



## MEDTECS INTERNATIONAL CORPORATION LIMITED

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This announcement has not been examined or approved by the Exchange. The Exchange assumes 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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### Unaudited Half Year Financial Statements For The Period Ended 30 June ("1H") 2023

#### CONDENSED INTERIM STATEMENTS OF INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2023	Previous Half Year Ended 30 June 2022	Increase/ (Decrease)
<b>Revenue</b>	26,538	31,604	(16.0)
Costs of sales and services	(22,281)	(23,141)	(3.7)
<b>Gross profit</b>	4,257	8,463	(49.7)
<b>Other items of income</b>			
Other operating income, net	964	440	119.1
Financial income	663	441	50.3
<b>Other items of expense</b>			
Distribution and selling expenses	(4,119)	(6,025)	(31.6)
Administrative expenses	(7,118)	(7,117)	–
Financial expenses	(395)	(527)	(25.0)
<b>Loss before tax</b>	(5,748)	(4,325)	32.9
Income tax benefit (expense)	(21)	425	104.9
<b>Net loss for the period</b>	(5,769)	(3,900)	47.9
<b>Attributable to:</b>			
Equity holders of the Company	(5,358)	(3,699)	44.8
Non-controlling interests	(411)	(201)	104.5
<b>Net loss for the period</b>	(5,769)	(3,900)	47.9

US\$'000	
Latest Half Year Ended 30 June 2023	Previous Half Year Ended 30 June 2022

Depreciation	2,086	1,532
Amortisation of:		
Assets held for leasing	1,006	1,048
Right-of-use assets	544	487
Interest expense on:		
Loans	225	207
Lease liabilities	143	258
Other finance cost	27	62
Interest income	(608)	(235)
Dividend income	(55)	(206)
Gain on disposal of property, plant and equipment	(361)	–
Foreign exchange loss/(gain)	(126)	357

## CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2023	Previous Half Year Ended 30 June 2022	Increase/ (Decrease)
Loss after tax	(5,769)	(3,900)	47.9
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation	179	(2,335)	107.7
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	235	(110)	313.6
Actuarial losses	–	(17)	(100.0)
Total comprehensive loss	<u>(5,355)</u>	<u>(6,362)</u>	<u>(15.8)</u>
<b>Attributable to:</b>			
Equity holders of the Company	(4,944)	(6,161)	(19.8)
Non-controlling interests	(411)	(201)	104.5
Total comprehensive loss	<u>(5,355)</u>	<u>(6,362)</u>	<u>(15.8)</u>

## CONDENSED INTERIM BALANCE SHEETS

	Group US\$'000		Company US\$'000		
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment, net	44,461	45,846	157	194	
Investment properties	2,563	2,617	–	–	
Assets held for leasing	3,930	4,116	–	–	
Right-of-use of asset	9,362	9,903	4,599	4,701	
Investment in subsidiaries	–	–	28,352	28,352	
Goodwill	709	709	–	–	
Deferred tax assets	2,147	2,106	–	–	
Other non-current assets	7,688	8,617	105	112	
	<u>70,860</u>	<u>73,914</u>	<u>33,213</u>	<u>33,359</u>	
<b>Current assets</b>					
Inventories	Note 1	39,521	36,394	1,032	3,304
Trade receivables	Note 2	28,740	30,358	22,686	25,870
Other current assets	Note 3	8,926	6,102	4,348	2,277
Due from subsidiaries (trade)		–	–	20,403	16,925
Fixed deposits		18,503	17,159	–	–
Cash and bank balances	Note 4	15,180	18,122	566	3,366
		<u>110,870</u>	<u>108,135</u>	<u>49,035</u>	<u>51,742</u>
<b>TOTAL ASSETS</b>		<u>181,730</u>	<u>182,049</u>	<u>82,248</u>	<u>85,101</u>

EQUITY AND LIABILITIES	Group US\$'000		Company US\$'000	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
<b>Current liabilities</b>				
Accounts payable and other current liabilities	6,547	6,447	851	776
Lease liabilities	575	575	129	129
Bank loans	Note 5	15,643	–	–
Income tax payable	2,483	2,415	–	–
	30,223	25,080	980	905
<b>NET CURRENT ASSETS (LIABILITIES)</b>	80,647	83,055	48,055	50,837
<b>Non-current liabilities</b>				
Lease liabilities – net of current portion	3,179	3,335	210	187
Deferred tax liabilities	391	391	13	13
Other non-current liabilities	977	928	181	167
	4,547	4,654	404	367
<b>TOTAL LIABILITIES</b>	34,770	29,734	1,384	1,272
<b>NET ASSETS</b>	146,960	152,315	80,864	83,829
<b>Equity attributable to equity holders of the Company</b>				
Share capital	27,471	27,471	27,471	27,471
Share premium	4,721	4,721	4,721	4,721
Actuarial gains	250	250	105	105
Foreign currency translation reserve	(556)	(735)	–	–
Other reserves	254	19	561	561
Revenue reserves	115,066	120,424	50,367	53,332
Less: Treasury shares	(2,361)	(2,361)	(2,361)	(2,361)
	144,845	149,789	80,864	83,829
<b>Non-controlling interests</b>	2,115	2,526	–	–
<b>Total equity</b>	146,960	152,315	80,864	83,829
<b>TOTAL EQUITY AND LIABILITIES</b>	181,730	182,049	82,248	85,101

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

Note 1 Increase in Inventories is due to the increase in stock from production of gloves in Cambodia and build-up of inventory for upcoming orders.

Note 2 Decrease in Trade Receivables is primarily due to the collection of receivables from the Philippine government for stockpiling projects in Philippines.

Note 3 Increase in Other Current Assets is due to advance payments to suppliers for materials to be used in the glove production.

Note 4 Decrease in Cash and bank balances is due to net spending for the manufacturing operations of the glove factory.

Note 5 Increase in Bank Loans is due to additional short-term borrowings for working capital requirements of the Group.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Group US\$'000	
Latest Half Year Ended 30 June 2023	Previous Half Year Ended 30 June 2022

### OPERATING ACTIVITIES

Loss before tax	(5,748)	(4,325)
Adjustments for:		
Depreciation	2,086	1,532
Amortization of:		
Assets held for leasing	1,006	1,048
Right-of-use assets	544	487
Provision for inventory losses	440	–
Financial expense	368	465
Other finance costs	27	62
Dividend income	(55)	(206)
Financial income	(608)	(235)
Net changes in pension benefits obligation	49	5
Gain on disposal of property, plant and equipment	(361)	–
Operating cash flows before working capital changes	(2,252)	(1,167)
Change in operating assets:		
Other current assets	(2,537)	(777)
Trade receivables	1,685	1,829
Inventories	(3,499)	56
Fixed deposits	(1,344)	(13,766)
Change in operating liabilities:		
Accounts payable and other current liabilities	144	(474)
Net cash used in operations	(7,803)	(14,299)
Income taxes received (paid)	6	(294)
Other finance costs paid	(27)	(62)
Net cash used in operating activities	(7,824)	(14,655)

Group US\$'000	
Latest Half Year Ended 30 June 2023	Previous Half Year Ended 30 June 2022

### INVESTING ACTIVITIES

Purchases of property, plant and equipment	(647)	(6,796)
Proceeds from disposal of property, plant and equipment	361	–
Decrease / (Increase) in:		
Assets held for leasing	(820)	(601)
Right-of-use assets	–	(4,500)
Other non-current assets	1,164	(4,351)
Dividends received	55	206
Interest received	608	235
Net cash generated from (used in) investing activities	721	(15,807)

### FINANCING ACTIVITIES

Proceeds / (Payment) of short-term bank loans – net	4,975	4,486
Proceeds / (Payment) of term loans – net	–	20,000
Payment of cash dividends	–	(3,034)
Interest paid	(225)	(207)
Purchase of treasury shares	–	(249)
Payment of lease liabilities	(589)	(584)
Minority investment	–	500
Net cash generated from financing activities	4,161	20,912
Net decrease in cash and bank balances	(2,942)	(9,550)
Cash and bank balances at beginning of period	18,122	49,015
Cash and bank balances at end of period	15,180	39,465

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

### Group

	US\$'000									
	Attributed to equity holders of the Group							Treasury shares	Non-controlling interests	Total equity
	Share capital	Share premium	Actuarial gains	Translation reserves	Revenue reserves	Other Reserves	Total reserves			
<b>Balance at 31 December 2021</b>	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	–	–	–	–	(3,271)	–	(3,271)	–	–	(3,271)
<b>Balance at 30 June 2022</b>	27,471	4,721	35	62	145,321	284	145,667	(2,361)	2,992	178,525
Net loss for the period	–	–	–	–	(24,897)	–	(24,897)	–	(466)	(25,363)
Other comprehensive income (loss)	–	–	215	(797)	–	(265)	(1,062)	–	–	(847)
Total comprehensive income (loss) for the period	–	–	215	(797)	(24,897)	(265)	(25,959)	–	(466)	(26,210)
<b>Balance at 31 December 2022</b>	27,471	4,721	250	(735)	120,424	19	119,708	(2,361)	2,526	152,315
Net loss for the period	–	–	–	–	(5,358)	–	(5,358)	–	(411)	(5,769)
Other comprehensive income	–	–	–	179	–	235	414	–	–	414
Total comprehensive income (loss) for the period	–	–	–	179	(5,358)	235	(4,944)	–	(411)	(5,355)
<b>Balance at 30 June 2023</b>	27,471	4,721	250	(556)	115,066	254	114,764	(2,361)	2,115	146,960



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			
<b>Balance at 31 December 2021</b>	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	–	–	–	(3,271)	–	(3,271)	–	–	(3,271)
<b>Balance at 30 June 2022</b>	27,471	4,721	49	61,416	561	61,977	(2,361)	–	91,857
Net loss for the period	–	–	–	(8,084)	–	(8,084)	–	–	(8,084)
Other comprehensive income for the period	–	–	56	–	–	–	–	–	56
Total comprehensive income (loss) for the period	–	–	56	(8,084)	–	(8,084)	–	–	(8,028)
<b>Balance at 31 December 2022</b>	27,471	4,721	105	53,332	561	53,893	(2,361)	–	83,829
Net loss for the period, representing total comprehensive loss for the period	–	–	–	(2,965)	–	(2,965)	–	–	(2,965)
<b>Balance at 30 June 2023</b>	27,471	4,721	105	50,367	561	50,928	(2,361)	–	80,864

## 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 and nitrile gloves.

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 2023 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 2022.

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 2022.

## 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, blankets, bed linens and medical bandages. These medical consumables are supplied to large multinational corporate medical distributors, group purchasing organisations, pharmaceutical companies and hospital groups in North America and Europe.

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

The *distribution segment* markets Medtecs-branded medical consumables to hospitals, pharmacies and other end users in Asia Pacific and through online channels. The Group also leverages its distribution network to market other branded medical supplies and equipment such as wheel chairs, syringes, and wireless hand-held ultrasounds.

#### 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 2023 and 30 June 2022.

#### Half-Year Ended 30 June 2023

	Manufacturing US\$'000	Hospital services US\$'000	Distribution and others US\$'000	Group US\$'000
Revenue	17,536	7,342	1,660	26,538
Results	(6,458)	523	(81)	(6,016)
Financial expenses				(395)
Financial income				663
Income tax expense				(21)
Net loss for the period				(5,769)
Total assets	162,851	15,978	2,901	181,730
Total liabilities	34,393	270	13	34,676
<i>Other segment information:</i>				
Capital expenditure	535	112	–	647
Depreciation and amortization	2,265	1,317	54	3,636
Provision for inventory obsolescence	440	–	–	440
Other non-cash expenses - net	(169)	–	–	(169)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**3. SEGMENT AND REVENUE INFORMATION (continued)**

**(a) Business segments (continued)**

**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 year				(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)

#### (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 2023 and 30 June 2022.

<b>Half-Year Ended 30 June 2023</b>	North America US\$'000	Asia Pacific US\$'000	Europe US\$'000	Australia US\$'000	Group US\$'000
Revenue	3,225	14,059	9,254	–	26,538
Results	(731)	(3,187)	(2,098)	–	(6,016)
Financial expenses					(395)
Financial income					663
Income tax expense					(21)
Net loss for the period					(5,769)
Total assets	590	178,620	2,520	–	181,730
Total liabilities	–	34,676	–	–	34,676
<i>Other segment information:</i>					
Capital expenditures	–	647	–	–	647
Depreciation and amortization	–	3,636	–	–	3,636
Provision for inventory obsolescence	–	440	–	–	440
Other non-cash expenses - net	–	(169)	–	–	(169)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**3. SEGMENT AND REVENUE INFORMATION (continued)**

**(b) Geographical segments (continued)**

<b>Half-Year Ended 30 June 2022</b>	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 year					(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)**

**Disaggregation of revenue**

	Manufacturing		Hospital Services		Distribution and Others		Total	
	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Primary geographical markets</b>								
North America	3,225	5,686	–	–	–	–	3,225	5,686
Asia Pacific	5,057	6,330	7,342	7,263	1,660	4,024	14,059	17,617
Europe	9,254	7,850	–	–	–	–	9,254	7,850
Australia	–	451	–	–	–	–	–	451
	<b>17,536</b>	<b>20,317</b>	<b>7,342</b>	<b>7,263</b>	<b>1,660</b>	<b>4,024</b>	<b>26,538</b>	<b>31,604</b>
<b>Revenue from contracts</b>								
Revenue from manufacturing	17,536	20,317	–	–	–	–	17,536	20,317
Revenue from hospital services	–	–	7,342	7,263	–	–	7,342	7,263
Revenue from distribution and others	–	–	–	–	1,660	4,024	1,660	4,024
	<b>17,536</b>	<b>20,317</b>	<b>7,342</b>	<b>7,263</b>	<b>1,660</b>	<b>4,024</b>	<b>26,538</b>	<b>31,604</b>
<b>Timing of transfer of goods or services</b>								
At a point in time	17,536	20,317	–	–	1,356	3,720	18,892	24,037
Over time	–	–	7,342	7,263	304	304	7,646	7,567
	<b>17,536</b>	<b>20,317</b>	<b>7,342</b>	<b>7,263</b>	<b>1,660</b>	<b>4,024</b>	<b>26,538</b>	<b>31,604</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**4. FINANCIAL INSTRUMENTS**

**As at 30 June 2023**

<b>Group</b>	<b>Financial assets</b>	<b>Other financial liabilities</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	33,683	–	33,683
Trade receivables	28,740	–	28,740
Other current assets*	1,726	–	1,726
	<u>64,149</u>	<u>–</u>	<u>64,149</u>
<b>Financial liabilities:</b>			
Bank loans	–	(20,618)	(20,618)
Trade payables and other current liabilities**	–	(6,377)	(6,377)
Lease liabilities	–	(3,754)	(3,754)
	<u>–</u>	<u>(30,749)</u>	<u>(30,749)</u>
	<u>64,149</u>	<u>(30,749)</u>	<u>33,400</u>

\*excluding non-financial assets

\*\*excluding non-financial liabilities

**As at 30 June 2023**

<b>Company</b>	<b>Financial assets</b>	<b>Other financial liabilities</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	566	–	566
Trade receivables	22,686	–	22,686
Other current assets*	846	–	846
Due from subsidiaries (trade)	20,403	–	20,403
	<u>44,501</u>	<u>–</u>	<u>44,501</u>
<b>Financial liabilities:</b>			
Trade payables and other current liabilities**	–	(835)	(835)
Lease liabilities	–	(339)	(339)
	<u>–</u>	<u>(1,174)</u>	<u>(1,174)</u>
	<u>44,501</u>	<u>(1,174)</u>	<u>43,327</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 2022**

<b>Group</b>	Financial assets US\$'000	Other financial liabilities US\$'000	Total US\$'000
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	35,281	–	35,281
Trade receivables	30,358	–	30,358
Other current assets*	1,648	–	1,648
	<u>67,287</u>	<u>–</u>	<u>67,287</u>
<b>Financial liabilities:</b>			
Bank loans	–	(15,643)	(15,643)
Trade payables and other current liabilities**	–	(6,256)	(6,256)
Lease liabilities	–	(3,910)	(3,910)
	<u>–</u>	<u>(25,809)</u>	<u>(25,809)</u>
	<u>67,287</u>	<u>(25,809)</u>	<u>41,478</u>

\*excluding non-financial assets

\*\*excluding non-financial liabilities

**As at 31 December 2022**

<b>Company</b>	Financial assets US\$'000	Other financial liabilities US\$'000	Total US\$'000
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	3,366	–	3,366
Trade receivables	25,870	–	25,870
Other current assets*	936	–	936
Due from subsidiaries (trade)	16,925	–	16,925
	<u>47,097</u>	<u>–</u>	<u>47,097</u>
<b>Financial liabilities:</b>			
Trade payables and other current liabilities**	–	(757)	(757)
Lease liabilities	–	(316)	(316)
	<u>–</u>	<u>(1,073)</u>	<u>(1,073)</u>
	<u>47,097</u>	<u>(1,073)</u>	<u>46,024</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 2023 and 30 June 2022 are:

	Group		Company	
	1H2023 US\$'000	1H2022 US\$'000	1H2023 US\$'000	1H2022 US\$'000
Current	62	(438)	–	–
Deferred income tax:				
Origination and reversal of temporary differences	(41)	13	–	–
Income tax expense (benefit) Recognised in the profit and loss accounts	21	(425)	–	–

### 6. DIVIDENDS

No dividends were declared in 1H2023 and FY2022.

### 7. INVESTMENT PROPERTIES

	Group	
	2023 US\$'000	2022 US\$'000
<b>Cost:</b>		
As at 1 January	5,465	5,465
<b>Accumulated depreciation:</b>		
As at 1 January	2,848	2,737
Depreciation charge for the period	54	56
As at 30 June	2,902	2,793
Net carrying amount as at 30 June	2,563	2,672

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 12.3% 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 2022, fair market value of the investment properties, which is based on its highest and best use, amounted to \$3.8 million. The fair value is categorised 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 2023		As at 31 December 2022	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
19,012	1,606	14,665	978

#### Details of any collateral

Secured short-term bank loans of approximately US\$19.0 million and US\$14.7 million as of 30 June 2023 and 31 December 2022, respectively, are secured by property, plant and equipment and guarantee deposit, with net book values of approximately US\$8.2 million and US\$5.8 million as of 30 June 2023 and 31 December 2022, respectively.

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment amounting to US\$0.6 million (30 June 2022: US\$6.7 million).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 10. SHARE CAPITAL

#### 10.1 Share Capital

	<u>Group and Company</u>
	US\$'000
<b>Authorised</b>	
As at 1 January 2022, 31 December 2022 and 30 June 2023	50,000
- 1,000,000,000 ordinary shares of US\$0.05 each	
<b>Issued and paid up</b>	
As at 1 January 2022, 31 December 2022 and 30 June 2023	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 2022, 31 December 2022 and 30 June 2023	2,361
- 4,500,000 treasury shares	

There were no changes in the share capital of the Company in the half-year ended 30 June 2023.

The total number of issued Shares (excluding treasury shares) as at 30 June 2023 and 31 December 2022 was 544,911,240. The total number of treasury shares as at 30 June 2023 and 31 December 2022 was 4,500,000, which represented approximately 0.83% of the total number of issued Shares (excluding treasury shares) of 544,911,240 as at 30 June 2023 and 31 December 2022.

The Company had no convertibles or subsidiary holdings as at 30 June 2023 and 30 June 2022.

### 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 2022.

**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 2023	First Half Ended 30 June 2022

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 (0.983 US cents) (0.678 US cents)

(ii) On a fully diluted basis (0.983 US cents) (0.678 US cents)

Explanatory note to 3 (i) and (ii)

Loss per share for the financial periods ended 30 June 2023 and 30 June 2022 are calculated based on the weighted average number of issued ordinary shares, excluding treasury shares, during the financial periods ended 30 June 2023 and 30 June 2022 of 544,911,240 and 545,661,240, 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 2023	As at 31 December 2022

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 26.97 US cents 27.95 US cents

Company	
As at 30 June 2023	As at 31 December 2022

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

14.84 US cents

15.38 US cents

Explanatory note to 4

The net asset value per ordinary share is calculated based on 544,911,240 issued shares, excluding treasury shares, as at 30 June 2023 and 31 December 2022.

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 16.0% from US\$31.6 million in 1H2022 to US\$26.5 million in 1H2023 due to reduced demand of Personal Protective Equipment ("PPE") and facemasks from e-commerce, domestic markets and stockpiling projects. Despite continued decline in revenues, the Group sees improvement from our regular OEM customers and sales from our new product offering – nitrile gloves.

### **Revenue**

Revenue from the Manufacturing division decreased by 13.7% from US\$20.3 million in 1H2022 to US\$17.5 million in 1H2023 due to reduced demand in facemask and PPEs. Despite the decline, sales from regular OEM customers have shown growth by 15% from US\$8.7 million in 1H2022 to US\$10.1 million in 1H2023 and improvement of 57% from US\$6.4 million in 2H2022 to US\$10.1 million in 1H2023 due to improved demands.

Revenue from the Hospital Services division increased slightly by 1.1% from US\$7.2 million in 1H2022 to US\$7.3 million in 1H2023 due to higher linen consumption in Taiwan from new hospital contracts.

Revenue from the Trading and Distribution division decreased by 58.7% from US\$4.0 million in 1H2022 to US\$1.7 million in 1H2023 arising from lower demand of our healthcare products in Taiwan.

### **Profitability**

The Group's gross profit decreased by 49.7% from US\$8.5 million in 1H2022 to US\$4.3 million in 1H2023. The decline primarily resulted from a drop in the high-margin e-commerce sector and a reduced demand for face masks and PPEs.

Gross profit from the Manufacturing division decreased by 53.7% from US\$6.4 million in 1H2022 to US\$3.0 million in 1H2023 due to decline in high-margined e-commerce sales, fewer stockpiling projects and inventory provisions for the period.

Gross profit from the Hospital Services division increased by 14.8% from US\$897,000 in 1H2022 to US\$1.0 million in 1H2023 from increase in revenues and lower linen costs.

Gross profit from the Trading and Distribution division decreased by 78.2% from US\$1.1 million in 1H2022 to US\$249,000 in 1H2023 due to decline in demand of healthcare products in the domestic market.

Other operating income increased by 119.1% from US\$440,000 in 1H2022 to US\$964,000 in 1H2023 primarily due to gain on sale of fixed assets and foreign exchange gains arising from recovery of non-USD denominated foreign currencies during the period.

Distribution and selling expense decreased by 31.6% from US\$6.0 million in 1H2022 to US\$4.1 million in 1H2023 due to lower freight and handling costs following decline in sales volume.

Financial income increased by 50.3% from \$441,000 in 1H2022 to US\$663,000 in 1H2023 due to higher interest income earned from bonds acquired and new fixed deposit placements made.

Income tax expense increased by 104.9% from an income tax benefit of US\$425,000 in 1H2022 to income tax expense of US\$21,000 in 1H2023 due to the positive net operating profits earned by some subsidiaries.

Overall, the Group's net loss after tax increased from US\$3.9 million in 1H2022 to US\$5.8 million in 1H2023 due to lower sales from global decline in demand of PPEs and facemasks and other products from stockpiling projects.

## Cash Flow and Balance Sheet

The Group's total assets slightly decreased from US\$182.0 million as at 31 December 2022 to US\$181.7 million as at 30 June 2023 due to net cash spending for purchase of glove materials less collections received from stockpiling projects, partially offset by increase in stocks from the glove factory.

The cash outflow from purchases of property, plant and equipment decreased from US\$6.8 million in 1H2022 to US\$647,000 in 1H2023 as a result of the completion of the glove production facility in Cambodia.

The Group's bank loans increased by US\$5.0 million from US\$15.6 million as at 31 December 2022 to US\$20.6 million as at 30 June 2023 due to additional borrowings during the period for working capital of the Group.

The cash inflow of US\$4.2 million from financing activities in 1H2023 was due to higher loan availments, net of payment of interest and lease.

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

No forecast or prospect statement have been issued.

### **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 are focusing our resources on servicing our current OEM customers, as we are seeing gradual growth in their orders. This comes after a period of low demand and an oversupply of healthcare consumables in the market that has prevailed over the last 2 years. Despite these near-term challenges, the Group remains committed to serving our long-term customers through continued innovation and investment in maintaining competitive advantage.

A key development that positions Medtecs for growth is the substantial completion of its fully integrated nitrile glove facility in Cambodia. With FDA approval obtained in January 2023 and initial sales achieved in the first half of 2023, this facility provides expanded production capacity that will allow Medtecs to solidify its strong market share in the crucial gloves segment. We plan to boost margins and optimise operations by driving further automation and efficiency enhancements across manufacturing facilities.

Our e-commerce strategy is to further drive direct business-to-consumer engagement and open up expanded sales channels for our products. We will leverage online platforms to become the trusted source that healthcare professionals and individual consumers turn to for procuring Medtecs and CoverU branded PPE and medical supplies.

Medtecs has leveraged its manufacturing presence in the Philippines to secure stockpiling contracts with the Philippine government for uniforms, underscoring the company's ability to meet large-scale domestic demand.

The Group is also exploring a promising collaboration with a leading North American Group Purchasing Organization that could introduce efficient procurement models to the Philippines healthcare system. This is still in preliminary discussion stages and no formal agreement has been entered into between the parties in this regard. Nonetheless, this potential partnership highlights Medtecs' commitment to delivering healthcare solutions globally. Further details and information on the status of this collaboration will be provided to, and if necessary, requisite approvals will be obtained from, shareholders at the appropriate juncture if and when these proposals materialise.

While the Company is fully aware of moderating pandemic demand and other near-term headwinds in certain product categories, our focus remains on elevating the Medtecs brand through innovative engagement with customers and healthcare providers. We will continue expanding sales channels and strengthening strategic partnerships to make our products more accessible worldwide. 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**

Not applicable.

(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 2023 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 2023

**MEDTECS INTERNATIONAL COPORATION LIMITED**  
(Incorporated in Bermuda)

**CONFIRMATION BY THE BOARD OF DIRECTORS  
PURSUANT TO RULE 705(5) OF THE  
LISTING MANUAL SECTION B: RULES OF CATALIST**

We, Clement Yang Ker-Cheng and William Yang Weiyuan, being two of the Directors of Medtecs International Corporation Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the half year ended 30 June 2023 to be false or misleading in any material aspect.

For and on behalf of the Board  
of MEDTECS INTERNATIONAL CORPORATION LIMITED

\_\_\_\_\_  
Name: Clement Yang Ker-Cheng  
Director

\_\_\_\_\_  
Name: William Yang Weiyuan  
Director

Date: 14 August 2023