CORDLIFE GROUP LIMITED

Third Quarter Unaudited Financial Statements for the Period Ended 30 September 2019

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 3 months ended 30 September			Group 9 months ended 30 September		
	2019	2018	+/(-) Increase/ (Decrease)	2019	2018	+/(-) Increase/ (Decrease)
	$'000	$'000 (restated)	%	$'000	$'000 (restated)	%
Revenue	15,424	15,023	2.7	45,193	45,958	(1.7)
Cost of sales	(5,530)	(5,750)	(3.8)	(16,686)	(17,278)	(3.4)
Gross profit	9,894	9,273	7.1	28,507	28,680	(0.6)
Other operating income	204	145	40.7	641	549	16.8
Selling and marketing expenses	(5,635)	(5,450)	3.4	(16,078)	(16,176)	(0.6)
Administrative expenses	(5,261)	(5,486)	(4.1)	(16,237)	(17,314)	(6.2)
Finance income	2,715	2,467	10.1	7,733	6,910	11.9
Finance costs	(36)	(41)	(12.2)	(106)	(160)	(33.8)
Profit before income tax from operations*	1,881	908	>100.0	4,460	2,489	79.2
Fair value gain on investment properties	–	–	n.m.	–	95	(100.0)
Profit before income tax	1,881	908	>100.0	4,460	2,584	72.6
Income tax expense	(694)	(238)	>100.0	(1,696)	(674)	>100.0
Profit for the financial period	1,187	670	77.2	2,764	1,910	44.7
Other comprehensive income/(loss) for the financial period, net of tax:						
Items that may be reclassified subsequently to profit or loss						
Fair value gain arising from revaluation of available-for-sale financial asset	–	(60)	(100.0)	–	(24)	(100.0)
Foreign currency translation^	313	(553)	n.m.	537	(914)	n.m.
Total comprehensive income/(loss) for the financial period	1,500	57	>100.0	3,301	972	>100.0

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 3 months ended 30 September			Group 9 months ended 30 September		
	2019	2018	+/(-) Increase/ (Decrease)	2019	2018	+/(-) Increase/ (Decrease)
	$'000	$'000 (restated)	%	$'000	$'000 (restated)	%
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	1,192	681	75.0	2,772	1,949	42.2
Non-controlling interests	(5)	(11)	(54.5)	(8)	(39)	(79.5)
	1,187	670	77.2	2,764	1,910	44.7
Total comprehensive income/(loss) for the financial period attributable to:						
Shareholders of the Company	1,493	71	>100.0	3,349	1,019	>100.0
Non-controlling interests	7	(14)	n.m.	(48)	(47)	2.1
	1,500	57	>100.0	3,301	972	>100.0

n.m. denotes not meaningful

*In order to provide more clarity to readers, the Group has presented separately its fair value gain on investment properties 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 3 months ended 30 September			Group 9 months ended 30 September		
	2019	2018		2019	2018	
	$'000	$'000 (restated)		$'000	$'000 (restated)	
Depreciation of property, plant and equipment	373	400		1,123	1,277	[1]
Amortisation of intangibles	301	381		893	887	
Impairment loss on trade receivables and bad debts written off, net	26	17		344	449	[2]
Foreign exchange loss	209	380	[3]	33	653	[3]
Other operating income	(204)	(145)		(641)	(549)	
Under-provision of tax in respect of prior years	259	–		448	–	[4]
Finance income comprises:						
- Finance income on contract assets	(2,072)	(2,027)		(6,186)	(5,808)	
- Interest income from deposits, short-term investments and note receivable	(643)	(440)	[4]	(1,547)	(1,102)	[5]

Notes

1. The depreciation expense was lower in the nine months ended 30 September 2019 (“9M2019”) compared to the nine months ended 30 September 2018 (“9M2018”), mainly due to certain property, plant and equipment reaching the end of their depreciation lives in Hong Kong by December 2018.

2. The decrease in impairment loss on trade receivables and bad debts written off in 9M2019 as compared to 9M2018 was mainly due to the decrease in doubtful debts provided for Singapore and Hong Kong as a result of increased collection efforts.

3. The foreign exchange loss in 9M2019 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 loss of S$118,000 from the revaluation of the loan as HK$ appreciated against S$ from January 2019 to September 2019 (9M2018: foreign exchange loss of S$455,000 as HK$ appreciated against S$ from January 2018 to September 2018).

   In 3Q2019, a foreign exchange loss of S$278,000 was recognised as a result of the revaluation of the aforesaid loan as HK$ appreciated against S$ from July 2019 to September 2019. In 3Q2018, foreign exchange loss of approximately S$136,000 was recognised on the HK$ debt. In addition, higher foreign exchange loss was recognised by the Group’s Indonesian subsidiary on foreign currency balances, as the IDR depreciated against the S$ and US$ from July 2018 to September 2018.

4. In 9M2019, the Group recognised under-provision of tax in respect of prior years of S$448,000 relating to its operations in Singapore, Malaysia and Indonesia. Approximately S$259,000 of this was recognised in 3Q2019. No such under-provision of tax was recognised in 9M2018 and 3Q2018.

5. Interest income from deposits, short-term investments and note receivable increased by S$445,000 in 9M2019 compared to 9M2018 and S$203,000 from 3Q2019 compared to 3Q2018 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	
	30 September 2019 $'000	31 December 2018 $'000 (restated)	30 September 2019 $'000	31 December 2018 $'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	12,842	12,718	5,912	6,136
Investment properties	8,726	8,717	2,975	2,975
Intangible assets	34,007	34,258	946	1,049
Deferred tax assets	147	146	–	–
Investment in subsidiaries	–	–	83,710	83,710
Long-term investments	4,200	6,178	4,200	4,200
Contract assets	71,782	68,816	47,719	47,466
Other receivables	4	53	4	7
	131,708	130,886	145,466	145,543
Current assets				
Inventories	1,307	1,358	248	294
Prepayments	2,216	2,700	672	813
Trade receivables	27,568	28,966	11,143	10,887
Other receivables	7,185	6,598	4,741	4,835
Tax recoverable	1,871	1,691	–	–
Amount owing by subsidiaries	–	–	18,319	16,936
Short-term investments	14,501	29,005	–	–
Fixed deposits	12,982	3,355	–	–
Pledged fixed deposits	10,675	6	–	–
Cash and cash equivalents	13,087	10,910	5,123	5,181
	91,392	84,589	40,246	38,946
Current liabilities				
Trade and other payables	16,058	14,053	4,203	3,550
Amounts owing to subsidiaries	–	–	8,768	7,632
Interest-bearing borrowings	300	295	300	295
Contract liabilities	21,241	18,257	3,617	3,769
Tax payable	1,295	2,000	–	–
	38,894	34,605	16,888	15,246
Net current assets	52,498	49,984	23,358	23,700

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	
	30 September 2019 $'000	31 December 2018 $'000 (restated)	30 September 2019 $'000	31 December 2018 $'000 (restated)
Non-current liabilities				
Other payables	326	294	–	–
Amount owing to subsidiaries	–	–	35,662	35,565
Interest-bearing borrowings	4,076	4,310	4,076	4,310
Contract liabilities	46,198	45,199	14,864	13,726
Deferred tax liabilities	6,526	6,797	15	15
	57,126	56,600	54,617	53,616
Net assets	127,080	124,270	114,207	115,627
Capital and reserves				
Share capital	96,160	96,379	96,160	96,379
Treasury shares	(15,057)	(15,469)	(15,057)	(15,469)
Accumulated profits	58,855	57,096	31,852	33,794
Other reserves	(13,008)	(13,914)	1,252	923
	126,950	124,092	114,207	115,627
Non-controlling interests	130	178	–	–
Total equity	127,080	124,270	114,207	115,627

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

	As at 30 September 2019 $'000	As at 31 December 2018 $'000
Amount repayable in one year or less, or on demand		
- Loan I – secured	300	295
Amount repayable after one year		
- Loan I – secured	4,076	4,310
	4,376	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.

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 3 months ended 30 September		Group 9 months ended 30 September	
	2019	2018	2019	2018
	$'000	$'000 (restated)	$'000	$'000 (restated)
Cash flows from operating activities:				
Profit before income tax	1,881	908	4,460	2,584
Adjustments for:				
Depreciation of property, plant and equipment	373	400	1,123	1,277
Amortisation of intangible assets	301	381	893	887
Loss/(gain) on disposal of property, plant and equipment	–	–	16	(2)
Impairment loss on trade receivables and bad debts written off, net	26	17	344	449
Finance income	(2,682)	(2,467)	(7,733)	(6,910)
Finance expense	36	41	106	160
Investment income	(15)	(82)	(238)	(233)
Share-based compensation expense	237	87	522	483
Fair value gain on investment properties	–	–	–	(95)
Unrealised exchange (gain)/loss	(69)	(111)	87	(357)
Operating cash flows before changes in working capital	55	(826)	(420)	(1,757)
Changes in working capital				
Decrease/(increase) in trade receivables	185	85	1,229	(2,097)
Decrease in contract assets	(656)	(1,439)	(2,580)	(2,104)
(Increase)/decrease in other receivables, deposits and prepayments	341	(122)	(224)	908
(Increase)/decrease in inventories	(87)	(16)	51	239
Increase in trade and other payables	1,215	(655)	2,046	(106)
(Decrease)/increase in contract liabilities	1,307	1,962	3,694	5,918
Cash generated from/(used in) operations	2,360	(1,011)	3,796	1,001
Interest received	2,424	2,076	7,164	6,684
Interest paid	(36)	(41)	(106)	(160)
Income tax paid	(1,159)	(435)	(2,871)	(1,179)
Net cash flows generated from operating activities	3,589	589	7,983	6,346
Cash flows from investing activities:				
Purchase of property, plant and equipment	(462)	(200)	(1,223)	(1,364)
Purchase of intangible assets	(176)	(34)	(436)	(518)
Proceeds from disposal of fixed assets	–	–	1	–
Acquisition of subsidiary, net of cash	–	–	–	(8,813)
Redemption of short-term investments	1,585	8	15,449	751
Redemption of long-term investments	–	–	1,978	–
Transfer to term deposits	(2,690)	68	(9,579)	(1,800)
Net cash flows generated (used in)/from investing activities	(1,743)	(158)	6,190	(11,744)

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 3 months ended 30 September		Group 9 months ended 30 September	
	2019	**2018**	**2019**	**2018**
	$'000	$'000 (restated)	$'000	$'000 (restated)
Cash flows from financing activities:				
Transfer to pledged fixed deposits	(10,668)	–	(10,668)	(2)
Dividends paid	–	(2,022)	(1,013)	(2,022)
Repayment of interest-bearing borrowings	(77)	(76)	(229)	(4,130)
Net cash flows used in financing activities	(10,745)	(2,098)	(11,910)	(6,154)
Net (decrease)/increase in cash and cash equivalents	(8,899)	(1,667)	2,263	(11,552)
Cash and cash equivalents at the beginning of the financial period	21,805	12,882	10,910	22,452
Effects of exchange rate changes on cash and cash equivalents	181	317	(86)	632
Cash and cash equivalents at end of the financial period	13,087	11,532	13,087	11,532

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.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	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 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	–	–	5,410	–	–	–	–	–	45	34	5,489
At 1 January 2018, restated	96,628	(16,104)	57,621	622	568	534	(11,740)	–	(3,176)	156	125,109
Profit/(loss) for the financial period	–	–	1,949	–	–	–	–	–	–	(39)	1,910
Other comprehensive (loss)/income for the financial period, net of tax											
- Foreign currency translation	–	–	–	–	–	–	–	–	(906)	(8)	(914)
- Fair value gain arising from revaluation of available-for-sale financial asset	–	–	–	–	–	–	–	(24)	–	–	(24)
Total comprehensive income/(loss) for the financial period, net of tax	–	–	1,949	–	–	–	–	(24)	(906)	(47)	972
Contributions by and distributions to owners											
Grant of share awards to employees	–	–	–	483	–	–	–	–	–	–	483
Dividends	–	–	(2,021)	–	–	–	–	–	–	–	(2,021)
Total contributions by and distributions to owners	–	–	(2,021)	483	–	–	–	–	–	–	(1,538)
At 30 September 2018	96,628	(16,104)	57,549	1,105	568	534	(11,740)	(24)	(4,082)	109	124,543

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	–	–	3,014	–	–	3,014
At 1 January 2018, restated	96,628	(16,104)	45,462	422	622	127,030
Loss for the financial period, representing total comprehensive loss for the financial period	–	–	(1,961)	–	–	(1,961)
Contributions by and distributions to owners						
Grant of share awards to employees	–	–	–	–	483	483
Dividends	–	–	(2,021)	–	–	(2,021)
Total contributions by and distributions to owners	–	–	(2,021)	–	483	(1,538)
At 30 September 2018	96,628	(16,104)	41,480	422	1,105	123,531

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)	54,338	501	568	534	(11,740)	6	(3,919)	138	121,336
Effects of the adoption of SFRS(I) 15	–	–	2,752	–	–	–	–	–	142	40	2,934
Effect of initial application of SFRS(I) 9, net of tax	–	–	6	–	–	–	–	(6)	–	–	–
At 1 January 2019, restated	96,379	(15,469)	57,096	501	568	534	(11,740)	–	(3,777)	178	124,270
Profit/(loss) for the financial period	–	–	2,772	–	–	–	–	–	–	(8)	2,764
Other comprehensive (loss)/income for the financial period, net of tax											
- Foreign currency translation	–	–	–	–	–	–	–	–	577	(40)	537
Total comprehensive income/(loss) for the financial period, net of tax	–	–	2,772	–	–	–	–	–	577	(48)	3,301
Contributions by and distributions to owners											
Grant of share awards to employees	–	–	–	522	–	–	–	–	–	–	522
Reissuance of treasury shares pursuant to equity compensation plan	(219)	412	–	(193)	–	–	–	–	–	–	–
Dividends	–	–	(1,013)	–	–	–	–	–	–	–	(1,013)
Total contributions by and distributions to owners	(219)	412	(1,013)	329	–	–	–	–	–	–	(491)
At 30 September 2019	96,160	(15,057)	58,855	830	568	534	(11,740)	–	(3,200)	130	127,080

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)	30,608	422	501	112,441
Effects of adoption of SFRS(I) 15	–	–	3,186	–	–	3,186
At 1 January 2019, restated	96,379	(15,469)	33,794	422	501	115,627
Loss for the financial period, representing total comprehensive loss for the financial period	–	–	(929)	–	–	(929)
Contributions by and distributions to owners						
Grant of share awards to employees	–	–	–	–	522	522
Reissuance of treasury shares pursuant to equity compensation plan	(219)	412	–	–	(193)	–
Dividends	–	–	(1,013)	–	–	(1,013)
Total contributions by and distributions to owners	(219)	412	(1,013)	–	329	(491)
At 30 September 2019	96,160	(15,057)	31,852	422	830	114,207

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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	378,405	(218,740)
As at 30 September 2019	253,680,029	96,159,870

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 30 September 2019 No. of shares	31 December 2018 No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(13,845,325)	(14,223,730)
Total number of issued shares excluding treasury shares	253,680,029	253,301,624
Percentage of treasury shares against total number of shares outstanding	5.2%	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, 378,405 treasury shares were reissued 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.

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 qualifications or emphasis of matter)

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 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 Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the financial year beginning 1 January 2019.

The adoption of these new/revised FRS and INT FRS 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 separate from revenue from contracts with customers in the statement of comprehensive income as the ordinary business activities of the Group do not include significant lending operations.

In the Group's announcements for the First Quarter Unaudited Financial Statements for the period ended 31 March 2019 ("1Q2019 Results") and the Second Quarter Unaudited Financial Statements for the period ended 30 June 2019 ("2Q2019 Results") dated 14 May 2019 and 19 August 2019 respectively, the Group had recognised finance expense in relation to advance payment received from the customers who signed up under upfront payment plans under SFRS(I) 15. However, after futher deliberations, the Group has determined that the payment terms are designed for reasons other than the provision of finance to the Group and accordingly such plans do not include a significant financing component. Based on the foregoing, further adjustments have been made to the transition adjustments relating to SFRS(I) 15 and the restated figures as set out in Note 5 of the 1Q2019 Results and 2Q2019 Results. The restated figures are set out in further details below.

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.

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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 30 September

	9 months ended 30 September 2018		
Group	**As previously reported in the 5Q2018 Results[1]** $'000	**SFRS(I) 15 Adjustments*** $'000	**As restated** $'000
Profit before income tax			
Revenue	52,201	(6,243)	45,958
Finance income	1,102	5,808	6,910
Profit for the financial period			
Income tax expense	(705)	31	(674)
Profit for the financial period	2,314	(404)	1,910
Other comprehensive income			
Foreign currency translation	(1,096)	182	(914)
Profit for the financial period attributable to:			
Shareholders of the Company	2,363	(414)	1,949
Non-controlling interest	(49)	10	(39)
Total comprehensive income for the financial period attributable to:			
Shareholders of the Company	1,248	(229)	1,019
Non-controlling interest	(54)	7	(47)
Statement of cash flows			
Profit before income tax	3,019	(435)	2,584
Operating cash flows before changes in working capital	5,628	(7,385)	(1,757)
Changes in working capital, net	1,147	7,419	8,566

[1]Please refer to the Company's announcement dated 12 November 2018 in relation to the fifth quarter unaudited financial statements for the period ended 30 September 2018.

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					Company		
	As at 31 December 2018			As at 1 January 2019		As at 31 December 2018		
	As previously reported in the FY2018 Results[2] $'000	SFRS(I) 15 Adjustments* $'000	As restated $'000	SFRS(I) 9 Adjustments	Adjusted	As previously reported in the FY2018 Results $'000	SFRS(I) 15 Adjustments* $'000	As restated $'000
Statement of financial position								
Non-current assets								
Contract assets	–	68,816	68,816	–	68,816	–	47,466	47,466
Trade receivables	67,536	(67,536)	–	–	–	46,525	(46,525)	–
Current assets								
Trade receivables	28,966	–	28,966	–	28,966	10,887	–	10,887
Tax recoverable	1,975	(284)	1,691	–	1,691	–	–	–
Current liabilities								
Contract liabilities	–	18,257	18,257	–	18,257	–	3,769	3,769
Deferred revenue	17,936	(17,936)	–	–	–	3,769	(3,769)	–
Tax payable	1,982	18	2,000	–	2,000	–	–	–
Non-current liabilities								
Contract liabilities	–	45,199	45,199	–	45,199	–	13,726	13,726
Deferred revenue	46,202	(46,202)	–	–	–	15,971	(15,971)	–
Deferred tax liabilities	7,068	(271)	6,797	–	6,797	–	–	–
Capital and reserves								
Accumulated profits	54,338	2,752	57,090	6	57,090	30,608	3,186	33,794
Other reserves	(14,050)	142	(13,908)	(6)	(13,914)	923	–	923
Non-controlling interests	138	40	178	–	178	–	–	–

[2] Please refer to the Company's announcement dated 28 February 2019 in relation to the full year (eighteen months) unaudited financial statements for the period ended 31 December 2018.

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

	3 months ended 31 March					
	2019			2018		
Group	**As previously reported in the 1Q2019 Results** $'000	**Effect of change** $'000	**As revised** $'000	**As previously reported in the 1Q2019 Results** $'000	**Effect of change** $'000	**As revised** $'000
Profit before income tax						
Revenue	16,617	(2,152)	14,465	17,370	(1,353)	16,017
Finance income	2,062	491	2,553	2,200	195	2,395
Finance costs	(1,563)	1,529	(34)	(1,635)	1,560	(75)
Profit for the financial period						
Income tax expense	(487)	99	(388)	(457)	66	(391)
Profit for the financial period	938	(33)	905	635	468	1,103
Other comprehensive income						
Foreign currency translation	27	442	469	567	(57)	510
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	940	(33)	907	657	454	1,111
Non-controlling interest	(2)	–	(2)	(22)	14	(18)
Total comprehensive income /(expense)for the financial period attributable to:						
Shareholders of the Company	960	455	1,415	1,258	405	1,663
Non-controlling interest	5	(46)	(41)	(20)	6	(14)
Statement of cash flows						
Profit before income tax	1,425	(132)	1,293	1,092	402	1,494
Operating cash flows before changes in working capital	1,258	(906)	352	2,157	(1,767)	390
Changes in working capital, net	1,429	(1,137)	292	689	(206)	483
Interest received	458	2,043	2,501	703	1,973	2,676

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 As at 31 December 2018			Company As at 31 December 2018		
	As previously reported $'000	Effect of change $'000	As revised $'000	As previously reported $'000	Effect of change $'000	As revised $'000
Statement of financial position						
Non-current assets						
Contract assets	67,824	992	68,816	51,636	(4,170)	47,466
Current assets						
Trade receivables	25,649	3,317	28,966	8,558	2,329	10,887
Tax recoverable	1,975	(284)	1,691			
Current liabilities						
Trade and other payables	15,056	(1,003)	14,053	–	–	–
Contract liabilities	15,974	2,283	18,257	–	–	–
Tax payable	2,660	(660)	2,000	685	(685)	–
Non-current liabilities						
Contract liabilities	47,935	(2,736)	45,199	14,726	(1,000)	13,726
Deferred tax liabilities	7,068	(271)	6,797	–	–	–
Capital and reserves						
Accumulated profits	50,366	6,730	57,096	33,950	(156)	33,794
Other reserves	(13,550)	(364)	(13,914)	–	–	–
Non-controlling interests	132	46	178	–	–	–

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.

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

	3 months ended 30 June					
	2019			2018		
Group	**As previously reported in the 2Q2019 Results** $'000	**Effect of change** $'000	**As revised** $'000	**As previously reported in the 2Q2019 Results** $'000	**Effect of change** $'000	**As revised** $'000
Profit before income tax						
Revenue	16,531	(1,227)	15,304	17,009	(2,091)	14,918
Finance income	2,487	(22)	2,465	2,212	(164)	2,048
Finance costs	(2,023)	1,987	(36)	(2,045)	2,001	(44)
Profit for the financial period						
Income tax expense	(52)	(562)	(614)	(85)	40	(45)
Profit for the financial period	497	175	672	352	(310)	42
Other comprehensive income						
Foreign currency translation	(323)	78	(245)	(586)	(285)	(871)
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	501	172	673	378	(221)	157
Non-controlling interest	(4)	3	(1)	(26)	6	(20)
Total comprehensive income /(expense)for the financial period attributable to:						
Shareholders of the Company	180	201	381	(183)	(532)	(715)
Non-controlling interest	(6)	52	46	(34)	15	(19)
Statement of cash flows						
Profit before income tax	549	737	1,286	437	(350)	87
Operating cash flows before changes in working capital	1,487	(2,314)	(827)	737	(2,058)	(1,321)
Changes in working capital, net	1,101	518	1,619	2,196	264	2,460
Interest received	168	2,071	2,239	124	1,808	1,932

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)

	6 months ended 30 June					
	2019			2018		
Group	**As previously reported in the 2Q2019 Results** $'000	**Effect of change** $'000	**As revised** $'000	**As previously reported in the 2Q2019 Results** $'000	**Effect of change** $'000	**As revised** $'000
Profit before income tax						
Revenue	33,148	(3,379)	29,769	34,379	(3,444)	30,935
Finance income	4,549	469	5,018	4,412	31	4,443
Finance costs	(3,586)	3,516	(70)	(3,680)	3,561	(119)
Profit for the financial period						
Income tax expense	(539)	(463)	(1,002)	(542)	106	(436)
Profit for the financial period	1,435	142	1,577	987	253	1,240
Other comprehensive income						
Foreign currency translation	(296)	520	224	(19)	(342)	(361)
Profit/(loss) for the financial period attributable to:						
Shareholders of the Company	1,441	139	1,580	1,035	233	1,268
Non-controlling interest	(6)	3	(3)	(48)	20	(28)
Total comprehensive income /(expense)for the financial period attributable to:						
Shareholders of the Company	1,140	656	1,599	1,075	(127)	948
Non-controlling interest	(1)	6	5	(54)	21	(33)
Statement of cash flows						
Profit before income tax	1,974	605	2,579	1,529	147	1,676
Operating cash flows before changes in working capital	2,745	(3,220)	(475)	2,897	(3,828)	(931)
Changes in working capital, net	2,530	(619)	1,911	2,885	58	2,943
Interest received	626	4,114	4,740	827	3,781	4,608

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		Group	
	3 months ended 30 September 2019	3 months ended 30 September 2018 (Restated)	9 months ended 30 September 2019	9 months ended 30 September 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)	1,192	681	2,772	1,949
Weighted average number of shares in issue during the period ('000)	253,680	252,719	253,467	252,719
Basic earnings per share based on weighted average number of ordinary shares (cents)	0.47	0.27	1.09	0.77
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)	1,192	681	2,772	1,949
Weighted average number of shares in issue during the period ('000)	254,280	254,341	254,612	254,718
Diluted earnings per share based on weighted average number of ordinary shares (cents)	0.47	0.27	1.09	0.77

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 (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	
	30 September 2019 (cents)	31 December 2018 (cents) (restated)	30 September 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	50.09	49.06	45.02	45.65

The number of shares in issue and used in calculating the net asset value per share as at 30 September 2019 is 253,680,029 (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 9 MONTHS ENDED 30 SEPTEMBER 2019 ("9M2019") AGAINST 9 MONTHS ENDED 30 SEPTEMBER 2018 ("9M2018")

Income Statement

Revenue

Revenue decreased marginally by 1.7% or S$0.8 million from S$46.0 million in 9M2018 to S$45.2 million in 9M2019 while total client deliveries increased from 19,200 in 9M2018 to 19,500 in 9M2019.

Deliveries were lower in Singapore, Hong Kong and Malaysia, but this was offset by higher deliveries in India and Indonesia for 9M2019 compared to 9M2018. In India, despite the increase in deliveries, revenue contribution decreased due to higher take-up of lower-priced manual-processing plans and cord tissue plans in 9M2019 instead of higher-priced cord lining plans for 9M2018. The drop in deliveries in Hong Kong also contributed to the decrease in revenue.

However, revenue contribution from Singapore increased despite the drop in deliveries mainly due to increased revenue contribution from pre-natal testing services.

Cost of sales

Cost of sales decreased by 3.4% or S$592,000 in 9M2019 compared to 9M2018, mainly due to the decrease in deliveries in Singapore, Hong Kong and Malaysia. This was partially offset by increase in cost of diagnostics services in Singapore which is in-line with the increase revenue.

Cost of sales was also lower in 9M2019 compared to 9M2018 due to lower processing fees incurred for the lower-priced manual processing and cord tissue contracts in India.

Gross profit and gross profit margin

Gross profit decreased slightly from S$28.7 million in 9M2018 to S$28.5 million in 9M2019, while gross profit margin increased from 62.4% in 9M2018 to 63.1% in 9M2019.

Other operating income

Other operating income increased by 16.8% or S$92,000, mainly due to increase in grant income from Spring Singapore for the Group's participation in a joint Executive Development Scholarship program with Spring Singapore as well as grants obtained from Infocomm Media Development Authority ("IDA") for trainings conducted on Personal Data Protection Act. There was no such grant income in 9M2018.

Administrative expenses

Administrative expenses decreased by 6.2% or S$1.1 million in 9M2019 compared to 9M2018.

The decrease is partly due to a decrease in foreign exchange loss of S$0.6 million in 9M2019 compared to 9M2018, which mainly arose from a decrease in foreign exchange loss recognised by the Group from the revaluation of the HK$ debt owing by the Company to Healthbaby. This is due to an appreciation of a lower magnitude of the HK$ against S$ from January 2019 to September 2019 compared to January 2018 to September 2018.

In addition, staff cost also decreased by approximately S$736,000 in 9M2019 from 9M2018 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$6.2 million (9M2018: S$5.8 million) and interest income from deposits, short-term investments and note receivable of S$1.5 million (9M2018: S$1.1 million). Finance income from deposits, short-term investments and note receivable increased by S$445,000 due to increase in interest income from fixed deposits in India.

Finance costs

Finance cost relates to interest-bearing borrowings which amounted to S$106,000 (9M2018: S$160,000). Finance cost decreased by 33.8% or S$54,000 from 9M2018 to 9M2019 mainly due to full repayment of one of the term loans in November 2018.

Profit before income tax

As a result of the foregoing, the profit before income tax of S$4.5 million for 9M2019 was 72.6% higher than for 9M2018.

Tax

In 9M2018, non-operational fair value gain on investment properties was not taxable. In 9M2019, the Group recognised under-provision of tax in respect of prior years of S$448,000 relating to its operations in Singapore, Malaysia and Indonesia. Adjusting for the non-operational fair value gain and under-provision of tax in respect of prior years, the effective tax rate of 28.0% in 9M2019 was comparable to 9M2018 at 27.1%.

COMPARING 3 MONTHS ENDED 30 SEPTEMBER 2019 ("3Q2019") AGAINST 3 MONTHS ENDED 30 SEPTEMBER 2018 ("3Q2018")

Income Statement

Revenue

Revenue increased by 2.7% or S$0.4 million from S$15.0 million in 3Q2018 to S$15.4 million in 3Q2019 and total client deliveries increased to 6,900 in 3Q2019 from 6,600 in 3Q2018.

The increase in revenue is partly due to an increase in deliveries, but this is offsetby higher take-up of lower-priced manual-processing plans and cord tissue plans in India in 3Q2019 instead of higher-priced cord lining plans for 3Q2018. The increase is also contributed by an increase in revenue from pre-natal testing services in Singapore in 3Q2019 compared to 3Q2018.

Cost of sales

Cost of sales decreased from S$5.8 million in 3Q2018 to S$5.5 million in 3Q2019, partly due to 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$9.3 million in 3Q2018 to S$9.9 million for 3Q2019. Gross profit margin also increased slightly from 61.7% in 3Q2018 compared to 64.2% in 3Q2019.

Other operating income

Other operating income increased by 40.7% or S$59,000, mainly due to government grants obtained from IDA in relation to trainings attended.

Administrative expenses

Administrative expenses decreased by 4.1% or S$0.2 million in 3Q2019 compared to 3Q2018.

The decrease was mainly due to a decrease in staff costs by approximately S$0.2 million in 3Q2019 compared to 3Q2018 resulting from increased efficiency through the use of technology.

Finance costs

Finance costs comprise interest expense on interest-bearing borrowings. Finance cost decreased by 12.2% or S$5,000 from 3Q2018 to 3Q2019 mainly due to full repayment of one of the term loans in November 2018.

Profit before income tax

As a result of the foregoing, the profit before income tax of S$1.9 million for 3Q2019 was higher than 3Q2018 at S$0.9 million.

Tax

In 3Q2019, under-provision of tax in respect of prior years of S$259,000 was recognised. Adjusting for this, the effective tax rate for 3Q2019 was 23.1%, lower than 3Q2018 at 26.2%, mainly due to deferred tax assets not recognised on more tax losses for 3Q2018 compared to 3Q2019.

Balance sheet

Cash and cash equivalents, fixed deposits and short-term investments

As at 30 September 2019, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$51.2 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$8.0 million and cash flows from investing activities relating to the redemption of long-term investments of S$2.0 million, offset by purchase of property plant and equipment as well as cash flows used in financing activities, mainly relating to the payment of dividends of S$1.0 million.

Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of negative S$0.4 million, net interest received of S$7.1 million, net working capital inflow of S$4.2 million offset by income tax paid of S$2.9 million.

Net working capital inflow of approximately S$4.2 million comprised the following:

- decrease in trade receivables of approximately S$1.2 million;
- increase in contract assets of approximately S$2.6 million
- increase in other receivables, deposits and prepayments of approximately S$0.2 million;
- increase in trade and other payables of approximately S$2.0 million and
- decrease in contract liabilities of approximately S$3.7 million.

Property, plant and equipment

As at 30 September 2019, the Group recorded S$12.8 million on its balance sheet for property, plant and equipment (31 December 2018: S$12.7 million).

Investment properties

As at 30 September 2019, the Group recorded S$8.7 million on its balance sheet for investment properties (31 December 2018: S$8.7 million).

Intangible assets

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

Deferred tax assets

As at 30 September 2019, the Group recorded deferred tax assets of S$147,000 compared to S$146,000 as at 31 December 2018.

Long-term investments

Long-term investments mainly comprise a S$4.2 million investment in approximately 4.2 million unquoted ordinary shares of CellResearch Corporation Pte. Ltd. ("CRC"). The investment in CRC aims to strengthen the strategic alliance with CRC and to add value to the Group's clinical and quality assurance capacity. The ordinary shares are carried at cost less impairment, if any.

The decrease in long-term investments of S$2.0 million from 31 December 2018 to 30 September 2019 was mainly due to a reclassification of investments in money-market funds to short-term investments.

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 30 September 2019, the Group recorded inventories of S$1.3 million (31 December 2018: $1.4 million).

Prepayments

As at 30 September 2019, the Group recorded prepayment of S$2.2 million (31 December 2018: S$2.7 million).

Trade receivables, current

Current trade receivables as at 30 September 2019 was S$27.6 million compared to S$29.0 million as at 31 December 2018.

Other receivables, current

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. The RCN is carried at cost less impairment, if any. 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.

Other receivables include the RCN in the principal amount of S$4.2 million, non-trade receivables and interest receivable on the RCN.

Trade and other payables, current and non-current

As at 30 September 2019, the Group recorded current trade and other payables of S$16.1 million (31 December 2018: $14.1 million) and non-current other payables of S$326,000 (31 December 2018: S$294,000).

Interest-bearing borrowings, current and non-current

Interest-bearing borrowings decreased by approximately S$229,000, from S$4.6 million as at 31 December 2018 to S$4.4 million as at 30 September 2019, due to repayments made during the financial period.

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$18.3 million as at 31 December 2018 to S$21.2 million as at 30 September 2019 due to increase in clients opting for upfront payment plans. Non-current contract liabilities was S$46.0 million as at 30 September 2019 compared to S$45.2 million as at 31 December 2018.

Income tax payable

As at 30 September 2019, the Group recorded income tax payable of S$1.3 million (31 December 2018: S$2.0 million).

Deferred tax liabilities

As at 30 September 2019, deferred tax liabilities amounted to S$6.5 million (31 December 2018: S$6.8 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 few quarters have also yielded encouraging results and will help underpin future growth. These include offering additional services for cord blood testing which add value to stem-cell 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 this year, 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 recently appointed Cordcell Bangladesh Ltd as its marketing agent, in a move to capture surging demand for quality healthcare in what could be the world's next 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 Group does not expect the recent protests in Hong Kong to have any significant impact to the Group's performance for the current financial year ending 31 December 2019, but it will continue to monitor the situation closely and respond accordingly.

During the 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 30 September 2019, the Group had S$51.2 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 3.4%.

Barring unforeseen developments and exceptional non-operating items, the Group expects to remain profitable for the current financial year ending 31 December 2019.

11. Dividends

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

Any interim (final) ordinary dividend declared (recommended) for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

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

Not applicable.

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

Not applicable.

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.

The Directors did not declare or recommend dividends for 3Q2019. The Directors will review dividend payout in the following quarters after taking into consideration the Company's performance as well as the expansion plans.

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 period 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 the three months ended 30 September 2019 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 12 November 2019, 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 (S$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (S$ 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%

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	**7.2**

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.

By Order of the Board

Tan Poh Lan
Group Chief Executive Officer and Executive Director
13 November 2019