

MEDTECS INTERNATIONAL CORPORATION LIMITED

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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.

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Full Year Financial Statements

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

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 immediately preceding financial year.

Unaudited Full Year Results	Group		
	US\$'000		%
	Latest Year 31 Dec 2014	Previous Year 31 Dec 2013 Audited	Increase / (Decrease)
Revenues	51,193	55,897	(8.4)
Costs of sales and services	(43,409)	(46,607)	(6.9)
Gross profit	7,784	9,290	(16.2)
Other items as income			
Other operating income, net	975	645	51.2
Financial income	839	574	46.2
Other items as expense			
Distribution and selling expenses	(2,074)	(2,275)	(8.8)
Administrative expenses	(5,034)	(5,203)	(3.2)
Financial expenses	(1,964)	(2,151)	(8.7)
Profit before tax	526	880	(40.2)
Income tax expense	(207)	(283)	(26.9)
Net profit for the year	319	597	(46.6)
Attributable to:			
Shareholders of the Company	347	613	(43.4)
Non-controlling interests	(28)	(16)	75.0
	319	597	(46.6)

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 2014	Previous Year 2013 Audited
Depreciation	3,875	3,972
Amortisation of:		
Assets held for leasing	2,168	2,087
Transaction cost	96	118
Loss (gain) on disposal of property, plant and equipment	693	(125)
Other finance costs	267	200
Interest expense	1,644	1,833
Movement of pension benefit obligation	91	8
Interest income	(839)	(574)

Statement of Comprehensive Income for the year ended 31 December 2014

	Group		
	US\$'000		%
	Latest Year 2014	Previous Year 2013 Audited	Increase/ (Decrease)
Profit after tax	319	597	(46.6)
Exchange difference on consolidation	(102)	(448)	(77.2)
Actuarial gains (losses)	87	(175)	(149.7)
Total comprehensive income	304	(26)	NM
Attributable to:			
Shareholders of the Company	320	27	1,085.2
Non-controlling interests	(16)	(53)	(69.8)
	304	(26)	NM

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 Full Year Balance Sheet as at 31 December

		Group US\$'000		Company US\$'000	
		2014	2013 Audited	2014	2013 Audited
ASSETS					
Non-current assets					
Property, plant and equipment, net	Note 1	28,961	31,535	920	1,118
Assets held for leasing		4,431	5,286	–	–
Investment property		3,501	3,607	–	–
Investment in subsidiaries		–	–	31,690	31,931
Goodwill		709	712	–	–
Deferred tax assets		126	203	–	–
Other non-current assets		1,331	1,339	42	33
		<u>39,059</u>	<u>42,682</u>	<u>32,652</u>	<u>33,082</u>
Current assets					
Inventories		36,977	35,191	103	99
Trade receivables		12,952	13,606	8,306	7,527
Other current assets	Note 2	12,107	13,911	9,510	11,433
Asset held for sale	Note 3	–	1,876	–	–
Due from subsidiaries (trade)		–	–	4,686	17,089
Fixed deposits		2,815	2,061	–	201
Cash and bank balances		943	2,092	42	49
		<u>65,794</u>	<u>68,737</u>	<u>22,647</u>	<u>36,398</u>
TOTAL ASSETS		<u>104,853</u>	<u>111,419</u>	<u>55,299</u>	<u>69,480</u>

EQUITY AND LIABILITIES

	Group US\$'000		Company US\$'000	
	2014	2013 Audited	2014	2013 Audited
Current liabilities				
Trade payables and other liabilities	12,584	12,081	1,438	1,418
Due to subsidiaries (trade)	–	–	24,212	35,918
Term loans	4,189	5,148	2,495	2,500
Trust receipts and acceptances payable	1,006	1,488	738	983
Bank loans	24,929	27,529	–	786
Income tax payable	71	103	2	–
	42,779	46,349	28,885	41,605
NET CURRENT ASSETS (LIABILITIES)	23,015	22,388	(6,238)	(5,207)
Non-current liabilities				
Term loans	4,321	7,667	3,950	5,773
Deferred tax liabilities	131	89	1	1
Pension benefits obligation	786	782	181	170
	5,238	8,538	4,132	5,944
TOTAL LIABILITIES	48,017	54,887	33,017	47,549
Equity attributable to equity holder of the Company				
Share capital	23,378	21,745	23,378	21,745
Share premium	4,880	4,737	4,880	4,737
Equity component of convertible bonds	267	267	267	267
Employee share option reserve	294	294	294	294
Actuarial on retirement obligation	(170)	(257)	(18)	(32)
Translation reserves	1,137	1,251	–	–
Other reserves	(167)	–	–	–
Revenue reserves	26,201	25,854	(6,519)	(5,080)
	55,820	53,891	22,282	21,931
Non-controlling interests	1,016	2,641	–	–
	56,836	56,532	22,282	21,931
TOTAL EQUITY AND LIABILITIES	104,853	111,419	55,299	69,480

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

Note 1 Decline in Property plant and equipment is mainly due to depreciation.

Note 2 Decrease in other current assets is mainly due to payments received during the year.

Note 3 The decrease was due to sale of land and building in Taiwan.

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 31 December 2014 US\$ '000		As at 31 December 2013 US\$ '000 Audited	
Secured	Unsecured	Secured	Unsecured
3,792	26,332	4,902	29,263

Amount repayable after one year

As at 31 December 2014 US\$ '000		As at 31 December 2013 US\$ '000 Audited	
Secured	Unsecured	Secured	Unsecured
4,198	123	6,865	802

Decrease in unsecured loan is due to payment of short term loans.

Details of any collateral

Secured Group's borrowings repayable in one year or less comprised of trust receipts and acceptances payable amounting to approximately US\$1.0 million and US\$1.5 million as of 31 December 2014 and 31 December 2013, respectively, and secured long-term bank loans of approximately US\$5.9 million and US\$8.2 million as of 31 December 2014 and 31 December 2013, respectively, which are collateralized by building and certain machinery and equipment of the Group, with net book value of approximately US\$20.8 million and US\$21.2 million as of 31 December 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 Full Year Statement of Cash Flows

Group US\$'000	
Latest Year 2014	Previous Year 2013 Audited

OPERATING ACTIVITIES

Profit before taxation	526	880
Adjustments for:		
Depreciation	3,875	3,972
Amortisation of assets held for leasing	2,168	2,087
Interest expense	1,644	1,833
Amortisation of transaction costs	96	118
Other finance costs	267	200
Loss / (Gain) on disposal of property, plant and equipment	693	(125)
Interest income	(839)	(574)
Operating profit before working capital changes	8,430	8,391
(Increase) decrease in:		
Inventories	(1,806)	(437)
Trade receivables	639	589
Other current assets	1,804	(2,771)
Increase (decrease) in:		
Trade payables and other liabilities	439	437
Pension benefits obligation	91	8
Trust receipts and acceptances payable	(482)	(1,257)
Net cash generated from operations	9,115	4,960
Interest received	839	574
Other finance costs paid	(267)	(200)
Income taxes paid	(120)	(141)
Net cash flow generated from operating activities	9,567	5,193

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 Year 2014	Previous Year 2013 Audited	
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(12)	(766)
Proceeds from disposal of property, plant and equipment	–	304
Increase /Decrease in:		
Assets held for leasing	(1,313)	(1,800)
Other non-current assets	8	(30)
Net cash used in investing activities	<u>(1,317)</u>	<u>(2,292)</u>
FINANCING ACTIVITIES		
Net payment of term loans	(4,401)	(2,423)
Net proceeds from (payments of) short-term bank loans	(2,600)	1,171
Increase/ (decrease) in fixed deposit	(754)	54
Interest paid	(1,644)	(1,833)
Net cash flows used in financing activities	<u>(9,399)</u>	<u>(3,031)</u>
Net decrease in cash and bank balances	(1,149)	(130)
Cash and bank balances at beginning of year	<u>2,092</u>	<u>2,222</u>
Cash and bank balances at end of year	<u>943</u>	<u>2,092</u>

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

	Attributable to equity holders of the Company								Non-controlling interests	Total Equity	
	Share capital	Share premium	Employee share option reserve	Equity component of convertible bonds	Translation reserves	Revenue reserves	Other reserves	Total reserves			Actuarial Gain (Loss) on Retirement Obligation
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2013	21,745	4,737	294	267	1,662	25,241	–	26,903	(82)	2,694	56,558
Net profit for the year	–	–	–	–	–	613	–	613	–	(16)	597
Foreign currency translation reserves	–	–	–	–	(411)	–	–	(411)	–	(37)	(448)
Actuarial losses	–	–	–	–	–	–	–	–	(175)	–	(175)
Balance at 31 December 2013 and 1 January 2014	21,745	4,737	294	267	1,251	25,854	–	27,105	(257)	2,641	56,532
Net profit for the year	–	–	–	–	–	347	–	347	–	(28)	319
Issuance of capital stock	1,633	143	–	–	–	–	–	–	–	–	1,776
Acquisition of minority interest in MTC	–	–	–	–	–	–	(167)	(167)	–	(1,609)	(1,776)
Translation reserve	–	–	–	–	(114)	–	–	(114)	–	12	(102)
Actuarial gains	–	–	–	–	–	–	–	–	87	–	87
Balance at 31 December 2014	23,378	4,880	294	267	1,137	26,201	(167)	27,171	(170)	1,016	56,836

Company

	Attributable to equity holders of the Company							
	Share capital	Share premium	Employee share option reserve	Equity component of convertible bonds	Deficit	Total deficit	Actuarial Gain (Loss) on Retirement	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2013	21,745	4,737	294	267	(5,117)	(5,117)	8	21,934
Net income for the year	–	–	–	–	37	37	–	37
Actuarial losses	–	–	–	–	–	–	(40)	(40)
Balance at 31 December 2013 and 1 January 2014	21,745	4,737	294	267	(5,080)	(5,080)	(32)	21,931
Net loss for the year	–	–	–	–	(1,439)	(1,439)	–	(1,439)
Issuance of capital stock	1,633	143	–	–	–	–	–	1,776
Actuarial gains	–	–	–	–	–	–	14	14
Balance at 31 December 2014	23,378	4,880	294	267	(6,519)	(6,519)	(18)	22,282

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.

In August 27, 2014, the Company issued 32,643,260 new ordinary shares at an issue price of SGD0.068 per consideration share pursuant to the sale and purchase agreement entered into on March 3, 2014 between the Company and Mr. Wang Wan Fa.

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 as at 31 December 2014 and 31 December 2013 were 467, 548, 965 and 434,905,705 shares, respectively. There were no treasury shares as at 31 December 2014 and December 31, 2013.

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

The Company did not have any treasury shares during and as at the end of the current financial year 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 2014, except for the changes mentioned 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.

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") that became effective for periods beginning 1 January 2014. The adoption of the standards did not have any material effect on the financial statements for the current period.

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 Figures	
Latest Year FY14	Previous Year FY13 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	0.078 US cents	0.141 US cents
(ii) On a fully diluted basis	0.078 US cents	0.141 US cents

Explanatory note to 6 (i) and (ii):

Earnings per share for the periods ended 31 December 2014 and 31 December 2013, based on existing issued share capital, are calculated on the basis of weighted average issued shares of 446,174,337 and 434,905,705, respectively. The full year earnings per share on a fully diluted basis are calculated on the weighted average number of shares of 446,174,337 and 434,905,705, respectively. 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 Figures	
Latest Year As at 31 Dec 2014	Previous Year As at 31 Dec 2013 Audited

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	12.74 US cents	13.0 US cents
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Company Figures	
Latest Year As at 31 Dec 2014	Previous Year As at 31 Dec 2013 Audited

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	4.99 US cents	5.04 US cents
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Explanatory note to 7:

The net asset value per ordinary share is calculated based on 446,174,337 and 434,905,705 weighted average issued shares for the financial year ended 31 December 2014 and 31 December 2013 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 crystal 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 has lower demands in FY14 contributing a decrease in the Group's revenue by 8.4% to US\$51.2 million in FY14 from US\$55.9 million in FY13. With lower sales and increasing direct labor costs during the year, the Group's net profit decreased to US\$0.3 million in FY14 from US\$0.6 million in FY13.

Revenues

Revenues from the Original Product Manufacturing ("OPM") division is down by 8.2% to US\$39.0 million in FY14 from US\$42.5 million in FY13 driven by lower demand from existing customers based in the US.

Revenues from Hospital Services division slightly improved by 2.2% to US\$10.6 million in FY14 from US\$10.3 million in FY13 attributable to higher linen consumption in Taiwan. Trading and Distribution division revenues declined by 46.6% to US\$1.7 million in FY14 from US\$3.1 million in FY13 due to lower trading opportunities during the year.

Profitability

The Group's gross profit declined by 16.2% to US\$7.8 million in FY14 from US\$9.3 million in FY13 due to the increase in direct labor costs in its manufacturing facilities.

Gross Profit from the OPM division decreased by 19.0% to US\$7.1 million in FY14 from US\$8.8 million in FY13 attributable to lower sales from existing customers and increase in direct labor cost in Cambodia and Philippines.

Hospital Services division gross profit increased by 22.5% to US\$0.3 million in FY14 from US\$0.2 million in FY13 due to higher revenue in Taiwan. Gross Profit from Trading, Distribution and other division increased by 48.79% to US\$0.4 million in FY14 from US\$0.2 million in FY13 due to additional rental income from its building.

Other operating income, net improved by 51.2% to US\$1.0 million in FY14 from US\$0.6 million in FY13 resulted from additional translation gains during the year.

Distribution and selling expenses decreased by 8.8% to US\$2.1 million in FY14 from US\$2.3 million in FY13 resulted from lower revenues during the year, while administrative expenses declined by 3.2% to US\$5.0 million in FY14 from US\$5.2 million in FY13 on cost cutting measures.

The Group's net profit decreased by 46.6% to US\$0.3 million in FY14 from US\$0.6 million in FY13 from lower revenues and higher direct labor cost.

Cash Flows and Balance Sheet

Total assets of the Group decreased by US\$6.6 million to US\$104.9 million in FY14 from US\$111.4 million, mainly due to depreciation and amortisation of Property, Plant and Equipment and Assets Held for Leasing. The Group's borrowings decreased to US\$34.4 million in FY14 from US\$41.8 million in FY13 as a result of payments made.

The Group generated a positive operating cash flow of US\$9.6 million in FY14 which showed an improvement from the positive operating cash flow of US\$5.2 million in FY13. Cash outflow of US\$9.4 million from financing activities was mainly the result of loan repayments.

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 28 February 2014 and in the Company's annual report for the financial year 31 December 2013 that "Barring unforeseen circumstances, the Group expects to remain profitable this financial year". The Group results for the financial year ended 31 December 2014 are consistent with the prospects statements 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.

Business Outlook

The Group will leverage and explore more opportunities from its existing customer base in the OPM division to expand market share in US and Europe. Management performs constant assessment of profitability of each customer to maximize the economic benefit to the group.

Production costs remain a vital challenge to the profitability of the Group because of rising labor cost. However, selling and operating expenses are maintained at a minimum level as the Group pursues cost reduction schemes in all its business and production departments.

The Group maintains its focus on opportunities in the growing market for the health safety and disease control protective apparels.

Barring unforeseen circumstances, the Group expects to remain profitable in the financial year ending 31 December 2015.

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 / recommended for the financial year ended 31 December 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. 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

	USA	ASIA PACIFIC	EUROPE	ELIMINA- TIONS	GROUP
2014					
Turnover	13,279	39,469	21,276	(22,831)	51,193
Results	(428)	(537)	(686)	–	(1,651)
Financial expenses					(1,964)
Financial income					839
Taxation					(207)
Net profit					319
Total assets	926	133,594	2,023	(31,690)	104,853
Total liabilities	–	48,017	–	–	48,017
Capital expenditure	–	12	–	–	12
Depreciation and amortisation	–	6,139	–	–	6,139
Other non-cash expenses	–	1,765	–	–	1,765

	USA	ASIA PACIFIC	EUROPE	ELIMINA- TIONS	GROUP
2013					
Turnover	17,620	31,077	16,943	(9,743)	55,897
Results	775	937	745	–	2,457
Financial expenses					(2,151)
Financial income					574
Taxation					(283)
Net profit					597
Total assets	1,156	140,731	1,463	(31,931)	111,419
Total liabilities	–	54,887	–	–	54,887
Capital expenditure	–	766	–	–	766
Depreciation and amortisation	–	6,177	–	–	6,177
Other non-cash expenses	–	1,334	–	–	1,334

Business Segment	Turnover (US\$'000)			Profit Before Taxation and Minority Interest (US\$'000)		
	Latest Year FY14	Previous Year FY13 Audited	% Change	Latest Year FY14	Previous Year FY13	% Change
Manufacturing	38,962	42,453	(8.2)	1,147	1,837	(37.6)
Hospital Services	10,575	10,343	2.2	(305)	(266)	14.7
Distribution and Others	1,656	3,101	(46.6)	(316)	(691)	54.3
Total	51,193	55,897	(8.4)	526	880	(40.2)

Revenues include rental income amounting to US\$0.5 million in FY14 and US\$0.6 million FY13.

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

Not applicable.

16. A breakdown of sales as follows:

	Group		
	US\$'000		% Increase (Decrease)
	2014	2013	
Sales reported for first half year	25,961	32,894	(21.8)
Operating profit / loss after tax before deducting minority interests	257	814	(68.4)
Sales reported for second half year	25,232	23,003	9.7
Operating profit / loss after tax before deducting minority interests	243	624	(61.6)

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

Not applicable.

- 18. 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.**

There are no persons holding managerial position in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Clement Yang Ker-Cheng
Executive Chairman
February 26, 2015