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 31 December		+/(-)	Group 6 months ended 31 December		+/(-)
	2016	**2015**	**Increase/ (Decrease)**	**2016**	**2015**	**Increase/ (Decrease)**
	$'000	$'000	%	$'000	$'000	%
Revenue	15,227	14,545	4.7	29,880	29,088	2.7
Cost of sales	(5,667)	(5,111)	10.9	(10,822)	(9,695)	11.6
Gross profit	9,560	9,434	1.3	19,058	19,393	(1.7)
Other operating income	249	154	61.7	485	266	82.3
Selling and marketing expenses	(4,844)	(4,634)	4.5	(9,699)	(8,948)	8.4
Administrative expenses	(4,757)	(4,353)	9.3	(9,415)	(8,374)	12.4
Finance income	468	173	n.m.	1,122	274	n.m.
Finance expense	(33)	(68)	(51.5)	(109)	(125)	(12.8)
Profit before income tax from operations*	643	706	(8.9)	1,442	2,486	(42.0)
Share of results of associate	–	(136)	n.m.	–	(76)	n.m.
Fair value changes on financial asset designated at fair value through profit or loss	–	2,455	n.m.	–	4,548	n.m.
Fair value changes on derivative	–	7,331	n.m.	–	2,519	n.m.
Exchange differences	–	(1,869)	n.m.	–	6,014	n.m.
Gain on sale of shares	–	151	n.m.	–	151	n.m.
Gain on sale of convertible bond	–	5,012	n.m.	–	5,012	n.m.
Remeasurement loss on previously held equity interest in subsidiary	–	(1,594)	n.m.	–	(1,594)	n.m.
Note repurchase expense	(2,149)	(1,839)	16.9	(2,149)	(1,839)	16.9
Finance income	–	1,127	n.m.	–	3,815	n.m.
Finance costs	(786)	(1,643)	(52.2)	(1,781)	(3,378)	(47.3)
(Loss)/profit before income tax	(2,292)	9,701	n.m.	(2,488)	17,658	n.m.
Income tax expense	–	(121)	n.m.	(363)	(482)	(24.7)
(Loss)/profit for the financial period	(2,292)	9,580	n.m.	(2,851)	17,176	n.m.

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

	Group 3 months ended 31 December			Group 6 months ended 31 December		
	2016 $'000	**2015** $'000	**+/(-) Increase/ (Decrease)** %	**2016** $'000	**2015** $'000	**+/(-) Increase/ (Decrease)** %
Other comprehensive (loss)/income for the financial period, net of tax: *Items that may be reclassified subsequently to profit or loss*						
Share of foreign currency translation of associate	–	(165)	n.m.	–	(180)	n.m.
Foreign currency translation	(422)	215	n.m.	(622)	(277)	n.m.
Total comprehensive (loss)/income for the financial period	(2,714)	9,630	n.m.	(3,473)	16,719	n.m.
(Loss)/profit for the financial period attributable to:						
- Shareholders of the company	(2,275)	9,620	n.m.	(2,849)	16,876	n.m.
- Non-controlling interest	(17)	(40)	(57.5)	(2)	300	n.m.
	(2,292)	9,580	n.m.	(2,851)	17,176	n.m.
Total comprehensive (loss)/income for the financial period attributable to:						
- Shareholders of the company	(2,677)	9,702	n.m.	(3,438)	16,441	n.m.
- Non-controlling interest	(37)	(72)	(48.6)	(35)	278	n.m.
	(2,714)	9,630	n.m.	(3,473)	16,719	n.m.

n.m. denotes not meaningful

*In order to provide more clarity to readers, the Group has presented separately its share of results of associate, remeasurement loss on previously held equity interest in subsidiary, note repurchase expense, fair value changes, gain on sales and exchange differences, finance income and finance costs that relate to the convertible bond, loan to third party and fixed rate note from its profit before income tax from operations.

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

	Group 3 months ended 31 December			Group 6 months ended 31 December		
	2016	**2015**		**2016**	**2015**	
	$'000	$'000		$'000	$'000	
Depreciation of property, plant and equipment	460	430	[1]	898	825	[1]
Amortisation of intangibles	298	59	[2]	604	115	[2]
Allowance for doubtful debts and bad debts written off, net	10	31		20	31	
Foreign exchange (gain)/loss	(511)	26	[3]	(564)	14	[3]
Other miscellaneous income	(249)	(154)	[4]	(485)	(266)	[4]
Waiver of upfront fee previously classified as finance income	–	615	[5]	–	615	[5]

Notes

1. The increase in depreciation is mainly due to depreciation of the property, plant and equipment of Stemlife Berhad ("Stemlife"), which became a subsidiary of the Group in December 2015.

2. The increase in amortisation is partly due to amortisation of intangibles of Stemlife, which became a subsidiary of the Group in December 2015, as well as amortisation of an enterprise resource planning software for Singapore.

3. The strengthening of the US$ against S$ resulted in the Group recognising a foreign exchange gain mainly from the bank balances held in US$.

4. The increase in other miscellaneous income is due to a grant from Spring Singapore ("SPRING") of approximately S$126,000 in the 6 months ended 31 December 2016 ("HY2017") for employee training and development. There was no such grant income in the 6 months ended 31 December 2015 ("HY2016"). There was also an increase in investment income of S$92,000 arising from the short term investments in HY2017 from HY2016.

5. On 25 August 2014, 10 September 2014 and 17 October 2014, the Company announced that it had entered into a facility agreement (the "Facility Agreement") with Magnum Opus International Holdings Limited ("Magnum") pursuant to which the Company lent Magnum funds in an aggregate amount of US$45,834,000 (the "Magnum Loan").

   On 28 December 2015, the Company announced that an amount of US$44,695,887 of the Magnum Loan has been prepaid ahead of the final repayment date stipulated in the Facility Agreement. In exchange for the aforementioned prepayment, the Company agreed to waive the upfront fee owed by Magnum to the Company under the Facility Agreement (and accrued interest thereon) being US$1,565,897. The upfront fee was previously amortised and the amortised amount was recognised as finance income. Arising from the waiver, the amount of upfront fee amortised to date amounting to S$615,000 was reversed to the income statement in HY2016. There was no such waiver of upfront fee in HY2017.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As at		Company As at	
	31 December 2016 $'000	30 June 2016 $'000	31 December 2016 $'000	30 June 2016 $'000
ASSETS				
Non-current assets				
Investment in subsidiaries	–	–	58,038	54,386
Available-for-sale asset	4,200	4,200	4,200	4,200
Property, plant and equipment	13,154	13,290	6,442	6,654
Investment properties	8,976	9,152	3,590	3,590
Intangible assets	13,785	14,686	1,738	1,969
Deferred tax asset	220	220	220	220
Trade receivables	62,486	60,510	45,457	45,535
Other receivables	4,213	4,317	4,213	4,212
Fixed deposits	1,933	–	–	–
	108,967	106,375	123,898	120,766
Current assets				
Cash and cash equivalents	23,167	69,701	19,914	59,769
Fixed deposits	15,615	53,399	10,567	47,567
Pledged fixed deposits	193	324	–	–
Short term investments	20,619	14,970	–	–
Trade receivables	20,735	21,010	8,553	8,663
Other receivables	2,097	2,014	708	765
Prepayments	2,636	1,720	1,178	739
Inventories	1,373	1,057	499	429
Amounts owing by subsidiaries	–	–	14,323	14,022
	86,435	164,195	55,742	131,954
Current liabilities				
Trade and other payables	13,760	13,521	4,458	5,722
Insurance contract liabilities	1,048	1,056	–	–
Deferred revenue	14,002	15,502	2,565	2,565
Amounts owing to subsidiaries	–	–	17,352	15,052
Tax payable	1,122	592	–	–
Interest-bearing borrowings	2,126	2,124	2,126	2,124
	32,058	32,795	26,501	25,463
Net current assets	54,377	131,400	29,241	106,491

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (cont'd)

	Group As at		Company As at	
	31 December 2016	**30 June 2016**	**31 December 2016**	**30 June 2016**
	$'000	$'000	$'000	$'000
Non-current liabilities				
Other payables	–	86	–	–
Deferred revenue	27,816	24,716	12,967	12,795
Deferred tax liabilities	3,997	4,073	105	105
Interest-bearing borrowings	6,749	8,742	6,749	8,742
Notes payable	–	67,403	–	67,403
	38,562	105,020	19,821	89,045
Net assets	124,782	132,755	133,318	138,212
Capital and reserves				
Share capital	96,672	96,672	96,672	96,672
Treasury shares	(9,828)	(9,828)	(9,828)	(9,828)
Accumulated profits	51,811	54,660	45,754	50,779
Other reserves	(14,291)	(10,815)	720	589
	124,364	130,689	133,318	138,212
Non-controlling interests	418	2,066	–	–
Total equity	124,782	132,755	133,318	138,212

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

	As at 31 December 2016 $'000	As at 30 June 2016 $'000
Amount repayable in one year or less, or on demand		
- Loan I – secured	279	277
- Loan III – secured	680	680
- Loan IV – secured	1,167	1,167
Amount repayable after one year		
- Loan I – secured	4,903	5,049
- Loan III – secured	680	1,360
- Loan IV – secured	1,166	2,333
- Notes payable	–	67,403
	8,875	78,269

Loan I, Loan III and Loan IV are secured by:

a) First legal mortgage of the leasehold properties and investment properties (the "Properties") of Cordlife Group Limited (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.

Loan III is a 5 year term loan with yearly principal repayments. It will be repaid in full in November 2018.

Loan IV is a 3 year term loan with yearly principal repayments. It will be repaid in full in July 2018.

On 29 October 2014, the Group issued S$120 million in aggregate principal amount of 4.9% fixed rate notes due 2017 (the "Notes") under its S$500 million Multicurrency Debt Issuance Programme.

On 16 December 2015, 6 January 2016 and 28 January 2016, the Group announced that it had repurchased S$51,750,000 in principal amount of the Notes (the "Repurchased Notes"). Following the settlement, the Repurchased Notes were cancelled on 6 April 2016.

On 9 December 2016, the Group fully redeemed and cancelled the remaining aggregate outstanding S$68,250,000 in principal amount of the Notes.

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 31 December		Group 6 months ended 31 December	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Operating activities				
(Loss)/profit before income tax	(2,292)	9,701	(2,488)	17,658
Adjustments for:				
Depreciation	460	430	898	825
Amortisation	298	59	604	115
Gain on disposal of property, plant and equipment	(2)	–	(2)	–
Interest income	(468)	(1,300)	(1,122)	(4,089)
Interest expense	819	3,550	1,890	5,342
Share-based compensation expense	66	27	131	54
Allowance for doubtful debts and bad debts written off, net	10	31	20	31
Share of results of associate	–	136	–	76
Unrealised share of other income from associate	–	(17)	–	(44)
Fair value changes on financial asset designated at fair value through profit or loss	–	(2,455)	–	(4,548)
Fair value changes on derivative	–	(7,331)	–	(2,519)
Gain on sale of shares	–	(151)	–	(151)
Gain on sale of convertible bond	–	(5,012)	–	(5,012)
Remeasurement loss on previously held equity interest in subsidiary	–	1,594	–	1,594
Note repurchase expense	2,149	–	2,149	–
Unrealised exchange (gain)/loss	(433)	1,683	(665)	(6,722)
Operating cash flows before movements in working capital	607	945	1,415	2,610
Increase in trade receivables	(781)	(885)	(1,721)	(5,260)
(Increase)/decrease in other receivables, deposits and prepayments	(1,064)	80	(896)	(1,479)
(Increase)/decrease in inventories	(247)	(19)	(316)	80
(Decrease)/increase in trade and other payables	(195)	(836)	(108)	88
Increase/(decrease) in deferred revenue	565	(271)	1,600	1,138
Cash used in operations	(1,115)	(986)	(26)	(2,823)
Interest received	794	173	1,122	274
Interest paid	(33)	(68)	(109)	(125)
Income tax recovered/(paid)	277	(685)	277	(685)
Net cash (used in)/generated from operating activities	(77)	(1,566)	1,264	(3,359)

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 31 December		Group 6 months ended 31 December	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Investing activities				
Purchase of property, plant and equipment	(381)	(3,402)	(518)	(3,489)
Purchase of intangible assets	(117)	(498)	(181)	(498)
Placement of short term investment	(3,414)	(424)	(5,832)	(413)
Acquisition of subsidiary, net of cash	–	983	–	983
Interest received on loan receivable and convertible note	–	5,245	–	5,245
Proceeds from disposal of shares, net of transaction costs	–	65,688	–	65,688
Proceeds from disposal of convertible bond, net of transaction costs	–	87,225	–	87,225
Proceeds from loan repayment	–	62,596	–	62,596
Transfer from term deposits	36,285	1,560	36,036	1,560
Net cash generated from investing activities	32,373	218,973	29,505	218,897
Financing activities				
Transfer to pledged fixed deposits	–	–	–	(4)
Repayment of interest-bearing borrowings	(776)	(756)	(1,991)	(830)
Acquisition of non-controlling interest in subsidiary	(3,652)	(12,175)	(3,652)	(12,175)
Dividends	–	(36,302)	–	(36,302)
Interest paid on Notes	(2,053)	(3,255)	(2,053)	(3,255)
Repurchase of Notes	(69,826)	(48,035)	(69,826)	(48,035)
Net cash used in from financing activities	(76,307)	(100,523)	(77,522)	(100,601)
Net (decrease)/increase in cash and cash equivalents	(44,011)	116,884	(46,753)	114,937
Cash and cash equivalents at the beginning of the financial period	67,146	13,711	69,701	15,738
Effects of exchange rate changes on the balance of cash	32	(28)	219	(108)
Cash and cash equivalents at end of the financial period	23,167	130,567	23,167	130,567

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 account $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2015	96,657	(9,901)	78,633	153	568	534	(2,184)	–	(2,054)	(460)	161,946
Profit for the financial period	–	–	16,876	–	–	–	–	–	–	300	17,176
Other comprehensive (loss)/profit for the financial period, net of tax											
- Foreign currency translation	–	–	–	–	–	–	–	–	(255)	(22)	(277)
- Share of other comprehensive loss of associate	–	–	–	–	–	–	–	–	(180)	–	(180)
Total comprehensive income/(loss) for the period, net of tax	–	–	16,876	–	–	–	–	–	(435)	278	16,719
Contributions by and distributions to owners											
Grant of share awards to employees	–	–	–	54	–	–	–	–	–	–	54
Dividends	–	–	(36,302)	–	–	–	–	–	–	–	(36,302)
Total contributions by and distributions to owners	–	–	(36,302)	54	–	–	–	–	–	–	(36,248)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	3,968	3,968
Acquisition of non-controlling interests in subsidiaries*	–	–	–	–	–	–	(9,733)	–	–	(2,442)	(12,175)
Put option for acquisition of remaining shares in subsidiary^	–	–	–	–	–	–	–	(6,993)	–	–	(6,993)
Balance at 31 December 2015	96,657	(9,901)	59,207	207	568	534	(11,917)	(6,993)	(2,489)	1,344	127,217

*On 12 October 2015, the Group announced that its wholly-owned subsidiary, CS Cell Technologies Pte. Ltd acquired 585,778 ordinary shares in Cordlife Sciences (India) Pvt. Ltd from Strassenburg Pharmaceuticals Limited, representing approximately 15% of all the issued ordinary shares of Cordlife India for INR40,000,000 (approximately S$891,000). As a result of the acquisition, the carrying value of the non-controlling interest being approximately S$(85,000) was reversed, and the difference between the consideration and the carrying value of the non-controlling interest, being S$976,000 was recognised in acquisition reserve.

On 12 November 2015, the Group announced that it had, through Maybank Investment Bank Berhad, served a notice of conditional mandatory take-over offer (the "Offer") on the board of directors of Stemlife to acquire all the remaining ordinary shares of RM0.10 each in the capital of Stemlife not already owned by the Company. The Group obtained control of Stemlife on 7 December 2015 with an interest in Stemlife of approximately 50.03%. Subsequent to gaining control, the Group continued to receive acceptances to the Offer and acquire shares in Stemlife up to the close of the Offer on 2 February 2016. As at 31 December 2015, the Group further obtained 30.85% interest from the non-controlling interests in Stemlife to arrive at a total interest in Stemlife of approximately 80.88%. As a result of the further 30.85% interest acquired, the carrying value of the non-controlling interest being approximately S$2,527,000 was reversed and the difference between the consideration and the carrying value of the non-controlling interest, being S$8,757,000 was recognised in acquisition reserve.

^As at 31 December 2015, the Group had obtained a total interest in Stemlife of approximately 80.88%. As the close of the Offer was on 2 February 2016, the Group has recognised a liability for the put option on the remaining non-controlling interest in Stemlife of 47,307,795 shares at the Offer price of RM0.45 (approximately S$0.1478) per Stemlife share as at 31 December 2015.

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

Company	**Share capital** $'000	**Treasury shares** $'000	**Accumulated profits** $'000	**Capital reserve** $'000	**Share-based compensation reserve** $'000	**Total** $'000
Balance at 1 July 2015	96,657	(9,901)	67,998	422	153	155,329
Profit for the period, representing total comprehensive income for the period	–	–	24,649	–	–	24,649
Contributions by and distributions to owners						
Grant of share awards to employees	–	–	–	–	54	54
Dividends	–	–	(36,302)	–	–	(36,302)
Total contributions by and distributions to owners	–	–	(36,302)	–	54	(36,248)
Balance at 31 December 2015	96,657	(9,901)	56,345	422	207	143,730

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 account $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2016	96,672	(9,828)	54,660	167	568	534	(9,387)	–	(2,697)	2,066	132,755
Profit for the financial period	–	–	(2,849)	–	–	–	–	–	–	(2)	(2,851)
Other comprehensive loss for the financial period, net of tax											
- Foreign currency translation	–	–	–	–	–	–	–	–	(589)	(33)	(622)
Total comprehensive loss for the period, net of tax	–	–	(2,849)	–	–	–	–	–	(589)	(35)	(3,473)
Contributions by and distributions to owners											
Grant of share awards to employees	–	–	–	131	–	–	–	–	–	–	131
Total contributions by and distributions to owners	–	–	–	131	–	–	–	–	–	–	131
Acquisition of non-controlling interest in subsidiary*	–	–	–	–	–	–	(2,032)	–	–	(1,613)	(3,645)
Put option for acquisition of remaining shares in subsidiary^	–	–	–	–	–	–	–	(986)	–	–	(986)
Balance at 31 December 2016	96,672	(9,828)	51,811	298	568	534	(11,419)	(986)	(3,286)	418	124,782

*On 10 November 2016 and 17 November 2016, the Group announced that it had, through Maybank Investment Bank Berhad, served a notice of a voluntary take-over offer (the "VGO") to acquire all the remaining ordinary shares of RM0.10 each in the capital of Stemlife not already owned by the Company, representing approximately 10.12% of the issued and paid-up capital of Stemlife at RM0.575 per Stemlife share. As at 31 December 2016, the Group obtained a further 7.96% interest from the non-controlling interest in Stemlife to arrive at a total interest in Stemlife of approximately 97.84%. As a result of the further 7.96% interest acquired, the carrying value of the non-controlling interest being approximately S$1,613,000 was reversed and the difference between the consideration and the carrying value of the non-controlling interest, being S$2,032,000 was recognised in acquisition reserve.

^ As at 31 December 2016, the Group had obtained a total interest in Stemlife of approximately 97.84%. As the close of the VGO was on 31 January 2017, the Group has recognised a liability for the put option on the remaining non-controlling interest in Stemlife of 5,323,421 shares at the VGO price of RM0.575 (approximately S$0.185) per Stemlife share as at 31 December 2016.

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
Balance at 1 July 2016	96,672	(9,828)	50,779	422	167	138,212
Profit for the period, representing total comprehensive income for the period	–	–	(5,025)	–	–	(5,025)
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	–	–	–	–	131	131
Total contributions by and distributions to owners	–	–	–	–	131	131
Balance at 31 December 2016	96,672	(9,828)	45,754	422	298	133,318

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.

Company	Number of shares	Share capital (S$)
As at 31 December 2016 and 30 September 2016	259,358,354	96,672,253

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

	As at	
	31 December 2016 No. of shares	30 June 2016 No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(8,167,000)	(8,167,000)
Total number of issued shares excluding treasury shares	259,358,354	259,358,354

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

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 results for the current period reported on have been presented using the same accounting policies and methods of computation as presented in the issuer'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 all new and revised Financial Reporting Standard (FRS) and Interpretations of FRS (INT FRS) which became effective for the financial year beginning 1 July 2016.

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 prior year's reporting period.

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 3 months ended 31 December		Group 6 months ended 31 December	
Basic Earnings Per Share	**2016**	**2015**	**2016**	**2015**
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:				
(Loss)/profit attributable to shareholders of the Company (S$ '000)	(2,275)	9,620	(2,799)	16,876
Weighted average number of shares in issue during the period ('000)	259,358	259,297	259,358	259,297
Basic (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(0.88)	3.71	(1.08)	6.51
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:				
(Loss)/profit attributable to shareholders of the Company (S$ '000)	(2,275)	9,620	(2,799)	16,876
Weighted average number of shares in issue during the period ('000)	259,358	259,643	259,358	259,637
Diluted (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(0.88)	3.71	(1.08)	6.50

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 (Cont'd)

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

	Group		Company	
	31 December 2016 (cents)	30 June 2016 (cents)	31 December 2016 (cents)	30 June 2016 (cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the period reported on	48.11	51.19	51.02	53.29

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2016 and 30 June 2016 is 259,358,354.

The decrease in net asset value per ordinary share of the Group is partly due to the acquisition of non-controlling interest in Stemlife, where the difference between the consideration and the carrying value of the non-controlling interest amounting to a total of S$986,000 was recognised in other reserve.

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

COMPARING 6 MONTHS ENDED 31 DECEMBER 2016 ("HY2017") AGAINST 6 MONTHS ENDED 31 DECEMBER 2015 ("HY2016")

Income Statement

Stemlife's financial results for HY2017 have been included in the Group's financial results for HY2017, while Stemlife's financial results for the December 2015 was included in the Group's financial results for HY2016 as Stemlife became a subsidiary of the Group in December 2015.

Revenue

Revenue increased by 2.7% or S$792,000 from HY2016 to HY2017 mainly due to the inclusion of contribution from Stemlife, which became a subsidiary of the Group in December 2015. In HY2017, there was an increase in deliveries to 13,100 from 11,100 in HY2016, which is also largely contributed by Stemlife. Stemlife's deliveries for HY2017 included cord tissue banking, which is the banking of Wharton's jelly of the umbilical cord, as a lower priced service offering to cater to the mass audience. There was no such offering in HY2016.

The increase is offset by a decrease in revenue contribution from Singapore and India due to increased discounts given to clients in order to remain competitive in the market.

Cost of sales

Cost of sales increased by 11.6% or S$1.1 million in HY2017 compared to HY2016. The increase in cost of sales was in line with the increase in client deliveries from HY2016 to HY2017.

Gross profit and gross profit margin

Gross profit decreased by 1.7% or S$335,000 and gross profit margin decreased from 66.7% in HY2016 to 63.8% in HY2017.

The drop in gross profit margin was mainly due to the increase in cost of quality and compliance in laboratory practices in order to adhere to best practices and provide the highest quality of service to our clients.

It was also due to lower margin attributable to the newly consolidated subsidiary, Stemlife and the Group's new offering of cord tissue banking, which is a lower cost option with a lower margin, to cater to the mass audience.

Other operating income

Other operating income increased by approximately S$219,000 mainly due to a SPRING grant of approximately S$126,000 in HY2017 for employee training and development. There was no such grant income in HY2016. There was also an increase in investment income of S$92,000 arising from the short term investments in HY2017 from HY2016.

Selling and marketing expenses

Selling and marketing expenses increased by 8.4% or S$751,000 in HY2017 compared to HY2016. The increase is due to the inclusion of selling and marketing expenses of Stemlife, which became a subsidiary of the Group in December 2015, amounting to S$839,000, as well as an increase in selling and marketing expenses in the Indonesian subsidiary by S$245,000 in order to increase the sales force to capture bigger market share.

This was offset by the decrease in advertising and marketing spend in Singapore by S$400,000 as the Singapore operations adopted more efficient marketing strategies by leveraging on technology to reduce cost drivers.

Administrative expenses

Administrative expenses increased by 12.4% or S$1.0 million in HY2017 compared to HY2016. The increase is due to the inclusion of administrative expenses of Stemlife, which became a subsidiary of the Group in December 2015, amounting to S$1.0 million.

Finance income

Finance income increased by S$848,000 due to the placement of fixed deposits with reputable banks and financial institutions in line with the Group's cash management policy. Stemlife, which became a subsidiary of the Group in December 2015, accounted for S$325,000 of the increase in finance income.

Finance costs

Finance costs decreased by 12.8% or S$16,000 mainly attributable to lower interest-bearing borrowings as the Group made repayments of S$1,991,000 during HY2017.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations for HY2017 at S$1.4 million is lower than HY2016.

Share of results of associate

Our share of loss in associate was S$76,000 for HY2016. There was no share of results of associate in HY2017 as Stemlife was consolidated as a subsidiary in December 2015.

Fair value changes on financial asset designated at fair value through profit or loss

The Group recorded fair value gain on its investment in China Cord Blood Corporation ("CCBC") designated at fair value through profit or loss of S$4.5 million in HY2016. The fair value changes are computed based on the changes in CCBC's last traded price as at 30 June 2015 of US$6.16 (approximately S$8.32 at US$1:S$1.3508) and 30 October 2015, being the date of disposal of the investment in shares ("Sale Shares"), of US$6.37 (approximately S$8.94 at US$1:S$1.4038) for HY2016. The fair value changes were recognised directly in profit or loss.

The Group disposed of its financial asset designated at fair value through profit or loss on 30 October 2015. As a result, there is no such fair value changes in HY2017.

Fair value changes on derivative

On 10 November 2014, the Company and Magnum completed the acquisition of a 7% senior convertible note (the "Convertible Note") due 3 October 2017 issued by CCBC to Golden Meditech Holdings Limited in the principal amount of US$50 million (the "CGL Acquisition"). The Company and Magnum also entered into a facility agreement pursuant to which the Company agreed to lend Magnum funds in an aggregate amount of US$46,500,000.

The Group recorded fair value gain on derivative for HY2016 of approximately S$2.5 million.

The Group disposed of its Convertible Note on 13 November 2015. As a result, there is no such fair value changes on derivative in HY2017.

Exchange differences

Due to strengthening of the US$ against the S$, unrealised foreign exchange gain of approximately S$6.0 million was recognised on the Magnum Loan and the Convertible Note for HY2016. No such exchange differences was recognised for HY2017.

Gain on sale of shares

In HY2016, the Group recognised the gain on the sale of the Sale Shares of S$151,000. The gain on the sale was computed based on the difference between the disposal price per Sale Share of US$6.40 (approximately S$8.98 at US$1:S$1.4038) and CCBC's last traded share price as at the date of disposal on 30 October 2015 of US$6.37 (approximately S$8.94 at US$1:S$1.4038). No such gain on sale of shares was recognised for HY2017.

Gain on sale of convertible bond

Upon completion of the disposal of the Convertible Note on 13 November 2015, the Group recognised the gain on the sale of the Convertible Note of S$5.0 million in HY2016. No such gain on sale of convertible bond was recognised in HY2017.

Remeasurement loss on previously held equity interest in subsidiary

The Group recognised a loss of S$1.6 million as a result of measuring at fair value its 31.81% equity interest in Stemlife held before the business combination as at 31 December 2015. No such remeasurement loss was recognised for HY2017.

Note repurchase expense

On 16 December 2015, the Company announced that it had repurchased S$47,000,000 in principal amount of the Notes, which resulted in note repurchase expenses of S$1.8 million for HY2016. The Notes were repurchased at market value which was at a premium to the principal amount.

On 13 October 2016, the Group announced the commencement of consent solicitation exercise (the "Exercise") in relation to the Notes. The Exercise was to seek approval to include a call option (the "Call Option") and replace the ratio of EBITDA to interest expense with a new financial covenant requiring the Company to ensure that, for so long as the Notes remains outstanding, unencumbered cash and cash equivalents will not at any time be less than S$75,000,000. This was approved at the meeting of the Noteholders on 4 November 2016. The Group incurred fees of S$0.6 million in relation to the Exercise for HY2017.

To reduce its debt-servicing obligations, the Group also exercised the Call Option and redeemed the remaining aggregate outstanding S$68,250,000 in principal amount of the Notes on 9 December 2016 at a premium to the principal amount. This resulted in additional expenses of S$1.5 million for HY2017.

As a result of the foregoing, note repurchase expenses increased from S$1.8 million in HY2016 to S$2.1 million in HY2017.

Finance income

Finance income of approximately S$3.8 million was recognised for HY2016 on the Magnum Loan and the Convertible Note. No such finance income was recognised for HY2017.

Finance costs

Finance costs of approximately S$1.8 million was recognised on the Notes for HY2017 (HY2016: S$3.4 million). The decrease was due to the repurchase of S$51,750,000 in principal amount of the Notes on 16 December 2015, 6 January 2016 and 28 January 2016.

Tax

In HY2017, non-operational finance costs and note repurchase expense were not deductible. In HY2016, the share of results of associate was reported net of tax and fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, gain on sale of shares, gain on sale of convertible bond, remeasurement loss on previously held equity interest in subsidiary, note repurchase expense, non-operational finance income and costs and exchange differences were not taxable.

Adjusting for these non-taxable items, the effective tax rate for HY2017 was 25.2%, compared to an effective tax rate for HY2016 of 19.4%. The increase in effective tax rate in HY2017 was due to under-provision of income tax in HY2016 of S$167,000, deferred tax asset not recognised on tax losses and increased profit contribution by subsidiaries in tax regimes with higher tax rates in HY2017. The increase was offset by the reversal of over-provision of income tax of S$277,000 in Singapore in HY2017.

COMPARING 3 MONTHS ENDED 31 DECEMBER 2016 (“2Q2017”) AGAINST 3 MONTHS ENDED 31 DECEMBER 2015 (“2Q2016”)

Income Statement

Stemlife's financial results for 2Q2017 have been included in the Group’s financial results for 2Q2017, while Stemlife’s financial results for the December 2015 was included in the Group’s financial results for 2Q2016 as Stemlife became a subsidiary of the Group in December 2015.

Revenue

Revenue increased by 4.7% or S$682,000 from S$14.6 million in 2Q2016 to S$15.2 million in 2Q2017 mainly due to the inclusion of contribution from Stemlife, which became a subsidiary of the Group in December 2015. In 2Q2017, there was an increase in deliveries to 6,700 from 5,900 in 2Q2016, which is also largely contributed by Stemlife. Stemlife’s deliveries from 2Q2017 included cord tissue banking, which is banking of Wharton’s jelly of the umbilical cord, as a lower priced service offering to cater to the mass audience. There was no such offering in 2Q2016.

The increase is offset by a decrease in revenue contribution from Singapore due to increased discounts given to clients in order to remain competitive in the market.

Cost of sales

Cost of sales increased by 10.9% or S$556,000 in 2Q2017 compared to 2Q2016, in line with increase in client deliveries.

Gross profit and gross profit margin

Gross profit increased by 1.3% or S$126,000 and gross profit margin decreased from 64.9% in 2Q2016 to 62.8% in 2Q2017.

The drop in gross profit margin was mainly due to the increase in cost of quality and compliance in laboratory practices in order to adhere to best practices and provide the highest quality of service to our clients.

It was also due to lower margin attributable to the newly consolidated subsidiary, Stemlife and the Group’s new offering of cord tissue banking, which is a lower cost option with a lower margin, to cater to the mass audience.

Other operating income

Other operating income increased by 61.7% or S$95,000 due to increase in investment income from short term investments of S$92,000 in 2Q2017 compared to 2Q2016.

Selling and marketing expenses

Selling and marketing expenses increased by 4.5% or S$210,000 in 2Q2017 compared to 2Q2016. The increase is due to the inclusion of selling and marketing expense of Stemlife, which became a subsidiary of the Group in December 2015, amounting to S$359,000 and an increase in selling and marketing expenses in the Indonesian subsidiary by S$127,000 in order to increase the sales force to capture bigger market share.

This was offset by the decrease in advertising and marketing spend in Singapore by S$346,000 as the Singapore operations adopted more efficient marketing strategies by leveraging on technology to reduce cost drivers.

Administrative expenses

Administrative expenses increased by 9.3% or S$404,000 in 2Q2017 compared to 2Q2016. The increase is due to the inclusion of administrative expenses of Stemlife, which became a subsidiary of the Group in December 2015, amounting to S$447,000. There was also an increase in staff-related costs in order for the Group to maintain quality and sufficient support as the Group expands its operations and customer base.

The increase was offset by an increase in foreign exchange gains of S$537,000 in 2Q2017 compared to 2Q2016 which is mainly due to the appreciation of US$ against S$ for the Group's bank balances held in US$.

Finance income

Finance income increased by S$295,000 due to the placement of fixed deposits with reputable banks and financial institutions in line with the Group's cash management policy. Stemlife, which became a subsidiary of the Group in December 2015, accounted for S$121,000 of the increase in finance income.

Finance costs

Finance costs decreased by 51.5% or S$35,000 mainly attributable to lower interest bearing borrowings as the Group made principal repayments of S$1,991,000 in HY2017.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations for 2Q2017 at S$0.6 million is slightly lower than 2Q2016.

Share of results of associate

Our share of loss in associate was S$136,000 for 2Q2016. There was no share of results of associate in 2Q2017 as Stemlife was consolidated as a subsidiary in December 2015.

Fair value changes on financial asset designated at fair value through profit or loss

The Group recorded fair value gain on its investment in CCBC designated at fair value through profit or loss of S$2,455,000 in 2Q2016. The fair value changes are computed based on the changes in CCBC's last traded price as at 30 September 2015 of US$6.02 (approximately S$8.61 at US$1:S$1.4297) and 30 October 2015, being the date of disposal of the Sale Shares, of US$6.37 (approximately S$8.94 at US$1:S$1.4038) for 2Q2016. The fair value changes are recognised directly in profit or loss.

The Group disposed of its financial asset designated at fair value through profit or loss on 30 October 2015. As a result, there is no such fair value changes in 2Q2017.

Fair value changes on derivative

On 10 November 2014, the Company and Magnum completed the acquisition of the Convertible Note. The Company and Magnum also entered into a facility agreement pursuant to which the Company agreed to lend Magnum funds in an aggregate amount of US$46,500,000.

The Group recorded fair value gain on derivative for 2Q2016 of approximately S$7.3 million.

The Group disposed of its Convertible Note on 13 November 2015. As a result, there is no such fair value changes on derivative in 2Q2017.

Exchange differences

Due to the weakening of the US$ against the S$, unrealised foreign exchange loss of approximately S$1,869,000 was recognised on the Magnum Loan and the Convertible Bond for 2Q2016. No such exchange differences was recognised for 2Q2017.

Gain on sale of shares

In 2Q2016, the Group recognised the gain on the sale of the Sale Shares of S$151,000. The gain on the sale was computed based on the difference between the disposal price per Sale Share of US$6.40 (approximately S$8.98 at US$1:S$1.4038) and CCBC's last traded share price as at the date of disposal on 30 October 2015 of US$6.37 (approximately S$8.94 at US$1:S$1.4038). No such gain on sale of shares was recognised for 2Q2017.

Gain on sale of convertible bond

Upon completion of the disposal of the Convertible Note on 13 November 2015, the Group recognised the gain on the sale of the Convertible Note of S$5,012,000 in 2Q2016. No such gain on sale of convertible bond was recognised in 2Q2017.

Remeasurement loss on previously held equity interest in subsidiary

The Group recognised a loss of S$1,594,000 for 2Q2016 as a result of measuring at fair value its 31.81% equity interest in Stemlife held before the business combination as at 31 December 2015. No such remeasurement loss was recognised for 2Q2017.

Note repurchase expense

On 16 December 2015, the Company announced that it had repurchased S$47,000,000 in principal amount of the Notes, which resulted in an increase in finance expenses of S$1,839,000 for 2Q2016. The Notes were repurchased at market value which was at a premium to the principal amount.

On 13 October 2016, the Company announced the commencement of consent solicitation exercise (the "Exercise") in relation to the Notes. The Exercise was to seek approval to include a call option (the "Call Option") and replace the ratio of EBITDA to interest expense with a new financial covenant requiring the Company to ensure that, for so long as the Notes remains outstanding, unencumbered cash and cash equivalents will not at any time be less than S$75,000,000. This was approved at the meeting of the Noteholders on 4 November 2016. The Group incurred fees of S$0.6 million in relation to the Exercise for 2Q2017.

To reduce its debt-servicing obligations, the Group also exercised the Call Option and redeemed the remaining aggregate outstanding S$68,250,000 in principal amount of the Notes on 9 December 2016 at a premium to the principal amount. This resulted in additional expenses of S$1.5 million for 2Q2017.

As a result of the foregoing, note repurchase expenses increased from S$1.8 million in 2Q2016 to S$2.1 million in 2Q2017.

Finance income

Finance income of approximately S$1,127,000 was recognised for 2Q2016 on the Magnum Loan and the Convertible Note. No such finance income was recognised for 2Q2017.

Finance costs

Finance costs of approximately S$786,000 was recognised on the Notes for the 2Q2017 (2Q2016: S$1.6 million). The decrease was due to the repurchase of S$51,750,000 in principal amount of the Notes on 16 December 2015, 6 January 2016 and 28 January 2016.

Tax

In 2Q2017, non-operational finance costs and note repurchase expense were not deductible. In 2Q2016, the share of results of associate was reported net of tax and fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, gain on sale of shares, gain on sale of convertible bond, remeasurement loss on previously held equity interest in subsidiary, note repurchase expense, non-operational finance income and costs and exchange differences were not taxable.

Adjusting for these non-taxable items, the effective tax rate for 2Q2017 was 0%, compared to an effective tax rate for 2Q2016 of 17.1%. The decrease in effective tax rate in 2Q2017 is due to a reversal of over-provision of income tax of S$277,000 in Singapore, offset by deferred tax asset not recognised on tax losses and increased profit contribution by subsidiaries in tax regimes with higher tax rates.

Balance sheet

Cash and cash equivalents and fixed deposits

As at 31 December 2016, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$61.3 million (30 June 2016: S$138.1 million).

The decrease in cash and cash equivalents was mainly due to net cash used in financing activities of S$77.6 million, which comprised the repurchase of Notes of S$69.8 million, interest payment on Notes of S$2.1 million and repayment of interest-bearing borrowings of S$2.0 million. The Group also increased its short term investments by S$5.8 million and further acquired the non-controlling interest of Stemlife with consideration of S$3.7 million.

The decrease is offset by the net cash generated from operating activities of S$1.3 million comprising mainly operating cash inflows before movements in working capital of S$1.4 million, offset by net working capital outflow of S$1.4 million, net interest received of S$1.0 million and income tax recovered of S$277,000. In addition, there was a transfer of matured term deposits into its cash and cash equivalents of S$36.0 million.

Net working capital outflow of approximately S$1.4 million was due to the following:
- increase in trade receivables of approximately S$1.7 million;
  increase in other receivables, deposits and prepayments of approximately S$0.9 million;
- increase in inventory of approximately S$316,000;
- decrease in trade and other payables of approximately S$108,000 and
- increase in deferred revenue of approximately S$1.6 million.

Available-for-sale asset

The Group had purchased approximately 4.2 million ordinary shares of CellResearch Corporation Pte. Ltd. (“CRC”) for S$4.2 million to strengthen the strategic alliance with CRC and to enhance value-add of the Group’s clinical and quality assurance capacity. The ordinary shares are carried at cost less impairment, if any.

Property, plant and equipment

As at 31 December 2016, the Group recorded S$13.2 million on the balance sheet for property, plant and equipment (30 June 2016: S$13.3 million).

Investment properties

As at 31 December 2016, the Group recorded S$9.0 million on the balance sheet for investment properties (30 June 2016: S$9.2 million).

Intangible assets

Intangible assets comprise customer contracts acquired in business combinations and computer software.

Deferred tax asset

As at 31 December 2016, the Group recorded a deferred tax asset of S$220,000 (30 June 2016: $220,000) due to temporary differences.

Trade receivables, non-current

Non-current trade receivables represents cord blood and cord lining banking service revenues receivable under instalment payment plans that have yet to be billed to the customers. Upon billing, the billed amount will be receivable under the same terms as the current trade receivables.

Other receivables, non-current

The Group had subscribed for a Class A Redeemable Convertible Note ("RCN") maturing 3 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.

Fixed deposits, current and non-current

As of 31 December 2016, the Group recorded fixed deposits of S$17.5 million (30 June 2016: S$53.4 million). The decrease was due to the redemption of fixed deposits to redeem the Notes payable.

Short term investments

As of 31 December 2016, the Group recorded short term investments of S$20.6 million (30 June 2016: S$15.0 million). The increase in short term investments was due to the Group placing more short term investments due to favourable interest rates.

Trade receivables, current

As at 31 December 2016, the Group recorded a current trade receivables of S$20.7 million (30 June 2016: $21.0 million).

Other receivables, current

Other receivables include non-trade receivables and interest receivable on the RCN.

Prepayments

Prepayments increased from S$1.7 million as at 30 June 2016 to S$2.6 million as at 31 December 2016 due to an increase in prepayment of insurance premiums for the Group.

Inventories

Inventories increased from S$1.1 million as at 30 June 2016 to S$1.4 million as at 31 December 2016 mainly arising from an increase in inventory balances in Indonesia and the Philippines to support increased operations.

Trade and other payables, current and non-current

As at 31 December 2016, the Group recorded a current and non-current trade and other payables of S$13.6 million (30 June 2016: $13.5 million). Trade and other payables comprise mainly of trade and non-trade payables to third parties, provisions and accrued expenses.

Insurance contract liabilities

Insurance contract liabilities represent outstanding claim liabilities and liabilities for expected future claims to be incurred as a result of the Group entering into insurance arrangement with customers during the year.

Deferred revenue, current and non-current

Deferred revenue represents revenue received in advance for services to be rendered under cord blood and cord lining banking contracts.

Tax payable

Tax payable increased from S$0.6 million as at 30 June 2016 to S$1.1 million as at 31 December 2016 due to increase profit contribution from countries in tax regimes with higher tax rates.

Interest-bearing borrowings, current and non-current

Interest-bearing borrowings decreased by S$2.0 million from S$10.9 million as at 30 June 2016 to S$8.9 million as at 31 December 2016 due to repayments made during the financial period.

Notes payable

The Notes are carried at amortised cost using the effective interest rate and are classified as "Notes Payable" on the balance sheet. As at 31 December 2016, all the outstanding Notes were redeemed (30 June 2016: S$67.4 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 as 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

The Group remains cautiously optimistic about the market potential of its core business. The global stem cell banking market is expected to grow at a compound annual growth rate of 20.2% from 2016 to reach US$3.96 billion in 2021 on the back of increasing awareness regarding storage of cord blood and tissue stem cells, high growth potential of emerging economies, and increasing use of stem cells in the field of therapeutics.[1]

Capitalising on these growth opportunities, the Group remains focused on its key strategies to reinforce its core competencies to unlock network value and expand through both scale and scope, whilst rationalising its business operations to drive both top and bottom line growth.

Focus on core competencies

The Group's value to its clients lies in being a trusted provider of consumer healthcare products and services, especially to the mother and child segment.

In November 2016, the Group's majority-owned Hong Kong and India subsidiaries, Hong Kong Screening Centre Limited ("HKSC") and Cordlife Sciences (India) Pvt. Ltd. ("Cordlife India"), consecutively received accreditation from the College of American Pathologists ("CAP"). CAP accreditation is the gold standard for laboratory management and processes, which focuses on key areas such as reliability, correctness and quality care and underscores the Group's quality management system and competence.

The Group continuously strives for excellence in quality, professionalism and technical expertise, whilst enhancing other key areas of competency such as marketing, customer service and product innovation.

Unlocking network value and synergies

The Group has identified and begun efforts to deepen its engagement with its existing network of stakeholders and partners – parents, doctors, other healthcare professionals and healthcare institutions, to understand their needs and create greater awareness within members of this network of the possible potential of the new products and services that benefit them. These efforts have started to gain traction in the Group's key growth markets such as the Philippines and Indonesia.

Rationalisation of business operations

The Group continues to drive cost efficiencies by rationalising various business operations, whilst staying true to its mission to deliver the highest level of quality standards to its clients. Some of the initiatives are to explore cost effective marketing efforts which include the intensification of the use of digital and social media platforms and to rely on technology to reduce cost drivers. This has translated into lower advertising and marketing costs in its Singapore market.

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[1] Information extracted from "Stem Cell Banking Market by Bank Type (Cord Blood, and Cord Tissue), Service (Collection & Transportation, Analysis, Processing, and Storage), Application (Cerebral Palsy, Leukemia, Thalassemia, Anemia, Autism, Diabetes), Region - Forecast to 2021", Marketsandmarkets, July 2016

As part of the Group's efforts to improve its operational efficiencies, it has also substantially reduced its financial leverage through a full redemption and cancellation of the remaining aggregate outstanding S$68,250,000 in principal amount of the Notes. The Group also continues to ensure continuous improvement within the organisation through the attraction of right talents to develop new service lines as well as new capabilities.

<u>Expansion through scale and scope</u>

Beyond its recent expansion into Myanmar, the Group continues to be on the lookout for the next break in other fast-growing markets to expand its geographical footprint.

On 10 November 2016 and 17 November 2016, the Group announced that it had served a a notice on the board of directors of Stemlife of its intention to make a voluntary takeover offer to acquire all the remaining ordinary shares of Stemlife not already owned by the Company, representing approximately 10.12% of the issued and paid-up capital of Stemlife. At the close of the Offer on 31 January 2017, the Group obtained a further 8.83% interest from the non-controlling interest in Stemlife to arrive at a total interest in Stemlife of approximately 98.71%. Pursuant to Subsection 223(1) of the Capital Markets and Services Act, 2007 of Malaysia, the Company acquired a further 0.04% interest in Stemlife to arrive at the total interest in Stemlife of approximately 98.75% as at 13 February 2017.

In addition, the Group will continue to build on its product and service offerings with more diagnostics related services.

Barring any unforeseen circumstances and excluding non-core finance costs, note repurchase expenses and any other one-off items, the Group expects its core business to remain profitable for FY2017.

11. Dividends

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

Not applicable.

(d) ***Book closure date.***

Not applicable.

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

No dividend has been declared for the current financial period reported on.

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 $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 our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Company and the Group for the three months ended 31 December 2016 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 IPO proceeds

Following the announcement made by the Company on 11 November 2016 (entitled "First Quarter Unaudited Financial Statements for the Period Ended 30 September 2016") disclosing, inter alia, the use of the proceeds from the IPO of the Company (the "IPO Proceeds"), the Board of Directors of the Company wishes to provide an update on the use of the IPO Proceeds.

The Group has utilised a further S$0.5 million on investments in infrastructure relating to information technology.

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

	Amount (S$ million)
Amount utilised as working capital and general corporate purposes:	
Salaries, central provident fund contributions and other short-term benefits	1.20
Trade purchases	1.10
Legal and professional fees	0.55
Advertising and marketing expenses	0.90
Administrative expenses	0.70
Business travel expenses	0.20
Income tax and GST	0.20
Establishment of S$500 million Multicurrency Debt Issuance Programme	0.03
Issue of S$120 million 4.9% Fixed Rate Notes due 2017	1.20
Magnum Loan	0.09
CGL Acquisition	0.23
Total	**6.40**

As at 13 February 2017, the Group has utilised approximately S$29.4 million of the IPO Proceeds as follows:

Intended Use of IPO Proceeds	Estimated amount S$ (in millions)	Estimated percentage of gross proceeds raised from the IPO	Amount utilised S$ (in millions)	Percentage of gross proceeds raised from the IPO
Development and expansion of business and operations in Singapore and overseas	16.6	55.9%	16.6	55.9%
Renovation of new headquarters and facility at Yishun, A'Posh Bizhub	3.0	10.1%	1.0	3.4%
Investments in infrastructure relating to information technology	2.0	6.7%	1.7	5.7%
Working capital and general corporate purposes	4.7	15.8%	6.4	21.5%
Expenses incurred in connection with the IPO	3.4	11.5%	3.7	12.5%
	29.7	100.0%	29.4	99.0%

Note:

(1) The numbers in the table above may not exactly add due to rounding.

The Group made an announcement on 30 April 2013, on the Use of Proceeds from Initial Public Offering ("IPO") that the Company had substantially completed renovation of its new headquarters and facility at Yishun, A'Posh Bizhub and the actual expenses incurred in connection with the renovation works were approximately S$1.0 million. The balance of approximately S$2.0 million from the S$3.0 million which was originally allocated for the renovation works was re-deployed for working capital and general corporate purposes.

The above utilisation of the Company's IPO Proceeds is in accordance with the intended use stated and percentage allocated in the disclosure on page 25 of the Company's prospectus dated 21 March 2012 and the announcement on Use of Proceeds from Initial Public Offering ("IPO") dated 30 April 2013.

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

17. 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 issue price of S$1.25 by way of private placement (the "Private Placement") to raise aggregate gross proceeds of S$33,547,500 on 14 October 2013.

The Group has utilised an additional approximately S$1.3 million for general working capital purposes.

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	3.5
Legal and professional fees	0.1
Total	**3.6**

As at 13 February 2017, the Group has utilised approximately S$14.8 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%	6.3	18.9%
General working capital	8.6	25.7%	3.6	10.7%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	10.5	31.3%

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

The Board is of the view that the above utilisation is in accordance with the intended use disclosed in the Company's 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 interest 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

Dr. Wong Chiang Yin
Executive Director and Group Chief Executive Officer
13 February 2017