

Second Quarter Unaudited Financial Statement for the Period Ended 31 December 2017

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		
	2017	2016	+ / (-) Increase/ (Decrease)	2017	2016	+ / (-) Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	16,390	15,227	7.6	32,979	29,880	10.4
Cost of sales	(5,442)	(5,667)	(4.0)	(11,019)	(10,822)	1.8
Gross profit	10,948	9,560	14.5	21,960	19,058	15.2
Other operating income	376	249	51.0	540	485	11.3
Selling and marketing expenses	(4,967)	(4,844)	2.5	(10,240)	(9,699)	5.6
Administrative expenses	(5,399)	(4,757)	13.5	(10,684)	(9,415)	13.5
Finance income	219	468	(53.2)	589	1,122	(47.5)
Finance costs	(66)	(33)	100.0	(129)	(109)	18.3
Profit before income tax from operations *	1,111	643	72.8	2,036	1,442	41.2
Note repurchase expense	–	(2,149)	n.m.	–	(2,149)	n.m.
Finance costs	–	(786)	n.m.	–	(1,781)	n.m.
Profit/(loss) before income tax	1,111	(2,292)	n.m.	2,036	(2,488)	n.m.
Income tax expense	(400)	–	n.m.	(698)	(363)	92.3
Profit/(loss) for the financial period	711	(2,292)	n.m.	1,338	(2,851)	n.m.
Other comprehensive income/(loss) for the financial period, net of tax:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation^	756	(422)	n.m.	342	(622)	n.m.
Total comprehensive income/(loss) for the financial period	1,467	(2,714)	n.m.	1,680	(3,473)	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		
	2017 \$'000	2016 \$'000	+ / (-) Increase/ (Decrease) %	2017 \$'000	2016 \$'000	+ / (-) Increase/ (Decrease) %
Profit/(loss) for the financial period attributable to:						
- Shareholders of the company	736	(2,275)	n.m.	1,385	(2,849)	n.m.
- Non-controlling interest	(25)	(17)	47.1	(47)	(2)	>100.0
	<u>711</u>	<u>(2,292)</u>	n.m.	<u>1,338</u>	<u>(2,851)</u>	n.m.
Total comprehensive income/(loss) for the financial period attributable to:						
- Shareholders of the company	1,492	(2,677)	n.m.	1,727	(3,438)	n.m.
- Non-controlling interest	(25)	(37)	(32.4)	(47)	(35)	34.3
	<u>1,467</u>	<u>(2,714)</u>	n.m.	<u>1,680</u>	<u>(3,473)</u>	n.m.

n.m. denotes not meaningful

*In order to provide more clarity to readers, the Group has presented separately its finance costs relating to the fixed rate notes under the Group's S\$500 million Multicurrency Debt Issuance Programme (the "Notes") and note repurchase expenses from its profit before income tax from operations.

^Foreign currency translation classified as other comprehensive income/(loss) and presented in the foreign currency translation reserve in equity, represents the exchange differences arising from:

- translation of assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, to Singapore dollars at exchange rates at the reporting date; and
- translation of income and expenses of foreign operations to Singapore dollars at exchange rates at the dates of the transactions.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

	Group 3 months ended 31 December			Group 6 months ended 31 December		
	2017	2016		2017	2016	
	\$'000	\$'000		\$'000	\$'000	
Depreciation of property, plant and equipment	433	460		881	898	
Amortisation of intangibles	271	298		543	604	
Impairment loss on trade receivables and bad debts written off, net	116	10	[1]	125	20	[1]
Foreign exchange loss/(gain)	130	(511)	[2]	359	(564)	[2]
Other miscellaneous income	(376)	(249)	[3]	(540)	(485)	[3]

Notes

1. The increase in allowance for doubtful debts and bad debts written off was mainly due to additional allowance for doubtful debts recognised in India.
2. The increase in foreign exchange loss was mainly due to the weakening of the US\$ against the S\$ for the Group's cash and cash equivalents denominated in US\$.
3. The increase in other miscellaneous income for the six months ended 31 December 2017 ("HY2018") compared to the six months ended 31 December 2016 ("HY2017") of approximately S\$55,000 was mainly due to the increase in fair value gains on short term investments of approximately S\$91,000. This was slightly offset by the decrease in sponsorships received by the company for prenatal and educational talks of about S\$35,000.

The increase in other miscellaneous income for the three months ended 31 December 2017 ("2QFY2018") against the three months ended 31 December 2016 ("2QFY2017") was mainly due to a grant from Spring Singapore ("SPRING") of approximately S\$131,000 received in relation to the development of a new employee performance and talent management software. There was no such grant income in 2QFY2017.

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 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	12,549	13,062	6,458	6,732
Investment properties	8,394	8,256	2,880	2,880
Intangible assets	13,371	13,513	1,420	1,552
Investment in subsidiaries	–	–	58,710	58,710
Long term investments	6,196	6,176	4,200	4,200
Trade receivables	64,775	63,090	45,764	45,802
Other receivables	4,210	4,211	4,210	4,211
	<u>109,495</u>	<u>108,308</u>	<u>123,642</u>	<u>124,087</u>
Current assets				
Inventories	1,460	1,279	283	376
Prepayments	1,974	1,760	813	836
Trade receivables	25,611	24,459	10,457	9,450
Other receivables	2,787	2,102	1,341	527
Amounts owing by subsidiaries	–	–	15,530	14,533
Short term investments	29,494	22,261	–	–
Fixed deposits	903	11,778	–	10,747
Pledged fixed deposits	224	258	–	–
Cash and cash equivalents	22,452	26,527	18,654	18,404
	<u>84,905</u>	<u>90,424</u>	<u>47,078</u>	<u>54,873</u>
Current liabilities				
Trade and other payables	12,031	11,247	3,567	3,197
Amounts owing to subsidiaries	–	–	18,297	16,733
Interest-bearing borrowings	2,134	2,118	2,134	2,118
Insurance contract liabilities	1,279	1,272	64	64
Deferred revenue	15,895	16,296	3,359	3,688
Tax payable	1,767	1,244	–	–
	<u>33,106</u>	<u>32,177</u>	<u>27,421</u>	<u>25,800</u>
Net current assets	<u>51,799</u>	<u>58,247</u>	<u>19,657</u>	<u>29,073</u>

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 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
Non-current liabilities				
Other payables	209	200	—	4
Interest-bearing borrowings	4,620	6,613	4,620	6,613
Deferred revenue	32,962	30,521	14,648	13,565
Deferred tax liabilities	3,883	3,891	15	15
	<u>41,674</u>	<u>41,225</u>	<u>19,283</u>	<u>20,197</u>
Net assets	<u>119,620</u>	<u>125,330</u>	<u>124,016</u>	<u>132,963</u>
Capital and reserves				
Share capital	96,628	96,666	96,628	96,666
Treasury shares	(16,104)	(9,766)	(16,104)	(9,766)
Accumulated profits	52,211	52,088	42,448	45,267
Other reserves	(13,237)	(13,827)	1,044	796
	<u>119,498</u>	<u>125,161</u>	<u>124,016</u>	<u>132,963</u>
Non-controlling interests	122	169	—	—
Total equity	<u>119,620</u>	<u>125,330</u>	<u>124,016</u>	<u>132,963</u>

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

	31 December 2017 \$'000	As at 30 June 2017 \$'000
Amount repayable in one year or less, or on demand		
- Loan I – secured	287	271
- Loan III – secured	680	680
- Loan IV – secured	1,167	1,167
Amount repayable after one year		
- Loan I – secured	4,620	4,767
- Loan III – secured	–	680
- Loan IV – secured	–	1,166
	6,754	8,731

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.

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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Profit/(loss) before income tax	1,111	(2,292)	2,036	(2,488)
Adjustments for:				
Depreciation of property, plant and equipment	433	460	881	898
Amortisation of intangible assets	271	298	543	604
Gain on disposal of property, plant and equipment	–	(2)	–	(2)
Impairment loss on trade receivables and bad debts written off, net	116	10	125	20
Interest income	(219)	(468)	(589)	(1,122)
Interest expense	66	819	129	1,890
Share-based compensation expense	247	66	547	131
Note repurchase expense	–	2,149	–	2,149
Unrealised exchange loss/(gain)	734	(433)	244	(665)
Operating cash flows before changes in working capital	2,759	607	3,916	1,415
<u>Changes in working capital</u>				
Increase in trade receivables	(1,948)	(781)	(2,962)	(1,721)
Increase in other receivables, deposits and prepayments	(1,214)	(1,064)	(818)	(896)
Increase in inventories	(76)	(247)	(181)	(316)
Increase/(decrease) in trade and other payables	627	(195)	800	(108)
Increase in deferred revenue	1,628	565	2,040	1,600
Cash generated from/(used in) operations	1,776	(1,115)	2,795	(26)
Interest received	254	794	548	1,122
Interest paid	(66)	(33)	(129)	(109)
Income tax (paid)/recovered	(223)	277	(247)	277
Net cash flows generated from/(used in) operating activities	1,741	(77)	2,967	1,264
Cash flows from investing activities:				
Purchase of property, plant and equipment	(268)	(381)	(470)	(518)
Purchase of intangible assets	(21)	(117)	(115)	(181)
Placement of short term investment	(1,298)	(3,414)	(6,941)	(5,832)
Transfer from term deposits	10,752	36,285	10,831	36,036
Net cash flows generated from investing activities	9,165	32,373	3,305	29,505

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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities:				
Transfer to pledged fixed deposits	—	—	28	—
Purchase of treasury shares	—	—	(6,675)	—
Repayment of interest-bearing borrowings	(747)	(776)	(1,977)	(1,991)
Acquisition of non-controlling interest in subsidiary	—	(3,652)	—	(3,652)
Dividends	(1,262)	—	(1,262)	—
Interest paid on Notes	—	(2,053)	—	(2,053)
Repurchase of Notes	—	(69,826)	—	(69,826)
Net cash flows used in financing activities	<u>(2,009)</u>	<u>(76,307)</u>	<u>(9,886)</u>	<u>(77,522)</u>
Net increase/(decrease) in cash and cash equivalents	8,897	(44,011)	(3,614)	(46,753)
Cash and cash equivalents at the beginning of the financial period	14,476	67,146	26,527	69,701
Effects of exchange rate changes on the balance of cash	<u>(921)</u>	<u>32</u>	<u>(461)</u>	<u>219</u>
Cash and cash equivalents at end of the financial period	<u><u>22,452</u></u>	<u><u>23,167</u></u>	<u><u>22,452</u></u>	<u><u>23,167</u></u>

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits with a maturity of three months or less.

Second Quarter Unaudited Financial Statement for the Period Ended 31 December 2017

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

	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
Group											
Balance at 1 July 2016	96,672	(9,828)	54,660	167	568	534	(9,387)	—	(2,697)	2,066	132,755
Loss 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)
<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
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 Berhad ("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 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.

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 2016	96,672	(9,828)	50,779	422	167	138,212
Loss 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

CORDLIFE GROUP LIMITED

Second Quarter Unaudited Financial Statement for the Period Ended 31 December 2017

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)

	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Foreign currency translation account \$'000	Non-controlling interest \$'000	Total \$'000
Group										
Balance at 1 July 2017	96,666	(9,766)	52,088	374	568	534	(11,740)	(3,563)	169	125,330
Profit/(loss) for the financial period	–	–	1,385	–	–	–	–	–	(47)	1,338
Other comprehensive loss for the financial period, net of tax										
- Foreign currency translation	–	–	–	–	–	–	–	342	–	342
Total comprehensive profit/(loss) for the financial period, net of tax	–	–	1,385	–	–	–	–	342	(47)	1,680
<u>Contributions by and distributions to owners</u>										
Purchase of treasury shares	–	(6,675)	–	–	–	–	–	–	–	(6,675)
Grant of share awards to employees	–	–	–	547	–	–	–	–	–	547
Dividends	–	–	(1,262)	–	–	–	–	–	–	(1,262)
Reissuance of treasury shares pursuant to equity compensation plan	(38)	337	–	(299)	–	–	–	–	–	–
Total contributions by and distributions to owners	(38)	(6,338)	(1,262)	248	–	–	–	–	–	7,390
Balance at 31 December 2017	96,628	(16,104)	52,211	622	568	534	(11,740)	(3,221)	122	119,620

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 2017	96,666	(9,766)	45,267	422	374	132,963
Loss for the financial period, representing total comprehensive loss for the financial period	—	—	(1,557)	—	—	(1,557)
<u>Contributions by and distributions to owners</u>						
Purchase of treasury shares	—	(6,675)	—	—	—	(6,675)
Grant of share awards to employees	—	—	—	—	547	547
Dividends	—	—	(1,262)	—	—	(1,262)
Reissuance of treasury shares pursuant to equity compensation plan	(38)	337	—	—	(299)	—
Total contributions by and distributions to owners	(38)	(6,338)	(1,262)	—	248	(7,390)
Balance at 31 December 2017	96,628	(16,104)	42,448	422	622	124,016

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 (\$)
As at 30 June 2017	259,409,504	96,665,612
Purchase of treasury shares	(7,000,000)	—
Treasury shares reissued pursuant to equity compensation plan	309,450	(37,376)
As at 31 December 2017	252,718,954	96,628,236

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 2017	30 June 2017
	No. of shares	No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(14,806,400)	(8,115,850)
Total number of issued shares excluding treasury shares	252,718,954	259,409,504

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

45,400 and 264,050 treasury shares were utilised on 2 August 2017 and 9 November 2017 respectively for the issue of a total of 309,450 shares under the Cordlife Share Grant Plan.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in note (5) below, the financial statements for the current period reported on have been presented using the same accounting policies and methods of computation as presented in the Company's most recently audited 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 Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the financial year ("FY") beginning 1 July 2017.

The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or the reporting periods in prior years.

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	2017	2016	2017	2016
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:				
Profit/(loss) attributable to shareholders of the Company (S\$ '000)	736	(2,275)	1,385	(2,849)
Weighted average number of shares in issue during the period ('000)	252,607	259,358	253,333	259,358
Basic earnings/(loss) per share based on weighted average number of ordinary shares (cents)	0.29	(0.88)	0.55	(1.10)

Diluted Earnings Per Share

Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:

Profit/(loss) attributable to shareholders of the Company (S\$ '000)	736	(2,275)	1,385	(2,849)
Weighted average number of shares in issue during the period ('000)	253,791	259,358	254,093	259,358
Diluted (loss)/earnings per share based on weighted average number of ordinary shares (cents)	0.29	(0.88)	0.55	(1.10)

Notes:

Basic earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31 December 2017 (cents)	30 June 2017 (cents)	31 December 2017 (cents)	30 June 2017 (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	47.33	48.31	49.07	51.26

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2017 is 252,718,954 (30 June 2017: 259,409,504).

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 2017 ("HY2018") AGAINST 6 MONTHS ENDED 31 DECEMBER 2016 ("HY2017")

Income Statement

Revenue

Revenue increased by 10.4% or S\$3.1 million from HY2017 to HY2018, mainly contributed by the Group's operations in Singapore, India and the Philippines.

The higher revenue contributions from these three markets were driven by an increase in deliveries in Singapore and the Philippines, as well as lower discounts in India and an increase in contract prices in the Philippines, in lieu of more value-added services provided to clients in these countries.

The increase in deliveries in Singapore and the Philippines was partly offset by a decrease in the number of deliveries in Hong Kong and Malaysia, resulting in comparable total client deliveries for the Group of approximately 13,100 for both HY2017 and HY2018.

Cost of sales

Cost of sales increased by 1.8% or S\$197,000 in HY2018 compared to HY2017, mainly attributable to additional value-added services provided to clients in India and the Philippines.

Gross profit and gross profit margin

Gross profit increased by 15.2% or S\$2.9 million and gross profit margin increased from 63.8% in HY2017 to 66.6% in HY2018.

The increase in gross profit margin was partly due to an increase in client deliveries, and consequently revenue contributions from Singapore, which has a higher margin compared to the other markets. The increase was also attributable to lower discounts given in India and the increase in contract prices in the Philippines.

Other operating income

Other operating income rose by approximately S\$55,000 mainly due to an increase in fair value gains on short term investments of approximately S\$91,000 in HY2018 compared to HY2017. The increase was slightly offset by a decline of S\$35,000 in sponsorships received by the company in relation to the organisation of prenatal and educational talks.

Administrative expenses

Administrative expenses increased by S\$1.3 million or 13.5% from HY2017 to HY2018, mainly due to an increase in foreign exchange loss of S\$923,000. This was largely contributed by the weakening of the US\$ against the S\$ for the Group's cash and cash equivalents denominated in US\$. There was also an increase in information technology expense and amortisation expense from HY2017 to HY2018 by S\$117,000 and S\$82,000 respectively, as the Group continued to invest in technology and automation to boost efficiency and efficacy.

Share grant expense increased by S\$416,000 from HY2017 to HY2018 due to additional share grants in HY2018. There were no share grants issued in HY2017.

The increase was partially offset by a decrease in legal and professional fees of approximately S\$151,000 mainly contributed by Singapore and Malaysia. This decrease was largely contributed by additional legal and professional fees incurred by the Group for the VGO in HY2017. No such fees were incurred in HY2018.

Finance income

Finance income decreased by 47.5% or S\$0.5 million from HY2017 compared to HY2018 mainly due to a lower amount of funds placed in fixed deposits as a result of the redemption in December 2016 of the remaining aggregate outstanding S\$68.25 million in principal amount of the Notes.

Finance costs

Finance costs increased by 18.3% or S\$20,000 from HY2017 compared to HY2018 mainly due to higher interest rates on the Group's interest-bearing borrowings, which is subject to market fluctuation.

Profit before income tax from operations

As a result of the foregoing, the Group's profit before income tax from operations for HY2018 was higher than HY2017 at S\$2.0 million (HY2017: S\$1.4 million).

Note repurchase expense

Note repurchase expense of S\$2.1 million was incurred in relation to the full redemption of the remaining aggregate outstanding S\$68,250,000 in principal amount of the Notes in December 2016. No such expense was recognised for HY2018.

Finance costs (non-operating)

Finance costs of approximately S\$1.8 million were recognised on the Notes for HY2017. No such finance cost was recorded for HY2018 due to the full redemption of the Notes in December 2016.

Tax

In HY2017, non-operational finance costs and note repurchase expense were not deductible. Adjusting for these non-deductible items, the effective tax rate for HY2018 was 34.3%, compared to a lower effective tax rate of 25.2% for HY2017. The lower effective tax rate was mainly due to a reversal of an over-provision of income tax of S\$277,000 in Singapore, offset by a recording of the under-provision of income tax S\$167,000 in respect of FY2016 in HY2017. In HY2018, there was no such over/under-provision of income tax.

COMPARING THREE MONTHS ENDED 31 DECEMBER 2017 ("2Q2018") AGAINST THREE MONTHS ENDED 31 DECEMBER 2016 ("2Q2017")

Income Statement

Revenue

Revenue increased by 7.6% or S\$1.2 million from S\$15.2 million in 2Q2017 to S\$16.4 million in 2Q2018.

The increase in revenue was mainly contributed by India, the Philippines and Singapore. Revenue per customer in India and the Philippines increased due to lower discounts given in India and higher contract prices in the Philippines. These pricing revisions were provided in lieu of more value-added services provided to clients in these countries. The increase in revenue in Singapore was mainly due to more client deliveries.

The overall increase in revenue was slightly offset by fewer deliveries in other markets, resulting in a decrease in total client deliveries from 6,700 in 2Q2017 to 6,400 in 2Q2018.

Cost of sales

Cost of sales decreased by 4.0% or S\$225,000 in 2Q2018 compared to 2Q2017, in line with fewer client deliveries. The decrease was slightly offset by the value-added services provided to clients in India and the Philippines.

Gross profit and gross profit margin

Gross profit increased by 14.5% or S\$1.4 million and gross profit margin rose from 62.8% in 2Q2017 to 66.8% in 2Q2018.

The increase in gross profit margin was mainly due to more deliveries in Singapore, which has a higher margin compared to the rest of the countries. The increase was also due to lower discounts given in India and higher contract prices in the Philippines, in lieu of more value-added services provided to clients there.

Other operating income

Other operating income increased by 51.0% or S\$127,000 due to a grant from SPRING of approximately S\$131,000 received in 2Q2018 in relation to the development of a new employee performance and talent management software. There was no such grant income in 2Q2017.

Administrative expenses

Administrative expenses rose by 13.5% or S\$642,000 in 2Q2018 compared to 2Q2017 mainly due to an increase in foreign exchange loss of S\$641,000, which was mainly contributed by the weakening of the US\$ against the S\$ for the Group's cash and cash equivalents denominated in US\$. There was also an increase in information technology expense and amortisation expense by S\$64,000 and S\$45,000 respectively, as the Group continued to invest in technology and automation to boost efficiency and efficacy. Share grant expense increased by S\$182,000 due to additional share grants in 2Q2018. There were no share grants issued in 2Q2017.

The overall increase in administrative expenses was slightly offset by a decrease in legal and professional fees of approximately S\$282,000 mainly attributed by Singapore and the Malaysia subsidiary. This decrease was largely contributed by additional legal and professional fees incurred by the Group for the VGO in 2Q2017. No such fees were incurred in 2Q2018.

Finance income

Finance income decreased by S\$249,000 mainly due to lower funds placed in fixed deposits as a result of the redemption in December 2016 of the remaining aggregate outstanding S\$68.25 million in principal amount of the Notes.

Finance costs

Finance costs increased by 100% or S\$33,000 from 2Q2017 to 2Q2018, partly due to a reversal of an over-accrual of interest expense in the three months ended 30 September 2016 of approximately S\$24,000. There was also an increase in finance costs due to higher interest rates on the Group's interest-bearing borrowings, which are subject to market fluctuations.

Profit before income tax from operations

As a result of the foregoing, profit of S\$1.1 million from operations before income tax for 2Q2018 was higher than for 2Q2017.

Note repurchase expense

Note repurchase expense of S\$2.1 million was incurred in relation to the full redemption of the remaining aggregate outstanding S\$68,250,000 in principal amount of the Notes in December 2016. No such expense was incurred for 2Q2018.

Finance costs (non-operating)

Finance costs of approximately S\$786,000 were recognised on the Notes for 2Q2017. No such costs were recorded for 2Q2018 due to the full redemption of the Notes in December 2016.

Tax

In 2Q2017, non-operational finance costs and note repurchase expense were not deductible. Adjusting for these non-taxable items, the effective tax rate for 2Q2018 was 36.0%, compared to an effective tax rate for 2Q2017 of 0%. In 2Q2017, there was a reversal of an over-provision of income tax of S\$277,000 in Singapore, offset by deferred tax asset not recognised on tax losses. In HY2018, there was no such reversal of over-provision of income tax.

Balance sheet

Cash and cash equivalents and fixed deposits

As at 31 December 2017, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S\$52.8 million (30 June 2017: S\$60.6 million). The decrease in cash and cash equivalents was mainly due to net cash used in financing activities of S\$9.9 million, which comprised mainly shares repurchases amounting to S\$6.7 million, repayment on its interest-bearing borrowings of S\$2.0 million and dividend payment of S\$1.3 million.

This decrease was offset by net cash generated from operating activities of S\$3.0 million comprising mainly operating cash flows before movements in working capital of S\$3.9 million, net interest received of S\$419,000, offset by net working capital outflow of S\$1.1 million and income tax paid of S\$247,000.

Net working capital outflow of approximately S\$1.1 million comprised the following:

- increase in trade receivables of approximately S\$3.0 million;
- increase in other receivables, deposits and prepayments of approximately S\$818,000;
- increase in inventory of approximately S\$181,000;
- increase in trade and other payables of approximately S\$800,000 and
- increase in deferred revenue of approximately S\$2.0 million.

Property, plant and equipment

As at 31 December 2017, the Group recorded S\$12.5 million on the balance sheet for property, plant and equipment (30 June 2017: S\$13.1 million).

Investment properties

As at 31 December 2017, the Group recorded S\$8.4 million on the balance sheet for investment properties (30 June 2017: S\$8.3 million).

Intangible assets

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

Long term investments

Long term investments comprise a S\$4.2 million investment in approximately 4.2 million unquoted ordinary shares of CellResearch Corporation Pte Ltd ("CRC"), and approximately S\$2.0 million of investments in money market funds. The investment in CRC aims to strengthen the strategic alliance with CRC and to add value to the Group's clinical and quality assurance capacity. The ordinary shares are carried at cost less impairment, if any.

Trade receivables, non-current

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

Other receivables, non-current

On 1 February 2016, the Group announced that it had subscribed for a Class A Redeemable Convertible Note ("RCN") maturing three years from the issue date in the principal amount of S\$4.2 million from CRC. The yielding interest is at a rate of three month SIBOR plus 7% per annum payable annually in arrears. The RCN is carried at cost less impairment, if any.

Inventories

As at 31 December 2017, the Group recorded inventories of S\$1.5 million (30 June 2017: \$1.3 million).

Prepayments

Prepayments increased from S\$1.8 million as at 30 June 2017 to S\$2.0 million as at 31 December 2017 due to an increase in prepayment of insurance premiums for the Group.

Trade receivables, current

As at 31 December 2017, the Group recorded current trade receivables of S\$25.6 million (30 June 2017: \$24.5 million).

Other receivables, current

Other receivables include non-trade receivables and interest receivable on the RCN. The increase in current other receivables from S\$2.1 million as at 30 June 2017 to S\$2.8 million as at 31 December 2017 was mainly due to a deposit of S\$678,000 made in October 2017 for the acquisition of HealthBaby Biotech (Hong Kong) Co., Limited, announced on 3 January 2018.

Trade and other payables, current and non-current

As at 31 December 2017, the Group recorded current trade and other payables of S\$12.0 million (30 June 2017: \$11.2 million) and non-current other payables of S\$209,000 (30 June 2017: S\$200,000).

Interest-bearing borrowings, current and non-current

Interest-bearing borrowings decreased by approximately S\$2.0 million, from S\$8.7 million as at 30 June 2017 to S\$6.8 million as at 31 December 2017 due to repayments made during the financial period.

Insurance contract liabilities

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

Deferred revenue

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

Income tax payable

As at 31 December 2017, the Group recorded income tax payable of S\$1.8 million (30 June 2017: \$1.2 million). The increase in income tax payable was due to tax payable on profits earned in HY2018.

Deferred tax liabilities

Deferred tax liabilities comprise deferred tax liabilities on temporary differences and on intangible assets recognised on business combination.

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

Not applicable as no forecast or prospect statement was previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Demand for stem cell banking services in Asia remains encouraging amid growing public awareness and appreciation of pre-emptive healthcare. This upswing bodes well for the Group, one of the leading private cord blood banks in the region, and validates its ongoing efforts to reinforce its presence in the eight markets it operates in. The Group's recent acquisition of HealthBaby Biotech (Hong Kong) Co., Limited is a case in point.

Following the earnings-accretive acquisition, which was completed on 2 January 2018, the Group is now the market leader in Hong Kong with more than 30,000 cord blood units under storage. It is actively exploring synergy and economies of scale between its two brands, "HealthBaby" and "Cordlife" in Hong Kong. The acquisition comes at a time when Hong Kong is stepping up efforts to encourage young married couples to start parenthood early and have more children.

Besides stem cell banking, the Group is also expanding its suite of non-invasive diagnostics services. In December 2017, it launched in Indonesia and the Philippines a clinically approved non-invasive prenatal test known as NICE® (Non-Invasive Chromosome Examination). Developed by an established joint venture between Eone Life Science Institute in South Korea and Diagnostics Inc in the United States, NICE® is a blood test that can accurately detect up to 10 chromosomal abnormalities in preborn children.

As disclosed on 19 January 2018, Dr Wong Chiang Yin is stepping down as Executive Director and Group Chief Executive Officer to pursue his personal interests. He will become an honorary advisor to the Group after his last day on 4 April 2018. The search for a new Group CEO is underway. The Group does not expect the resignation of Dr Wong to affect the operations of the Group in any way.

Barring unforeseen circumstances and exceptional non-operating items, the Group expects to remain profitable in FY2018.

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/recommendeded, 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 S\$100,000 or more for the financial period reported on.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of knowledge of the Board of Directors of the Company (the "Board"), nothing has come to the attention of the Board which may render the unaudited financial statements of the Company and the Group for the three months ended 31 December 2017 presented in this announcement, to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

16. Disclosure on the use of placement proceeds

Capitalised terms used herein, unless otherwise defined, have the meanings as defined in the announcements on Private Placement Of An Aggregate Of Up To 26,838,000 New Ordinary Shares In The Capital Of The Company dated 2 October 2013, 11 October 2013 and 14 October 2013.

The Company issued 26,838,000 Placement Shares at an issue price of S\$1.25 per Placement Share by way of private placement (the "Private Placement") to raise aggregate gross proceeds of S\$33,547,500 on 14 October 2013.

The Board wishes to announce that the Group has utilised approximately S\$21.0 million out of the approximately S\$33.5 million raised from the Private Placement.

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	5.2
Legal and professional fees	0.1
Total	<u>5.3</u>

Second Quarter Unaudited Financial Statement for the Period Ended 31 December 2017

As at 12 February 2018, the Group has utilised approximately S\$21.0 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount (\$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (\$ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	15.1	45.1%
General working capital	8.6	25.7%	5.3	15.8%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	21.0	62.7%

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 aforementioned announcement dated 2 October 2013.

The Board is also pleased to announce that due to the Company's prudent management of financial resources and negotiations with vendors, there is a balance of approximately S\$0.8 million from the approximately S\$1.4 million which was originally allocated to pay for expenses incurred in connection with the Private Placement. The Board, after deliberation, deemed it in the best interests of the Company and its shareholders to re-deploy the said balance amount for general working capital purposes.

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

By Order of the Board

Michael Steven Weiss
Group Chief Executive Officer and Executive Director
12 February 2018