	<u>100,275</u>
Financial liabilities:			
Bank loans	–	(9,306)	(9,306)
Trade payables and other current liabilities**	–	(7,582)	(7,582)
Lease liabilities	–	(6,779)	(6,779)
	<u>–</u>	<u>(23,667)</u>	<u>(23,667)</u>
	<u>100,275</u>	<u>(23,667)</u>	<u>76,608</u>

**excluding non-financial assets*

***excluding non-financial liabilities*

31 December 2021

Company	Financial assets \$'000	Other financial liabilities \$'000	Total \$'000
Financial assets:			
Cash and bank balances and fixed deposits	15,711	–	15,711
Trade receivables	25,785	–	25,785
Other current assets*	4,348	–	4,348
Due from subsidiaries (trade)	10,083	–	10,083
	<u>55,927</u>	<u>–</u>	<u>55,927</u>
Financial liabilities:			
Trade payables and other current liabilities**	–	(1,451)	(1,451)
Lease liabilities	–	(481)	(481)
	<u>–</u>	<u>(1,932)</u>	<u>(1,932)</u>
	<u>55,927</u>	<u>(1,932)</u>	<u>53,995</u>

**excluding non-financial assets*

***excluding non-financial liabilities*

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

4. FINANCIAL INSTRUMENTS (continued)

31 December 2020		Other financial	
Group	Financial assets	liabilities	Total
	\$'000	\$'000	\$'000
Financial assets:			
Cash and bank balances and fixed deposits	87,339	–	87,339
Trade receivables	49,308	–	49,308
Other current assets*	528	–	528
	<u>137,175</u>	<u>–</u>	<u>137,175</u>
Financial liabilities:			
Bank loans	–	(31,603)	(31,603)
Trade payables and other current liabilities**	–	(10,162)	(10,162)
Term loans	–	(1,478)	(1,478)
Lease liabilities	–	(3,544)	(3,544)
	<u>–</u>	<u>(46,787)</u>	<u>(46,787)</u>
	<u>137,175</u>	<u>(46,787)</u>	<u>90,388</u>

**excluding non-financial assets*

***excluding non-financial liabilities*

31 December 2020		Other financial	
Company	Financial assets	liabilities	Total
	\$'000	\$'000	\$'000
Financial assets:			
Cash and bank balances and fixed deposits	20,008	–	20,008
Trade receivables	17,442	–	17,442
Other current assets*	2,666	–	2,666
Due from subsidiaries (trade)	30,780	–	30,780
	<u>70,896</u>	<u>–</u>	<u>70,896</u>
Financial liabilities:			
Trade payables and other current liabilities**	–	(3,276)	(3,276)
Lease liabilities	–	(211)	(211)
Term loans	–	(1,250)	(1,250)
	<u>–</u>	<u>(4,737)</u>	<u>(4,737)</u>
	<u>70,896</u>	<u>(4,737)</u>	<u>66,159</u>

**excluding non-financial assets*

***excluding non-financial liabilities*

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

5. TAXATION

The major components of income tax expense for the years ended 31 December 2020 and 31 December 2021 are:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current	442	3,418	–	–
Deferred income tax:				
Origination and reversal of temporary differences	(34)	(44)	–	–
Income tax expense (benefit) recognised in the profit and loss accounts	408	3,374	–	–

6. DIVIDENDS

On 13 April 2021, the Board of Directors issued a notice on the declaration of cash dividends amounting to \$0.0418 per ordinary share (tax not applicable) to shareholders of record as of 14 May 2021. The cash dividends were paid on 28 May 2021 amounting to \$22.8 million (2020: \$4.7 million).

7. INVESTMENT PROPERTIES

	Group	
	2021 \$'000	2020 \$'000
Cost:		
As at 1 January	5,465	5,465
Accumulated depreciation:		
Beginning balance	2,626	2,515
Depreciation charge for the period	111	111
Ending balance	2,737	2,626
Net carrying amount	2,728	2,839

The Group's investment properties includes building 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 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 9.9% 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 2020, fair market value of the investment properties, which is based on its highest and best use, amounted to \$4.3 million. The fair value is categorized under Level 2 (valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable) fair value hierarchy.

8. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2021, the Group acquired property, plant and equipment amounting to \$14.1 million (31 December 2020: \$6.5 million).

9. INVENTORIES

During the year ended 31 December 2021, the Group has recognized provision for inventory losses amounting to \$3.0 million and written off amounting to \$930,000 (31 December 2020: \$659,000). This expense is included in the cost of sales in the statements of comprehensive income. The carrying amount of inventories stated at the lower of cost and net realizable value as at 31 December 2021 was \$49.7 million (31 December 2020: \$53.7 million).

10. SHARE CAPITAL

	Group and Company	
	2021	2020
	\$'000	\$'000
Authorised		
- 1,000,000,000 ordinary shares of \$0.05 each	50,000	50,000
Issued and paid up		
As at 1 January and 31 December		
- 549,411,240 ordinary shares of \$0.05 each	27,471	27,471

The Company has only one class of shares: ordinary shares of \$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.

On 8 March 2021, the Company has repurchased 3 million shares for a total consideration amounting to SGD2.9 million (equivalent to approximately \$2.1 million).

11. SUBSEQUENT EVENTS

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

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 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.

Not Applicable.

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 December 2021 and 31 December 2020 was 546,411,240 and 549,411,240 shares, respectively. There are 3,000,000 treasury shares held by the Company as at the end of the current financial period reported on and nil as at the end of the immediately preceding year.

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

Not Applicable.

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.

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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable – the Group's financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. See note (a) above.

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 2020.

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.

A number of amendments to 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.

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	
Latest Year FY2021 Unaudited	Previous Year FY2020 Audited

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	3.171 US cents	23.973 US cents
(ii) On a fully diluted basis	3.171 US cents	23.973 US cents

Explanatory note to 6 (i) and (ii)

Earnings per share for the financial year ended 31 December 2021 and 31 December 2020 are calculated based on the existing issued share capital, excluding treasury shares, of 546,411,240 and 549,411,240, respectively. The full year earnings per share on a fully diluted basis are calculated based on the number of issued shares, excluding treasury shares, of 546,411,240 and 549,411,240, respectively. There were no adjustments made to the earnings 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	
Latest Year As at 31 December 2021 Unaudited	Previous Year As at 31 December 2020 Audited

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

34.39 US cents 35.40 US cents

Company	
Latest Year As at 31 December 2021 Unaudited	Previous Year As at 31 December 2020 Audited

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

18.10 US cents 19.49 US cents

Explanatory note to 7

The net asset value per ordinary share is calculated based on 546,411,240 and 549,411,240 issued shares, excluding treasury shares, for the financial year ended 31 December 2021 and 31 December 2020, respectively.

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 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 decreased by 64.0% to US\$144.2 million in the financial year ended 31 December ("FY") 2021 from US\$400.3 million in FY2020 due to lower sales of Personal Protective Equipment ("PPE") and facemasks, after the build-up of stocks by most of our customers in the previous year. PPE demand, and as a result, the Group's margins, also declined in the latter part of the year with the slowdown of new COVID-19 cases worldwide. Despite that, the Group has taken advantage of its increased marketing efforts to leverage on its expanding online operations. Net profit decreased by 87.4% to US\$16.5 million in FY2021 from US\$131.7 million in FY2020 due to lower demand and margins for PPEs and facemasks.

Revenue

Revenue from the Original Product Manufacturing ("OPM") division decreased by 67.0% to US\$117.9 million in FY2021 from US\$357.8 million in FY2020 due to lower sales of PPEs and facemasks to customers from decline in global demand.

Revenues from Hospital Services division increased slightly by 2.1% to US\$14.9 million in FY2021 from US\$14.7 million in FY2020, which was attributable to higher service cost on linen consumption in Taiwan. Revenues from Trading, Distribution and others decreased by 64.0% to US\$11.2 million in FY2021 from US\$27.8 million in FY2020 due to lower demand, but partially offset by increased e-commerce sales in Taiwan.

Profitability

The Group's gross profit decreased by 75.5% to US\$42.0 million in FY2021 from US\$171.6 million in FY2020 arising from lower sales demand and decline in market prices from increased stock in supply chain. This led to a decrease in the Group's gross profit margins to 29.1% in FY2021 from 42.9% in FY2020.

Gross Profit from the OPM division decreased by 76.8% to US\$36.6 million in FY2021 from US\$157.6 million in FY2020 due to lower sales and decline in market prices for PPEs and facemasks. This also resulted to OPM Gross profits margins to decline by 29.7% to 31.0% in FY2021 from 44.1% in FY2020.

Hospital Services division gross profit increased by 233.2% to an income of US\$1.2 million in FY2021 from a loss of US\$1.0 million in FY2020 from improved efficiency in the linen management in Philippines and Taiwan.

Gross Profit from Trading, Distribution and others division decreased by 72.2% to US\$4.1 million in FY2021 from US\$14.9 million in FY2020 due to lower sales and average selling price of our stocks, which the Group lowered by approximately 20% to 30% towards the end of FY2021 in order to remain competitive in the global PPE market.

Other operating income net increased by 365.4% to US\$1.7 million in FY2021 from US\$0.4 million in FY2020 from foreign exchange gains.

Distribution, selling and administrative expenses decreased by 26.5% to US\$26.0 million in FY2021 from US\$35.4 million in FY2020 from lower freight expenses due to lower sales, but partially offset by higher marketing expense incurred to promote brand awareness.

Financial expenses decreased by 42.0% to US\$0.9 million in FY2021 from US\$1.5 million in FY2020 due to lower bank borrowings.

Income tax expenses decreased by 87.9% to US\$0.4 million in FY2021 from US\$3.4 million in FY2020 due to the lower net profits.

Net profit decreased by 87.5% to US\$16.5 million in FY2021 from US\$131.7 million in FY2020 due to lower sales and margins for PPE and facemasks.

Cash Flow and Balance Sheet

Total assets of the Group decreased by US\$30.1 million to US\$215.5 million in FY2021 from US\$245.7 million in FY2020 due to decrease in cash from payments of bank loans, cash dividends, purchase of treasury shares and ongoing construction costs in Cambodia. Property, plant and equipment increased to US\$32.1 million in FY2021 from US\$21.5 million in FY2020 as a result of the ongoing construction of the gloves production facility in Cambodia.

The Group generated an operating cash flow of US\$33.9 million in FY2021 from the operating cash flow of US\$101.6 million in FY2020, which was attributable to lower sales demand. Cash outflow for investing activities increased to US\$15.5 million in FY2021 from US\$6.2 million in FY2020, mainly attributable to construction costs of the new glove production facility in Cambodia. Cash outflow from financing activities of US\$51.5 million due to payments of loans, cash dividends and purchase of treasury shares.

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

In the Company's announcement dated 1 March 2021 of its unaudited full year financial results for FY2020, the Company's annual report for FY2020 and the Company's announcement dated 13 August 2021 of its unaudited financial results for the half year ended 30 June 2021, it was disclosed that barring unforeseen circumstances, the Group expects to remain profitable in FY2021.

In the Company's announcement dated 22 November 2021 on selected financial information for the nine months ended 30 September 2021 and FY2021 outlook, it was disclosed that "barring unforeseen circumstances, the Company expects to remain profitable for the fourth quarter of the financial year ending 31 December 2021 ("FY2021") and for FY2021 as a whole; however, we expect our sales and profitability for the second half of FY2021 to be lower than that of the first half of FY2021."

The Group subsequently released a profit guidance announcement on 11 February 2022 that it expected to incur a loss for the fourth quarter and the second half ended 31 December 2021 due to inventory provisions for PPE amounting to approximately US\$3 million arising from the lower average selling prices for PPE in the current global market. However, the Company is still expected to generate a net profit for FY2021.

The Group's financial results for FY2021 is consistent with the abovementioned prospect statements and profit guidance previously disclosed to shareholders.

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.

Looking ahead to 2022, the world is the road to recovery from the effects of the COVID-19 pandemic. However, the COVID-19 pandemic has highlighted the importance of healthcare products and that PPE and facemasks have become part of the norm in most countries as the world transitions into living with COVID-19. The Group has also expanded its market penetration of its own brand PPE and relative protective solutions in the global market through e-commerce platforms like Amazon. E-commerce will remain a key growth area of the Group as we expand our reach from Asia, USA and to the rest of the world in terms of e-commerce.

The Company's joint venture company, Resilient Medical Pte. Ltd., is also constructing a nitrile glove factory in Cambodia, which is expected to commence production in the first half of 2022, to diversify the Group's product portfolio. The nitrile glove factory will also complement our current production line in Cambodia, Philippines and China as we pursue more stockpiling business to government projects worldwide.

The Group has expanded into business to consumer services and will leverage on the increased consumer awareness for its Medtecs and CoverU brands and seek collaboration and franchising opportunities as well as tapping on the network of our retail partners to broaden our customer base.

As we move towards living with COVID-19, the Group will focus on pursuing strategic development to future-proof its market position and long-term growth.

Meanwhile, to keep pace with sustainability trends, the Company is exploring the possibility of foraying into the renewable energy market to develop another growth driver, including without limitation, investing in renewable energy together with external strategic partners to meet the requests from our clients for more green manufacturing in the future. The Company presently intends to focus on and evaluate the merits of solar power and energy storage services, including installation of solar panels in our existing factories. More information on our future plans will be provided to, and requisite approvals will be obtained from, shareholders at the appropriate juncture.

Barring unforeseen circumstances, the Group is expected to remain profitable.

11. If a decision regarding dividend has been made:

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

Yes, a final cash dividend has been recommended.

(b)

(i) Amount per share

US\$0.0060 per ordinary share

(ii) Previous corresponding period

The total dividend per share for FY2020 is US\$0.0503 per share, comprising the interim dividend of US\$0.0085 per ordinary share which was paid on 25 September 2020 and a final dividend of US\$0.0418 per ordinary share which was paid on 28 May 2021.

(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)

The dividend is one-tier, tax exempt.

(d) The date the dividend is payable

The date for dividend payment will be announced at a later date, subject to approval by shareholders at the forthcoming general meeting.

(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.

To be announced at a later date.

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

Not applicable.

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. 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Geographical Segment

	NORTH AMERICA (US\$'000)	ASIA PACIFIC (US\$'000)	EUROPE (US\$'000)	AUSTRALIA (US\$'000)	GROUP (US\$'000)
2021					
Turnover	37,642	76,451	30,062	–	<u>144,155</u>
Results	4,642	9,427	3,707	–	17,776
Financial expenses					(891)
Financial income					33
Taxation					(408)
Net profit					<u><u>16,510</u></u>
Total assets	6,454	206,565	2,555	–	215,574
Total liabilities	–	–	–	–	27,667
Capital expenditure	–	–	–	–	14,140
Depreciation and amortization	–	–	–	–	6,564
Provision for inventory obsolescence	–	–	–	–	3,000
Provision for doubtful accounts	–	–	–	–	19
Other non-cash expenses	–	–	–	–	475

	NORTH AMERICA (US\$'000)	ASIA PACIFIC (US\$'000)	EUROPE (US\$'000)	AUSTRALIA (US\$'000)	GROUP (US\$'000)
2020					
Turnover	55,044	211,639	118,929	14,715	400,327
Results	18,781	72,210	40,578	5,020	136,589
Financial expenses					(1,535)
Financial income					36
Taxation					(3,374)
Net profit					131,716
Total assets	15,074	227,808	2,804	–	245,686
Total liabilities	–	–	–	–	51,196
Capital expenditure	–	–	–	–	6,677
Depreciation and amortization	–	–	–	–	8,229
Provision for inventory obsolescence	–	–	–	–	659
Other non-cash expenses	–	–	–	–	1,499

Business Segment	Turnover (US\$'000)			Profit Before Taxation and Non-controlling Interest (US\$'000)		
	Latest Year FY2021 Unaudited	Previous Year FY2020 Audited	% Change	Latest Year FY2021	Previous Year FY2020	% Change
	Manufacturing	117,937	357,817	(67.0)	13,929	122,411
Hospital Services	14,971	14,668	2.1	332	(1,360)	124.4
Distribution and Other(s)	11,247	27,842	(59.6)	2,657	14,039	(81.1)
Total	144,155	400,327	(64.0)	16,918	135,090	(87.5)

Distribution and other revenues include rental income amounting to US\$0.6 million in FY2021 and FY2020.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Not applicable.

17. A breakdown of sales as follows:

	Group		
	US\$'000		% Increase (Decrease)
	2021	2020	
Sales reported for first half year	85,303	162,609	(47.5)
Operating profit / loss after tax before deducting non-controlling interests reported for first half year	18,505	38,893	(52.4)
Sales reported for second half year	58,852	237,718	(75.2)
Operating profit / loss after tax before deducting non-controlling interests reported for second half year	(1,995)	92,823	(102.1)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

(a) Ordinary

The Company has proposed cash dividends totaling US\$3.3 million in respect of FY2021 and declared cash dividends totaling US\$27.7 million in respect of FY2020.

The proposed dividend per share for FY2021 is a proposed final dividend of US\$0.0060 per share.

(b) Preference

None.

(c) Total

See (a) above.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Sherry Chen Su-Tien	66	Spouse of Mr. Clement Yang Ker-Cheng, Executive Chairman of the Company and mother of Mr. William Yang Weiyuan, Deputy Chairman and Chief Executive Officer of the Company and Ms. Wan Chien Yang, General Counsel of the Company and Non-Executive Director of Medtecs USA Corporation.	Non-Executive Chairman of Medtecs (Taiwan) Corporation since 2 May 2018.	None.
Wan Chien Yang	41	Daughter of Mr. Clement Yang Ker-Cheng, Executive Chairman	General Counsel of the Company with effect from	None.

		of the Company and Sherry Chen Su-Tien, Non-Executive Chairman of Medtecs (Taiwan) Corporation and sister of William Yang Weiyuan, Deputy Chairman and Chief Executive Officer of the Company.	1 March 2021 and Non-Executive Director of Medtecs USA Corporation since 19 October 2020.	
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ON BEHALF OF THE BOARD

Clement Yang Ker-Cheng
Chairman
Date: 1 March 2022