



MEDTECS INTERNATIONAL CORPORATION LIMITED

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Unaudited Half Year Financial Statements For The Period Ended 30 June 2022

CONDENSED INTERIM STATEMENTS OF INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2022	Previous Half Year Ended 30 June 2021	Increase/ (Decrease)
Revenue	31,604	85,303	(63.0)
Costs of sales and services	(23,141)	(54,529)	(57.6)
Gross profit	8,463	30,774	(72.5)
Other items of income			
Other operating income (expense), net	440	(8)	5,600.0
Financial income	441	13	3,292.3
Other items of expense			
Distribution and selling expenses	(6,025)	(5,983)	0.7
Administrative expenses	(7,117)	(5,595)	27.2
Financial expenses	(527)	(498)	5.8
Profit (loss) before tax	(4,325)	18,703	(123.1)
Income tax benefit (expense)	425	(198)	(314.6)
Net profit (loss) for the period	(3,900)	18,505	(121.1)
Attributable to:			
Equity holders of the Company	(3,699)	19,066	(119.4)
Non-controlling interests	(201)	(561)	(64.2)
Net profit (loss) for the period	(3,900)	18,505	(121.1)

US\$'000	
Latest Half Year Ended 30 June 2022	Previous Half Year Ended 30 June 2021

Depreciation	1,532	1,757
Amortisation of:		
Assets held for leasing	1,048	1,060
Right-of-use assets	487	318
Interest expense on:		
Loans	207	318
Lease liabilities	258	150
Other finance cost	62	30
Interest income	(235)	(13)
Dividend income	(206)	–
Foreign exchange gain (loss)	357	(570)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2022	Previous Half Year Ended 30 June 2021	Increase/ (Decrease)
Profit (loss) after tax	(3,900)	18,505	(121.1)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation	(2,335)	(867)	169.3
Unrealized loss on financial assets at fair value through other comprehensive income	(110)	–	100.0
Actuarial gains (losses)	(17)	10	(270.0)
Total comprehensive income (loss)	<u>(6,362)</u>	<u>17,648</u>	<u>(136.0)</u>
Attributable to:			
Equity holders of the Company	(6,161)	18,209	(133.8)
Non-controlling interests	(201)	(561)	(64.2)
Total comprehensive income (loss)	<u>(6,362)</u>	<u>17,648</u>	<u>(136.0)</u>

CONDENSED INTERIM BALANCE SHEETS

	Group		Company		
	US\$'000		US\$'000		
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021	
ASSETS					
Non-current assets					
Property, plant and equipment, net	Note 1	40,999	32,110	227	184
Investment properties		2,672	2,728	–	–
Assets held for leasing		4,005	4,452	–	–
Right-of-use of asset		9,951	8,386	4,802	380
Investment in subsidiaries		–	–	28,353	28,353
Goodwill		709	709	–	–
Deferred tax assets		49	33	12	12
Other non-current assets	Note 2	8,028	3,787	116	113
		<u>66,413</u>	<u>52,205</u>	<u>33,510</u>	<u>29,042</u>
Current assets					
Inventories		48,686	49,660	2,375	2,390
Trade receivables		39,548	42,347	29,320	25,785
Other current assets		10,355	13,072	5,726	7,672
Due from subsidiaries (trade)		–	–	24,370	20,518
Fixed deposits	Note 3	23,041	9,275	3,500	–
Cash and bank balances		39,465	49,015	15,809	15,711
		<u>161,095</u>	<u>163,369</u>	<u>81,100</u>	<u>72,076</u>
TOTAL ASSETS		<u>227,508</u>	<u>215,574</u>	<u>114,610</u>	<u>101,118</u>

EQUITY AND LIABILITIES

	Group		Company	
	US\$'000		US\$'000	
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
Current liabilities				
Accounts payable and other current liabilities	8,724	8,753	1,941	1,621
Due to subsidiaries (trade)	–	–	–	–
Term loans (current portion)	Note 4 833	–	833	–
Dividends payable	235	–	235	–
Bank loans	Note 4 13,792	9,306	–	–
Income tax payable	1,835	2,567	–	–
	<u>25,419</u>	<u>20,626</u>	<u>3,009</u>	<u>1,621</u>
NET CURRENT ASSETS (LIABILITIES)	135,676	142,743	78,091	70,455
Non-current liabilities				
Term loans	Note 4 19,167	–	19,167	–
Lease liabilities – net of current portion	3,094	5,791	349	337
Deferred tax liabilities	176	147	–	–
Other non-current liabilities	1,125	1,103	226	240
	<u>23,562</u>	<u>7,041</u>	<u>19,742</u>	<u>577</u>
TOTAL LIABILITIES	48,981	27,667	22,751	2,198
NET ASSETS	178,527	187,907	91,859	98,920
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	35	52	49	49
Foreign currency translation reserve	62	2,397	–	–
Other reserves	284	394	561	561
Revenue reserves	145,323	152,291	61,418	68,230
Less: Treasury shares	(2,361)	(2,112)	(2,361)	(2,112)
	<u>175,535</u>	<u>185,214</u>	<u>91,859</u>	<u>98,920</u>
Non-controlling interests	2,992	2,693	–	–
Total equity	178,527	187,907	91,859	98,920
TOTAL EQUITY AND LIABILITIES	227,508	215,574	114,610	101,118

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

Note 1 Increase in Property, Plant and Equipment is due to the ongoing construction of the glove factory in Cambodia and new machineries in Philippines.

Note 2 Increase in Other Non-current Assets is primarily due to the acquisition of bonds in Cambodia for financial income investments.

Note 3 Increase in Fixed Deposits is due to new bank deposit placements for both financial income earnings and restricted bank deposits for loan borrowings.

Note 4 Increase in Bank and Term Loans is due to additional borrowings for capital expenditures and working capital requirements.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Group US\$'000	
Latest Half Year Ended 30 June 2022	Previous Half Year Ended 30 June 2021

OPERATING ACTIVITIES

Profit (loss) before tax	(4,325)	18,703
Adjustments for:		
Depreciation	1,532	1,757
Amortization of:		
Assets held for leasing	1,048	1,060
Right-of-use assets	487	318
Financial expense	465	468
Other finance costs	62	30
Dividend income	(206)	–
Financial income	(235)	(13)
Operating cash flows before working capital changes	(1,172)	22,323
Change in operating assets:		
Other current assets	(777)	5,279
Trade receivables	1,829	1,245
Inventories	56	3,450
Change in operating liabilities:		
Pension benefits obligation	5	35
Accounts payable and other current liabilities	(474)	(8,007)
Net cash generated from (used in) operations	(533)	24,325
Income taxes received (paid)	(294)	151
Other finance costs paid	(62)	(30)
Dividends received	206	–
Interest received	235	13
Net cash generated from (used in) operating activities	(448)	24,459

Group US\$'000	
Latest Half Year Ended 30 June 2022	Previous Half Year Ended 30 June 2021

INVESTING ACTIVITIES

Purchases of property, plant and equipment	(6,796)	(2,711)
Decrease / (Increase) in:		
Assets held for leasing	(601)	(1,191)
Right-of-use assets	(4,500)	–
Other non-current assets	(4,351)	1,810
Net cash used in investing activities	(16,248)	(2,092)

FINANCING ACTIVITIES

Proceeds / (Payment) of short-term bank loans – net	4,486	(20,435)
Proceeds / (Payment) of term loans – net	20,000	(940)
Payment of cash dividends	(3,034)	(22,840)
Decrease / (Increase) in fixed deposits	(13,766)	3,555
Interest paid	(207)	(318)
Decrease in deferred lease income	–	(4)
Purchase of treasury shares	(249)	(2,112)
Payment of lease liabilities	(584)	(316)
Minority investment	500	–
Net cash generated from (used in) financing activities	7,146	(43,410)
Net decrease in cash and bank balances	(9,550)	(21,043)
Cash and bank balances at beginning of period	49,015	82,161
Cash and bank balances at end of period	39,465	61,118

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group

US\$'000										
Attributed to equity holders of the Group								Non-controlling interests	Total equity	
Share capital	Share premium	Actuarial gains (losses)	Translation reserves	Revenue reserves	Other Reserves	Total reserves	Treasury shares			
Balance at 31 December 2020	27,471	4,721	(142)	3,232	157,789	394	161,415	–	1,025	194,490
Net profit for the period	–	–	–	–	19,066	–	19,066	–	(561)	18,505
Other comprehensive loss	–	–	10	(867)	–	–	(867)	–	–	(857)
Total comprehensive income (loss) for the period	–	–	10	(867)	19,066	–	18,199	–	(561)	17,648
Purchase of treasury shares	–	–	–	–	–	–	–	(2,112)	–	(2,112)
Cash dividends	–	–	–	–	(22,840)	–	(22,840)	–	–	(22,840)
Balance at 30 June 2021	27,471	4,721	(132)	2,365	154,015	394	156,774	(2,112)	464	187,186
Net loss for the period	–	–	–	–	(1,724)	–	(1,724)	–	(271)	(1,995)
Other comprehensive income	–	–	184	32	–	–	32	–	–	216
Total comprehensive income (loss) for the period	–	–	184	32	(1,724)	–	(1,692)	–	(271)	(1,779)
Minority investment	–	–	–	–	–	–	–	–	2,500	2,500
Balance at 31 December 2021	27,471	4,721	52	2,397	152,291	394	155,082	(2,112)	2,693	187,907
Net loss for the period	–	–	–	–	(3,699)	–	(3,699)	–	(201)	(3,900)
Other comprehensive loss	–	–	(17)	(2,335)	–	(110)	(2,445)	–	–	(2,462)
Total comprehensive loss for the period	–	–	(17)	(2,335)	(3,699)	(110)	(6,144)	–	(201)	(6,362)
Minority investment	–	–	–	–	–	–	–	–	500	500
Purchase of treasury shares	–	–	–	–	–	–	–	(249)	–	(249)
Cash dividends	–	–	–	–	(3,269)	–	(3,269)	–	–	(3,269)
Balance at 30 June 2022	27,471	4,721	35	62	145,323	284	145,669	(2,361)	2,992	178,527

Company

	US\$'000								
	Attributed to equity holders of the Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Actuarial gains (losses)	Revenue reserves	Other reserves	Total reserves			Treasury shares
Balance at 31 December 2020	27,471	4,721	11	74,340	561	74,901	–	–	107,104
Net income for the period, representing total comprehensive income for the period	–	–	–	17,791	–	17,791	–	–	17,791
Purchase of treasury shares	–	–	–	–	–	–	(2,112)	–	(2,112)
Cash dividends	–	–	–	(22,840)	–	(22,840)	–	–	(22,840)
Balance at 30 June 2021	27,471	4,721	11	69,291	561	69,852	(2,112)	–	99,943
Net loss for the period	–	–	–	(1,061)	–	(1,061)	–	–	(1,061)
Other comprehensive income for the period	–	–	38	–	–	–	–	–	38
Total comprehensive income (loss) for the period	–	–	38	(1,061)	–	(1,061)	–	–	(1,023)
Balance at 31 December 2021	27,471	4,721	49	68,230	561	68,791	(2,112)	–	98,920
Net loss for the period, representing total comprehensive loss for the period	–	–	–	(3,543)	–	(3,543)	–	–	(3,543)
Purchase of treasury shares	–	–	–	–	–	–	(249)	–	(249)
Cash dividends	–	–	–	(3,269)	–	(3,269)	–	–	(3,269)
Balance at 30 June 2022	27,471	4,721	49	61,418	561	61,979	(2,361)	–	91,859

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

1. CORPORATE INFORMATION

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

2.1 Basis of preparation

The condensed interim financial statements of the Company and its subsidiaries (collectively, the “Group”) have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The condensed interim financial statements of the Group for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2021.

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

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

2.2 New and amended standards adopted by the Group

A number of amendments to Standards 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.

2.3 Use of judgments and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION

Business segments

The *manufacturing segment* produces and sub-contracts a wide range of medical consumables, including patients' apparels, disposable surgical masks, boot covers and surgical gowns, underpads, adult diapers, 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 half-years ended 30 June 2022 and 30 June 2021.

Half-Year Ended 30 June 2022

	Manufacturing US\$'000	Hospital services US\$'000	Distribution and others US\$'000	Group US\$'000
Revenue	20,317	7,263	4,024	31,604
Results	(5,290)	453	598	(4,239)
Financial expenses				(527)
Financial income				441
Income tax benefit				425
Net loss for the period				(3,900)
Total assets	208,140	14,981	4,387	227,508
Total liabilities	48,561	362	58	48,981
<i>Other segment information:</i>				
Capital expenditure	6,796	–	–	6,796
Depreciation and amortization	1,963	1,048	56	3,067
Other non-cash expenses - net	263	–	–	263

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(a) Business segments (continued)

Half-Year Ended 30 June 2021

	Manufacturing US\$'000	Hospital services US\$'000	Distribution and others US\$'000	Group US\$'000
Revenue	71,714	7,579	6,010	85,303
Results	18,734	145	309	19,188
Financial expenses				(498)
Financial income				13
Income tax expense				(198)
Net profit for the year				18,505
Total assets	189,100	13,434	7,240	209,774
Total liabilities	19,982	2,553	53	22,588
<i>Other segment information:</i>				
Capital expenditure	2,711	–	–	2,711
Depreciation and amortization	2,019	1,060	56	3,135
Other non-cash expenses - net	185	–	–	185

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(b) Geographical segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the half-years ended 30 June 2022 and 30 June 2021.

Half-Year Ended 30 June ("1H") 2022	North America US\$'000	Asia Pacific US\$'000	Europe US\$'000	Australia US\$'000	Group US\$'000
Revenue	5,686	17,617	7,850	451	31,604
Results	(763)	(2,363)	(1,053)	(60)	(4,239)
Financial expenses					(527)
Financial income					441
Income tax benefit					425
Net loss for the period					(3,900)
Total assets	5,184	220,968	1,356	–	227,508
Total liabilities	–	48,981	–	–	48,981
<i>Other segment information:</i>					
Capital expenditures	–	6,796	–	–	6,796
Depreciation and amortization	–	3,067	–	–	3,067
Other non-cash expenses - net	–	263	–	–	263

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

(b) Geographical segments (continued)

Half-Year Ended 30 June 2021	North America US\$'000	Asia Pacific US\$'000	Europe US\$'000	Australia US\$'000	Group US\$'000
Revenue	30,575	35,017	19,711	–	85,303
Results	6,877	7,877	4,434	–	19,188
Financial expenses					(498)
Financial income					13
Income tax expense					(198)
Net profit for the year					18,505
Total assets	7,613	198,051	4,110	–	209,774
Total liabilities	–	22,588	–	–	22,588
<i>Other segment information:</i>					
Capital expenditures	–	2,711	–	–	2,711
Depreciation and amortization	–	3,135	–	–	3,135
Other non-cash expenses - net	–	185	–	–	185

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. SEGMENT AND REVENUE INFORMATION (continued)

Disaggregation of revenue

	Manufacturing		Hospital Services		Distribution and Others		Total	
	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Primary geographical markets								
North America	5,686	30,575	–	–	–	–	5,686	30,575
Asia Pacific	6,330	21,428	7,263	7,579	4,024	6,010	17,617	35,017
Europe	7,850	19,711	–	–	–	–	7,850	19,711
Australia	451	–	–	–	–	–	451	–
	20,317	71,714	7,263	7,579	4,024	6,010	31,604	85,303
Revenue from contracts								
Revenue from manufacturing	20,317	71,714	–	–	–	–	20,317	71,714
Revenue from hospital services	–	–	7,263	7,579	–	–	7,263	7,579
Revenue from distribution and others	–	–	–	–	4,024	6,010	4,024	6,010
	20,317	71,714	7,263	7,579	4,024	6,010	31,604	85,303
Timing of transfer of goods or services								
At a point in time	20,317	71,714	–	–	3,720	5,706	24,037	77,420
Over time	–	–	7,263	7,579	304	304	7,567	7,883
	20,317	71,714	7,263	7,579	4,024	6,010	31,604	85,303

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. FINANCIAL INSTRUMENTS

As at 30 June 2022		Other financial	
Group	Financial assets	liabilities	Total
	US\$'000	US\$'000	US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	62,506	–	62,506
Trade receivables	39,548	–	39,548
Other current assets*	1,348	–	1,348
	<u>103,402</u>	<u>–</u>	<u>103,402</u>
Financial liabilities:			
Bank loans	–	(13,792)	(13,792)
Trade payables and other current liabilities**	–	(7,607)	(7,607)
Dividends payable	–	(235)	(235)
Term loans	–	(20,000)	(20,000)
Lease liabilities	–	(4,082)	(4,082)
	<u>–</u>	<u>(45,716)</u>	<u>(45,716)</u>
	<u>103,402</u>	<u>(45,716)</u>	<u>57,686</u>

*excluding non-financial assets

**excluding non-financial liabilities

As at 30 June 2022		Other financial	
Company	Financial assets	liabilities	Total
	US\$'000	US\$'000	US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	19,309	–	19,309
Trade receivables	29,320	–	29,320
Other current assets*	1,059	–	1,059
Due from subsidiaries (trade)	24,370	–	24,370
	<u>74,058</u>	<u>–</u>	<u>74,058</u>
Financial liabilities:			
Trade payables and other current liabilities**	–	(1,780)	(1,780)
Dividends payable	–	(235)	(235)
Term loans	–	(20,000)	(20,000)
Lease liabilities	–	(488)	(488)
	<u>–</u>	<u>(22,503)</u>	<u>(22,503)</u>
	<u>74,058</u>	<u>(22,503)</u>	<u>51,555</u>

*excluding non-financial assets

**excluding non-financial liabilities

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4. FINANCIAL INSTRUMENTS (continued)

As at 31 December 2021

Group	Financial assets US\$'000	Other financial liabilities US\$'000	Total US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	58,290	–	58,290
Trade receivables	42,347	–	42,347
Other current assets*	5,446	–	5,446
	<u>106,083</u>	<u>–</u>	<u>106,083</u>
Financial liabilities:			
Bank loans	–	(9,306)	(9,306)
Trade payables and other current liabilities**	–	(7,597)	(7,597)
Lease liabilities	–	(6,779)	(6,779)
	<u>–</u>	<u>(23,682)</u>	<u>(23,682)</u>
	<u>106,083</u>	<u>(23,682)</u>	<u>82,401</u>

*excluding non-financial assets

**excluding non-financial liabilities

As at 31 December 2021

Company	Financial assets US\$'000	Other financial liabilities US\$'000	Total US\$'000
Financial assets:			
Cash and bank balances and fixed deposits	15,711	–	15,711
Trade receivables	25,785	–	25,785
Other current assets*	4,028	–	4,028
Due from subsidiaries (trade)	20,518	–	20,518
	<u>66,042</u>	<u>–</u>	<u>66,042</u>
Financial liabilities:			
Trade payables and other current liabilities**	–	(1,458)	(1,458)
Lease liabilities	–	(476)	(476)
	<u>–</u>	<u>(1,934)</u>	<u>(1,934)</u>
	<u>66,042</u>	<u>(1,934)</u>	<u>64,108</u>

*excluding non-financial assets

**excluding non-financial liabilities

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. TAXATION

The major components of income tax expense (benefit) for the half-years ended 30 June 2022 and 30 June 2021 are:

	Group		Company	
	1H2022 US\$'000	1H2021 US\$'000	1H2022 US\$'000	1H2021 US\$'000
Current	(438)	232	–	–
Deferred income tax:				
Origination and reversal of temporary differences	13	(34)	–	–
Income tax expense (benefit) recognised in the profit and loss accounts	(425)	198	–	–

6. DIVIDENDS

On 27 May 2022, the Board of Directors issued a notice on the declaration of cash dividends amounting to US\$0.0060 per ordinary share (tax not applicable) to shareholders of record as of 16 June 2022. Cash dividends amounting to US\$3.0 million were paid on 30 June 2022, with remaining dividends payable as of 30 June 2022 amounting to US\$235,000 subsequently paid on 13 July 2022.

7. INVESTMENT PROPERTIES

	Group	
	2022 US\$'000	2021 US\$'000
Cost:		
As at 1 January	5,465	5,465
Accumulated depreciation:		
As at 1 January	2,737	2,626
Depreciation charge for the period	56	56
As at 30 June	2,793	2,682
Net carrying amount as at 30 June	2,672	2,783

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. A valuation of the fair value of the investment properties was performed by an independent appraiser. Aggregate fair value of the investment properties was determined using the income approach. Income approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The discount rate of 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 2021, 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. LOANS AND BORROWINGS

Amount repayable in one year or less, or on demand

As at 30 June 2022 US\$'000		As at 31 December 2021 US\$'000	
Secured	Unsecured	Secured	Unsecured
13,616	1,009	5,417	3,889

Amount repayable after one year

As at 30 June 2022 US\$'000		As at 31 December 2021 US\$'000	
Secured	Unsecured	Secured	Unsecured
4,167	15,000	–	–

Details of any collateral

The Group's secured borrowings comprised:

- Secured short-term bank loans of approximately US\$13.6 million and US\$5.4 million as of 30 June 2022 and 31 December 2021, respectively, are secured by property, plant and equipment and guarantee deposit, with net book values of approximately US\$5.7 million and US\$5.8 million as of 30 June 2022 and 31 December 2021, respectively.
- Secured long-term bank loan of approximately US\$4.2 million as of 30 June 2022 is secured by a fixed deposit amounting to US\$500,000.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment amounting to US\$6.7 million (30 June 2021: US\$2.7 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

10. SHARE CAPITAL

10.1 Share Capital

	<u>Group and Company</u>
	US\$'000
Authorised	
As at 1 January 2021, 31 December 2021 and 30 June 2022	50,000
- 1,000,000,000 ordinary shares of US\$0.05 each	
Issued and paid up	
As at 1 January 2021 and 31 December 2021	27,321
- 546,411,240 ordinary shares of US\$0.05 each	
As at 30 June 2022	27,246
- 544,911,240 ordinary shares of US\$0.05 each	

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

10.2 Treasury Shares

	<u>Group and Company</u>
	US\$'000
As at 1 January 2021 and 31 December 2021	2,112
- 3,000,000 treasury shares	
As at 30 June 2022	2,361
- 4,500,000 treasury shares	

On 28 March 2022, the Company had repurchased 1.5 million shares for a total consideration amounting to approximately US\$249,000, which are held as treasury shares (2021: 3 million shares amounting to US\$2.11 million). Save as aforesaid, there were no changes in the share capital of the Company in the half-year ended 30 June 2022.

The total number of issued Shares (excluding treasury shares) as at 30 June 2022 and 31 December 2021 was 544,911,240 and 546,411,240 respectively. The total number of treasury shares as at 30 June 2022 and 31 December 2021 was 4,500,000 and 3,000,000 respectively, which represented approximately 0.83% and 0.55% of the total number of issued Shares (excluding treasury shares) of 544,911,240 and 546,411,240 as at 30 June 2022 and 31 December 2021, respectively.

The Company had no convertibles or subsidiary holdings as at 30 June 2022 and 30 June 2021.

11. SUBSEQUENT EVENTS

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

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

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at and for the financial year ended 31 December 2021.

2. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable.

3. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) based on the weighted average number of ordinary shares on issue and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

Group	
First Half Ended 30 June 2022	First Half Ended 30 June 2021

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

(i) Based on weighted average number of ordinary shares in issue during the period	(0.678 US cents)	3.483 US cents
(ii) On a fully diluted basis	(0.678 US cents)	3.483 US cents

Explanatory note to 3 (i) and (ii)

Earnings (loss) per share for the financial periods ended 30 June 2022 and 30 June 2021 are calculated based on the weighted average number of issued ordinary shares, excluding treasury shares, during the financial periods ended 30 June 2022 and 30 June 2021 of 545,661,240 and 547,411,240, respectively. There were no adjustments made to the earnings since the effects of share options are anti-dilutive.

4. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on and (b) immediately preceding financial year.

Group	
As at 30 June 2022	As at 31 December 2021

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	32.76 US cents	34.39 US cents
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Company	
As at 30 June 2022	As at 31 December 2021

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

16.86 US cents

18.10 US cents

Explanatory note to 4

The net asset value per ordinary share is calculated based on 544,911,240 and 546,411,240 issued shares, excluding treasury shares, as at 30 June 2022 and 31 December 2021, respectively.

5. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Business Overview

The Group's revenue decreased by 63.0% from US\$85.3 million in 1H21 to US\$31.6 million in 1H22 on continued decline in demand and average selling price (ASP) of Personal Protective Equipment (PPE) and facemasks. Prior year's inventory build-up of our existing manufacturing customers and one-off sales in 1H21 also contributed to the decline in revenue. The Group continues to leverage its e-commerce business to grow its sales and distribution channel from the increased marketing, advertising and distribution expenses to promote 'Medtecs' branded products.

Revenue

Revenue from the Manufacturing division decreased by 71.7% from US\$71.7 million in 1H21 to US\$20.3 million in 1H22 due to lower sales of PPEs and facemasks to customers from decrease in global demand.

Revenue from the Hospital Services division also decreased slightly by 4.2% from US\$7.6 million in 1H21 to US\$7.2 million in 1H22 due to non-renewal of some hospital contracts in Taiwan and Philippines.

Revenue from the Trading and Distribution division decreased by 33.0% from US\$6.0 million in 1H21 to US\$4.0 million in 1H22 arising from lower domestic sales in Taiwan.

Profitability

The Group's gross profit decreased by 72.5% from US\$30.8 million in 1H21 to US\$8.5 million in 1H22 mainly from lower demand and ASPs for PPE and facemasks.

Gross profit from the Manufacturing division decreased by 76.7% from US\$27.6 million in 1H21 to US\$6.4 million in 1H22 due to decline in orders from existing customers and lower ASPs for PPE and facemasks.

Gross profit from the Hospital Services division decreased by 14.3% from US\$1.0 million in 1H21 to US\$897,000 in 1H22 from lower revenues and higher linen costs.

Gross profit from the Trading and Distribution division decreased by 46.3% from US\$2.1 million in 1H21 to US\$1.1 million in 1H22 due to decline in demand and ASP of PPEs and facemasks in the global market.

Other operating income increased significantly by 5,600.0% from loss of US\$8,000 in 1H21 to income of US\$440,000 in 1H22 primarily due to foreign exchange gains during the period arising from effective management of non-USD denominated foreign currencies.

Distribution and selling expense increased slightly by 0.7% from US\$5.9 million in 1H21 to US\$6.0 million in 1H22 due to increase in storage fees from warehouses for our e-Commerce business. Administrative expenses increased by 27.2% from US\$5.6 million in 1H21 to US\$7.1 million in 1H22 due to higher corporate expenses and additional operating expenses from our new glove factory in Cambodia.

Financial expenses increased by 5.8% from US\$498,000 in 1H21 to US\$527,000 in 1H22 due to increase in borrowings and interest rates.

Income tax expense decreased by 314.6% from US\$198,000 in 1H21 to an income tax benefit of US\$425,000 in 1H22 due to the net operating losses incurred by subsidiaries.

Overall, the Group's net profit after tax decreased from US\$18.5 million in 1H21 to a net loss after tax of US\$3.9 million in 1H22 due to lower sales and global decline in ASPs of PPEs and facemasks, and higher operating expenses.

Cash Flow and Balance Sheet

The Group's total assets increased from US\$215.5 million as at 31 December 2021 to US\$227.5 million as at 30 June 2022 due to increase in cash and fixed deposits from various loan availments and collections of receivables during the period. Property, plant and equipment increased from US\$32.1 million as at 31 December 2021 to US\$41.0 million as at 30 June 2022 from the ongoing construction of the glove factory in Cambodia and some additional machineries in Philippines.

The cash outflow for purchases of property increased from US\$2.7 million in 1H21 to US\$6.8 million in 1H22 because of additional capital expenditures for the glove factory construction.

The Group's term loans and bank loans increased by US\$24.5 million from US\$9.3 million as at 31 December 2021 to US\$33.8 million as at 30 June 2022 due to additional borrowings during the period.

The cash inflow of US\$7.1 million from financing activities in 1H22 was due to higher loan availments, net of payment of interest, lease, cash dividends, share buybacks and new fixed deposits availed during the period.

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

While the Company's announcement dated 1 March 2022 of its unaudited full year financial results for FY2021 had disclosed that barring unforeseen circumstances, the Group is expected to remain profitable, the Company's profit guidance announcement released on 20 July 2022 had subsequently disclosed that the Company is expected to generate a loss for the half year ended 30 June 2022 due to lower orders from OEM clients and reduction in demand and average selling prices of PPE and facemasks globally.

The Group's financial results for the half year ended 30 June 2022 are consistent with the aforementioned profit guidance previously disclosed to shareholders.

7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Looking ahead to the second half of the year, we see a continued decline in demand for PPEs and facemasks as the world gradually recovers from lockdowns and disruptions related to the pandemic. The Group remains vigilant in disease prevention and continues to come up with stock-piling solutions to the government and institutional customers to ensure a stable supply of our protective products, especially with the emergence of new and more infectious coronavirus variants and the Monkey Pox outbreak.

As part of our growth strategy, we have substantially completed a fully integrated manufacturing facility for nitrile gloves in Cambodia and expect to start commercial operations in the 3rd quarter of 2022. We also have completed vertical integration of the facemask production facility in the Philippines. This ensures product quality and minimizes supply chain disruption. As we work on becoming a one-stop total solution provider for healthcare needs.

The Group will capitalize on our expanded production capacity of key products such as facemasks, isolation gowns, and other protective apparels to maintain our competitiveness in terms of quality and cost. The Group will continue to accelerate automation of production facilities while at the same time, outsource non-critical production processes.

The Group will make full use of e-commerce platforms through the business model of "Source and Sell Globally", which will drive customer engagement and help the Group source for better-quality raw materials and suppliers of PPE. The Group has continued to grow the Medtecs and CoverU branded protective equipment and disease prevention products as we strengthen our business to consumer (B2C) services both through e-commerce platform and through retail distribution hubs like drug store, convenience stores and supermarkets.

The Group has capitalized its manufacturing presence in the Philippines as it has several stockpiling contracts for PPEs and military uniform with the government. We have successfully partnered up with a local distributor and key developer of high-end medical devices such as handheld ultrasound devices, and expect to launch these products in the Philippines in the next few months.

The COVID-19 pandemic has increased awareness and demand for the Group's healthcare products and PPE. With the above-mentioned sales and operational strategies, the Group will continue to build awareness for its own brand, develop and expand sales channels, while at the same time, focus on maintaining our competitiveness as a trusted original equipment manufacturer for medical institutes and healthcare providers. The Group remains and will continue to strive to be in the forefront of safety and disease control and management with our high-quality PPE and healthcare related products.

8. If a decision regarding dividend has been made:

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

No.

(b)

(i) Amount per share

Not applicable.

(ii) Previous corresponding period

A final cash dividend per share of US\$0.0060 per ordinary share was declared in respect of the full-year ended 31 December 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)

Not Applicable

(d) The date the dividend is payable

Not Applicable

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

Not Applicable

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

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

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

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

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

The board of directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the half year ended 30 June 2022 to be false or misleading in any material respect.

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

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

ON BEHALF OF THE BOARD

Clement Yang Ker-Cheng
Chairman
Date: 14 August 2022