

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019

This announcement has been prepared by Biolidics Limited (the “Company” or “Biolidics”) and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”). This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR (HY) AND FULL YEAR ANNOUNCEMENTS

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

	GROUP		
	HY FY2019	HY FY2018	+/(-)
	S\$'000	S\$'000	%
Revenue	997	627	59.0
Other income	125	45	177.8
Changes in inventories	6	(23)	n.m.
Purchases	(275)	(159)	73.0
Employee benefits expense	(799)	(754)	6.0
Depreciation expense	(269)	(211)	27.5
Amortisation expense	(16)	(13)	23.1
Research and development expense	(556)	(531)	4.7
Change in fair value of financial liabilities designated as FVTPL	-	(316)	n.m.
Other expenses	(969)	(883)	9.7
Finance costs	-	(557)	n.m.
Loss before tax	(1,756)	(2,775)	(36.7)
Income tax expense	-	-	n.m.
Loss for the period	(1,756)	(2,775)	(36.7)
<u>Other comprehensive loss for the period:</u>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Effects of translation of foreign operations	-	(23)	n.m.
Total comprehensive loss for the period	(1,756)	(2,798)	(37.2)

n.m. - not meaningful

1(a)(ii) Notes to statement of comprehensive income

Loss before tax is arrived at after crediting/(charging) the following:

	GROUP		
	HY FY2019	HY FY2018	+ / (-)
	S\$'000	S\$'000	%
<u>Material items under other income</u>			
Government grants and rebates	69	-	n.m.
Interest income	56	-	n.m.
<u>Material items under other expenses</u>			
Rental expenses	-	(112)	n.m.
Travelling expenses	(258)	(90)	186.7
Professional fees	(385)	(136)	183.1
Sales and marketing expenses	(74)	(73)	1.4
Clinical studies	(1)	(139)	(99.3)
Depreciation expense on:			
Property, plant and equipment	(157)	(211)	(25.6)
Right-of-use assets ⁽¹⁾	(112)	-	n.m.
Amortisation expense	(16)	(13)	23.1

n.m. - not meaningful

Note:

- (1) In FY2019, the Group has adopted SFRS(I) 16 Leases effective for annual periods beginning on or after 1 January 2019. The Group recognises liabilities to make lease payments (i.e. lease liabilities) and assets representing the right to use the underlying assets during the lease term (i.e. right-of-use assets) in the statement of financial position and separately the depreciation expense on the right-of-use assets in profit or loss during the period.

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 / COMPANY	
	As at 30/06/19	As at 31/12/18
	S\$'000	S\$'000
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	9,080	11,499
Trade receivables	179	455
Prepayments	552	317
Other receivables	158	215
Inventories	783	777
Total current assets	10,752	13,263
Non-current assets		
Property, plant and equipment	454	351
Right-of-use assets	110	-
Intangible assets	624	578
Total non-current assets	1,188	929
Total assets	11,940	14,192
Current liabilities		
Trade payables	399	308
Other payables	415	1,036
Contract liabilities	144	188
Lease liabilities	110	-
Total current liabilities	1,068	1,532
Non-current liabilities		
Contract liabilities	69	101
Total non-current liabilities	69	101
Capital and reserves		
Share capital	53,799	53,799
Accumulated losses	(42,996)	(41,240)
Total equity	10,803	12,559
Total liabilities and equity	11,940	14,192

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

Amount repayable in one year or less, or on demand

As at 30 June 2019

Secured	Unsecured
S\$'000	S\$'000

-

-

As at 31 December 2018

Secured	Unsecured
S\$'000	S\$'000

-

-

Amount repayable after one year

As at 30 June 2019

Secured	Unsecured
S\$'000	S\$'000

-

-

As at 31 December 2018

Secured	Unsecured
S\$'000	S\$'000

-

-

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	
	<u>HY FY2019</u>	<u>HY FY2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Operating activities		
Loss before income tax	(1,756)	(2,775)
Adjustments for:		
Amortisation expense	16	13
Depreciation of property, plant and equipment	157	211
Depreciation of right-of-use assets	112	-
Property, plant and equipment written off	-	28
Inventories written off	2	-
Share based payment - equity settled (net)	-	(20)
Change in fair value of financial liabilities designated as FVTPL	-	316
Accretion of interest expense on redeemable convertible preference shares	-	557
Operating cash flows before movements in working capital	<u>(1,469)</u>	<u>(1,670)</u>
Trade receivables	276	158
Prepayments	(235)	99
Other receivables	57	18
Inventories (Note A)	(134)	65
Trade payables	91	(614)
Other payables	(621)	187
Contract liabilities	(76)	37
Lease liabilities	(112)	-
Net cash used in operating activities	<u>(2,223)</u>	<u>(1,720)</u>
Investing activities		
Purchase of property, plant and equipment (Note A)	(134)	(15)
Acquisition of intangible assets	(62)	(50)
Net cash used in investing activities	<u>(196)</u>	<u>(65)</u>
Financing activity		
Repurchase of vested employee share options	-	(3)
Net cash used in financing activity	<u>-</u>	<u>(3)</u>
Net decrease in cash and cash equivalents	<u>(2,419)</u>	<u>(1,788)</u>
Cash and cash equivalents at beginning of period	11,499	2,455
Exchange effects on cash and cash equivalents	-	(23)
Cash and cash equivalents at end of period	<u>9,080</u>	<u>644</u>

Note A: During the period, the Group transferred inventory which are loaned out to collaboration partners and customers to testing and trial equipment in property, plant and equipment.

	<u>HY FY2019</u>	<u>HY FY2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Transfer of inventory to property, plant and equipment	<u>126</u>	<u>126</u>

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 period.

(\$'000)

	Share capital	Translation reserve	Share option reserve	Accumulated losses	Total equity
<u>Group</u>					
Balance as at 1 January 2019	53,799	-	-	(41,240)	12,559
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,756)	(1,756)
Balance as at 30 June 2019	53,799	-	-	(42,996)	10,803
Balance as at 1 January 2018	10,244	10	998	(35,098)	(23,846)
<i>Total comprehensive loss for the period</i>					
Loss for the period	-	-	-	(2,775)	(2,775)
Other comprehensive income for the period	-	(23)	-	-	(23)
Total	-	(23)	-	(2,775)	(2,798)
<i>Transactions with owners, recognised directly in equity</i>					
Movement in share-based payments	-	-	(23)	-	(23)
Total	-	-	(23)	-	(23)
Balance as at 30 June 2018	10,244	(13)	975	(37,873)	(26,667)

(S\$'000)

	Share capital	Share option reserve	Accumulated losses	Total equity
<u>Company</u>				
Balance as at 1 January 2019	53,799	-	(41,240)	12,559
Loss for the period, representing total comprehensive loss for the period	-	-	(1,756)	(1,756)
Balance as at 30 June 2019	53,799	-	(42,996)	10,803
Balance as at 1 January 2018	10,244	998	(34,453)	(23,211)
Loss for the period, representing total comprehensive loss for the period	-	-	(2,674)	(2,674)
<i>Transactions with owners, recognised directly in equity</i>				
Movement in share-based payments	-	(23)	-	(23)
Total	-	(23)	-	(23)
Balance as at 30 June 2018	10,244	975	(37,127)	(25,908)

- 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. 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.**

	Number of shares	Issued and paid-up share capital S\$
As at 30 June 2019 and 31 December 2018	<u>242,500,000</u>	<u>53,798,878</u>

There were no outstanding convertibles as at 30 June 2019. As at 30 June 2018, the Company has outstanding convertible loans of an aggregate amount of S\$13.3 million, which were converted into 284,207 conversion shares on 6 July 2018.

There were no treasury shares held by the Company and there were no subsidiary holdings as at 30 June 2019 and 30 June 2018.

- 1(d)(iii) 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.**

	30 June 2019	31 December 2018
Total number of issued ordinary shares ('000)	242,500	242,500

There were no treasury shares held by the Company as at 30 June 2019 and 31 December 2018.

- 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.**

There were no treasury shares held by the Company.

- 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.**

There were no subsidiary holdings.

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 auditors of the Company.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.

Save as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended 30 June 2019 as compared to those applied in the audited financial statements for the financial year 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.

The Group has adopted all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of Singapore Financial Reporting Standards ("SFRS(I) INT") which became effective for accounting periods beginning on or after 1 January 2019.

SFRS(I) 16 Leases

The Group has on 1 January 2019 adopted SFRS(I) 16 Leases, which is effective for annual period beginning on or after 1 January 2019.

The Group has adopted the new standard on 1 January 2019 by applying SFRS(I) 16 retrospectively with the right-of-use assets recognised at the date of initial application (1 January 2019) at an amount equal to the lease liability, using the Group's current incremental borrowing rates.

In addition, the Group elected the following practical expedients:

- (i) to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- (ii) to apply single discount rate to a portfolio of leases with reasonably similar characteristics.

The impact of adopting SFRS(l) 16 are as follows:

Statement of Financial Position

(S\$'000)

Increase / (Decrease) in :	1 January 2019
Right of use asset	220
Lease liabilities	<u>220</u>

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 HY FY2019	HY FY2018
Loss for the period (S\$'000)	(1,756)	(2,775)
Weighted average number of shares ('000)	242,500	50,208*
Loss per share (cents)		
- Basic and diluted	(0.72)	(5.53)

* Adjusted for the Share Split.

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-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
Net asset value (S\$'000)	10,803	12,559	10,803	12,559
No. of shares ('000)	242,500	242,500	242,500	242,500
Net asset value per share (cents)	<u>4.45</u>	<u>5.18</u>	<u>4.45</u>	<u>5.18</u>

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

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue increased by 59.0% or S\$0.37 million, from S\$0.63 million in HY FY2018 to S\$1.00 million in HY FY2019, due mainly to the increase in product sales.

Revenue from the sales of our ClearCell® FX1 system (the "Equipment") increased by 29.1% or S\$0.12 million, from S\$0.41 million in HY FY2018 to S\$0.53 million in HY FY2019, as a result of sale of Equipment to Sysmex Corporation in relation to an assay development collaboration for laboratory-developed tests ("LDTs").

Revenue from the sales of our CTChip® FR1 biochip (the "Biochip") increased by 157.1% or S\$0.18 million, from S\$0.11 million in HY FY2018 to S\$0.29 million in HY FY2019, as a result of higher usage of our Equipment and Biochip from our research segment customers and partners who are in the process of developing assays for LDTs. Each liquid biopsy test using the Equipment will require one Biochip.

Revenue from the sales of other consumables increased by S\$0.08 million or 73.6%, from S\$0.10 million in HY FY2018 to S\$0.18 million in HY FY2019. Higher sales of other consumables are generally associated with higher usage of our Equipment and Biochip.

Other income

Other income increased by 177.8% or S\$0.08 million, from S\$0.05 million in HY FY2018 to S\$0.13 million in HY FY2019, due mainly to the approval of Productivity & Innovation Credit ("PIC") cash payout of S\$0.06 million for year of assessment 2016 by Inland Revenue Authority of Singapore during the period.

Changes in inventories

We recorded an increase of approximately S\$6,000 in the closing balance of our inventories in HY FY2019, as compared to a decrease of S\$0.02 million in HY FY2018. The fluctuations in the balance of our inventories were due mainly to the timing of purchase and sale of inventories.

Purchases

Our purchases increased by 73.0% or S\$0.12 million, from S\$0.16 million in HY FY2018 to S\$0.28 million in HY FY2019, due mainly to the increase in sales of our Equipment and Biochip during the period and in anticipation of increased demand for our products in the second half of the year.

Employee benefits expense

Employee benefits expense remained relatively stable at S\$0.75 million and S\$0.80 million in HY FY2018 and HY FY2019, respectively.

Depreciation expense

Depreciation expense increased by 27.5% or S\$0.06 million, from S\$0.21 million in HY FY2018 to S\$0.27 million in HY FY2019, due mainly to the depreciation of S\$0.11 million recognized on the right-of-use assets, as a result of the adoption of SFRS(I) 16 Leases. This increase was partially offset by a decrease S\$0.05 million in depreciation of property, plant and equipment, as a majority of the production, tooling and mould equipment were fully depreciated during FY2018.

Amortisation expense

Amortisation expense remained relatively stable at S\$0.01 million and S\$0.02 million in HY FY2018 and HY FY2019, respectively.

Research and development ("R&D") expense

R&D expense remained relatively stable at S\$0.53 million and S\$0.56 million in HY FY2018 and HY FY2019, respectively.

Change in fair value of financial liabilities designated as FVTPL

Change in fair value of financial liabilities designated as FVTPL pertains to the fair valuation of convertible loans. These convertible loans were fully converted into ordinary shares in FY2018.

Other expenses

Other expenses increased by 9.7% or S\$0.09 million, from S\$0.88 million in HY FY2018 to S\$0.97 million in HY FY2019. The increase was due mainly to an increase of S\$0.25 million in professional fees and an increase of S\$0.17 million in travel expenses as a result of more overseas travels in relation to business development and marketing activities for LDT development and market expansion. This increase was partially offset by a decrease of S\$0.11 million in rental expenses, as a result of the adoption of SFRS(I) 16 Leases, and a decrease of S\$0.14 million in clinical studies expenses as a result of the completion of a collaboration with Institute of Cancer Research: Royal Cancer Hospital in FY2018.

Finance costs

Finance costs pertains to interest expense accreted on the redeemable convertible preference shares ("RCPS"). The RCPS were fully converted into ordinary shares in FY2018.

Loss for the period

As a result of the foregoing, loss for the period decreased by 36.7% or S\$1.02 million from S\$2.78 million in HY FY2018 to S\$1.76 million in HY FY2019.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Current assets

The Group's current assets decreased by 18.9% or S\$2.51 million, from S\$13.26 million as at 31 December 2018 to S\$10.75 million as at 30 June 2019. The decrease was due mainly to (i) the use of cash of S\$2.42 million for working capital purposes, and (ii) a decrease in trade receivables of S\$0.28 million, and partially offset by an increase in prepayments of S\$0.24 million as a result of advancement made for fixed asset addition.

Non-current assets

The Group's non-current assets increased by 27.9% or S\$0.26 million, from S\$0.93 million as at 31 December 2018 to S\$1.19 million as at 30 June 2019, due mainly to the additions to property, plant and equipment of S\$0.10 million, and an increase in right of use asset of S\$0.11 million as a result of the adoption of SFRS(I) 16 Leases.

Current liabilities

The Group's current liabilities decreased by 30.3% or S\$0.46 million, from S\$1.53 million as at 31 December 2018 to S\$1.07 million as at 30 June 2019, due mainly to the settlement of other payables of S\$0.62 million comprising accrued professional fees and expenses incurred in relation to the Company's initial public offering ("IPO"). This was partially offset by an increase in lease liabilities of S\$0.11 million as a result of the adoption of SFRS(I) 16 Leases.

Non-current liabilities

The Group's non-current liabilities remained relatively stable at S\$0.10 million and S\$0.07 million as at 31 December 2018 and 30 June 2019, respectively.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Cash outflow before movements in working capital amounted to S\$1.47 million in HY FY2019. Net cash used in working capital amounted to S\$0.675 million due mainly to (i) an increase in prepayments of S\$0.24 million, (ii) an increase in inventories of S\$0.13 million, (iii) a decrease in other payables of S\$0.62 million, and (iv) a decrease in lease liabilities of S\$0.11 million, and partially offset by (i) a decrease in trade receivables of S\$0.28 million, and (ii) an increase in trade payables of S\$0.09 million. As a result, net cash used in operating activities was S\$2.22 million in HY FY2019.

Net cash used in investing activities for HY FY2019 amounted to S\$0.20 million. This was due mainly to the additions in property, plant and equipment, and intangible assets in HY FY2019.

As a result, there was a net decrease in cash and cash equivalents by S\$2.42 million, from S\$11.50 million as at 31 December 2018 to S\$9.08 million as at 30 June 2019.

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

Not applicable. No forecast or prospect statement has been 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.

Cancer remains one of the world's biggest medical challenges and the increased prevalence of cancer is driving the growth of the global market for cancer diagnostics market, in which Biolidics operates.

As an upstream technology within the cancer diagnostic value-chain in the field of liquid biopsy, Biolidics' ClearCell® FX1 system has the potential, when coupled with other downstream analytical tests, to serve as a platform technology for the diagnosis, prognosis, treatment selection and treatment monitoring of various types of cancers, through the development of a wide range of clinical or LDTs in the field of circulating tumour cells.

Currently, Biolidics has a total of 5 partnerships, 4 in China and 1 with Japan-based Sysmex Corporation, for the development and commercialisation of such LDTs using Biolidics' ClearCell® FX1 system and CTChip® FR1 biochip. Once these LDTs and/or laboratory assays are approved clinically, it is expected to lead to an increase in the demand for ClearCell® FX1 system and higher usage of CTChip® FR1 biochips which are required to perform the liquid biopsy tests.

Biolidics will continue to actively explore strategic collaborations and partnerships for the development of new LDTs. In addition, the Company is looking to enhance our internal capabilities and processes to achieve greater cost efficiencies and productivity.

11 Dividend

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

Nil

(b) (i) Amount per share

Nil

(ii) Previous corresponding period

Nil

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be shared).**

Not applicable.

- (d) **Date the dividend is payable**

Not applicable.

- (e) **Date on which Registrable Transfers received by the Company (up to 5pm) will be registered before entitlements to the dividend are determined**

Not applicable.

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

No dividend was declared by the Company for the current financial period reported on as the Company is not profitable yet.

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

The Group has not obtained a general mandate from shareholders for interested person transactions. There was no interested person transaction of S\$100,000 or more in HY FY2019.

- 14 Negative confirmation by the board pursuant to Rule 705(5)**

To the best of the knowledge of the board of directors of the Company ("Board"), nothing has come to the attention of the Board which may render the financial results for HY FY2019 of the Group and the Company to be false or misleading in any material aspect.

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

The Company confirms that it has procured the undertakings from all of its directors and executive officers as required under Rule 720(1) of Catalist Rules.

16 Use of IPO proceeds

The Company received net proceeds from the IPO of approximately S\$6.1 million (the “Net Proceeds”). As at the date of this announcement, the Net Proceeds have been utilised as follows:

(S\$'000)	Amount allocated (as disclosed in the Offer Document)	Amount utilised as at the date of this announcement	Balance
Expand our clinical services applications and clinical services customer segment	2,700	524	2,176
Advance our pipeline products	2,400	-	2,400
General corporate and working capital purposes ⁽¹⁾	1,000	1,000	-
Total	6,100	1,524	4,576

Note:

(1) Comprises operating expenses.

ON BEHALF OF THE BOARD

Lew Kwang Ping
 Executive Director and Chief Executive Officer

Yee Pinh Jeremy
 Non-Executive Non-Independent Chairman

7 August 2019