

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group 12 months ended 31 December		+ / (-) Increase/ (Decrease) %
	2019 \$'000	2018 \$'000 (restated)	
Revenue	61,579	61,392	0.3
Cost of sales	<u>(21,889)</u>	<u>(23,051)</u>	(5.0)
Gross profit	39,690	38,341	3.5
Other operating income	889	902	(1.4)
Selling and marketing expenses	(21,917)	(21,965)	(0.2)
Administrative expenses	(21,211)	(23,504)	(9.8)
Finance income	10,366	9,576	8.2
Finance costs	<u>(311)</u>	<u>(197)</u>	57.9
Profit before income tax from operations *	7,506	3,153	>100.0
Fair value (loss)/gain on investment properties	(326)	316	n.m.
Gain on financial asset at fair value through profit or loss	<u>945</u>	<u>–</u>	n.m.
Profit before income tax	8,125	3,469	>100.0
Income tax expense	<u>(1,663)</u>	<u>(1,970)</u>	(15.6)
Profit for the financial year	<u>6,462</u>	<u>1,499</u>	>100.0
Other comprehensive (loss)/income for the financial year, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation [^]	(311)	(408)	(23.8)
Fair value gain arising from revaluation of available-for-sale financial asset	<u>–</u>	<u>6</u>	(100.0)
Total comprehensive income for the financial year	<u>6,151</u>	<u>1,097</u>	>100.0

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

1(a)(i) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Group 12 months ended 31 December		+ / (-) Increase/ (Decrease) %
	2019 \$'000	2018 \$'000 (restated)	
Profit/(loss) for the financial year attributable to:			
- Shareholders of the Company	6,471	1,446	>100.0
- Non-controlling interests	(9)	53	n.m.
	<u>6,462</u>	<u>1,499</u>	>100.0
Total comprehensive income/(loss) for the financial year attributable to:			
- Shareholders of the Company	6,160	1,076	>100.0
- Non-controlling interests	(9)	21	n.m.
	<u>6,151</u>	<u>1,097</u>	>100.0

n.m. denotes not meaningful

*In order to provide more clarity to readers, the Group has presented separately its fair value gain/(loss) on investment properties and its gain on financial asset held at fair value through profit or loss from its profit before income tax from operations.

^Foreign currency translation classified as other comprehensive income/(loss) and presented in the foreign currency translation reserve in equity, represents the exchange differences arising from:

- translation of assets and liabilities of foreign operations to Singapore dollars at exchange rates at the reporting date; and
- translation of income and expenses of foreign operations to Singapore dollars at exchange rates at the dates of the transactions.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

1(a)(ii) Notes to the income statement

	Group		
	12 months ended 31 December		
	2019	2018	
	\$'000	\$'000	
		(restated)	
Depreciation of property, plant and equipment	3,064	1,793	[1]
Amortisation of intangible assets	1,220	1,281	
Impairment loss on trade receivables and bad debts written off, net	943	1,259	[2]
Impairment loss on non-trade receivables and bad debts written off, net	–	307	[3]
Foreign exchange (gain)/loss	(253)	568	[4]
Other operating income	(889)	(902)	
Under-provision of tax in respect of prior years	13	192	[5]
Finance income comprises:			
- Finance income on contract assets	(8,257)	(8,109)	
- Interest income from deposits, short-term investments and note receivable	(2,109)	(1,467)	[6]

Notes

1. Depreciation expense was higher in the twelve months ended 31 December 2019 (“FY2019”) compared to the twelve months ended 31 December 2018 (“12M2018”), mainly due to depreciation recognised on right-of-use assets from the Group’s lease of properties and equipment of approximately S\$1.4 million, arising from the adoption of SFRS(I) 16 during the financial year. This was offset by lower depreciation in Hong Kong due to certain property, plant and equipment reaching the end of their depreciation lives by December 2018.
2. The decrease in impairment loss on trade receivables and bad debts written off in FY2019 compared to 12M2018 was mainly due to decrease in doubtful debts provided for Singapore and the Philippines as a result of increased collection efforts.
3. The Group recognised impairment loss on non-trade receivable due from a third party in its Indonesian subsidiary in 12M2018. No such impairment loss was made in FY2019.
4. The foreign exchange gain in FY2019 was attributable to revaluation of the loan from Healthbaby Biotech (Hong Kong) Co., Ltd (“Healthbaby”) to the Company. On 2 January 2018, the Group acquired Healthbaby, with part of the consideration being an assumption of a HK\$ denominated debt owed by the seller, Stemgen Biotech Holding Limited (“Stemgen”), to Healthbaby (the “HK\$ debt”). The Group recognised foreign exchange gain of S\$169,000 from the revaluation of the loan as S\$ appreciated against HK\$ from January 2019 to December 2019 (12M2018: foreign exchange loss of S\$504,000 as HK\$ appreciated against S\$ from January 2018 to December 2018).
5. Under-provision of tax in respect of prior years of S\$192,000 for 12M2018 comprise an under-provision of corporate income tax of S\$135,000 and S\$57,000 in respect of FY2016 for the Indonesia and the Philippines subsidiaries respectively. In FY2019, the Group recognised under-provision of tax in respect of prior years of approximately S\$365,000 for its Singapore and Indonesia operations. This is offset by an over-provision of tax in respect of prior years of S\$352,000 for Malaysia.
6. Interest income from deposits, short-term investments and note receivable increased by S\$642,000 in FY2019 compared to 12M2018 mainly due to increase in interest from fixed deposits in India.

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

	Group As at		Company As at	
	31 December 2019 \$'000	31 December 2018 \$'000 (restated)	31 December 2019 \$'000	31 December 2018 \$'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	16,094	12,718	7,247	6,136
Investment properties	7,730	8,717	2,325	2,975
Intangible assets	33,410	34,258	919	1,049
Deferred tax assets	100	146	–	–
Investment in subsidiaries	–	–	62,845	83,710
Long-term investments	9,531	6,178	9,531	4,200
Contract assets	69,680	66,981	45,006	45,081
Other receivables	130	53	4	7
Fixed deposits	5,466	–	–	–
	<u>142,141</u>	<u>129,051</u>	<u>127,877</u>	<u>143,158</u>
Current assets				
Inventories	1,343	1,358	239	294
Prepayments	2,130	2,700	941	813
Trade receivables	24,044	27,748	10,796	10,887
Other receivables	3,790	6,517	907	4,767
Tax recoverable	2,313	2,037	62	62
Amount owing by subsidiaries	–	–	19,157	16,936
Short-term investments	13,938	29,005	–	–
Fixed deposits	8,964	3,355	–	–
Pledged fixed deposits	10,824	6	–	–
Cash and cash equivalents	14,784	10,910	5,540	5,181
	<u>82,130</u>	<u>83,636</u>	<u>37,642</u>	<u>38,940</u>
Current liabilities				
Trade and other payables	15,936	13,969	5,381	3,480
Amounts owing to subsidiaries	–	–	9,047	7,632
Interest-bearing borrowings	302	295	302	295
Lease liabilities	1,138	–	265	–
Contract liabilities	5,924	3,758	3,754	3,769
Tax payable	1,767	2,104	–	–
	<u>25,067</u>	<u>20,126</u>	<u>18,749</u>	<u>15,176</u>
Net current assets	<u>57,063</u>	<u>63,510</u>	<u>18,893</u>	<u>23,764</u>

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 (cont'd)

	Group As at		Company As at	
	31 December 2019 \$'000	31 December 2018 \$'000 (restated)	31 December 2019 \$'000	31 December 2018 \$'000 (restated)
Non-current liabilities				
Other payables	429	294	–	–
Amount owing to subsidiaries	–	–	13,628	35,565
Interest-bearing borrowings	3,996	4,310	3,996	4,310
Lease liabilities	1,354	–	470	–
Contract liabilities	58,942	58,338	15,595	14,896
Deferred tax liabilities	5,211	5,856	15	15
	<u>69,932</u>	<u>68,798</u>	<u>33,704</u>	<u>54,786</u>
Net assets	<u>129,272</u>	<u>123,763</u>	<u>113,066</u>	<u>112,136</u>
Capital and reserves				
Share capital	95,994	96,379	95,994	96,379
Treasury shares	(14,700)	(15,469)	(14,700)	(15,469)
Accumulated profits	61,563	56,207	30,653	30,303
Other reserves	(13,708)	(13,486)	1,119	923
	<u>129,149</u>	<u>123,631</u>	<u>113,066</u>	<u>112,136</u>
Non-controlling interests	123	132	–	–
Total equity	<u>129,272</u>	<u>123,763</u>	<u>113,066</u>	<u>112,136</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities

	31 December 2019 \$'000	As at 31 December 2018 \$'000
Amount repayable in one year or less, or on demand		
- Loan I – secured	302	295
Amount repayable after one year		
- Loan I – secured	3,996	4,310
	4,298	4,605

Loan I is secured by:

- a) First legal mortgage of the leasehold properties and investment properties (the “Properties”) of the Company;
- b) The assignment of the rights, title and interest with respect to the Properties; and
- c) Charge over all current receivables of the Company.

Loan I is drawn down in different tranches and repayable in 240 monthly instalments. It will be repaid in full in June 2031.

During the year, the Company obtained a short-term loan facility (“ST Loan facility”) from Standard Chartered Bank, which gives the Company a drawdown limit of S\$9.0 million, secured by fixed deposits of approximately S\$10.8 million placed by Stemlife Berhad, a subsidiary of the Company. No drawdown has been made on the ST Loan facility as at balance sheet date.

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	12 months ended	
	31 December	
	2019	2018
	\$'000	\$'000
		(restated)
Cash flows from operating activities:		
Profit before income tax	8,125	3,469
Adjustments for:		
Depreciation of property, plant and equipment	3,064	1,793
Amortisation of intangible assets	1,220	1,281
Loss/(gain) on disposal of property, plant and equipment	16	(11)
Impairment loss on trade and non-trade receivables and bad debts written off, net	943	1,566
Interest income	(10,366)	(9,576)
Interest expense	311	197
Investment income	(392)	(358)
Share-based compensation expense	580	265
Fair value loss/(gain) on investment properties	326	(316)
Gain on financial asset at fair value through profit or loss	(945)	–
Unrealised exchange (gain)/loss	(159)	718
	<u>2,723</u>	<u>(972)</u>
Operating cash flows before changes in working capital		
<u>Changes in working capital</u>		
Decrease/(increase) in trade receivables	2,669	(4,196)
Increase in contract assets	(2,698)	(2,737)
Increase in other receivables, deposits and prepayments	(1,209)	(354)
Decrease in inventories	15	152
Increase/(decrease) in trade and other payables	2,712	(90)
Decrease in lease liabilities	(1,623)	–
Increase in contract liabilities	3,568	8,286
	<u>6,157</u>	<u>89</u>
Cash generated from operations		
Interest received	9,109	9,187
Interest paid	(140)	(197)
Income tax paid	(3,516)	(1,456)
	<u>11,610</u>	<u>7,623</u>
Net cash flows generated from operating activities		
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,499)	(1,658)
Purchase of intangible assets	(561)	(556)
Proceeds from disposal of fixed assets	48	18
Acquisition of subsidiary, net of cash	–	(8,813)
Redemption of short-term investments	15,794	751
Redemption of long-term investments	1,978	–
Transfer to term deposits	(10,910)	(2,300)
	<u>4,850</u>	<u>(12,558)</u>
Net cash flows generated from/(used in) investing activities		

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Group	
	12 months ended	
	31 December	
	2019	2018
	\$'000	\$'000
		(restated)
Cash flows from financing activities:		
Transfer to pledged fixed deposits	(10,817)	(2)
Repayment of interest-bearing borrowings	(307)	(4,886)
Dividends paid	(1,013)	(2,022)
Net cash flows used in financing activities	<u>(12,137)</u>	<u>(6,910)</u>
Net increase/(decrease) in cash and cash equivalents	4,323	(11,845)
Cash and cash equivalents at the beginning of the financial year/period	10,910	22,452
Effects of exchange rate changes on cash and cash equivalents	(449)	303
Cash and cash equivalents at end of the financial year/period	<u>14,784</u>	<u>10,910</u>

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.



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Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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

	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Other Reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
Group											
At 1 January 2018	96,628	(16,104)	52,211	622	568	534	(11,740)	–	(3,221)	122	119,620
Effects of the adoption of SFRS(I) 15	–	–	4,571	–	–	–	–	–	242	(11)	4,802
At 1 January 2018, restated	96,628	(16,104)	56,782	622	568	534	(11,740)	–	(2,979)	111	124,422
Profit for the financial period	–	–	1,446	–	–	–	–	–	–	53	1,499
Other comprehensive (loss)/income for the financial period, net of tax											
- Foreign currency translation	–	–	–	–	–	–	–	–	(376)	(32)	(408)
- Fair value gain arising from revaluation of available-for-sale financial asset	–	–	–	–	–	–	–	6	–	–	6
Total comprehensive income/(loss) for the financial period, net of tax	–	–	1,446	–	–	–	–	6	(376)	21	1,097
<u>Contributions by and distributions to owners</u>											
Grant of share awards to employees	–	–	–	265	–	–	–	–	–	–	265
Reissuance of treasury shares pursuant to equity compensation plans	(249)	635	–	(386)	–	–	–	–	–	–	–
Dividends	–	–	(2,021)	–	–	–	–	–	–	–	(2,021)
Total contributions by and distributions to owners	(249)	635	(2,021)	(121)	–	–	–	–	–	–	(1,756)
At 31 December 2018	96,379	(15,469)	56,207	501	568	534	(11,740)	6	(3,355)	132	123,763

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Total \$'000
At 1 January 2018	96,628	(16,104)	42,448	422	622	124,016
Effects of the adoption of SFRS(I) 15	–	–	(260)	–	–	(260)
At 1 January 2018, restated	96,628	(16,104)	42,188	422	622	123,756
Loss for the financial period, representing total comprehensive loss for the financial period	–	–	(9,864)	–	–	(9,864)
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	–	–	–	–	265	265
Reissuance of treasury shares pursuant to equity compensation plans	(249)	635	–	–	(386)	–
Dividends	–	–	(2,021)	–	–	(2,021)
Total contributions by and distributions to owners	(249)	635	(2,021)	–	(121)	(1,756)
At 31 December 2018	96,379	(15,469)	30,303	422	501	112,136



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CORDLIFE GROUP LIMITED

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Group	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2019	96,379	(15,469)	56,207	501	568	534	(11,740)	6	(3,355)	132	123,763
Effect of initial application of SFRS(I) 9, net of tax	–	–	6	–	–	–	–	(6)	–	–	–
Effect of initial application of SFRS(I) 16, net of tax	–	–	(108)	–	–	–	–	–	(101)	–	(209)
At 1 January 2019, restated	96,379	(15,469)	56,105	501	568	534	(11,740)	–	(3,456)	132	123,554
Profit/(loss) for the financial year	–	–	6,471	–	–	–	–	–	–	(9)	6,462
Other comprehensive loss for the financial year, net of tax - Foreign currency translation	–	–	–	–	–	–	–	–	(311)	–	(311)
Total comprehensive income/(loss) for the financial year, net of tax	–	–	6,471	–	–	–	–	–	(311)	(9)	6,151
Contributions by and distributions to owners											
Grant of share awards to employees	–	–	–	580	–	–	–	–	–	–	580
Reissuance of treasury shares pursuant to equity compensation plans	(385)	769	–	(384)	–	–	–	–	–	–	–
Dividends	–	–	(1,013)	–	–	–	–	–	–	–	(1,013)
Total contributions by and distributions to owners	(385)	769	(1,013)	196	–	–	–	–	–	–	(433)
At 31 December 2019	95,994	(14,700)	61,563	697	568	534	(11,740)	–	(3,767)	123	129,272

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Total \$'000
At 1 January 2019	96,379	(15,469)	30,303	422	501	112,136
Effect of initial application of SFRS(I) 16, net of tax	–	–	(2)	–	–	(2)
At 1 January 2019, restated	96,379	(15,469)	30,301	422	501	112,134
Profit for the financial year, representing total comprehensive income for the financial year	–	–	1,365	–	–	1,365
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	–	–	–	–	580	580
Reissuance of treasury shares pursuant to equity compensation plans	(385)	769	–	–	(384)	–
Dividends	–	–	(1,013)	–	–	(1,013)
Total contributions by and distributions to owners	(385)	769	(1,013)	–	196	(433)
At 31 December 2019	95,994	(14,700)	30,653	422	697	113,066

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Company	Number of shares	Share capital (S\$)
As at 31 December 2018	253,301,624	96,378,610
Treasury shares reissued pursuant to equity compensation plans	705,870	(384,619)
As at 31 December 2019	254,007,494	95,993,991

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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at	
	31 December 2019 No. of shares	31 December 2018 No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(13,517,860)	(14,223,730)
Total number of issued shares excluding treasury shares	254,007,494	253,301,624
Percentage of treasury shares against total number of shares outstanding	5.1%	5.3%

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

On 3 June 2019 and 21 October 2019, 378,405 and 327,465 treasury shares were reissued respectively, pursuant to the Cordlife Share Grant Plan.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) Updates on the efforts taken to resolve each outstanding audit issue, (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

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

Except as disclosed in note (5) below, the financial statements for the current year reported on have been presented using the same accounting policies and methods of computation as presented in the Company's most recently audited annual financial statements.

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 new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective for the financial year beginning 1 January 2019.

The adoption of these new/revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or the reporting periods in prior years except for the adoption of *SFRS(I) 15 Revenue from Contracts with Customers* ("SFRS(I)15").

SFRS(I) 15 provides a five-step model for revenue recognition arising from contracts with customers which requires revenue to be recognised at an amount that reflects the consideration which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

Under SFRS(I) 15, the Group has identified deliverables in contracts with customers (including variable considerations and material rights) that qualify as performance obligations. The Group has concluded that there are no observable prices for the various performance obligations identified in the contracts with the customers, hence the Group has adopted the expected cost plus margin approach for the estimation of stand-alone selling prices.

Under the previous accounting treatment, the Group classified financing interest income arising from customers who signed up for the deferred payment plans as revenue. No finance expense was recognised for prepayments received from customers in the case of advance payment contracts. Under SFRS(I) 15, the Group is required to determine whether its contracts include a significant financing component. Upon consideration of the nature of the services offered and the purpose of the different payment plans, the Group has determined that the deferred payment plans include a significant financing component and presented the effect of financing on such contracts separately from revenue

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

from contracts with customers in the statement of comprehensive income as the ordinary business activities of the Group does not include significant lending operations.

SFRS(I) 15 also requires reclassification of some items previously presented as trade receivables, non-current and deferred revenue as contract assets and contract liabilities respectively. Contract liabilities are netted off against contract assets on a contract-by-contract basis.

In the Group's announcement for the Third Quarter Unaudited Financial Statements for the period ended 30 September 2019 ("3Q2019 Results") released on 13 November 2019, the Group had reported its quantification of the impact of adopting SFRS(I) 15 for the financial period ended 31 March 2019 ("1Q2019"), 30 June 2019 ("2Q2019") and 30 September 2019 ("3Q2019"). During the course of the financial year-end audit, the Group had made further adjustments to the transition adjustments relating to SFRS(I) 15 and the restated figures as set out in Note 5 of the unaudited financial statements for 1Q2019 ("1Q2019 Results"), 2Q2019 ("2Q2019 Results") and 3Q2019 Results. The restated figures are set out in further details below.

This new standard has superseded all previous revenue recognition requirements under Singapore Financial Reporting Standards. A full retrospective application has been applied in alignment with SFRS(I) 1. The effects of the transition to SFRS(I) on the unaudited financial statements of the Group for the relevant periods ended 30 September, 30 June and 31 March are as follows:

Effects of transition to SFRS(I) for the period ended 31 December

Group	12 months ended 31 December 2018				
	As previously reported in the FY2018 Results ¹	As previously reported in 2Q2018 Results ²	Previously reported 12M2018 Results (derived)	SFRS(I) 15 Adjustments	As restated
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit before income tax					
Revenue	105,007	32,979	72,028	(10,636)	61,392
Cost of sales	(33,942)	(11,019)	(22,923)	(128)	(23,051)
Selling and marketing expenses	(32,186)	(10,240)	(21,946)	(19)	(21,965)
Finance income	2,056	589	1,467	8,109	9,576
Profit for the financial period					
Income tax expense	(2,681)	(698)	(1,983)	13	(1,970)
Profit for the financial period	5,498	1,338	4,160	(2,661)	1,499
Other comprehensive income					
Foreign currency translation	(351)	342	(693)	285	(408)
Profit for the financial period attributable to:					
Shareholders of the Company	5,534	1,385	4,149	(2,703)	1,446
Non-controlling interests	(36)	(47)	11	42	53
Total comprehensive income for the financial period attributable to:					
Shareholders of the Company	5,184	1,727	3,457	(2,381)	1,076
Non-controlling interests	(31)	(47)	16	5	21
Statement of cash flows					
Profit before income tax	8,179	2,036	6,143	(2,674)	3,469
Operating cash flows before changes in working capital	13,727	3,916	9,811	(10,783)	(972)
Changes in working capital, net	(2,971)	(1,121)	(1,850)	2,911	1,061
Interest received	1,626	548	1,078	8,109	9,187

¹Please refer to the Company's announcement dated 28 February 2019 in relation to the full year unaudited financial statements for the period ended 31 December 2018.

²Please refer to the Company's announcement dated 12 February 2018 in relation to the second quarter unaudited financial statements for the period ended 31 December 2017.

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 31 December (cont'd)

	As at 31 December 2018			Group As at 1 January 2019		
	As previously reported in the FY2018 Results \$'000	SFRS(I) 15 Adjustments \$'000	As restated \$'000	SFRS(I) 9 Adjustments \$'000	SFRS(I) 16 Adjustments \$'000	Adjusted \$'000
Statement of financial position						
<u>Non-current assets</u>						
Property, plant and equipment	12,718	–	12,718	–	3,305	16,023
Contract assets	–	66,981	66,981	–	–	66,981
Trade receivables	67,536	(67,536)	–	–	–	–
<u>Current assets</u>						
Prepayments	2,700	–	2,700	–	(577)	2,123
Trade receivables	28,966	(1,218)	27,748	–	–	27,748
Other receivables	6,598	(81)	6,517	–	–	6,517
Tax recoverable	1,975	62	2,037	–	–	2,037
<u>Current liabilities</u>						
Trade and other payables	15,056	(1,087)	13,969	–	–	13,969
Lease liabilities	–	–	–	–	1,324	1,324
Contract liabilities	–	3,758	3,758	–	–	3,758
Deferred revenue	17,936	(17,936)	–	–	–	–
Tax payable	1,982	122	2,104	–	–	2,104
<u>Non-current liabilities</u>						
Lease liabilities	–	–	–	–	1,597	1,597
Contract liabilities	–	58,338	58,338	–	–	58,338
Deferred revenue	46,202	(46,202)	–	–	–	–
Deferred tax liabilities	7,068	(1,212)	5,856	–	–	5,856
<u>Capital and reserves</u>						
Accumulated profits	54,338	1,869	56,207	6	(108)	56,105
Other reserves	(14,050)	564	(13,486)	(6)	(101)	(13,593)
Non-controlling interests	138	(6)	132	–	–	132

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 31 December (cont'd)

	Company				
	As at 31 December 2018		As at 1 January 2019		
	As previously reported in the FY2018 Results \$'000	SFRS(I) 15 Adjustments \$'000	As restated \$'000	SFRS(I) 16 Adjustments \$'000	Adjusted \$'000
Statement of financial position					
<u>Non-current assets</u>					
Property, plant and equipment	6,136	–	6,136	305	6,441
Contract assets	–	45,081	45,081	–	45,081
Trade receivables	46,525	(46,525)	–	–	–
<u>Current assets</u>					
Other receivables	4,835	(68)	4,767	–	4,767
Tax recoverable	–	62	62	–	62
<u>Current liabilities</u>					
Trade and other payables	3,550	(70)	3,480	–	3,480
Lease liabilities	–	–	–	89	89
Contract liabilities	–	3,769	3,769	–	3,769
Deferred revenue	3,769	(3,769)	–	–	–
<u>Non-current liabilities</u>					
Lease liabilities	–	–	–	218	218
Contract liabilities	–	14,896	14,896	–	14,896
Deferred revenue	15,971	(15,971)	–	–	–
<u>Capital and reserves</u>					
Accumulated profits	30,608	(305)	30,303	(2)	30,301

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 31 March

Group	2019			3 months ended 31 March		
	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000
Profit before income tax						
Revenue	14,465	(32)	14,433	16,017	(490)	15,527
Finance income	2,553	1	2,554	2,395	5	2,400
Profit for the financial period						
Income tax expense	(388)	3	(385)	(391)	136	(255)
Profit for the financial period	905	(28)	877	1,103	(349)	754
Other comprehensive income						
Foreign currency translation	469	12	481	510	175	685
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	907	(32)	875	1,111	(345)	766
Non-controlling interests	(2)	4	2	(18)	6	(12)
Total comprehensive income /(loss) for the financial period attributable to:						
Shareholders of the Company	1,415	(56)	1,359	1,663	(179)	1,484
Non-controlling interests	(41)	40	(1)	(14)	5	(9)
Statement of cash flows						
Profit before income tax	1,293	(31)	1,262	1,494	(485)	1,009
Operating cash flows before changes in working capital	352	(32)	320	390	(490)	(100)
Changes in working capital, net	292	31	323	483	485	968
Interest received	2,501	1	2,502	2,676	5	2,681

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 31 March (cont'd)

	Group			Company		
	As at 31 December 2018			As at 31 December 2018		
	As previously reported in 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000	As previously reported in 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000
Statement of financial position						
<u>Non-current assets</u>						
Contract assets	68,816	(1,835)	66,981	47,466	(2,385)	45,081
<u>Current assets</u>						
Trade receivables	28,966	(1,218)	27,748	10,887	–	10,887
Other receivables	6,598	(81)	6,517	4,835	(68)	4,767
Tax recoverable	1,691	346	2,037	–	62	62
<u>Current liabilities</u>						
Trade and other payables	14,053	(84)	13,969	3,550	(70)	3,480
Contract liabilities	18,257	(14,499)	3,758	3,769	–	3,769
Tax payable	2,000	104	2,104	–	–	–
<u>Non-current liabilities</u>						
Contract liabilities	45,199	13,149	58,348	13,726	1,170	14,896
Deferred tax liabilities	6,797	(1,586)	5,211	15	–	15
<u>Capital and reserves</u>						
Accumulated profits	57,096	(899)	56,197	33,794	(3,491)	30,303
Other reserves	(13,914)	428	(13,486)	–	–	–
Non-controlling interests	178	(46)	132	–	–	–

Note: The effect of the changes in adoption of the new standards to 1Q2019 on the Statement of Financial Position is the same as the effect to 2Q2019 and 3Q2019.

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 30 June

Group	3 months ended 30 June					
	2019			2018		
	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000
Profit before income tax						
Revenue	15,304	329	15,633	14,918	557	15,475
Finance income	2,465	(52)	2,413	2,048	205	2,253
Profit for the financial period						
Income tax expense	(614)	(74)	(688)	(45)	(274)	(319)
Profit for the financial period	672	203	875	42	583	625
Other comprehensive income						
Foreign currency translation	(245)	(337)	(582)	(871)	268	(603)
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	673	202	875	157	463	620
Non-controlling interests	(1)	1	–	(20)	25	5
Total comprehensive income /(loss) for the financial period attributable to:						
Shareholders of the Company	381	(86)	295	(715)	742	27
Non-controlling interests	46	(48)	(2)	(19)	14	(5)
Statement of cash flows						
Profit before income tax	1,286	277	1,563	87	857	944
Operating cash flows before changes in working capital	(827)	329	(498)	(1,321)	557	(764)
Changes in working capital, net	1,619	(277)	1,342	2,460	(762)	1,698
Interest received	2,239	(52)	2,187	1,932	205	2,137

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 30 June (cont'd)

Group	6 months ended 30 June					
	2019			2018		
	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000
Profit before income tax						
Revenue	29,769	297	30,066	30,935	67	31,002
Finance income	5,018	(51)	4,967	4,443	210	4,653
Profit for the financial period						
Income tax expense	(1,002)	(71)	(1,073)	(436)	(138)	(574)
Profit for the financial period	1,577	175	1,752	1,240	139	1,379
Other comprehensive income						
Foreign currency translation	224	(325)	(101)	(361)	443	82
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	1,580	170	1,750	1,268	118	1,386
Non-controlling interests	(3)	5	2	(28)	21	(7)
Total comprehensive income /(loss) for the financial period attributable to:						
Shareholders of the Company	1,599	55	1,654	948	563	1,511
Non-controlling interests	5	(8)	(3)	(33)	19	(14)
Statement of cash flows						
Profit before income tax	2,579	246	2,825	1,676	277	1,953
Operating cash flows before changes in working capital	(475)	297	(178)	(931)	67	(864)
Changes in working capital, net	1,911	(246)	1,665	2,943	(277)	2,666
Interest received	4,740	(51)	4,689	4,608	210	4,818

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 30 September

Group	3 months ended 30 September					
	2019			2018		
	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000
Profit before income tax						
Revenue	15,424	558	15,982	15,023	(347)	14,676
Finance income	2,715	54	2,769	2,467	(16)	2,451
Profit for the financial period						
Income tax expense	(694)	43	(651)	(238)	(29)	(267)
Profit for the financial period	1,187	655	1,842	670	(392)	278
Other comprehensive income						
Foreign currency translation	313	603	916	(553)	(599)	(1,152)
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	1,192	650	1,842	681	(270)	411
Non-controlling interests	(5)	5	–	(11)	23	12
Total comprehensive income /(loss) for the financial period attributable to:						
Shareholders of the Company	1,493	1,264	2,757	71	(849)	(778)
Non-controlling interests	7	(6)	1	(14)	3	(11)
Statement of cash flows						
Profit before income tax	1,881	612	2,493	908	(363)	545
Operating cash flows before changes in working capital	55	558	613	(826)	(347)	(1,173)
Changes in working capital, net	2,305	(612)	1,693	(185)	363	178
Interest received	2,424	54	2,478	2,076	(16)	2,060

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 (cont'd)

Effects of transition to SFRS(I) for the period ended 30 September (cont'd)

Group	9 months ended 30 September					
	2019			2018		
	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000	As previously reported in the 3Q2019 Results \$'000	Effect of change \$'000	As revised \$'000
Profit before income tax						
Revenue	45,193	855	46,048	45,958	(280)	45,678
Finance income	7,733	3	7,736	6,910	194	7,104
Profit for the financial period						
Income tax expense	(1,696)	(28)	(1,724)	(674)	(167)	(841)
Profit for the financial period	2,764	830	3,594	1,910	(253)	1,657
Other comprehensive income						
Foreign currency translation	537	278	815	(914)	(156)	(1,070)
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	2,772	820	3,592	1,949	(152)	1,797
Non-controlling interests	(8)	10	2	(39)	44	5
Total comprehensive income /(loss) for the financial period attributable to:						
Shareholders of the Company	3,349	1,062	4,411	1,019	(286)	733
Non-controlling interests	(48)	46	(2)	(47)	22	(25)
Statement of cash flows						
Profit before income tax	4,460	858	5,318	2,584	(86)	2,498
Operating cash flows before changes in working capital	(420)	855	435	(1,757)	(280)	(2,037)
Changes in working capital, net	4,216	(858)	3,358	2,758	86	2,844
Interest received	7,164	3	7,167	6,684	194	6,878

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 12 months ended 31 December	
	2019	2018 (restated)
Basic Earnings Per Share		
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:		
Profit attributable to shareholders of the Company (S\$ '000)	6,471	1,446
Weighted average number of shares in issue during the period ('000)	253,586	252,863
Basic earnings per share based on weighted average number of ordinary shares (cents)	2.55	0.57
Diluted Earnings Per Share		
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:		
Profit attributable to shareholders of the Company (S\$ '000)	6,471	1,446
Weighted average number of shares in issue during the period ('000)	254,627	254,753
Diluted earnings per share based on weighted average number of ordinary shares (cents)	2.54	0.57

Notes:

Basic earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share.

Full Year Unaudited Financial Statements for the Year Ended 31 December 2019

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 period reported on and (b) immediately preceding financial year

	Group		Company	
	31 December 2019 (cents)	31 December 2018 (cents) (restated)	31 December 2019 (cents)	31 December 2018 (cents) (restated)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the relevant period	50.89	48.86	44.51	44.27

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2019 is 254,007,494 (31 December 2018: 253,301,624).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

COMPARING 12 MONTHS ENDED 31 DECEMBER 2019 ("FY2019") AGAINST 12 MONTHS ENDED 31 DECEMBER 2018 ("12M2018")

Income Statement

Revenue

Revenue increased by 0.3% or S\$0.2 million from S\$61.4 million in 12M2018 to S\$61.6 million in FY2019 while new samples stored remained steady at 26,700 for both periods.

The increase in revenue is mainly due to an increase in revenue contribution from Singapore in FY2019 compared to 12M2018 despite a marginal increase in number of new samples stored. This is due to more clients opting for higher value price plans as well as increased revenue contribution from pre-natal testing services.

New samples stored increased in India, Indonesia and the Philippines, offset by the decrease in new samples stored in Hong Kong and Malaysia for FY2019 compared to 12M2018. Despite the increase in new samples stored, revenue contribution decreased in India, offsetting the increase in revenue from Singapore. This is due to higher take-up of lower-priced manual-processing plans and cord tissue plans in FY2019 instead of higher-priced cord lining plans for 12M2018.

Cost of sales

Cost of sales decreased by 5.0% or S\$1.2 million in FY2019 compared to 12M2018, mainly due to the decrease in new samples stored in Hong Kong and Malaysia, and lower processing fees incurred for the lower-priced manual processing and cord tissue contracts in India.

Gross profit and gross profit margin

Gross profit increased from S\$38.3 million in 12M2018 to S\$39.7 million in FY2019, while gross profit margin increased from 62.5% in 12M2018 to 64.5% in FY2019. The increase in gross profit and gross profit margin is partly due to increased contribution from Singapore, which has higher margins compared to the other regions.

Administrative expenses

Administrative expenses decreased by 9.8% or S\$2.3 million in FY2019 compared to 12M2018.

The decrease is partly due to foreign exchange gain of S\$253,000 recognised in FY2019 compared to a loss of S\$568,000 recognised in 12M2018, which mainly arose from the revaluation of the HK\$ debt owing by the Company to Healthbaby. In FY2019, the Group recognised foreign exchange gain of S\$169,000 for the revaluation of the HK\$ debt as the S\$ appreciated against HK\$ from January 2019 to December 2019, compared to a foreign exchange loss of S\$504,000 in 12M2018 as the S\$ depreciated against the HK\$ from January 2018 to December 2018.

The decrease in administrative expenses is also due to a decrease in impairment loss on trade and non-trade receivables in FY2019 compared to 12M2018 of approximately S\$0.6 million. The decrease in impairment loss on trade receivables is mainly due to decrease in doubtful debts provided for Singapore and the Philippines as a result of increased collection efforts. In 12M2018, the Group also recognised impairment loss on trade receivables due from a third party in its Indonesia subsidiary. There was no such impairment loss in FY2019.

In FY2019, staff cost also decreased by approximately S\$0.8 million in compared to 12M2018 as a result of streamlining of certain job functions and increased efficiency enabled by technology and automation.

Finance income

Finance income comprises finance income on contract assets of S\$8.3 million (12M2018: S\$8.1 million) and interest income from deposits, short-term investments and note receivable of S\$2.1 million (12M2018: S\$1.5 million). Finance income from deposits, short-term investments and note receivable increased by S\$642,000 mainly due to increase in interest income from fixed deposits in India.

Finance costs

Finance cost relates to interest-bearing borrowings and lease liabilities which amounted to S\$311,000 (12M2018: S\$197,000). Finance cost increased by 57.9% or S\$114,000 from 12M2018 to FY2019 mainly due to recognition of finance cost on lease liabilities of approximately S\$170,000. There was no such finance cost recognised in 12M2018.

Profit before income tax from operations

As a result of the foregoing, the profit before income tax from operations of S\$7.5 million for FY2019 was 138.1% higher than for 12M2018.

Fair value (loss)/gain on investment properties

In FY2019, the Group recognised fair value loss of S\$326,000 on its investment properties held in Malaysia. In 12M2018, the Group recognised fair value gain of S\$316,000 on its investment properties held in Singapore and Malaysia.

Gain on financial asset at fair value through profit or loss

On 1 February 2016, the Group had announced that it had, among others purchased approximately 4.2 million unquoted ordinary shares ("Shares") of CellResearch Corporation Pte. Ltd. ("CRC") for S\$4.2 million (the "Consideration") from the founders of CRC ("Vendors"). The purchase included an adjustment mechanism for the Group to, among others, either receive additional ordinary shares in CRC from the Vendors for S\$1 or sell the Shares back to the Vendors at a price of the Consideration plus 7% of the Consideration compounded over 3 years, if a net profit target is not met for the year ending 31 December 2018. As at 31 December 2019, CRC had not met its profit target for the year ended 31 December 2018. Consequently, the Group exercised its right to sell the Shares back to the Vendors for approximately S\$5.15 million on 14 February 2020. The Group therefore recognised fair value gain on its investment in CRC of S\$945,000. Notwithstanding that the Group no longer holds an interest in CRC, the Group's existing strategic alliance with CRC in relation to the provision of umbilical cord lining banking services continues.

Tax

In 12M2018, non-operational fair value gain on investment properties was not taxable. In FY2019, non-operational fair value loss on investment properties is not deductible, and gain on financial asset at fair value through profit or loss is not taxable.

Under-provision of tax in respect of prior years of S\$192,000 for 12M2018 comprise an under-provision of corporate income tax of S\$135,000 and S\$57,000 in respect of financial year ended 30 June 2016 for the Indonesia and Philippines subsidiaries respectively. In FY2019, the Group recognised under-provision of tax in respect of prior years of approximately S\$365,000 for its Singapore and Indonesia operations. This is offset by an over-provision of tax in respect of prior years of S\$352,000 for Malaysia.

Adjusting for the foregoing, the effective tax rate of 22.0% in FY2019 was lower than to 12M2018 at 56.4%. In 12M2018, due to a change in the tax regime in Malaysia with effect from YA2016, advance receipts and deferred revenue in the Group's Malaysian subsidiary, Stemlife Berhad ("Stemlife"), was brought to tax upon collection from clients. However, in FY2019, Stemlife revised the basis to net billings upon agreement with the Malaysian tax authorities. The drop in effective tax rate from 12M2018 to FY2019 was mainly due to this change in basis.

In addition, the Group also had more tax losses in 12M2018 for which no deferred tax asset was recognised, and in FY2019, the Group also utilised tax losses carried forward for which no deferred tax asset was recognised.

Balance sheet

Cash and cash equivalents, unpledged and pledged fixed deposits (“fixed deposits”) and short-term investments

As at 31 December 2019, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S\$54.0 million (31 December 2018: S\$43.3 million). Short-term investments mainly comprise investments in money market funds. The increase in the total cash and cash equivalents, fixed deposits and short-term investments was mainly due to net cash generated from operating activities of S\$11.6 million and redemption of long term investments of approximately S\$2.0 million, offset by purchase of property plant and equipment and intangible assets of S\$2.1 million under cash flow from investing activities as well as payment of dividends of S\$1.0 million and repayment of interest-bearing borrowings under cash flows used in financing activities.

Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S\$2.7 million, net interest received of S\$9.0 million, net working capital inflow of S\$3.4 million offset by income tax paid of S\$3.5 million.

Net working capital inflow of approximately S\$3.4 million comprised the following:

- decrease in trade receivables of approximately S\$2.7 million;
- increase in contract assets of approximately S\$2.7 million
- increase in other receivables, deposits and prepayments of approximately S\$1.2 million;
- increase in trade and other payables of approximately S\$2.7 million;
- decrease in lease liabilities of S\$1.6 million; and
- increase in contract liabilities of approximately S\$3.6 million.

Property, plant and equipment

As at 31 December 2019, the Group recorded S\$16.1 million on its balance sheet for property, plant and equipment (31 December 2018: S\$12.7 million). The increase was mainly due to right-of-use assets of approximately S\$2.9 million recognised in FY2019 for the Group’s lease of properties and equipment, as a result of the adoption of SFRS(I) 16 during the financial year. No such right-of-use assets were recognised in 12M2018. During the year, the group also transferred investment property of S\$0.7 million to property, plant and equipment.

Investment properties

As at 31 December 2019, the Group recorded S\$7.7 million on its balance sheet for investment properties (31 December 2018: S\$8.7 million). During the year, the group also transferred investment property of approximately S\$0.7 million from property, plant and equipment.

Intangible assets

Intangible assets comprise client contracts, brand and goodwill acquired in business combinations and computer software.

Deferred tax assets

As at 31 December 2019, the Group recorded deferred tax assets of S\$100,000 compared to S\$146,000 as at 31 December 2018.

Long-term investments

Long-term investments comprise the S\$5.1 million investment in unquoted ordinary shares of CRC, which is carried at fair value through profit or loss.

On 1 February 2016, the Group announced that it had subscribed for a Class A Redeemable Convertible Note (“RCN”) maturing three years from the issue date in the principal amount of S\$4.2 million from CRC. The yielding interest is at a rate of three month SIBOR plus 7% per annum payable annually in arrears. In June 2019, the Group signed a supplemental agreement to extend the RCN for another 2 years to 30 June 2021 on the same terms. Long-term investments also include the RCN which is carried at fair value through profit or loss.

The increase in long-term investments of S\$3.4 million from 31 December 2018 to 31 December 2019 was mainly due to a reclassification of the RCN amounting to S\$4.2 million, which was previously classified as current other receivables. It is also due to fair value gain on investment in unquoted ordinary shares of CRC amounting to S\$945,000. The increase is partially offset by a decrease in long-term investments in money market funds of approximately S\$2.0 million.

Contract assets, non-current

Due to the adoption of SFRS(I) 15, trade receivables, non-current was being reclassified and presented as contract assets, non-current. Non-current contract assets represent all service revenues arising from the performance obligations identified under instalment payment plans in the cord blood, cord lining and cord tissue banking contracts that have yet to be billed to clients. Upon billing, the billed amount will be receivable under the same terms as the current trade receivables.

Inventories

As at 31 December 2019, the Group recorded inventories of S\$1.3 million (31 December 2018: \$1.4 million).

Prepayments

As at 31 December 2019, the Group recorded prepayment of S\$2.1 million (31 December 2018: S\$2.7 million).

Trade receivables, current

Current trade receivables as at 31 December 2019 was S\$24.0 million compared to S\$27.7 million as at 31 December 2018.

Other receivables, current

As at 31 December 2019, the Group recorded other receivables of S\$3.8 million compared to S\$6.5 million as at 31 December 2018. The decrease in other receivables is mainly due to the reclassification of the RCN of S\$4.2 million to long-term investments. This is offset by an increase in interest receivable from fixed deposits in India of approximately S\$0.5 million.

Tax recoverable

As at 31 December 2019, the Group recorded tax recoverable of S\$2.3 million (31 December 2018: S\$2.0 million). Trade and other payables, current and non-current

As at 31 December 2019, the Group recorded current trade and other payables of S\$15.9 million (31 December 2018: \$14.0 million) and non-current other payables of S\$429,000 (31 December 2018: S\$294,000).

Interest-bearing borrowings, current and non-current

Interest-bearing borrowings decreased by approximately S\$307,000, from S\$4.6 million as at 31 December 2018 to S\$4.3 million as at 31 December 2019, due to repayments made during the financial year.

Lease liabilities, current and non-current

Due to the adoption of SFRS(I) 16, the Group recognised lease liabilities of S\$2.5 million on property and equipment leases in FY2019.

Contract liabilities, current and non-current

Due to the adoption of SFRS(I) 15, deferred revenue was being reclassified and presented as contract liabilities. Contract liabilities represent revenue received in advance for services revenues to be rendered under the various performance obligations identified in the cord blood, cord lining and cord tissue banking contracts. Current contract liabilities increased from S\$3.8 million as at 31 December 2018 to S\$5.9 million as at 31 December 2019 due to increase in clients opting for upfront payment plans. Non-current contract liabilities was S\$58.9 million as at 31 December 2019 compared to S\$58.3 million as at 31 December 2018.

Income tax payable

As at 31 December 2019, the Group recorded income tax payable of S\$1.8 million (31 December 2018: S\$2.1 million).

Deferred tax liabilities

As at 31 December 2019, deferred tax liabilities amounted to S\$5.2 million (31 December 2018: S\$5.9 million), comprising deferred tax liabilities on temporary differences and on intangible assets recognised on business combination.

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

Not applicable as no forecast or prospect statement was previously disclosed to shareholders.

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

The potential for further growth in many of the markets the Group operates in remains positive amid increasing public awareness of the benefits of stem-cell banking. In countries such as the Philippines and Indonesia, for example, there is room to gain more market share as the middle class increasingly spends more on discretionary goods and services, including specialised healthcare. Several initiatives the Group put into practice over the past financial year have also yielded encouraging results and will help underpin future growth. These include offering additional services for cord blood testing which add value to stemcell banking services in a number of markets. In addition, there has been increasing interest in nascent markets like Vietnam and Myanmar where the Group already has presence through its marketing agents. For Indonesia specifically, the Group opened the largest stem-cell banking facility in the country in May 2019, thereby strengthening its presence in the country. Boosting seven times more stem-cell storage capacity than its previous facility, the new facility, which is now AABB accredited, also comprises dedicated laboratory areas intended to serve growing demand for diagnostic and genetic testing. In Bangladesh, the Group had in August 2019 appointed Cordcell Bangladesh Ltd as its marketing agent, in a move to capture surging demand for quality healthcare in what could be a significant growth market due to the rise of a progressive middle and affluent class.

In the Singapore and Hong Kong markets, the Group expects profit margins to hold up because of their higher consumer purchasing power and its ongoing efforts to market its banking and diagnostics services. As the Group continues to expand its service offerings, it strives closer to its aim of providing quality healthcare beyond mother and child, to the broader family over their lifetime in all the markets it operates in. In Hong Kong, efforts to generate greater synergy and economies of scale between its two brands – Cordlife Hong Kong and Healthbaby – are paying off. With the completion of the consolidation of Hong Kong’s operations, the Group expects to maintain the cost efficiencies realised from the streamlined operations in Hong Kong. The recent protests in Hong Kong did not have any significant impact to the Group’s performance for the financial year ended 31 December 2019. For the financial year ended 31 December 2020, the Group will continue to monitor the situation closely and respond accordingly.

For the upcoming year, the Group intends to continue to launch several new growth initiatives. Notably, the Group continues to seek growth in its diagnostics business through continuous engagement with its clients and their broader families over their lifetime. With an increasingly technologically-savvy population, the Group is also exploring digital healthcare to better service and empower clients, as well as reduce inefficiencies and costs in service delivery.

With its strong balance sheet and desire to expedite growth, the Group is actively reviewing opportunities to acquire or invest in suitable healthcare assets in Asia. Notably, on 4 June 2019, the Group announced an indicative, non-binding and conditional proposal for the proposed merger with Global Cord Blood Corporation. Negotiations are still ongoing and further announcements will be made as and when appropriate and in accordance with the requirements of the SGX Listing Rules. As at 31 December 2019, the Group had S\$54.0 million in cash and cash equivalents, pledged and unpledged fixed deposits and short-term investments in money market funds. Total debt as a percentage of equity was 3.3%.

The recent outbreak of the Coronavirus Disease 2019 (COVID-19) in early 2020 has caused fear worldwide and could result in a negative impact to the economy. The Group is mindful of the challenges

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posed by the COVID-19 situation but does not expect to face supply-chain disruptions or experience significant negative impact from the outbreak in the first quarter of 2020. However, the Group will continue to monitor the situation closely and respond accordingly.

Barring unforeseen developments and exceptional non-operating items, the Group expects to remain profitable for the next financial year ending 31 December 2020.

11. Dividends

(a) ***Current financial period reported on***

Any interim (final) ordinary dividend declared (recommended) for the current financial period reported on?

Name of Dividend	Final
Dividend Type	Tax exempt (1-tier) dividend
Dividend Amount	S\$0.01 per ordinary share
Tax Rate	Exempt (1-tier)

(b) ***Corresponding period of the immediately preceding financial year***

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

(c) ***The date the dividend is payable***

The final dividend will be paid on 22 May 2020.

(d) ***Books closure date***

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 11 May 2020 for preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 up to 5.00pm on 8 May 2020 ("Record Date") will be registered to determine members' entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on the Record Date will be entitled to the Dividend.

The proposed final dividend is subject to the approval of the shareholders at the Company's forthcoming Annual General Meeting.

12. If no dividend has been declared (recommended), a statement to that effect

Not applicable.

13. Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

There were no interested person transactions of S\$100,000 or more for the financial year reported on.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of knowledge of the Board of Directors of the Company (the "Board"), nothing has come to the attention of the Board which may render the unaudited financial statements of the Company and the Group for FY2019 presented in this announcement, to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

16. Disclosure on the use of placement proceeds

Capitalised terms used herein, unless otherwise defined, have the meanings as defined in the announcements on Private Placement Of An Aggregate Of Up To 26,838,000 New Ordinary Shares In The Capital Of The Company dated 2 October 2013, 11 October 2013 and 14 October 2013.

The Company issued 26,838,000 Placement Shares at an issue price of S\$1.25 per Placement Share by way of private placement (the "Private Placement") to raise aggregate gross proceeds of S\$33,547,500 on 14 October 2013.

As at 28 February 2020, the Group has utilised approximately S\$24.3 million out of S\$33.5 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount (\$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (\$ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	16.5	49.3%
General working capital	8.6	25.7%	7.2	21.5%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%

	33.5	100.0%	24.3	72.6%
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Note:

The numbers in the table above may not exactly add up due to rounding.

The breakdown of the total use of proceeds by the Group for general working capital purposes is as follows:

	Amount (S\$ million)
Amount utilised as working capital:	
Trade purchases	7.1
Legal and professional fees	0.1
Total	<u><u>7.2</u></u>

The Board is of the view that the above utilisation is in accordance with the intended use disclosed in the aforementioned announcement dated 2 October 2013.

The Board is also pleased to announce that due to the Company's prudent management of financial resources and negotiations with vendors, there is a balance of approximately S\$0.8 million from the approximately S\$1.4 million which was originally allocated to pay for expenses incurred in connection with the Private Placement. The Board, after deliberation, deemed it in the best interests of the Company and its shareholders to re-deploy the said balance amount for general working capital purposes.

The Company will make further announcements via SGXNET as and when the balance of the Private Placement proceeds are materially disbursed in accordance with Rule 704(30) of the Listing Manual of the SGX-ST.

17. Segmented revenue and results for business or geographical 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)

Segment revenue

	Banking S\$'000	Diagnostics S\$'000	Total S\$'000
FY2019			
Revenue from external clients	60,009	1,570	<u>61,579</u>
12M2018	(restated)		(restated)
Revenue from external clients	60,460	932	<u>61,392</u>

Segment results

	Banking S\$'000	Diagnostics S\$'000	Total S\$'000
FY2019			
Depreciation and amortisation	<u>(4,273)</u>	<u>(11)</u>	<u>(4,284)</u>
Segment profit	5,473	235	5,708
Fair value loss on investment properties			(326)
Gain on financial asset at fair value through profit or loss			945
Finance income from deposits, short-term investments and note receivable			2,109
Finance costs			<u>(311)</u>
Profit before income tax			8,125
Income tax			<u>(1,663)</u>
Profit for the financial year			<u>6,462</u>

	Banking S\$'000 (restated)	Diagnostics S\$'000	Total S\$'000 (restated)
12M2018			
Depreciation and amortisation	(3,041)	(33)	(3,074)
Segment profit/(loss)	1,927	(44)	1,883
Fair value gain on investment properties			316
Finance income from deposits, short-term investments and note receivable			1,467
Finance costs			(197)
Profit before income tax			3,469
Income tax			(1,970)
Profit for the financial period			1,499

18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

19. A breakdown of sales as follows:

	Group		+ / (-) Increase/ (Decrease) %
	FY2019	12M2018 (restated)	
	S\$'000	S\$'000	
(a) Revenue reported for first half year (e.g. 1 Jan – 30 Jun)	30,066	31,002	(3.0)
(b) Profit after tax before deducting non- controlling interests reported for the first half year	1,752	1,379	27.0
(c) Revenue reported for second half year (e.g. 1 Jul – 31 Dec)	31,513	30,390	3.7
(d) Profit after tax before deducting non- controlling interests reported for the second half year	4,710	120	>100

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

	Full year 2019 (12 months basis) S\$	Full year 2018 (18 months basis) S\$
Interim dividend	–	2,021,752
Final dividend	1,013,206	1,262,275
Total	1,013,206	3,284,027

- 21. Persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make the appropriate negative statement**

The Company confirms that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Tan Poh Lan
Group CEO and Executive Director
28 February 2020