



**CORDLIFE GROUP LIMITED**

Condensed Interim Financial Statements for the  
Six Months and Full Year Ended 31 December 2021

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**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2021**

**A Condensed interim consolidated statement of profit or loss and other comprehensive income**

	Group			Group		
	6 months ended 31 December		+ / (-)	12 months ended 31 December		+ / (-)
	2021	2020	Increase / (Decrease)	2021	2020	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
		(Restated)			(Restated)	
<b>Revenue</b>	29,350	28,409	3.3	56,669	58,987	(3.9)
Cost of sales	(8,668)	(9,094)	(4.7)	(17,186)	(18,881)	(9.0)
<b>Gross profit</b>	20,682	19,315	7.1	39,483	40,106	(1.6)
Other operating income	393	2,545	(84.6)	826	2,907	(71.6)
Selling and marketing expenses	(8,934)	(9,346)	(4.4)	(17,537)	(18,432)	(4.9)
Administrative expenses	(9,300)	(9,583)	(3.0)	(18,454)	(19,463)	(5.2)
Finance income	1,189	1,114	6.7	2,267	2,228	1.8
Finance costs	(85)	(179)	(52.5)	(200)	(341)	(41.3)
<b>Profit before income tax from operations *</b>	3,945	3,866	2.0	6,385	7,005	(8.9)
Fair value gain/(loss) on investment properties	179	(194)	n.m.	179	(194)	n.m.
Reversal of impairment loss on investment in associate	—	386	(100.0)	—	386	(100.0)
Share of profit of associate	145	367	(60.5)	432	367	17.7
Gain/(loss) on financial asset at fair value through profit or loss	13	(13)	n.m.	13	(13)	n.m.
<b>Profit before income tax</b>	4,282	4,412	(2.9)	7,009	7,551	(7.2)
Income tax expense	(641)	(494)	29.8	(874)	(1,001)	(12.7)
<b>Profit for the financial period/year</b>	3,641	3,918	(7.1)	6,135	6,550	(6.3)
<b>Other comprehensive gain/(loss) for the financial period/year, net of tax:</b>						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation^	54	(247)	n.m.	(607)	(179)	>100
<b>Total comprehensive income for the financial period/year</b>	3,695	3,671	0.7	5,528	6,371	(13.2)

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2021**

**A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)**

	Group			Group		
	6 months ended 31 December		+ / (-) Increase/ (Decrease) %	12 months ended 31 December		+ / (-) Increase/ (Decrease) %
	2021 \$'000	2020 \$'000		2021 \$'000	2020 \$'000	
<b>Profit/(loss) for the financial period/ year attributable to:</b>						
- Owners of the Company	3,642	3,914	(6.9)	6,135	6,547	(6.3)
- Non-controlling interests	(1)	4	n.m.	—	3	(100.0)
	<u>3,641</u>	<u>3,918</u>	<u>(7.1)</u>	<u>6,135</u>	<u>6,550</u>	<u>(6.3)</u>
<b>Total comprehensive income/(loss) for the financial period/year attributable to:</b>						
- Owners of the Company	3,697	3,667	0.8	5,528	6,368	(13.2)
- Non-controlling interests	(2)	4	n.m.	—	3	(100.0)
	<u>3,695</u>	<u>3,671</u>	<u>0.7</u>	<u>5,528</u>	<u>6,371</u>	<u>(13.2)</u>
<b>Earnings per share (cents per share):</b>						
- Basic	1.43	1.53	(7.0)	2.40	2.57	(6.6)
- Diluted	1.42	1.52	(6.6)	2.39	2.55	(6.2)

n.m. denotes not meaningful

\*In order to provide more clarity to readers, the Group has separately presented its fair value gain/(loss) on investment properties, reversal of impairment loss on investment in associate, share of profit of associate and gain/(loss) on financial asset at fair value through profit or loss.

^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.

**A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)**

**A(i) Notes to the consolidated statement of profit or loss**

	Group					
	6 months ended 31 December			12 months ended 31 December		
	2021	2020		2021	2020	
	\$'000	\$'000	\$'000	\$'000		
	Restated		Restated			
Depreciation of property, plant and equipment	1,299	1,493	[1]	2,636	2,913	[1]
Amortisation of intangible assets	442	598	[2]	936	1,230	[2]
Impairment loss on trade receivables and bad debts written off, net	1,074	1,047		1,560	1,562	
Impairment loss on non-trade receivables and bad debts written off, net	—	—		—	255	[3]
Foreign exchange (gain)/loss	(155)	295	[4]	(26)	214	[4]
Other operating income	(393)	(2,545)	[5]	(826)	(2,907)	[5]
(Over)/under-provision of tax in respect of prior years	(41)	180	[6]	(240)	(27)	[6]
Finance income	(1,189)	(1,114)		(2,267)	(2,228)	

Notes

1. Decrease in depreciation of property, plant and equipment in the twelve months ended 31 December 2021 ("FY2021") compared to the twelve months ended 31 December 2020 ("FY2020") and the six months ended 31 December 2021 ("2H2021") compared to the six months ended 31 December 2020 ("2H2020") was mainly due to lower depreciation recorded in Singapore and India as certain fixed assets reached the end of their useful lives in FY2021.
2. Decrease in amortisation of intangible assets in FY2021 compared to FY2020 and 2H2021 compared to 2H2020 was mainly due to lower amortisation in Singapore as certain intangible assets reached the end of their useful lives in FY2021.
3. In FY2020, the Group recognised an impairment loss on non-trade receivables due from a third party in its India subsidiary. There was no such impairment loss in FY2021.
4. The foreign exchange gain in FY2021 and 2H2021 compared to the foreign exchange loss in FY2020 and 2H2020 was mainly due to foreign exchange loss recognised by the Group's Indonesia subsidiary on revaluation of foreign currency payables as IDR depreciated against S\$ from January 2020 to December 2020, while it appreciated against the S\$ from January 2021 to December 2021.
5. The decrease in other operating income of approximately S\$2.1 million in FY2021 compared to FY2020 and approximately S\$2.2 million in 2H2021 compared to 2H2020 was mainly due to lower government grants received in Singapore, Hong Kong and Malaysia for the Coronavirus Disease 2019 outbreak ("COVID-19"). The Group received grants of approximately S\$2.1 million and S\$2.0 million in FY2020 and 2H2020 respectively, compared to S\$0.3 million and S\$79,000 in FY2021 and 2H2021 respectively.

There was also an increase in fair value loss on the short-term investments held in Malaysia. The Group recognised a fair value gain of S\$141,000 in FY2020 compared to a loss of S\$282,000 in FY2021, and a gain of S\$182,000 in 2H2020 compared to a loss of S\$128,000 in 2H2021.

6. Over-provision of tax in respect of prior years of approximately S\$240,000 for FY2021 mainly comprises an over-provision of corporate income tax in the Philippines of S\$215,000, Malaysia of S\$49,000 and Singapore of S\$56,000, offset by an under-provision of corporate income tax in Indonesia of S\$92,000. In FY2020, the over-provision of tax in respect of prior years of S\$27,000 comprises over-provision of corporate income tax of S\$270,000 for the Singapore, Malaysia and Hong Kong subsidiaries. This was offset by an under-provision of tax in respect of prior years of S\$243,000 for the Philippines subsidiary.

Over-provision of tax in respect of prior years of approximately S\$41,000 for 2H2021 mainly comprises over-provision of corporate income tax of S\$133,000 in the Philippines, Singapore and Malaysia subsidiaries, offset by an under-provision of corporate income tax of S\$92,000 in the Indonesia subsidiary. In 2H2020, the under-provision of tax in respect of prior years of S\$180,000 comprises under-provision of corporate income tax of S\$372,000 in the Philippines and Singapore subsidiaries, offset by an over-provision of corporate income tax of S\$192,000 in the Singapore, Hong Kong and Malaysia subsidiaries.

**B Condensed interim statements of financial position**

	Group as at		Company as at	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	16,403	16,425	6,558	6,910
Investment properties	3,513	7,531	1,848	2,305
Intangible assets	31,539	31,972	730	616
Deferred tax assets	672	1,139	—	—
Investment in subsidiaries	—	—	62,620	62,620
Investment in associate	1,106	769	—	—
Long-term investments	4,357	—	4,357	—
Contract assets	66,573	68,247	42,211	44,098
Other receivables	—	1	—	1
Fixed deposits	17,865	3,244	—	—
	<u>142,028</u>	<u>129,328</u>	<u>118,324</u>	<u>116,550</u>
<b>Current assets</b>				
Inventories	1,428	1,659	283	381
Prepayments	2,162	2,584	1,046	778
Trade receivables	23,961	23,391	10,842	9,726
Other receivables	5,460	3,115	696	525
Tax recoverable	1,921	1,181	—	—
Amount owing by subsidiaries	—	—	23,381	21,883
Short-term investments	15,411	19,821	—	4,491
Fixed deposits	15,917	16,113	8,268	—
Pledged fixed deposits	9,966	10,086	—	—
Cash and cash equivalents	15,458	25,938	3,438	11,509
	<u>91,684</u>	<u>103,888</u>	<u>47,954</u>	<u>49,293</u>
<b>Total assets</b>	<u>233,712</u>	<u>233,216</u>	<u>166,278</u>	<u>165,843</u>
<b>Current liabilities</b>				
Trade and other payables	11,423	14,251	4,431	4,204
Amounts owing to subsidiaries	—	—	15,378	10,407
Interest-bearing borrowings	—	310	—	310
Lease liabilities	2,124	1,580	174	298
Contract liabilities	9,026	7,792	4,019	3,876
Tax payable	1,666	2,471	—	—
	<u>24,239</u>	<u>26,404</u>	<u>24,002</u>	<u>19,095</u>
<b>Net current assets</b>	<u>67,445</u>	<u>77,484</u>	<u>23,952</u>	<u>30,198</u>

**B Condensed interim statements of financial position (cont'd)**

	Group As at		Company As at	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<b>Non-current liabilities</b>				
Other payables	662	543	—	—
Amount owing to subsidiaries	—	—	13,395	13,268
Interest-bearing borrowings	—	3,678	—	3,678
Lease liabilities	843	2,085	139	313
Contract liabilities	67,108	62,659	15,668	15,310
Deferred tax liabilities	4,171	4,625	15	15
	<u>72,784</u>	<u>73,590</u>	<u>29,217</u>	<u>32,584</u>
<b>Total liabilities</b>	<u>97,023</u>	<u>99,994</u>	<u>53,219</u>	<u>51,679</u>
<b>Net assets</b>	<u>136,689</u>	<u>133,222</u>	<u>113,059</u>	<u>114,164</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	95,163	95,646	95,163	95,646
Treasury shares	(13,290)	(14,073)	(13,290)	(14,073)
Accumulated profits	69,407	65,570	30,233	31,632
Other reserves	(14,851)	(14,047)	953	959
	<u>136,429</u>	<u>133,096</u>	<u>113,059</u>	<u>114,164</u>
<b>Non-controlling interests</b>	<u>260</u>	<u>126</u>	<u>—</u>	<u>—</u>
<b>Total equity</b>	<u>136,689</u>	<u>133,222</u>	<u>113,059</u>	<u>114,164</u>
<b>Total equity and liabilities</b>	<u>233,712</u>	<u>233,216</u>	<u>166,278</u>	<u>165,843</u>



**B Condensed interim statements of financial position (cont'd)**

**B(i) Aggregate amount of the group's borrowings and debt securities**

	As at	
	31 December 2021	31 December 2020
	\$'000	\$'000
<b>Loan I – secured</b>		
– repayable in one year or less, or on demand	—	310
– repayable after one year	—	3,678
	<u>—</u>	<u>3,988</u>

Loan I was secured by:

- a) 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) a charge over all current receivables of the Company.

On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of S\$3.9 million. Following the settlement, all charges on the Company’s leasehold buildings, investment properties and current trade receivables were discharged.

In September 2019, 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 MYR30.0 million (approximately S\$9.8 million as at 31 December 2020) placed by Stemlife Berhad, a subsidiary of the Company. No drawdown was made on the ST Loan facility and the ST Loan facility was cancelled in November 2021. The pledge on the secured fixed deposits was released in December 2021. The fixed deposits were withdrawn from Standard Chartered Bank and placed with another financial institution as of 31 December 2021.

**C Condensed interim consolidated statement of cash flows**

	Group	
	12 months ended 31 December	
	2021	2020
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax	7,009	7,551
Adjustments for:		
Depreciation of property, plant and equipment	2,636	2,913
Amortisation of intangible assets	936	1,230
Gain on disposal of property, plant and equipment	(24)	(12)
Impairment loss on receivables and bad debts written off, net	1,560	1,562
Impairment loss on non-trade receivables and bad debts written off, net	—	255
Interest income	(2,267)	(2,228)
Interest expense	200	341
Investment loss/(income)	282	(141)
Share-based compensation expense	294	119
Fair value (gain)/loss on investment properties	(179)	194
(Gain)/loss on financial asset at fair value through profit or loss	(13)	13
Reversal of impairment loss on investment in associate	—	(386)
Share of profit of associate	(432)	(367)
Unrealised exchange (gain)/loss	(373)	361
<b>Operating cash flows before changes in working capital</b>	<b>9,629</b>	<b>11,405</b>
<u>Changes in working capital</u>		
Increase in trade receivables	(560)	(879)
(Increase)/decrease in contract assets	(188)	1,498
Increase in other receivables and prepayments	(103)	(6)
Decrease/(increase) in inventories	231	(316)
Decrease in trade and other payables	(3,101)	(1,966)
Decrease in lease liabilities	(2,413)	(1,254)
Increase in contract liabilities	5,400	6,351
<b>Cash generated from operations</b>	<b>8,895</b>	<b>14,833</b>
Interest received	1,493	2,025
Interest paid	(35)	(152)
Income tax paid	(852)	(806)
<b>Net cash from operating activities</b>	<b>9,501</b>	<b>15,900</b>

**C Condensed interim consolidated statement of cash flows (cont'd)**

	<b>Group</b>	
	<b>12 months ended 31</b>	
	<b>December</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(1,195)	(1,143)
Purchase of intangible assets	(375)	(232)
Proceeds from sale of investment properties	1,300	—
Proceeds from disposal of fixed assets	65	3
Dividend received	84	131
Redemption/(placement) of short-term investments	257	(431)
Proceeds from sale of long-term investments	—	5,145
Transfer to term deposits	(14,336)	(4,805)
<b>Net cash used in investing activities</b>	<u>(14,200)</u>	<u>(1,332)</u>
<b>Cash flows from financing activities:</b>		
Acquisition of non-controlling interest in subsidiary	(57)	—
Repayment of interest-bearing borrowings	(3,987)	(310)
Dividends paid	(2,298)	(2,540)
<b>Cash flows used in financing activities</b>	<u>(6,342)</u>	<u>(2,850)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(11,041)	11,718
<b>Cash and cash equivalents at the beginning of the financial year</b>	25,938	14,784
Effects of exchange rate changes on cash and cash equivalents	561	(564)
<b>Cash and cash equivalents at end of the financial year</b>	<u>15,458</u>	<u>25,938</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.

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2021**

**D Condensed interim statements of changes in equity**

	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
<b>Group</b>											
<b>At 1 January 2020</b>	95,994	(14,700)	61,563	697	568	534	(11,740)	—	(3,767)	123	129,272
Profit/(loss) for the financial year	—	—	6,547	—	—	—	—	—	—	3	6,550
Other comprehensive loss for the financial year, net of tax											
- Foreign currency translation	—	—	—	—	—	—	—	—	(179)	—	(179)
Total comprehensive income/(loss) for the financial year, net of tax	—	—	6,547	—	—	—	—	—	(179)	3	6,371
<u>Contributions by and distributions to owners</u>											
Grant of share awards to employees	—	—	—	119	—	—	—	—	—	—	119
Reissuance of treasury shares pursuant to equity compensation plans	(348)	627	—	(279)	—	—	—	—	—	—	—
Dividends	—	—	(2,540)	—	—	—	—	—	—	—	(2,540)
Total contributions by and distributions to owners	(348)	627	(2,540)	(160)	—	—	—	—	—	—	(2,421)
<b>At 31 December 2020</b>	95,646	(14,073)	65,570	537	568	534	(11,740)	—	(3,946)	126	133,222

**D Condensed interim statements of changes in equity (cont'd)**

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Total \$'000
<b>At 1 January 2020</b>	95,994	(14,700)	30,653	697	422	113,066
Profit for the financial year, representing total comprehensive income for the financial year	—	—	3,519	—	—	3,519
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	—	—	—	119	—	119
Reissuance of treasury shares pursuant to equity compensation plans	(348)	627	—	(279)	—	—
Dividends	—	—	(2,540)	—	—	(2,540)
Total contributions by and distributions to owners	(348)	627	(2,540)	(160)	—	(2,421)
<b>At 31 December 2020</b>	95,646	(14,073)	31,632	537	422	114,164

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2021**

**D Condensed interim statements of changes in equity (cont'd)**

	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
<b>Group</b>										
<b>At 1 January 2021</b>	95,646	(14,073)	65,570	537	568	534	(11,740)	(3,946)	126	133,222
Profit for the financial year	—	—	6,135	—	—	—	—	—	—	6,135
Other comprehensive loss for the financial year, net of tax										
- Foreign currency translation	—	—	—	—	—	—	—	(607)	—	(607)
Total comprehensive income/(loss) for the financial year, net of tax	—	—	6,135	—	—	—	—	(607)	—	5,528
<u>Contributions by and distributions to owners</u>										
Grant of share awards to employees	—	—	—	294	—	—	—	—	—	294
Reissuance of treasury shares pursuant to equity compensation plans	(483)	783	—	(300)	—	—	—	—	—	—
Dividends	—	—	(2,298)	—	—	—	—	—	—	(2,298)
Total contributions by and distributions to owners	(483)	783	(2,298)	(6)	—	—	—	—	—	(2,004)
<u>Changes in ownership interests in subsidiary</u>										
Acquisition of non-controlling interests in subsidiary*	—	—	—	—	—	—	(191)	—	134	(57)
Total changes in ownership interest in subsidiary	—	—	—	—	—	—	(191)	—	134	(57)
<b>At 31 December 2021</b>	95,163	(13,290)	69,407	531	568	534	(11,931)	(4,553)	260	136,689

**D Condensed interim statements of changes in equity (cont'd)**

\*On 11 June 2021, the Group's wholly-owned subsidiary, Cordlife Stem Cell Technology Limited acquired 660,000 ordinary shares in Hong Kong Screening Centre Limited ("HKSC") from Navigene Genetic Science Pvt. Ltd, representing approximately 33.0% of all the issued ordinary shares of HKSC for HK\$329,776 (approximately S\$57,000). As a result of the acquisition, the carrying value of the non-controlling interest being approximately S\$134,000 was reversed, and the difference between the consideration and the carrying value of the non-controlling interest, being S\$191,000, was recognised in acquisition reserve under other reserve.

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2021**

**D Condensed interim statements of changes in equity (cont'd)**

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Total \$'000
<b>At 1 January 2021</b>	95,646	(14,073)	31,632	537	422	114,164
Profit for the financial year, representing total comprehensive income for the financial year	—	—	899	—	—	899
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	—	—	—	294	—	294
Reissuance of treasury shares pursuant to equity compensation plans	(483)	783	—	(300)	—	—
Dividends	—	—	(2,298)	—	—	(2,298)
Total contributions by and distributions to owners	(483)	783	(2,298)	(6)	—	(2,004)
<b>At 31 December 2021</b>	95,163	(13,290)	30,233	531	422	113,059



**E Notes to the condensed interim consolidated financial statements**

**1 Corporate information**

Cordlife Group Limited (the "Company") is incorporated in Singapore and has its registered office at 1 Yishun Industrial Street 1, #06-01/09, A'Posh Bizhub, Singapore 768160. The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees.

The principal activities of the Company are investment holding and the provision of cord blood banking services, which involves the processing and storage of cord blood stem cells. The principal activities of the subsidiaries are:

- a. provision of cord blood, cord lining and cord tissue banking services
- b. provision of newborn metabolic screening services
- c. provision of medical laboratory and diagnostic services and general medical screening tests
- d. property investment
- e. investment holding
- f. provision of marketing services

**2 Basis of Preparation**

**2(a) Statement of compliance**

The condensed interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

**2(b) Basis of measurement**

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

**2(c) Functional and presentation currency**

These condensed interim financial statements are presented in Singapore dollars ("S\$"), which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

**E Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

**2(d) Use of estimates and judgements**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements are as follows :

- *Revenue recognition: whether revenue from rendering of cord blood, cord lining and cord tissue banking services is recognised over time or point in time*

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Rendering of cord blood, cord lining and cord tissue banking services: processing revenue

Nature of goods or services	Collection, processing and testing of the cord blood, cord lining and cord tissue sample.
When revenue is recognised	Revenue is recognised upon completion of processing of the cord blood, cord lining and cord tissue sample.
Significant payment terms	Deferred payment plans that include annual instalments over 18 to 21 years or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payments plans as these terms are designed for reasons other than provision of financing to the Group.
Obligations for refunds, if any	Refunds will be provided if no collection is done.
Obligations for warranties	Nil

Rendering of cord blood, cord lining and cord tissue banking services: storage revenue

Nature of goods or services	Cryogenic storage of the cord blood, cord lining and cord tissue sample.
When revenue is recognised	Over the storage period.
Significant payment terms	Deferred payment plans that include annual instalments over 18 to 21 years or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payments plans as these terms are designed for reasons other than provision of financing to the Group.
Obligations for refunds, if any	For full upfront payments, customers are entitled to refunds on the prepaid storage component that has not been fulfilled, if the contract is terminated in accordance with the terms of the contract.
Obligations for warranties	Nil

**E Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

**2(d) Use of estimates and judgements (cont'd)**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next interim period are as follows:

- *Fair value of investment properties: determination of fair value of investment properties based on the valuation technique and significant unobservable inputs*

For the year ended 31 December 2021, the valuations are performed by PREMAS Valuers & Property Consultants Pte Ltd and VPC Alliance (KL) Sdn. Bhd., who are independent valuers with recognised and relevant professional qualifications and with recent experiences in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

- *Impairment of non-financial assets: key assumptions used in discounted cash flow projections for the recoverable amounts*

For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to the Group's cash generating units ("CGUs") (operating divisions) as follows :

	<b>Group</b>	
	<b>As at</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Business operations in Malaysia – Stemlife Berhad	7,466	7,580
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	20,152	19,832
	<u>27,618</u>	<u>27,412</u>

As at 31 December 2021, the recoverable amount of CGUs has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

- *Measurement of expected credit losses ("ECLs") allowance for trade and other receivables and contract assets: key assumptions in determining the weighted-average loss*

As at 31 December 2021, the Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures by type of customers based on the common credit risk characteristics.

**E Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates.

**3 Seasonal operations**

The Group's business are not affected significantly by seasonal or cyclical factors during the financial period.

**4 Segment and revenue information**

For management reporting purposes, the Group monitors the performance of the business units based on their products and services and has two reportable segments as follows:

- The banking segment comprises of the banking of samples such as cord blood, cord lining and cord tissue. Cord blood, cord lining and cord tissue are collected, processed and stored in the various laboratories in the regions that the Group operates in.
- The diagnostics segment comprises diagnostic testing such as non-invasive prenatal testing service, newborn metabolic screening, newborn genetic screening and paediatric vision screening services.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income excluding interest income on contract assets.
- Income taxes that are managed on a group basis.
- Subsidiaries not in the principal activities of the provision of cord blood, cord lining and cord tissue banking services, non-invasive prenatal testing services, newborn metabolic screening, and paediatric vision screening services.

No operating segments have been aggregated to form the above reportable operating segments.

**E Notes to the condensed interim consolidated financial statements (cont'd)**

**4 Segment and revenue information (cont'd)**

	Banking \$'000	Diagnostics \$'000	Total \$'000
<b>Segment revenue</b>			
<b>1 July 2021 to 31 December 2021</b>			
Revenue from external clients	27,551	1,799	29,350
Total consolidated revenue			<u>29,350</u>
<b>1 July 2020 to 31 December 2020</b>			
Revenue from external clients	26,961	1,448	28,409
Total consolidated revenue			<u>28,409</u>
<b>Segment results</b>			
<b>1 July 2021 to 31 December 2021</b>			
Depreciation and amortisation	(1,741)	—	(1,741)
Segment profit	2,337	504	2,841
Fair value gain on investment properties			179
Share of profit of associate			145
Gain on financial asset at fair value through profit or loss			13
Finance income			1,189
Finance costs			(85)
Profit before income tax			<u>4,282</u>
Income tax			(641)
Profit for the period			<u>3,641</u>
<b>1 July 2020 to 31 December 2020</b>			
Depreciation and amortisation	(2,087)	(4)	(2,091)
Segment profit	2,530	401	2,931
Fair value loss on investment properties			(194)
Reversal of impairment loss on investment in associate			386
Share of profit of associate			367
Loss on financial asset at fair value through profit or loss			(13)
Finance income			1,114
Finance costs			(179)
Profit before income tax			<u>4,412</u>
Income tax			(494)
Profit for the period			<u>3,918</u>

**E Notes to the condensed interim consolidated financial statements (cont'd)**

**4 Segment and revenue information (cont'd)**

	Banking \$'000	Diagnostics \$'000	Total \$'000
<b>Segment revenue</b>			
<b>1 January 2021 to 31 December 2021</b>			
Revenue from external clients	53,115	3,554	56,669
Total consolidated revenue			<u>56,669</u>
<b>1 January 2020 to 31 December 2020</b>			
Revenue from external clients	56,321	2,666	58,987
Total consolidated revenue			<u>58,987</u>
<b>Segment results</b>			
<b>1 January 2021 to 31 December 2021</b>			
Depreciation and amortisation	<u>(3,567)</u>	<u>(5)</u>	<u>(3,572)</u>
Segment profit	3,287	1,031	4,318
Fair value gain on investment properties			179
Share of profit of associate			432
Gain on financial asset at fair value through profit or loss			13
Finance income			2,267
Finance costs			<u>(200)</u>
Profit before income tax			7,009
Income tax			<u>(874)</u>
Profit for the year			<u>6,135</u>
<b>1 January 2020 to 31 December 2020</b>			
Depreciation and amortisation	<u>(4,132)</u>	<u>(11)</u>	<u>(4,143)</u>
Segment profit	4,446	672	5,118
Fair value loss on investment properties			(194)
Reversal of impairment loss on investment in associate			386
Share of profit of associate			367
Loss on financial asset at fair value through profit or loss			(13)
Finance income			2,228
Finance costs			<u>(341)</u>
Profit before income tax			7,551
Income tax			<u>(1,001)</u>
Profit for the year			<u>6,550</u>

**E Notes to the condensed interim consolidated financial statements (cont'd)**

**4 Segment and revenue information (cont'd)**

**Segment assets and liabilities**

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
<b>31 December 2021</b>				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	3,074	—	—	3,074
Segment assets	280,212	3,456	837	284,505
Investment in associate				1,106
Investment properties				3,513
Long-term investments				4,357
Eliminations+				(59,769)
Per interim financial statements				<u>233,712</u>
Segment liabilities	137,169	1,360	12,372	150,901
Tax payables				1,666
Deferred tax liabilities				4,171
Eliminations+				(59,715)
Per interim financial statements				<u>97,023</u>
<b>31 December 2020</b>				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	3,808	—	—	3,808
Segment assets	269,151	1,941	558	271,650
Investment in associate				769
Investment properties				7,531
Short-term investments				4,491
Eliminations+				(51,225)
Per interim financial statements				<u>233,216</u>
Segment liabilities	131,696	1,267	11,084	144,047
Tax payables				2,471
Deferred tax liabilities				4,625
Eliminations+				(51,149)
Per interim financial statements				<u>99,994</u>

+ Inter-segment balances are eliminated on consolidation.

\* Others refer to the assets and liabilities of subsidiaries not in the principal activities of the provision of cord blood, cord lining and cord tissue banking and diagnostic services.

**E Notes to the condensed interim consolidated financial statements (cont'd)**

**4 Segment and revenue information (cont'd)**

	Revenue			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Singapore	13,048	13,098	25,583	27,226
Hong Kong	3,845	3,843	7,697	7,717
India	4,688	4,188	8,575	9,048
Malaysia	1,973	2,211	4,035	4,308
Philippines	2,936	2,440	5,446	5,242
Indonesia	2,860	2,629	5,333	5,446
	<u>29,350</u>	<u>28,409</u>	<u>56,669</u>	<u>58,987</u>

**A breakdown of sales as follows:**

	Group		+ / (-)
	Financial Year ending		Increase/ (Decrease)
	31 December 2021	31 December 2020	
	\$'000	\$'000	%
(a) Revenue reported for first half year (e.g. 1 Jan – 30 Jun)	27,319	30,578	(10.7)
(b) Profit after tax before deducting non-controlling interests reported for the first half year	2,494	2,632	(5.2)
(c) Revenue reported for second half year (e.g. 1 Jul – 31 Dec)	29,350	28,409	3.3
(d) Profit after tax before deducting non-controlling interests reported for the second half year	3,641	3,918	(7.1)



**5 Taxation**

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Current tax expense</b>				
Current year	1,174	1,640	1,475	2,677
(Over)/under-provision in respect of previous years	(41)	180	(240)	(27)
	1,133	1,820	1,235	2,650
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(492)	(1,326)	(361)	(1,649)
	641	494	874	1,001

Income tax is calculated at prevailing tax rates of the respective countries on the estimated assessable profit for the period.

**6 Subsequent event**

In FY2020, the Group's subsidiary in Indonesia, PT Cordlife Persada ("Persada"), had received a tax assessment of IDR7.06 billion (approximately S\$660,000) in respect of financial year ended 30 June 2016, mainly relating to withholding and value added tax imposed on transactions arising from contracts signed by Cordlife Group Limited and Cordlife Technologies Pte. Ltd. in Singapore with Indonesian residents for the processing and storage of their samples in Singapore. Persada had acted as a marketing agent in this arrangement.

As required by the Indonesia's tax ruling, Persada had prepaid the preliminary tax assessment amount accordingly. On 31 December 2021, Persada received the final ruling on the tax assessment where the final tax levied on the transactions was IDR 660 million (approximately S\$62,000). In February 2022, Persada received the refund of IDR 6.4 billion (approximately S\$600,000) upon settlement of the tax assessment.



Other information required under Appendix 7.2 of the  
SGX-ST Listing Manual

- 1(a) 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\$)
<b>As at 31 December 2020</b>	254,582,744	95,646,010
Treasury shares reissued pursuant to equity compensation plans	718,700	(483,137)
<b>As at 31 December 2021</b>	255,301,444	95,162,873

- 1(b) 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	
	December 2021 No. of shares	December 2020 No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(12,223,910)	(12,942,610)
Total number of issued shares excluding treasury shares	255,301,444	254,582,744
Percentage of treasury shares against total number of shares outstanding	4.6 %	4.8 %

- 1(c) 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 16 April 2021, 718,700 treasury shares were reissued pursuant to the Cordlife Share Grant Plan.

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

Not applicable.

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

The figures have not been audited 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 condensed interim financial statements for the current period 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 2021.

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 condensed interim financial statements of the Group for the current reporting period or the reporting periods in prior years.

In the Group's financial statements for the year ended 31 December 2020 ("FY2020 Results") and the announcement for the Condensed Interim Financial Statements for the Half Year ended 30 June 2021 ("1H2021 results"), the significant financing component recognised on deferred payment plans ("finance income on contract assets") was classified under "Finance income" in the consolidated statement of profit or loss and other comprehensive income. As the Group's offers such deferred payment plans for client acquisition purposes instead of for the generation of interest income, the finance income on contract assets is incidental to the core service offering of the processing and storage of cord blood, cord lining and cord tissue. As such, the finance income on contract assets has been reclassified to revenue. The effect of the reclassification is as follows:

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2021**

**For the financial period ending 30 June 2021**

	<b>As previously reported in 1H2021 results</b>	<b>Reclassification</b>	<b>As restated</b>
<b>Profit before income tax</b>	2,727	—	2,727
Revenue	23,170	4,149	27,319
Finance income	5,227	(4,149)	1,078

**For the financial period ending 30 June 2020**

	<b>As previously reported in 1H2021 results</b>	<b>Reclassification</b>	<b>As restated</b>
<b>Profit before income tax</b>	3,139	—	3,139
Revenue	26,241	4,337	30,578
Finance income	5,451	(4,337)	1,114

**For the financial year ending 31 December 2020**

	<b>As previously reported in FY2020 results</b>	<b>Reclassification</b>	<b>As restated</b>
<b>Profit before income tax</b>	7,551	—	7,551
Revenue	50,616	8,371	58,987
Finance income	10,599	(8,371)	2,228

**6 Earnings per ordinary share**

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
<b>Basic Earnings Per Share</b>				
<b>Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:</b>				
Profit attributable to shareholders of the Company (S\$ '000)	3,642	3,914	6,135	6,547
Weighted average number of shares in issue during the period ('000)	255,301	254,583	255,095	254,311
Basic earnings per share based on weighted average number of ordinary shares (cents)	<u>1.43</u>	<u>1.53</u>	<u>2.40</u>	<u>2.57</u>
<b>Diluted Earnings Per Share</b>				
<b>Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:</b>				
Profit attributable to shareholders of the Company (S\$ '000)	3,642	3,914	6,135	6,547
Weighted average number of shares in issue during the period ('000)	255,670	257,099	256,232	256,370
Diluted earnings per share based on weighted average number of ordinary shares (cents)	<u>1.42</u>	<u>1.52</u>	<u>2.39</u>	<u>2.55</u>

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.

**7 Net asset value**

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(cents)	(cents)	(cents)	(cents)
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	53.54	52.33	44.28	44.84

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2021 is 255,301,444 (31 December 2020: 254,582,744).

**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 6 MONTHS ENDED 31 DECEMBER 2021 ("2H2021") AGAINST 6 MONTHS ENDED 31 DECEMBER 2020 ("2H2020")**

**Income Statement**

Revenue

Revenue increased by 3.3% or S\$0.9 million from S\$28.4 million in 2H2020 to S\$29.4 million in 2H2021 as a result of a 5.0% increase in new samples processed and stored from 10,000 in 2H2020 to 10,500 in 2H2021. The increase in revenue is lower than the increase in new samples processed and stored as the volume increase is largely contributed by the India subsidiary, which has a lower selling price.

The Group also ramped up its diagnostic service offerings, which grew 24.2% or S\$0.4 million from 2H2020 to 2H2021. The increase is in particular attributable to the increase in revenue contribution from pre-natal testing services offered by the Group.

Gross profit and gross profit margin

Gross profit increased from S\$19.3 million in 2H2020 to S\$20.7 million in 2H2021 mainly due to an increase in new samples processed and stored. The gross profit margin increased to 70.5% in 2H2021 as compared to 68.0% in 2H2020 largely due to lower cost of sales incurred, contributed by increasing cost efficiency in our service delivery, lower depreciation expense as a result of certain assets in the Group being fully depreciated during the period as well as staff attrition in certain countries.

Other operating income

The decrease in other operating income of approximately S\$2.2 million was mainly due to a decrease in government grants received in Singapore and Malaysia of approximately S\$79,000 for COVID-19 in 2H2021 as compared to S\$2.0 million received in Singapore, Hong Kong and Malaysia in 2H2020.

There was also a fair value loss of S\$128,000 recognised on short-term investments in 2H2021 compared to a fair value gain of S\$182,000 recognised in 2H2020 arising from short-term investments held in Malaysia.

Finance income

Finance income comprises interest income from deposits, short-term investments and note receivable of S\$1.2 million (2H2020: S\$1.1 million).

Finance costs

Finance costs relate to interest-bearing borrowings and lease liabilities which amounted to S\$85,000 (2H2020: S\$179,000). On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of S\$3.9 million. Consequently, interest expense decreased in 2H2021 as compared with 2H2020.

Profit before income tax from operations

As a result of the foregoing, the profit before income tax from operations of S\$3.9 million for 2H2021 was 2.0% higher than for 2H2020.

Fair value gain/(loss) on investment properties

In 2H2021, the Group recognised fair value gain of S\$179,000 (2H2020: fair value loss of S\$194,000) on its investment properties held in Singapore and Malaysia.

Reversal of impairment loss on investment in associate

The Group holds a 39.61% stake in Thai Stemlife Co., Ltd (“TSL”) which provides cord blood banking services in Thailand through its subsidiary, Stemlife Berhad. The investment in the associate was fully impaired prior to the consolidation of Stemlife Berhad in December 2015, as the associate was loss-making at the time.

As TSL has shown sustained profitability in recent years, the Group has reversed the impairment in 2H2020 and recognised a reversal of impairment loss on investment in associate of S\$386,000. There was no such reversal in 2H2021.



Share of profit of associate

In 2H2021, the Group recognised the share of profit of associate of S\$145,000 compared to S\$367,000 recognised in 2H2020.

Gain/(loss) on financial asset at fair value through profit or loss

In 2H2021, the Group recognised gain on financial asset at fair value through profit or loss of S\$13,000 (2H2020: loss of S\$13,000) on a Class A Redeemable Convertible Note ("RCN") in the principal amount of S\$4.2 million from CellResearch Corporation ("CRC"), with a yielding interest rate of three month SIBOR plus 7% per annum payable annually in arrears.

Tax

In 2H2021, government grants, fair value gain on investment properties and share of profit of associate of S\$403,000 were not taxable. In 2H2020, government grants, reversal of impairment loss on investment in associate and share of profit of associate of S\$2,764,000 were not taxable, and fair value loss on investment properties and loss on financial asset at fair value through profit or loss of S\$207,000 were not deductible.

Over-provision of tax in respect of prior years of approximately S\$41,000 for 2H2021 mainly comprises an under-provision of corporate income tax of S\$92,000 in the Indonesia subsidiary, offset by over-provision of corporate income tax of S\$133,000 in the Philippines, Singapore and Malaysia subsidiaries. In 2H2020, the under-provision of tax in respect of prior years of S\$180,000 comprises under-provision of corporate income tax of S\$372,000 in the Philippines and Singapore subsidiaries, offset by an over-provision of corporate income tax of S\$192,000 in the Singapore, Hong Kong and Malaysia subsidiaries.

Adjusting for the foregoing, the effective tax rate of 17.6% in 2H2021 was comparable to 2H2020 at 16.9%.

**COMPARING 12 MONTHS ENDED 31 DECEMBER 2021 ("FY2021") AGAINST 12 MONTHS ENDED 31 DECEMBER 2020 ("FY2020")**

**Income Statement**

Revenue

Revenue decreased by 3.9% or S\$2.3 million from S\$59.0 million in FY2020 to S\$56.7 million in FY2021.

The Group's services which had mainly been classified as essential and its core operations, with proper hygiene protocols in place, could continue despite the movement limitations and/or safe distancing measures imposed in most of the Group's operating markets. However, COVID-19 had affected the demand for the Group's banking services. Consumers were tighter with their spending, and in some of the regions that the Group operates, movement limitations and border restrictions has made service delivery even more challenging. This resulted in a 6.3% decrease in the new samples processed and stored from 20,600 in FY2020 to 19,300 in FY2021, in line with a drop in banking revenue by 5.7% or S\$3.2 million in FY2021 compared to FY2020. The decrease in revenue due to the decline in new samples stored was partly mitigated by the conversion of more clients to higher value plans in the Philippines.

The Group also ramped up its diagnostic service offerings during the year, which grew 33.3% or S\$S\$0.9 million from FY2020 to FY2021. The increase is in largely attributable to the increase in revenue contribution from pre-natal testing services offered by the Group.

Gross profit and gross profit margin

Gross profit decreased from S\$40.1 million in FY2020 to S\$39.5 million in FY2021 mainly due to a decrease in new samples processed and stored. Gross profit margin increased to 69.7% in FY2021 as compared to 68.0% in FY2020. This was due to a higher proportion of clients opting for higher value plans in the Philippines as well as lower cost of sales incurred, contributed by increasing cost efficiency in our service delivery, lower depreciation expense as a result of certain assets in the Group being fully depreciated during the year and staff attrition in certain countries. The increase was partially offset by an increase in diagnostic services which generally has a lower gross profit margin.

Other operating income

The decrease in other operating income of approximately S\$2.1 million was mainly due to government grants received in Singapore, Hong Kong and Malaysia of approximately S\$2.1 million for COVID-19 in FY2020 as compared to S\$0.3 million received in Singapore and Malaysia in FY2021.

There was also an increase in fair value loss on the short-term investments of S\$423,000 from a gain of S\$141,000 in FY2020 to a loss of S\$282,000 in FY2021 arising from short-term investments held in Malaysia.

Finance income

Finance income comprises interest income from deposits, short-term investments and note receivable of S\$2.3 million (FY2020: S\$2.2 million).

Finance costs

Finance costs relate to interest-bearing borrowings and lease liabilities which amounted to S\$200,000 (FY2020: S\$341,000). On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of S\$3.9 million. Consequently, interest expense decreased in FY2021 as compared with FY2020.

Profit before income tax from operations

As a result of the foregoing, the profit before income tax from operations of S\$6.4 million for FY2021 was 8.9% lower than for FY2020.

Fair value gain/(loss) on investment properties

In FY2021, the Group recognised fair value gain of S\$179,000 (FY2020: fair value loss of S\$194,000 on its investment properties held in Singapore and Malaysia).

Reversal of impairment loss on investment in associate

In FY2020 the Group has reversed the impairment on the investment in TSL and recognised a reversal of impairment loss on investment in associate of S\$386,000. There was no such reversal in FY2021.

Share of profit of associate

In FY2021, the Group recognised the share of profit of associate of S\$432,000, which was a 17.7% increase compared to S\$367,000 recognised in FY2020.

Gain/(loss) on financial asset at fair value through profit or loss

In FY2021, the Group recognised gain on financial asset at fair value through profit or loss of S\$13,000 (FY2020: loss of S\$13,000) on the RCN from CRC.

Tax

In FY2021, government grants, fair value gain on investment properties and share of profit of associate of S\$936,000 were not taxable. In FY2020, government grants, reversal of impairment loss on investment in associate and share of profit of associate of S\$2,871,000 were not taxable and fair value loss on investment properties and loss on financial asset at fair value through profit or loss of S\$207,000 were not deductible.

Over-provision of tax in respect of prior years of approximately S\$240,000 for FY2021 mainly comprises an over-provision of corporate income tax in the Philippines of S\$215,000, Malaysia of S\$49,000 and Singapore of S\$56,000, offset by an under-provision of corporate income tax in Indonesia of S\$92,000. In FY2020, the over-provision of tax in respect of prior years of S\$27,000 comprises over-provision of corporate income tax of S\$270,000 for the Singapore, Malaysia and Hong Kong subsidiaries. This was offset by an under-provision of tax in respect of prior years of S\$243,000 for the Philippines subsidiary.

Adjusting for the foregoing, the effective tax rate of 18.3% in FY2021 was lower than FY2020 at 21.0%. The decrease in effective tax rate was mainly due to the utilisation of tax losses carried forward from previous years for which no deferred tax asset was recognised.

**Balance sheet**

Cash and cash equivalents, unpledged and pledged fixed deposits ("fixed deposits"), short-term and long-term investments

As at 31 December 2021, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits, short-term and long-term investments of S\$79.0 million (31 December 2020: S\$75.2 million). Short-term investments mainly comprise investments in money market funds and long-term investment comprise RCN from CRC. The increase in the total cash and cash equivalents, fixed deposits, short-term and long-term investments was mainly due to cash generated from operating activities of S\$9.5 million and proceeds from the sale of investment properties of approximately S\$1.3 million, offset by the repayment of interest-bearing borrowings of S\$4.0 million as well as dividend payment of S\$2.3 million under financing activities.

Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S\$9.6 million and net interest received of S\$1.5 million offset by net working capital outflow of S\$0.7 million and income tax paid of S\$852,000.

Net working capital outflow of approximately S\$0.7 million comprised the following:

- increase in trade receivables of approximately S\$0.6 million;
- increase in contract assets of approximately S\$188,000;
- increase in other receivables, deposits and prepayments of approximately S\$0.1 million;
- decrease in inventories of approximately S\$231,000;
- decrease in trade and other payables of approximately S\$3.1 million;
- decrease in lease liabilities of approximately S\$2.4 million; and
- increase in contract liabilities of approximately S\$5.4 million.

#### Property, plant and equipment

The Group recorded S\$16.4 million on its balance sheet for property, plant and equipment as of 31 December 2021 and 31 December 2020. The depreciation of S\$2.6 million in FY2021 was offset by the purchase of equipment required for the normal course of business.

#### Investment properties

As at 31 December 2021, the Group recorded S\$3.5 million on its balance sheet for investment properties (31 December 2020: S\$7.5 million). In FY2021, the Group sold off one and three of its investment properties in Singapore and Malaysia respectively.

#### Intangible assets

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

#### Deferred tax assets

Deferred tax assets represent prior year tax losses carried forward as a result of the transitional adjustments arising from the adoption of FRS115 in the Hong Kong subsidiary. The decrease in deferred tax from S\$1.1 million as of 31 December 2020 to S\$0.7 million as of 31 December 2021 was due to utilisation of deferred tax asset to offset against FY2021 profit of the said subsidiary.

#### Investment in associate

Investment in associate comprise of a 39.61% stake in TSL through Stemlife Berhad. The increase in investment in associate was due to the recognition of the share of profit of associate of S\$432,000 in FY2021.

#### Long-term investments

On 1 February 2016, the Group subscribed for a 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. The previous supplemental agreement, which was valid from 1 July 2019 to 30 June 2021, had matured. In July 2021, the Group had signed a new supplemental agreements to extend the RCN for another 2 years to June 2023 on the same terms. As such, the RCN and its corresponding interest receivable were reclassified from short-term investments to long-term investments.

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. As at 31 December 2021, the Group recorded non-current contract assets of S\$66.6 million (31 December 2020: S\$68.2 million).

Inventories

As at 31 December 2021, the Group recorded inventories of S\$1.4 million (31 December 2020: S\$1.7 million).

Prepayments

As at 31 December 2021, the Group recorded prepayment of S\$2.2 million (31 December 2020: S\$2.6 million).

Trade receivables, current

Current trade receivables as at 31 December 2021 was S\$24.0 million compared to S\$23.4 million as at 31 December 2020.

Other receivables, current

As at 31 December 2021, the Group recorded other receivables of S\$5.5 million compared to S\$3.1 million as at 31 December 2020. The increase in other receivables was mainly due to the receivable of sales proceeds for the sale of two investment properties in Stemlife Berhad in December 2021.

Tax recoverable

As at 31 December 2021, the Group recorded tax recoverable of S\$1.9 million (31 December 2020: S\$1.2 million). The Group's subsidiary in Indonesia, PT Cordlife Persada, had received a tax assessment in respect of FY2016, mainly relating to withholding and value added tax imposed on transactions arising from contracts entered into by the Group's Singapore subsidiaries with Indonesian residents for the processing and storage of their samples in Singapore. PT Cordlife Persada had acted as a marketing agent in this arrangement.

As required by the Indonesia's tax ruling, the subsidiary had prepaid the preliminary tax assessed amount of approximately S\$0.6 million accordingly. On 31 December 2021, Persada received the final ruling on the tax assessment where the final tax levied on the transactions was IDR 660 million (approximately S\$62,000). In February 2022, Persada received the refund of IDR 6.4 billion (approximately S\$600,000) upon settlement of the tax assessment.

Short-term investments

As at 31 December 2021, the Group recorded short-term investments of S\$15.4 million compared to S\$19.8 million as at 31 December 2020. The decrease was due to the reclassification of the RCN to long-term investments.

Trade and other payables, current and non-current

As at 31 December 2021, the Group recorded current trade and other payables of S\$11.4 million (31 December 2020: S\$14.3 million) and non-current other payables of S\$662,000 (31 December 2020: S\$543,000). The decrease in trade and other payables was mainly attributable to the subsidiaries' effort in improving and maintaining prompt payment cycles to the vendors.

Interest-bearing borrowings, current and non-current

On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of S\$3.9 million. Following the settlement, all charges on the Company's leasehold buildings, investment properties and current trade receivables were discharged.

Lease liabilities, current and non-current

As of 31 December 2021, the Group recognised lease liabilities of S\$3.0 million on property and equipment leases (31 December 2020: S\$3.7 million). The decrease in lease liabilities was attributable to the payments made during the year.

Contract liabilities, current and non-current

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, cord tissue banking and diagnostics contracts. As at 31 December 2021, current and non-current contract liabilities were at S\$9.0 million and S\$67.1 million respectively (31 December 2020: S\$7.8 million and S\$62.7 million respectively).

Income tax payable

The Group recorded income tax payable of S\$1.7 million as at 31 December 2021 (31 December 2020: S\$2.5 million).

Deferred tax liabilities

As at 31 December 2021, deferred tax liabilities amounted to S\$4.2 million (31 December 2020: S\$4.6 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 global macro-economy has continued to gradually recover in tandem with the stabilisation of the COVID-19 pandemic situation. Despite the emergence of the 'Omicron' variant, authorities in various countries around the world remain committed to reopening their economies and avoid implementing lockdown restrictions. The Group will continue to closely monitor the evolving situation and adapt accordingly.

While the global birth and fertility rate continue to decline, the introduction of various government initiatives is expected to help improve the situation. In the Group's main market of Singapore, the authorities had introduced the Baby Support Grant to supplement the Baby Bonus cash gift to alleviate child raising costs and encourage couples to continue with their parenthood plans<sup>1</sup>. The implementation of recent revisions to the Government-Paid Maternity Leave scheme are also expected to potentially reduce the burden on employers and provide protection for more female employees looking to start a family<sup>2</sup>. All these are expected to potentially help increase demand for the Group's products and services in the mid to long term.

In addition, the Group will continue to proactively work on developing an ecosystem with doctors and hospitals in the various markets to educate and encourage the utilisation of stem cells for various healthcare treatments. As the interest in stem cell therapy grows, the Group believes that its banking business will be a primary beneficiary.

With the easing of restrictions, the Group will continue to ramp up both its offline and digital initiatives to strengthen its position and expand its footprints beyond the current markets. The Group aims to increase engagement with clients and their broader families in the various markets to grow its diagnostic and digital healthcare business segments as well as its banking business segment. The Group will also continue to strengthen its digital capabilities to improve online customer experience on the platforms, increase operational efficiency and reduce the costs of service delivery.

As at 31 December 2021, the Group's balance sheet remains strong, with S\$79.0 million in cash and cash equivalents, fixed deposits, short-term and long term investments in money market funds and RCN from CRC. Moving forward, the Group will remain resilient in its pursuit of business opportunities and will also stay cautiously optimistic amidst the new pandemic variants and uncertainty of the global economic landscape. The Group will also continue to observe necessary protocols and take precautions to ensure the safety of our staff and sustainability of operations.

Barring unforeseen developments and exceptional non-operating items, the Group expects to remain profitable for the current financial year ending 31 December 2022.

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<sup>1</sup> Made for Families – Baby Support Grant (<https://www.madeforfamilies.gov.sg/support-measures/raising-your-child/financial-support/baby-support-grant>)

<sup>2</sup> Proposed Amendments to Child Development Co-Savings Act to Provide More Support for Parents and Employers (<https://www.msf.gov.sg/media-room/Pages/Proposed-Amendments-to-Child-Development-Co-Savings-Act-to-Provide-More-Support-for-Parents-and-Employers.aspx>)

**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\$0.009 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**

Not applicable

**(d) Record date**

The notice of the closure of the Register of Members and Transfer Books of the Company for the purposes of determining the entitlement to the dividend will be announced at a later date.

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 and provide the reasons for the decision not to declare/recommend any dividend**

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 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 25 February 2022, the Group has utilised approximately S\$26.9 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%	16.9	50.3%
General working capital	8.6	25.7%	9.4	28.0%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	26.9	80.1%

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 (\$ million)
<b>Amount utilised as working capital:</b>	
Trade purchases	9.3
Legal and professional fees	0.1
Total	<u>9.4</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.

**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 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.

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

The following exempt (one-tier) dividends were declared and paid by the Group and Company.

	<b>Group and Company</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Paid by the Company to owners of the Company</b>		
Dividends on ordinary shares:-		
Interim dividend	—	—
Final dividend	2,297,713	2,540,075
Total	<u>2,297,713</u>	<u>2,540,075</u>

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors, subject to shareholders' approval at the Annual General Meeting. These exempt (one-tier) dividends have not been provided for.

	<b>Group and Company</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>S\$</b>	<b>S\$</b>
Final dividend	<u>2,297,713</u>	<u>2,291,245</u>

- 18. 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  
25 February 2022