

<b>Issuer &amp; Securities</b>
<b>Issuer/ Manager</b> HYPHENS PHARMA INTERNATIONAL LIMITED
<b>Securities</b> HYPHENS PHARMA INTL LIMITED - SG1EE4000006 - 1J5
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<b>Announcement Details</b>
<b>Announcement Title</b> Financial Statements and Related Announcement
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<b>FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::SECOND QUARTER AND/ OR HALF YEARLY RESULTS</b>
<b>Announcement Sub Title</b> Second Quarter and/ or Half Yearly Results
<b>Announcement Reference</b> SG190813OTHRJNDQ
<b>Submitted By (Co./ Ind. Name)</b> Lim See Wah
<b>Designation</b> Executive Chairman & CEO
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b> Please refer to the attached results announcement and press release.  This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, DBS Bank Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.  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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.  The contact persons for the Sponsor are Ms Heng Mui Mui, Managing Director, and Mr Kelvin Wong, Vice President. The contact particulars are 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.
<b>Additional Details</b>
<b>For Financial Period Ended</b> 30/06/2019
<b>Attachments</b>
<a href="#">Hyphens results 2Q2019.pdf</a>
<a href="#">Hyphens Press%20Release 2Q2019.pdf</a>
Total size =1683K MB

**HYPHENS PHARMA INTERNATIONAL LIMITED**

(Company Registration No. 201735688C)

(Incorporated in the Republic of Singapore)

**Unaudited Financial Statements  
For the Second Quarter and Half Year Ended 30 June 2019**
**PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**1(a)(i) A statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	<b>2Q2019</b>	<b>2Q2018</b>	<b>Change</b>	<b>1H2019</b>	<b>1H2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	29,002	30,887	-6.1%	56,006	61,515	-9.0%
Cost of sales	(18,853)	(19,780)	-4.7%	(36,382)	(40,805)	-10.8%
<b>Gross profit</b>	10,149	11,107	-8.6%	19,624	20,710	-5.2%
Other income and gains	150	46	226.1%	327	178	83.7%
Distribution costs	(5,905)	(5,586)	5.7%	(11,067)	(10,731)	3.1%
Administrative expenses	(2,323)	(3,287)	-29.3%	(4,850)	(5,385)	-9.9%
Finance costs	(32)	(40)	-20.0%	(74)	(74)	-
Other losses	1	(88)	N.M.	(245)	(314)	-22.0%
<b>Profit before tax</b>	2,040	2,152	-5.2%	3,715	4,384	-15.3%
Income tax expense	(405)	(539)	-24.9%	(651)	(977)	-33.4%
<b>Profit, net of tax</b>	1,635	1,613	1.4%	3,064	3,407	-10.1%
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translating foreign operations, net of tax	(54)	(40)	35.0%	(27)	103	N.M.
<b>Other comprehensive income for the period, net of tax:</b>	(54)	(40)	35.0%	(27)	103	N.M.
<b>Total comprehensive income</b>	1,581	1,573	0.5%	3,037	3,510	-13.5%

Note: N.M. – Not meaningful

**1(a)(ii) Breakdown and explanatory notes to the consolidated statement of comprehensive income**

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

	<b>2Q2019</b>	<b>2Q2018</b>	<b>Change</b>	<b>1H2019</b>	<b>1H2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest income	(44)	(4)	N.M.	(67)	(5)	N.M.
Government grants	(24)	(42)	-42.9%	(124)	(173)	-28.3%
Depreciation and amortisation	498	179	178.2%	990	361	174.2%
(Reversal of allowance)/allowance for impairment of trade receivables	(87)	4	N.M.	(87)	3	N.M.
Bad debts written off	2	-	N.M.	2	-	N.M.
Allowance/(reversal of allowance) for inventories obsolescence	4	90	-95.6%	(50)	123	N.M.
Inventories written off	42	10	320.0%	82	36	127.8%
Foreign exchange translation (gains)/losses	(46)	(17)	170.6%	159	151	5.3%
(Over)/underprovision of tax in respect of prior years	-	-	-	(52)	34	N.M.
Loss on disposal of plant and equipment	1	-	N.M.	2	-	N.M.
R&D expenses	37	208	-82.2%	91	279	-67.4%
IPO expenses	-	920	N.M.	-	920	N.M.

Note: N.M. – Not meaningful

(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	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Plant and equipment	6,644	3,464	190	197
Intangible assets	7,589	7,764	-	-
Deferred tax assets	157	210	-	-
Investment in subsidiaries	-	-	19,220	19,220
<b>Total non-current assets</b>	<b>14,390</b>	<b>11,438</b>	<b>19,410</b>	<b>19,417</b>
<b><u>Current assets</u></b>				
Inventories	10,389	10,863	-	-
Trade and other receivables	25,945	29,833	6,933	6,759
Prepayments	215	492	20	41
Cash and cash equivalents	23,646	22,353	8,739	10,980
<b>Total current assets</b>	<b>60,195</b>	<b>63,541</b>	<b>15,692</b>	<b>17,780</b>
<b>Total assets</b>	<b>74,585</b>	<b>74,979</b>	<b>35,102</b>	<b>37,197</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share capital	32,641	32,555	32,641	32,555
Retained earnings	23,001	21,587	1,983	3,768
Other reserves <sup>(i)</sup>	(15,007)	(14,980)	-	-
<b>Total equity</b>	<b>40,635</b>	<b>39,162</b>	<b>34,624</b>	<b>36,323</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	472	502	-	-
Lease liabilities, non-current	2,720	-	-	-
<b>Total non-current liabilities</b>	<b>3,192</b>	<b>502</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Income tax payable	1,230	1,480	-	8
Trade and other payables	28,236	30,835	478	866
Lease liabilities, current	834	-	-	-
Other financial liabilities, current	458	3,000	-	-
<b>Total current liabilities</b>	<b>30,758</b>	<b>35,315</b>	<b>478</b>	<b>874</b>
<b>Total liabilities</b>	<b>33,950</b>	<b>35,817</b>	<b>478</b>	<b>874</b>
<b>Total equity and liabilities</b>	<b>74,585</b>	<b>74,979</b>	<b>35,102</b>	<b>37,197</b>

**Note:**

- (i) Other reserves include negative merger reserve of S\$15.165 million relating to the difference between the consideration paid by the Company and the equity of Hyphens Pharma Pte. Ltd. acquired in relation to the restructuring exercise undertaken in relation to the listing of the Company on the Catalist Board of the SGX-ST ("Restructuring Exercise"). The acquisition of Hyphens Pharma Pte. Ltd. by the Company was completed on 19 April 2018.

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities**

	30 Jun 2019		31 Dec 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	458	-	3,000
Amount repayable after one year	-	-	-	-
	-	458	-	3,000

**Details of any collaterals:**

All banking facilities are covered by corporate guarantee provided by the Company and Hyphens Pharma Pte. Ltd. or Pan-Malayan Pharmaceuticals Pte Ltd.

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**

	2Q2019	2Q2018	1H2019	1H2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Cash flows from operating activities</u></b>				
Profit before tax	2,040	2,152	3,715	4,384
Adjustments for:				
Amortisation of intangible assets	99	96	197	193
Depreciation of plant and equipment	399	83	793	168
Interest income	(44)	(4)	(67)	(5)
Interest expense	32	40	74	74
Loss on disposal of plant and equipment	1	-	2	-
Expenses in connection with IPO	-	920	-	920
Net effect of exchange rate changes in consolidating foreign operations	(54)	(41)	(27)	105
Operating cash flows before changes in working capital	2,473	3,246	4,687	5,839
Trade and other receivables	1,501	834	3,888	(4,895)
Prepayments	(47)	(22)	277	31
Inventories	(437)	(123)	474	(1,724)
Trade and other payables	972	(252)	(2,467)	3,288
Net cash flows from operations	4,462	3,683	6,859	2,539
Income taxes paid	(584)	(366)	(879)	(655)
Net cash flows from operating activities	3,878	3,317	5,980	1,884
<b><u>Cash flows from investing activities</u></b>				
Purchase of plant and equipment	-	(794)	(116)	(853)
Purchase of intangible assets	(19)	(6)	(22)	(20)
Interest received	44	4	67	5
Net cash flows from/(used in) investing activities	25	(796)	(71)	(868)
<b><u>Cash flows from financing activities</u></b>				
Gross proceeds from issuance of new shares pursuant to incorporation and IPO	-	15,605	-	15,605
IPO expenses paid	-	(1,670)	-	(1,670)
Dividend paid to equity owners	(1,650)	(3,000)	(1,650)	(3,000)
Payment of lease liabilities	(146)	-	(350)	-
Interest paid	(62)	(40)	(74)	(74)
Net (decrease)/ increase in other financial liabilities	(542)	3,044	(2,542)	1,840
Net cash flows (used in)/from financing activities	(2,400)	13,939	(4,616)	12,701
Net decrease in cash and cash equivalents	1,503	16,460	1,293	13,717
Cash and cash equivalents at beginning of period	22,143	9,550	22,353	12,293
Cash and cash equivalents at ending of period	23,646	26,010	23,646	26,010

- 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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000
Balance as at 1 January 2019	39,162	32,555	21,587	(14,980)
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-	-
Dividends paid	(1,650)	-	(1,650)	-
Total comprehensive income for the period	3,037	-	3,064	(27)
Balance as at 30 June 2019	40,635	32,641	23,001	(15,007)

Group	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000
Balance as at 1 January 2018	18,830	1,521	17,191	118
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise <sup>1</sup>	17,700	17,700	-	-
Share swap pursuant to the Restructuring Exercise	(17,700)	(1,521)	(1,014)	(15,165)
Issuance of shares pursuant to incorporation and IPO	15,605	15,605	-	-
Capitalisation of IPO expenses pursuant to issuance of new shares	(750)	(750)	-	-
Total comprehensive income for the period	3,510	-	3,407	103
Balance as at 30 June 2018	37,195	32,555	19,584	(14,944)

Company	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance as at 1 January 2019	36,323	32,555	3,768
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-
Dividends paid	(1,650)	-	(1,650)
Total comprehensive loss for the period	(135)	-	(135)
Balance as at 30 June 2019	34,624	32,641	1,983

Company	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance as at 1 January 2018	5	5	-
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	19,220	17,700	1,520
Issuance of shares pursuant to IPO	15,600	15,600	-
Capitalisation of IPO expenses pursuant to issuance of new shares	(750)	(750)	-
Total comprehensive loss for the period	(1,275)	-	(1,275)
Balance as at 30 June 2018	32,800	32,555	245

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

	Number of shares issued	Issued and paid-up capital S\$'000
Balance as at 31 March 2019	300,000,000	32,555
Issuance of new shares pursuant to share awards under Hyphens Share Plan	430,400	86
Balance as at 30 June 2019	300,430,400	32,641

The Company has no treasury shares or convertible instruments as at 30 June 2019 and 30 June 2018.

- 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.**

The Company has no treasury shares as at 30 June 2019 and 31 December 2018.

The total number of issued shares, excluding treasury shares, as at 30 June 2019 was 300,430,400 (31 December 2018: 300,000,000).

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

Not applicable

- 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 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 Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined 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 the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I)s ("SFRS(I)INT") that are effective for the financial periods beginning on or after 1 January 2019. The adoption of these SFRS(I)s and SFRS(I)INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period, except for recognition of right-of-use asset and corresponding liability in respect of a lease.

**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**

	2Q2019	2Q2018	1H2019	1H2018
<b>Earnings per share ("EPS")</b>				
Profit attributable to owners of the Company (S\$'000)	1,635	1,613	3,064	3,407
On a basic and diluted basis (Singapore cents per share)	0.54	0.63	1.02	1.34

Note: EPS for 2Q2018 and 1H2018 have been computed based on weighted average share capital of 254,254,000 shares.

EPS for 2Q2019 and 1H2019 have been computed based on weighted average share capital of 300,109,000 shares.

The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 30 June 2019 and 30 June 2018.

- 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 financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Net asset value ("NAV") (S\$'000)	40,635	39,162	34,624	36,323
NAV per ordinary share (Singapore cents per share)	13.53	13.05	11.52	12.11

Note: NAV per ordinary share for periods ended 30 June 2019 and 31 December 2018 have been computed based on the share capital of 300,430,400 and 300,000,000 shares respectively.

- 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**

#### Consolidated Statement of Comprehensive Income

##### 2Q2019 compared to 2Q2018

	2Q2019	2Q2018	Change	1H2019	1H2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>						
Specialty pharma principals	15,634	18,200	-14.1%	29,470	35,872	-17.8%
Proprietary brands	3,638	3,386	7.4%	7,064	6,763	4.5%
Medical hypermart and digital	9,730	9,301	4.6%	19,472	18,880	3.1%
	<u>29,002</u>	<u>30,887</u>	<u>-6.1%</u>	<u>56,006</u>	<u>61,515</u>	<u>-9.0%</u>

#### Revenue

The Group's revenue for 2Q2019 decreased by 6.1% or S\$1.9 million from 2Q2018 to S\$29.0 million.

There was a decline of 14.1% in the specialty pharma principals segment in 2Q2019 as there was higher demand in 2Q2018, ahead of products licensing renewal in Vietnam. Nonetheless, revenue in the specialty pharma principals segment increased by 13.0% over 1Q2019.

This decline was partially offset by (i) increased sales of 7.4% in the proprietary brands segment due to higher sales of dermatological products under Ceradan® brand, in line with the Group's efforts to promote its proprietary brands and (ii) increased sales of 4.6% in the medical hypermart and digital segment.

## **Consolidated Statement of Comprehensive Income (cont'd)**

### **2Q2019 compared to 2Q2018 (cont'd)**

#### **Gross profit**

Gross profit for 2Q2019 decreased by 8.6% or S\$1.0 million from 2Q2018 to S\$10.1 million. This was mainly due to reduced contribution from the specialty pharma principals segment.

Gross profit margin for 2Q2019 remained relatively stable at 35.0% (2Q2018: 36.0%).

#### **Other income and gains**

Other income and gains for 2Q2019 increased by 226.1% or S\$0.1 million from 2Q2018 due mainly to reversal of allowance on trade receivables as a result of collection of long overdue debts which have been previously provided and higher interest income.

#### **Distribution costs**

Distribution costs in 2Q2019 increased by 5.7% or S\$0.3 million from S\$5.6 million to S\$5.9 million due to strengthening of human capital to support our long-term growth strategy.

#### **Administrative expenses**

Administrative expenses reduced by 29.3% or S\$1.0 million, from S\$3.3 million in 2Q2018 to S\$2.3 million in 2Q2019 due to (i) absence of one-off IPO expenses of S\$0.9 million, (ii) reduced office rental costs following the classification of operating lease as right-of-use asset, (iii) lower R&D expenses, partially offset by (iv) higher depreciation costs following capitalisation of right-of-use asset under lease as well as capital expenditure relating to the integrated facility and (v) increased compliance costs and listing fees.

#### **Finance costs**

Finance costs of S\$0.03 million for 2Q2019 were 20.0% or S\$0.01 million lower than 2Q2018 due to absence of loan financing costs, offset by recognition of interest on lease liability in current year.

#### **Other losses**

Other losses in 2Q2019 decreased by S\$0.1 million from 2Q2018 to a negligible amount mainly due to higher foreign exchange translation gains and absence of allowance for inventories obsolescence, partially offset by higher inventories written off.

#### **Profit before tax**

Profit before tax decreased by 5.2% or S\$0.1 million from S\$2.1 million in 2Q2018 to S\$2.0 million in 2Q2019, mainly due to decrease in revenue, higher distribution costs which was partially offset by reduced administrative expenses as explained above.

#### **Income tax expense**

Income tax expense for 2Q2019 was S\$0.1 million lower than 2Q2018, as a result of slightly lower profits for the period and non-tax deductibility of IPO expenses in 2Q2018.

#### **Profit after tax**

As a result of the foregoing, the Group's net profit after tax increased by 1.4% or S\$0.02 million, from S\$1.61 million in 2Q2018 to S\$1.63 million in 2Q2019.

**Consolidated Statement of Comprehensive Income (cont'd)****1H2019 compared to 1H2018****Revenue**

The Group's revenue for 1H2019 decreased by 9.0% or S\$5.5 million from 1H2018 to S\$56.0 million.

There was a decline of 17.8% in the specialty pharma principals segment in 1H2019 as there was higher demand in 1H2018, ahead of products licensing renewal in Vietnam. The decline was partially offset by (i) increased sales of 4.5% in the proprietary brands segment due to higher sales in dermatological products under Ceradan® brand, in line with the Group's efforts to promote its proprietary brands and (ii) increased sales of 3.1% in the medical hypermart and digital segment.

**Gross profit**

Gross profit for 1H2019 decreased by 5.2% or S\$1.1 million from 1H2018 to S\$19.6 million. This was mainly due to reduced contribution from the specialty pharma principals segment.

Gross profit margin for 1H2019 increased by 1.3% from 33.7% in 1H2018 to 35.0% in 1H2019, primarily due to relatively lower proportion of sales contribution from Vietnam which typically has lower margins.

**Other income and gains**

Other income and gains for 1H2019 increased by 83.7% or S\$0.1 million from 1H2018 due mainly to reversal of allowance on trade receivables as a result of collection of long overdue debts which have been previously provided, reversal of allowance for inventories obsolescence as a result of better stock holding management and higher interest income.

**Distribution costs**

Distribution costs in 1H2019 increased by 3.1% or S\$0.3 million from S\$10.7 million to S\$11.0 million due to strengthening of human capital to support our long-term growth strategy.

**Administrative expenses**

Administrative expenses reduced by 9.9% or S\$0.5 million, from S\$5.4 million in 1H2018 to S\$4.9 million in 1H2019 due to (i) absence of one-off IPO expenses of S\$0.9 million, (ii) reduced office rental costs following the classification of operating lease as right-of-use asset (iii) lower R&D expenses, partially offset by (iv) higher depreciation costs following capitalisation of right-of-use asset under lease as well as capital expenditure relating to the integrated facility and (v) increased compliance costs and listing fees.

**Other losses**

Other losses in 1H2019 decreased by 22.0% or S\$0.1 million from S\$0.3 million in 1H2018 to S\$0.2 million mainly due to absence of allowance for inventories obsolescence, partially offset by higher inventories written off.

**Profit before tax**

Profit before tax decreased by 15.3% or S\$0.7 million from S\$4.4 million in 1H2018 to S\$3.7 million in 1H2019, mainly due to decrease in revenue, higher distribution costs which was partially offset by reduced administrative expenses as explained above.

**Consolidated Statement of Comprehensive Income (cont'd)****1H2019 compared to 1H2018 (cont'd)****Income tax expense**

Income tax expense for 1H2019 was S\$0.3 million lower than 1H2018, as a result of reduced profits for the period and non-tax deductibility of IPO expenses in 1H2018.

**Profit after tax**

As a result of the foregoing, the Group's net profit after tax decreased by 10.1% or S\$0.3 million, from S\$3.4 million in 1H2018 to S\$3.1 million in 1H2019.

**Consolidated Statements of Financial Position**

*The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2019 and 31 December 2018.*

**Non-current assets**

The Group's non-current assets increased by S\$3.0 million from S\$11.4 million as at 31 December 2018 to S\$14.4 million as at 30 June 2019 primarily due to recognition of right-of-use asset for lease premise of the integrated facility of approximately S\$3.9 million and purchase of automated repackaging machinery of S\$0.3 million, partially offset by depreciation of plant and equipment and amortisation of intangible assets of approximately S\$1.0 million.

**Current assets**

The Group's current assets decreased by S\$3.3 million from S\$63.5 million as at 31 December 2018 to S\$60.2 million as at 30 June 2019 mainly due to decrease in inventories and trade and other receivables of S\$0.5 million and S\$3.9 million respectively, partially offset by increase in cash and cash equivalents of S\$1.3 million.

The decrease in inventories was a result of reduced stock up during the period. The decrease in trade and other receivables was mainly due to decrease in trade receivables from Vietnam distributors, in line with the reduced sales.

**Non-current liabilities**

The Group's non-current liabilities increased by S\$2.7 million from S\$0.5 million as at 31 December 2018 to S\$3.2 million as at 30 June 2019 primarily due to recognition of lease liabilities relating to leased premise at the integrated facility.

**Current liabilities**

The Group's current liabilities decreased by S\$4.5 million from S\$35.3 million as at 31 December 2018 to S\$30.8 million as at 30 June 2019. This was mainly attributable to (i) decrease of S\$2.6 million in trade and other payables in line with reduced purchases and (ii) reduced net bank borrowings of S\$2.5 million, partially offset by (iii) increase of S\$0.8 million in lease liabilities relating to leased premise.

## **Consolidated Statements of Cash Flows**

### **2Q2019**

The Group generated net cash of S\$3.9 million from operating activities in 2Q2019, mainly due to operating cash flows before changes in the working capital of S\$2.5 million and net working capital inflows of S\$2.0 million, offset by income taxes paid of S\$0.6 million.

The net working capital inflows were due to (i) decrease in trade and other receivables of S\$1.5 million, (ii) increase in trade and other payables of S\$1.0 million, partially offset by (iii) increase in inventories of S\$0.4 million.

Net cash flows used in financing activities amounted to S\$2.4 million during 2Q2019, mainly due to (i) dividend payment of S\$1.7 million, (ii) net bank borrowings repayment of S\$0.5 million and (iii) lease payment amounting to S\$0.1 million.

### **1H2019**

The Group generated net cash of S\$6.0 million from operating activities in 1H2019, mainly due to operating cash flows before changes in the working capital of S\$4.7 million and net working capital inflows of S\$2.2 million, offset by income taxes paid of S\$0.9 million.

The net working capital inflows were due to (i) decrease in trade and other receivables of S\$3.9 million, (ii) decrease in inventories of S\$0.5 million, partially offset by (iii) increase in trade and other payables of S\$2.5 million.

Net cash flows used in investing activities during 1H2019 amounted to S\$0.1 million, mainly attributable to purchase of automated repackaging machinery.

Net cash flows used in financing activities amounted to S\$4.6 million during 1H2019, mainly due to (i) dividend payment of S\$1.7 million, (ii) net bank borrowings repayment of S\$2.5 million and (iii) lease payment amounting to S\$0.4 million.

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

Not applicable

## **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**

As announced in July 2019, the Group has expanded the distribution channel of its Ceradan® product range to retail pharmacies and had also revamped the packaging of Ocean Health® nutritional supplements to give this established brand a new and refreshed look.

These initiatives are in line to position the Group as a leading consumer healthcare player in addition to being a leader in the specialty pharmaceutical sector. As part of its strategic plan, the Group will engage in brand building and marketing activities to consumers in the months ahead, to promote Ceradan® and Ocean Health®, which are two of the key brands in its proprietary brands business segment.

In the area of product development, the Group intends to undertake clinical activities to further validate two of its recently launched dermatological products, namely **Ceradan® Advanced**, a patent-pending emollient with a skin pH buffering system built-in to maintain the skin barrier integrity for longer periods of time, and **TDF Faience® T-Complex**, a pigmentation cream using patented Xcelarev® technology.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend 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) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the period under review. On the grounds of prudence, the Board will review the dividend pay-out after close of the financial year.

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

The Group does not have a general mandate from shareholders for interested person transactions.

**14 Negative confirmation of Interim Financial Results pursuant to Rule 705(5)**

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for 2Q2019 and 1H2019 to be false or misleading in any material aspect.

**Lim See Wah**

Chairman and Chief Executive Officer

**Tan Chwee Choon**

Executive Director

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

## 16 Utilisation of Proceeds from the Initial Public Offering ("IPO")

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Business expansion, including potential acquisitions, joint ventures, product development and research and development collaborations	7,000	153	6,847
Setting up of our integrated facility	3,000	3,000	-
General corporate and working capital purposes	3,552	987	2,565
Payment of underwriting and placement commissions as well as offering expenses	2,048	2,048	-
<b>Gross proceeds from the Invitation</b>	<b>15,600</b>	<b>6,188</b>	<b>9,412</b>

The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.

### BY ORDER OF THE BOARD

**Lim See Wah**

Chairman and Chief Executive Officer

13 August 2019

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This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, DBS Bank Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Ms Heng Mui Mui, Managing Director, and Mr Kelvin Wong, Vice President. The contact particulars are 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.



Media Release

## **Hyphens Pharma's 2Q2019 net profit rose 1.4% y-o-y and 14.4% q-o-q to S\$1.63 million**

**Highlights:**

- **7.4% revenue growth from 1Q2019 to 2Q2019**
- **Higher sales in its proprietary Ceradan® brand**

**Singapore, 13 August 2019** – Hyphens Pharma International Limited (“**凯帆药剂国际有限公司**”, “**Hyphens Pharma**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s leading specialty pharmaceutical and consumer healthcare group, is pleased to announce its second quarter (“2Q2019”) and half-year (“1H2019”) results ended 30 June 2019.

**Financial Highlights**

The Group’s 2Q2019 revenue decreased year-on-year (“y-o-y”) by 6.1% or S\$1.9 million to S\$29.0 million. However, on a quarter-on-quarter (“q-o-q”) basis, 2Q2019 revenue increased by 7.4% to S\$29.0 million from S\$27.0 million in the first quarter ended 31 March 2019 (“1Q2019”). The Group’s 1H2019 revenue decreased by 9.0% to S\$56.0 million from S\$61.5 million in the half year ended 30 June 2018 (“1H2018”).

1H2019 revenue decreased against 1H2018 mainly due to a decline of 17.8% in the Group’s specialty pharma principals segment, as a result of higher demand in 1H2018, ahead of products licensing renewal process in Vietnam. Nevertheless, in line with the Group’s efforts to promote its proprietary brands, higher sales were recorded in dermatological products under its proprietary **Ceradan®** brand in 1H2019. In addition, the medical hypermart and digital segment registered a revenue growth of 3.1% in 1H2019.

On a q-o-q basis, revenue in 2Q2019 increased from 1Q2019, attributable to a 13.0% growth in the Group's specialty pharma principals segment, in particular our Vietnam market, and a 6.2% growth in the proprietary brands segment due to higher sales in dermatological products under **Ceradan®** brand.

Gross profit decreased by 5.2% from S\$20.7 million to S\$19.6 million in 1H2019. Gross profit margin, however, improved from 33.7% in 1H2018 to 35.0% in 1H2019.

S\$'mil	2Q2019	1Q2019	Q-o-Q % Change	2Q2018	Y-o-Y % Change	1H2019	1H2018	Y-o-Y % Change
<b>Revenue</b>	29.0	27.0	7.4	30.9	(6.1)	56.0	61.5	(9.0)
<b>Gross Profit</b>	10.1	9.5	7.1	11.1	(8.6)	19.6	20.7	(5.2)
<b>Profit before tax</b>	2.0	1.7	21.8	2.1	(5.2)	3.7	4.4	(15.3)
<b>Profit after tax</b>	1.6	1.4	14.4	1.6	1.4	3.1	3.4	(10.1)

Administrative expenses fell by 9.9% to S\$4.9 million in 1H2019 (1H2018: S\$5.4 million). This is due to the absence of one-off IPO expenses of S\$0.9 million, reduced office rental costs following the classification of the Group's operating lease as right-of-use asset, and lower R&D expenses. This was partially offset by higher depreciation costs following capitalisation of right-of-use asset under lease as well as capital expenditure relating to the integrated facility, and increased compliance costs and listing fees.

As a result of the above, the Group's net profit after tax in 1H2019 decreased by 10.1% to S\$3.1 million (1H2018: S\$3.4 million). Net profit after tax in 2Q2019 increased 1.4% over 2Q2018 to S\$1.63 million and increased by 14.4% over 1Q2019.

As at 30 June 2019, the Group's Net Asset Value per share was 13.53 Singapore cents, compared to 13.05 Singapore cents as at 31 December 2018.

**Mr Lim See Wah, (“林世华”), Executive Chairman and CEO of Hyphens Pharma** commented:

“The expansion of the distribution of our **Ceradan®** product range to local retail pharmacies is a major milestone as we will be able to capture more consumer demand. As we establish a wider business footprint as part of our strategic expansion plans, we will engage in continuous product development, while building up our proprietary brands business segment with more brand building and marketing activities to reach out to consumers.”

### **Business Outlook**

In July 2019, the Group has announced that it has expanded the distribution channel of its **Ceradan®** product range to retail pharmacies and had also revamped the packaging of **Ocean Health®** nutritional supplements to give this established brand a new and refreshed look. These initiatives will help position the Group as a leading consumer healthcare player in addition to being a leader in the specialty pharmaceutical sector.

In the months ahead, the Group will be engaging in various brand building and marketing activities to consumers to promote **Ceradan®** and **Ocean Health®**, which are two key brands in its proprietary brands business segment.

In the area of product development, the Group intends to undertake clinical activities to further validate two of its recently launched dermatological products, namely **Ceradan® Advanced**, a patent-pending emollient with a skin pH buffering system built-in to maintain the skin barrier integrity for longer periods of time, and **TDF Faience® T-Complex**, a pigmentation cream using patented Xcelarev® technology.

**Business Update**

The Group will be appointing Ms Sarah Wong as Marketing Director of the Company's subsidiary, Hyphens Pharma Pte Ltd. Ms Wong will replace Ms Elaine Yeh, Business Director for Hyphens Dermatology, with effect from 13 August 2019.

Ms Wong has held several senior management positions at pharmaceutical multinational corporations, covering local and regional markets. Her last corporate role was with Merz Asia Pacific, where she was the Regional Marketing Director (APAC) and responsible for the total product marketing of Merz's aesthetics brands and Over-The-Counter (OTC) franchise.

End.

## About Hyphens Pharma International Limited

(<https://www.hyphensgroup.com/>)

Hyphens Pharma International Limited and its subsidiaries (the "**Group**") is Singapore's leading specialty pharmaceutical and consumer healthcare group leveraging on its diverse footprint in ASEAN countries. The Group has a direct presence in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, and is supplemented by a marketing and distribution network covering six additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia, Oman and Bangladesh.

Singapore is the Group's regional headquarters, where its strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based. The Group's core business comprises the following segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart and Digital. Besides marketing and selling a range of specialty pharmaceutical products in selected ASEAN countries through exclusive distributorship or licensing and supply agreements with brand principals mainly from Europe and the United States, the Group also develops, markets and sells its own proprietary range of dermatological products and health supplement products. In addition, the Group operates a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies, to supply pharmaceutical products and medical supplies.

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Issued on behalf of the Company by Cogent Communications Pte Ltd.

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*This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Rules of Catalist. The Sponsor has not independently verified the contents of this press release.*

*This press release has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this press release including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this press release.*

*The contact persons for the Sponsor are Ms Heng Mui Mui, Managing Director, and Mr Kelvin Wong, Vice President, who can be contacted at 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.*