CORDLIFE GROUP LIMITED

Second Quarter Unaudited Financial Statement for the Period Ended 31 December 2014

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		+/(-) Increase/ (Decrease)	Group 6 months ended 31 December		+/(-) Increase/ (Decrease)
	2014	**2013**		**2014**	**2013**	
		(restated)*			(restated)*	
	$'000	$'000	%	$'000	$'000	%
Revenue	14,260	12,138	17.5	27,519	23,468	17.3
Cost of sales	(4,859)	(3,785)	28.4	(9,058)	(7,280)	24.4
Gross profit	9,401	8,353	12.5	18,461	16,188	14.0
Other operating income	231	167	38.3	410	222	84.7
Selling and marketing expenses	(4,804)	(3,052)	57.4	(9,162)	(6,254)	46.5
Administration expenses	(3,846)	(3,353)	14.7	(7,061)	(6,330)	11.5
Finance income	122	52	>100.0	199	100	99.0
Finance costs	(37)	(47)	(21.3)	(76)	(84)	(9.5)
Profit before income tax from operations*	1,067	2,120	(49.7)	2,771	3,842	(27.9)
Share of results of associate	(247)	86	n.m	(267)	(2,053)	(87.0)
Fair value changes on financial asset designated at fair value through profit or loss	(1,839)	2,295	n.m	(6,756)	5,418	n.m
Fair value changes on derivative	(4,680)	–	n.m	(4,680)	–	n.m
Gain on transfer from associate to financial asset designated at fair value through profit or loss	–	–	n.m	–	6,177	n.m
Exchange differences	2,150	–	n.m	2,150	–	n.m
Finance income	1,490	–	n.m	1,490	–	n.m
Finance costs	(1,148)	–	n.m	(1,148)	–	n.m
(Loss)/profit before income tax	(3,207)	4,501	n.m	(6,440)	13,384	n.m
Income tax expense	(126)	(269)	(53.2)	(450)	(481)	(6.4)
(Loss)/profit for the financial period	(3,333)	4,232	n.m	(6,890)	12,903	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		
	2014	**2013** (restated)*	**+/(-) Increase/ (Decrease)**	**2014**	**2013** (restated)*	**+/(-) Increase/ (Decrease)**
	$'000	$'000	%	$'000	$'000	%
Other comprehensive (expense)/income for the financial period, net of tax: *Items that may be reclassified subsequently to profit or loss*						
Reclassification adjustment on transfer of investment in associate to financial asset designated at fair value through profit or loss	–	(68)	n.m	–	(409)	n.m
Share of foreign currency translation of associates	5	–	n.m	5	156	(96.8)
Foreign currency translation	(13)	(72)	(81.9)	(489)	(597)	(18.1)
Total comprehensive (expense)/income for the financial period	(3,341)	4,092	n.m	(7,374)	12,053	n.m
(Loss)/profit for the financial period attributable to:						
- Shareholders of the company	(3,025)	4,241	n.m	(6,487)	12,907	n.m
- Non-controlling interest	(308)	(9)	>100.0	(403)	(4)	>100.0
	(3,333)	4,232	n.m	(6,890)	12,903	n.m
Total comprehensive (expense)/income for the financial period attributable to:						
- Shareholders of the company	(3,081)	4,101	n.m	(7,014)	12,069	n.m
- Non-controlling interest	(260)	(9)	>100.0	(360)	(16)	>100.0
	(3,341)	4,092	n.m	(7,374)	12,053	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, fair value changes 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	
	2014	**2013**		**2014**	**2013**
	$'000	$'000		$'000	$'000
Depreciation of property, plant and equipment	449	369	[1]	787	669
Amortisation of software	57	51		115	106
Allowance for doubtful debts and bad debts written off	9	52		5	60
Foreign exchange gain	(9)	(8)		(42)	(47)
Other miscellaneous income	332	167	[2]	410	222

Notes

1. The increase in depreciation was due to additional laboratory equipment purchased for Cordlife Sciences India to accommodate the increased sales volume and the transfer of one office unit in the Group's headquarters from investment property to leasehold property at the end of FY14. There was no depreciation on the transferred unit in HY2014.

2. The increase in other miscellaneous income is due to royalties from StemLife Berhad ("StemLife") and China Cord Blood Corporation ("CCBC") for cord lining licensing and gain on sale of property, plant and equipment.

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 2014	**30 June 2014**	**31 December 2014**	**30 June 2014**
	$'000	$'000	$'000	$'000
ASSETS				
Non-current assets				
Investment in associate	16,647	16,819	18,230	18,220
Investment in subsidiaries	–	–	21,034	21,034
Financial asset designated at fair value through profit or loss	43,737	50,494	43,737	50,494
Derivative asset	19,914	–	19,914	–
Property, plant and equipment	8,774	8,409	6,635	6,545
Investment properties	4,130	4,830	4,130	4,830
Intangible asset	2,451	1,941	1,005	424
Deferred tax asset	173	–	–	–
Trade receivables	47,797	45,961	40,369	39,258
Other receivables	95,291	229	95,291	18
	238,914	128,683	250,345	140,823
Current assets				
Cash and cash equivalents	22,248	32,643	17,859	28,451
Short-term investments	269	988	–	–
Fixed deposits	11,905	11,778	11,500	11,500
Pledged fixed deposits	314	348	–	–
Trade receivables	16,364	12,890	7,933	6,858
Other receivables	2,889	1,054	1,829	397
Prepayments	1,755	1,678	957	733
Inventories	780	645	257	233
Amounts owing by subsidiaries	–	–	7,768	6,156
	56,524	62,024	48,103	54,328
Current liabilities				
Trade and other payables	11,405	8,887	5,478	4,615
Deferred revenue	4,156	5,378	2,565	3,123
Amounts owing to subsidiaries	–	–	2,414	1,917
Income tax payable	1,371	1,558	858	1,296
Interest-bearing borrowings	4,448	4,448	4,448	4,448
	21,380	20,271	15,763	15,399
Net current assets	35,144	41,753	32,340	38,929

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 2014	**30 June 2014**	**31 December 2014**	**30 June 2014**
	$'000	$'000	$'000	$'000
Non-current liabilities				
Other payables	1,907	81	1,822	–
Deferred revenue	22,218	20,473	12,792	12,160
Deferred tax liabilities	208	188	226	226
Interest-bearing borrowings	7,552	8,402	7,552	8,402
Notes payable	116,797	–	116,797	–
Amounts owing to subsidiary	–	–	21,631	21,035
	148,682	29,144	160,820	41,823
Net assets	125,376	141,292	121,865	137,929
Capital and reserves				
Share capital	96,657	96,657	96,657	96,657
Treasury shares	(9,901)	(3,898)	(9,901)	(3,898)
Accumulated profits	42,279	51,359	34,588	44,703
Other reserves	(3,117)	(2,644)	521	467
Non-controlling interests	(542)	(182)	–	–
Total equity	125,376	141,292	121,865	137,929

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

	As at	
	31 December 2014	**30 June 2014**
	$'000	$'000
Amount repayable in one year or less, or on demand		
- Loan I –secured	268	268
- Loan II – secured	3,500	3,500
- Loan III – secured	680	680
Amount repayable after one year		
- Loan I –secured	5,512	5,682
- Loan II – secured	–	–
- Loan III – secured	2,040	2,720
- Notes payable	116,797	–
	128,797	12,850

Loan I, Loan II and Loan III 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 II is a revolving loan facility and is repayable on demand.

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

The Notes Payable constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding. The Notes are redeemable only upon maturity on 28 October 2017.

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	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Operating activities				
(Loss)/profit before income tax	(3,207)	4,501	(6,440)	13,384
Adjustments for:				
Depreciation	449	369	787	669
Amortisation	57	51	115	106
Allowance for doubtful debts	9	25	5	25
Gain on disposal of investment property	–	–	(54)	–
Interest income	(1,612)	(52)	(1,689)	(100)
Interest expense	1,185	47	1,224	84
Share based compensation expense	27	–	54	–
Share of results of associate	247	(86)	267	2,053
Unrealised share of other income from associate	(52)	–	(79)	–
Fair value changes on financial asset designated at fair value through profit or loss	1,839	(2,295)	6,756	(5,418)
Fair value changes on derivative	4,680	–	4,680	–
Gain on transfer of investment in associate to financial asset designated at fair value through profit or loss	–	–	–	(6,177)
Unrealised exchange gain	(2,144)	(333)	(2,584)	(594)
Operating cash flows before movements in working capital	1,478	2,227	3,042	4,032
Increase in trade receivables	(3,177)	(2,134)	(5,315)	(3,146)
Decrease/(increase) in other receivables, deposits and prepayments	651	202	(1,092)	(515)
Increase in inventories	(148)	(46)	(136)	(52)
(Decrease)/increase in trade and other payables	(214)	663	1,268	210
Increase in deferred revenue	351	612	522	256
Cash (used in)/generated from operations	(1,059)	1,524	(1,711)	785
Interest received	212	9	232	22
Interest paid	(36)	(47)	(76)	(84)
Income tax paid	(734)	(515)	(756)	(515)
Net cash (used in)/generated from operating activities	(1,617)	971	(2,311)	208

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	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Investing activities				
Purchase of property, plant and equipment	(370)	(311)	(1,075)	(656)
Purchase of intangible assets	(354)	–	(628)	(69)
Proceeds from disposal of investment property	–	–	754	–
Redemption/(placement) of short term investment	239	(144)	719	(373)
Acquisition of associate	–	(8,196)	–	(8,196)
Acquisition of convertible bond, net of transaction cost	(57,303)	–	(57,303)	–
Transfer from/(to) term deposits	–	(280)	(110)	3,220
Payment for acquisition of subsidiaries	–	(1,568)	–	(3,158)
Net cash used in investing activities	(57,788)	(10,499)	(57,643)	(9,232)
Financing activities				
Transfer from pledged fixed deposits	1,226	–	34	–
Proceeds from interest-bearing borrowings	–	6,900	–	6,900
Repayment of interest-bearing borrowings	(760)	(61)	(850)	(122)
Loan to external party, net of transaction cost	(57,683)	–	(57,683)	–
Dividends	(2,593)	(2,673)	(2,593)	(2,673)
Proceeds from issue of notes, net of transaction costs	116,797	–	116,797	–
Purchase of treasury shares	–	–	(6,003)	–
Proceeds from issue of shares	–	33,547	–	33,547
Share issue cost	–	(603)	–	(603)
Net cash generated from financing activities	56,987	37,110	49,702	37,049
Net (decrease)/increase in cash and cash equivalents	(2,418)	27,582	(10,252)	28,025
Cash and cash equivalents at the beginning of the financial period	24,740	8,172	32,643	7,986
Effects of exchange rate changes on the balance of cash	(75)	265	(144)	8
Cash and cash equivalents at end of the financial period	22,247	36,019	22,247	36,019

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	Capital reserve $'000	Merger reserve $'000	Acquisition reserve $'000	Foreign currency translation account $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2013	53,548	(103)	26,176	568	534	(2,184)	(931)	(45)	77,563
Profit for the period	–	–	12,907	–	–	–	–	(4)	12,903
Other comprehensive income/(expense)									
- Net effect of foreign currency translation	–	–	–	–	–	–	(585)	(12)	(597)
- Share of other comprehensive income of associate	–	–	–	–	–	–	156	–	156
- Transfer of investment in associate to financial asset designated at fair value through profit or loss	–	–	–	–	–	–	(409)	–	(409)
Total comprehensive income/(expense) for the financial period, net of tax	–	–	12,907	–	–	–	(838)	(16)	12,053
Issuance of shares as consideration for acquisition	10,400	–	–	–	–	–	–	–	10,400
Issuance of shares pursuant to private placement	33,547	–	–	–	–	–	–	–	33,547
Placement expenses taken to equity	(603)	–	–	–	–	–	–	–	(603)
Dividends	–	–	(2,673)	–	–	–	–	–	(2,673)
Balance at 31 December 2013	96,892	(103)	36,410	568	534	(2,184)	(1,769)	(61)	130,287

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	**Total** $'000
Balance at 1 July 2013	53,548	(103)	16,818	422	70,685
Profit for the period, representing total comprehensive income for the financial period, net of tax	–	–	14,441	–	14,441
Issuance of shares as consideration for acquisition	10,400	–	–	–	10,400
Issuance of shares pursuant to private placement	33,547	–	–	–	33,547
Placement expenses taken to equity	(603)	–	–	–	(603)
Dividends	–	–	(2,673)	–	(2,673)
Balance at 31 December 2013	96,892	(103)	28,586	422	125,797

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 2014	96,657	(3,898)	51,359	45	568	534	(2,184)	(1,607)	(182)	141,292
Loss for the period	–	–	(6,487)	–	–	–	–	–	(403)	(6,890)
Other comprehensive (expense)/income for the period, net of tax										
- Net effect of foreign currency translation	–	–	–	–	–	–	–	(527)	43	(484)
Total comprehensive expense for the period, net of tax	–	–	(6,487)	–	–	–	–	(527)	(360)	(7,374)
<u>Contributions by and distributions to owners</u>										
Purchase of treasury shares	–	(6,003)	–	–	–	–	–	–	–	(6,003)
Grant of share awards to employees	–	–	–	54	–	–	–	–	–	54
Dividends	–	–	(2,593)	–	–	–	–	–	–	(2,593)
Total contributions by and distributions to owners	–	(6,003)	(2,593)	54	–	–	–	–	–	(8,542)
Balance at 31 December 2014	96,657	(9,901)	42,279	99	568	534	(2,184)	(2,134)	(542)	125,376

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 2014	96,657	(3,898)	44,703	422	45	137,929
Loss for the period, representing total comprehensive expense for the period	–	–	(7,522)	–	–	(7,522)
Contributions by and distributions to owners						
Purchase of treasury shares	–	(6,003)	–	–	–	(6,003)
Grant of share awards to employees	–	–	–	–	54	54
Dividends	–	–	(2,593)	–	–	(2,593)
Total contributions by and distributions to owners	–	(6,003)	(2,593)	–	54	(8,542)
Balance at 31 December 2014	96,657	(9,901)	34,588	422	99	121,865

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	
Group and Company	**2014**	**2013**
As at 30 September	259,297,354	232,487,354
Issue of new shares as consideration for acquisition[1]	–	8,000,000
Issue of new shares from private placement[2]	–	26,838,000
Purchase of treasury shares	–	–
As at 31 December	**259,297,354**	**267,325,354**

[1] The allotment and issuance of 8,000,000 new shares in the Company's share capital is pursuant to the acquisition by the Company of 19.92% of the issued and paid-up share capital of StemLife Berhad ("Stemlife"). For further information, please refer to the announcements released by the Company on 4 September 2013, 26 September 2013 and 4 October 2013.

[2] The allotment and issuance of 26,838,000 new shares in the Company's share capital is pursuant to the private placement comprising (a) placement via a placement agent and (b) placement via direct subscription from investors. For further information, please refer to the announcements released by the Company on 2 October 2013, 11 October and 14 October 2013.

As at 31 December 2014, the Company held 8,228,000 (31 December 2013: 200,000) treasury shares against 259,297,354 (31 December 2013: 267,325,354) issued ordinary shares excluding treasury shares.

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 2014 No. of shares	**30 June 2014 No. of shares**
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(8,228,000)	(3,422,000)
Total number of issued shares excluding treasury shares	259,297,354	264,103,354

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 Group's financial year beginning 1 July 2014.

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	**2014**	**2013**	**2014**	**2013**
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)	(3,025)	4,241	(6,487)	12,907
Weighted average number of shares in issue during the period ('000)	259,297	263,093	260,776	248,142
Basic (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(1.17)	1.61	(2.49)	5.20
Diluted Earnings Per Share				
Earnings per ordinary share of the group for the financial year based on net profit attributable to shareholders of the Company:				
(Loss)/profit attributable to shareholders of the Company (S$ '000)	(3,025)	4,241	(6,487)	12,907
Weighted average number of shares in issue during the period ('000)	259,297	263,093	260,776	248,142
Diluted (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(1.17)	1.61	(2.49)	5.20

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 2014 (cents)	**30 June 2014 (cents)**	**31 December 2014 (cents)**	**30 June 2014 (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	48.35	53.50	47.00	52.23

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2014 and 30 June 2014 are 259,297,354 and 264,103,354 respectively.

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

COMPARING 6 MONTHS ENDED 31 DECEMBER 2014 ("HY2015") AGAINST 6 MONTHS ENDED 31 DECEMBER 2013 ("HY2014")

Income Statement

Revenue

Revenue increased by 17.3% or S$4.0 million from S$23.5 million in HY2014 to S$27.5 million in HY2015. The increase in revenue was mainly due to an increase in the number of client deliveries, from approximately 7,400 in HY2014 to 10,700 in HY2015. The increase in client deliveries was due to increased awareness as a result of increased marketing and client acquisition efforts. In particular, there was an increase in marketing spend in the Group's Indian subsidiary to increase brand awareness amongst prospective clients and establish its presence in more cities.

Cost of sales

Cost of sales increased by 24.4% or S$1.8 million in HY2015 compared to HY2014. The increase in cost of sales was in line with the increase in client deliveries from HY2014 to HY2015.

Gross profit and gross profit margin

Gross profit increased by 14.0% or S$2.3 million in HY2015 compared to HY2014 due to the increase in new client deliveries.

Gross profit margin decreased marginally from 69.0% in HY2014 to 67.1% in HY2015, due mainly to an increase in revenue contribution from operations with lower margins.

Other operating income

Other operating income increased by 84.7% or approximately S$188,000 in HY2015 compared to HY2014 mainly from a gain on disposal of investment property of S$54,000, increase in rental income generated from the Company's investment properties by approximately S$71,000 and royalties from licensing of cord lining technology to StemLife and China Cord Blood Corporation ("CCBC") of approximately S$83,000.

Selling and marketing expenses

Selling and marketing expenses increased by 46.5% or S$2.9 million in HY2015 compared to HY2014. This was mainly attributable to the Group's Indian subsidiary where selling and marketing expenses increased by S$2.5 million. Television commercials were aired in India for the first time as part of a through-the-line integrated marketing plan, which alone accounted for approximately S$1.2 million during the period. There was also an increase in newspaper advertising, digital marketing and client activation activities. These additional promotional activities had been strategically planned to increase existing market share in India.

The increase was also attributable to the increase in staff related costs of S$0.7 million. The Group's entities in Singapore and India have increased their headcounts to cater to the increasing business volume.

Administrative expenses

Administrative expenses increased by 11.5% or S$0.7 million in HY2015 compared to HY2014 due mainly to increase in staff cost from annual salary increments and an increase in the number of full time employees. The increase was also partly attributable to increase in legal and professional fees of approximately S$173,000 mainly arising from the establishment of the S$500 million Multicurrency Debt Issuance Programme and legal fees incurred in relation to an investigation by the Competition Commission of Singapore into an alleged infringement by the Company of the Competition Act (Cap. 50B), as announced on 14 October 2014.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations in HY2015 is lower than HY2014 at S$2.8 million.

Share of results in associate

Our share of loss in associate was approximately S$267,000 for HY2015 as compared to S$2.1 million for HY2014.

In FY2014, the Group completed its acquisition of 31.81% of the issued shares in StemLife. In HY2015, the Group accounted for its share of loss in StemLife amounting to approximately S$197,000 and amortisation of intangibles arising from the acquisition of S$70,000.

In HY2014, share of results in associate of approximately S$2.1 million related to share of loss in CCBC is offset by the share of profit from StemLife of approximately S$86,000. The loss in CCBC is mainly attributable to cash and non-cash expenses incurred as a result of the convertible note issued by CCBC as well as the non-cash fair value losses derived from such financial instruments. On 27 September 2013, Mr Yee Pinh Jeremy stepped down from the board of directors of CCBC. The Group is of the view that it has lost significant influence over CCBC and no longer regards its investment in CCBC as an associate. The Group ceased to equity account for CCBC's results with effect from 27 September 2013 and the investment in associate was transferred to financial asset designated at fair value through profit or loss. A gain on the transfer of approximately S$6.2 million was recognised in HY2014.

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

The Group recorded fair value loss on its investment in CCBC designated at fair value through profit or loss of S$6.8 million in HY2015 (HY2014: gain of S$5.4 million). The fair value changes are computed based on the changes in CCBC's last traded price as at 30 June 2014 of US$5.52 (S$6.90) and 31 December 2014 of US$4.52 (S$5.98) for HY2015 (HY2014: changes in CCBC's traded price as at the transfer date of 27 September 2013 of US$3.46 (S$4.34) and the reporting date at 31 December 2013 of US$4.01 (S$5.09)). The fair value changes are recognised directly in the profit or loss.

Fair value changes on derivative

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

As the Convertible Bond provides the Company the option to convert to shares in CCBC, the Company is required to separately compute the fair value changes on the conversion option component and recognise these changes in profit or loss. Fair value changes on the conversion option is mainly affected by the time to maturity of the bond, the share price of CCBC as at the reporting date compared to the date of acquisition and the value of the bond as a function of the cash inflow from the bond at the redemption date.

The Group recorded fair value loss on derivative for HY2015 of approximately S$4,680,000 (HY2014: nil).

Exchange differences

Due to strengthening of the US$ against the S$, unrealised foreign exchange gain of approximately S$2,150,000 was recognised on the Magnum Loan and the Convertible Bond for HY2015 (HY2014: nil).

Finance income

Finance income of approximately S$1,490,000 was recognised for HY2015 (HY2014: nil) on the Magnum Loan and the Convertible Bond.

Finance costs

Finance costs of approximately S$1,148,000 was recognised on the Notes for HY2015 (HY2014: nil).

Tax

In HY2015, 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 and exchange differences were not taxable. In HY2014, share of results of associate was reported net of tax, fair value changes on financial asset designated at fair value through profit or loss and gain on transfer from associate to financial asset designated at fair value through profit or loss were not taxable. Adjusting for these non-taxable items, the effective tax rate for HY2015 was 14.5%, compared to an effective tax rate for HY2014 of 12.5%. The increase in effective tax rate in HY2015 was mainly due to increase in contribution by subsidiaries in higher tax regimes with higher tax rates. This increase was offset by the loss in India being offset against profit from other operating entities.

COMPARING 3 MONTHS ENDED 31 DECEMBER 2014 ("2Q2015") AGAINST 3 MONTHS ENDED 31 DECEMBER 2013 ("2Q2014")

Income Statement

Revenue

Revenue increased by 17.5% or S$2.2 million from S$12.1 million in 2Q2014 to S$14.3 million in 2Q2015. The increase in revenue was mainly due to an increase in the number of client deliveries, from approximately 4,000 in 2Q2014 to 5,600 in 2Q2015.

The increase in client deliveries was due to increased awareness as a result of increased marketing and client acquisition efforts. In particular, there was an increase in marketing spend in the Group's Indian subsidiary to increase brand awareness amongst its prospective clients and establish its presence in more cities.

Cost of sales

Cost of sales increased by 28.4 % or S$1.1 million in 2Q2015 compared to 2Q2014, in line with increase in client deliveries.

Gross profit and gross profit margin

Gross profit increased by 12.5% or S$1.0 million in 2Q2015 compared to 2Q2014 mainly due to the increase in new client deliveries.

Gross profit margin decreased from 68.8% in 2Q2014 to 65.9% in 2Q2015. The drop in gross profit margin was attributable to an increase in revenue contribution from operations with lower margins.

Other operating income

Other operating income increased by 38.3% or S$64,000 in 2Q2015 compared to 2Q2014. This is due to a grant income of S$37,000 from SPRING Singapore for certain initiatives undertaken by the Company. The Company also received S$25,000 of royalties from StemLife and CCBC for umbilical cord lining licensing for 2Q2015.

Selling and marketing expenses

Selling and marketing expenses increased by 57.4% or S$1.8 million in 2Q2015 compared to 2Q2014. This was mainly attributable to the Group's Indian subsidiary where selling and marketing expenses increased by S$1.2 million in 2Q2015 as part of the strategic marketing plan to increase market share in India. Television commercials were aired in India for the first time as part of a through-the-line integrated marketing plan, which alone accounted for approximately S$0.7 million during 2Q2015.

The increase was also attributable to the increase in staff related costs of S$0.4 million due to increased headcounts in Singapore and India to cater to the growing business volume.

Administrative expenses

Administrative expenses increased by 14.7% or S$0.5 million in 2Q2015 compared to 2Q2014, mainly due to increase in legal and professional fees of approximately S$173,000 arising from the establishment of the S$500 million Multicurrency Debt Issuance Programme and legal fees incurred in relation to an investigation by the Competition Commission of Singapore into an alleged infringement by the Company of the Competition Act (Cap. 50B), as announced on 14 October 2014.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations for 2Q2015 is lower than 2Q2014 at S$1.1 million.

Share of results in associate

Our share of loss in associate was approximately S$247,000 for 2Q2015 as compared to our share of profit of S$86,000 for 2Q2014.

The share of loss in associate for 2Q2015 comprised the Group's share of loss in StemLife of approximately S$212,000 and amortisation of intangibles arising from the acquisition of S$35,000. The share of profit for 2Q2014 comprised the Group's share of profit of StemLife results for the quarter.

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

The Group recorded fair value loss on its investment in CCBC designated at fair value through profit or loss of S$1.8 million in 2Q2015 (2Q2014: gain of S$2.3 million). The fair value changes are computed based on the changes in CCBC's last traded price as at 30 September 2014 of US$4.89 (S$6.23) and 31 December 2014 of US$4.52 (S$5.98) for 2Q2015 (2Q2014: changes in CCBC's traded price as at 30 September 2013 of US$3.80

(S$4.77) and 31 December 2013 of US$4.01 (S$5.09)). The fair value changes are recognised directly in the profit or loss.

Fair value changes on derivative

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

As the Convertible Bond provides the Company the option to convert to shares in CCBC, the Company is required to separately compute the fair value changes on the conversion option component and recognise these changes in profit or loss. Fair value changes on the conversion option is mainly affected by the time to maturity of the bond, the share price of CCBC as at the reporting date compared to the date of acquisition and the value of the bond as a function of the cash inflow from the bond at the redemption date.

The Group recorded fair value loss on derivative for 2Q2015 of approximately S$4,680,000 (2Q2014: nil).

Exchange differences

Due to strengthening of the US$ against the S$, unrealised foreign exchange gain of approximately S$2,150,000 was recognised on the Magnum Loan and the Convertible Bond for 2Q2015 (2Q2014: nil).

Finance income

Finance income of approximately S$1,490,000 was recognised for 2Q2015 (2Q2014: nil) on the Magnum Loan and the Convertible Bond.

Finance costs

Finance costs of approximately S$1,148,000 was recognised on the Notes for the 2Q2015 (2Q2014: nil).

Tax

In 2Q2015, 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 and exchange differences were not taxable. In 2Q2014, 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 were not taxable. Adjusting for these non-taxable items, the effective tax rate for 2Q2015 was 8.9%, compared to an effective tax rate for 2Q2014 of 12.7%. The decrease in effective tax rate in 2Q2015 was mainly due to the loss in India being offset against profit from other operating entities.

Balance sheet

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

As at 31 December 2014, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$34.4 million (30 June 2014: S$45.4 million). The decrease in cash and cash equivalents in HY2015 was mainly due to purchase of treasury shares and dividends paid amounting to approximately S$6.0 million and S$2.6 million respectively. It was also due to net cash used in operating activities of approximately S$2.3 million which comprised mainly operating cash flows before movements in working capital of S$3.0 million, net working capital outflow of S$4.8 million, net interest received of S$0.2 million and tax payment of S$0.8 million.

Net working capital outflow of approximately S$4.8 million in HY2015 was due to the following:

- increase in trade receivables of approximately S$5.3 million;
- increase in other receivables, deposits and prepayments of approximately S$1.1 million;
- increase in trade and other payables of approximately S$1.3 million and
- increase in deferred revenue of approximately S$0.5 million.

The net cash used in operating activities was offset by proceeds from issue of the Notes, net of transaction costs, of S$116.8 million. This was in turn offset by the loan to Magnum, net of transaction costs, of S$57.6 million and the acquisition of the Convertible Bond, net of transaction costs, of S$57.3 million.

Investment in associate

The investment in associate as at 31 December 2014 represents the Group's 31.81% interest in StemLife.

Financial asset designated at fair value through profit or loss

The Group's interest in CCBC is recognised as a financial asset designated at fair value through profit or loss. It is valued based on CCBC's last traded share price as at 31 December 2014 of US$4.52 (S$5.98) (as at 30 June 2014: US$5.52 (S$6.90)).

Trade receivables, non-current

Non-current trade receivables represents cord blood and umbilical 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

Non-current other receivables increased by S$95.1 million to S$95.3 million as at 31 December 2014 (30 June 2014: S$229,000). On 10 November 2014, the Group entered into the Magnum Loan and CGL Acquisition.

The Magnum Loan is classified as loans and receivables and accounted for based on amortised cost. The carrying amount of the Magnum Loan as at 31 December 2014 was S$60.4 million (30 June 2014: nil) and was classified under other receivables on the balance sheet.

On acquisition of the Convertible Bond, the Group was required to bifurcate the financial instrument into bond and conversion option components, which are recognised as loans and receivables carried at amortised cost and a derivative respectively. The bond component is classified as non-current other receivables on the balance sheet at a carrying value on 31 December 2014 of approximately S$33.8 million (30 June 2014: nil)

Derivative asset

The conversion option component is classified as a derivative and is carried at a fair value of S$19.9 million as at 31 December 2014 (30 June 2014: nil). The fair value of the conversion option is affected by the time to maturity of the bond, the share price of CCBC as at the reporting date compared to the date of acquisition and the value of the bond as a function of the cash inflow from the bond at the redemption date.

Deferred tax asset

As at 31 December 2014, the Group recorded a deferred tax asset of S$173,000 (30 June 2014: nil) due to temporary differences.

Notes payable

The Notes are carried at amortised cost using the effective interest rate and are classified as Notes Payable on the balance sheet at S$116.8 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 competitive conditions of the industry in which the group operates and any known significant trends and factors or events that may affect the group in the next reporting period and the next 12 months

Industry prospects

According to the latest government statistics, the total number of births in Singapore was 39,720 in 2013, representing a 6.9% decrease from the 42,663 births in 2012. Total fertility rate decreased from 1.29 to 1.19 over the same period[1]. Given the Singapore government's push to encourage Singaporeans to marry and have children, analysts expect a perk-up in birth rates from 2014, which could benefit the Company[2]. Key initiatives in the S$2 billion Marriage & Parenthood Package rolled out in January 2013 include enhanced support for medical costs related to childbirth, such as an increase in the Baby Bonus cash scheme and extension of the Child Development Account (CDA), which many of the Company's clients tap into to pay for its services. On 23 November 2014, the National Population and Talent Division (NPTD) unveiled[3] the eight items, including baby clothes and a diaper bag, that will be included as part of the SG50 Baby Jubilee Gift in commemoration of the 50th anniversary of Singapore's independence. Parents of Singapore's Jubilee babies born in 2015 can look forward to receiving the Jubilee Baby Gift to welcome every Singaporean baby born in the year. We are cautiously optimistic that the Golden Jubilee will be positive for childbirth rates in Singapore in 2015.

In a report dated October 2014 (the "Deloitte Report") by Deloitte & Touche Financial Advisory Services Limited ("Deloitte"), Singapore is shown to have a high penetration rate of private cord blood banking at approximately 22.0% in 2013. The projected penetration level in Singapore is expected to reach 22.4% by 2018, mainly driven by effective marketing activities by established companies, and increasing public awareness and acceptance levels. In the case of Hong Kong, the penetration rate of private cord blood banking is expected to grow from 7.5% in 2013 to 10.3% in 2018.

According to the Deloitte Report, the expected 2013 to 2018 CAGR of annual incremental storage units for private cord blood banks in India, Indonesia and the Philippines are 39%, 30% and 26% respectively. The cord blood banking operations in India, the Philippines and Indonesia have developed rapidly, on the back of the fast-rising middle class in these countries seeking better healthcare options for their children. By 2018, the penetration rates of private cord blood banking in India, Indonesia and the Philippines are expected to grow to 3.6%, 0.7% and 0.4% respectively.

In China, the penetration rate of private cord blood banking is still low at 2.1% in 2013, indicating much room to grow for the sector, which is expected to do so at a forecast CAGR of 21% between 2013 and 2018, according to the Deloitte Report. China's growing middle-class population, indicative of a progressively larger customer pool for cord blood banking operations, should see the penetration rate of private cord blood banking expand to 5.2% in 2018.

A Focused Growth-Path through the use of Network Effects

The Group is riding on the growth of emerging Asian nations by expanding its geographical footprint for cord blood and umbilical cord lining banking business as well as other newly-introduced products catering to the mother and child segment. Initiatives under this strategy include:

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[1] Source: Department of Statistics, Singapore Web Site. http://www.singstat.gov.sg/statistics/latest-data#16. Accessed Feb 6, 2015

[2] Source: The Straits Times, January 21, 2013, "White Paper 'to benefit property, transport"

[3] Source: Channel News Asia, November 23, 2014, "More items of the SG50 Baby Jubilee Gift revealed"

- On 10 November 2014, the Group announced that it had completed the acquisition of the Convertible Bond for approximately US$44 million, which will result in its interest in CCBC rising to approximately 17.79% of the enlarged share capital of CCBC, assuming full conversion of the Convertible Bond.

- On 3 March 2014, the Group announced that it has extended its strategic alliance and co-operation with CordLabs Asia Pte. Ltd. and CCBC, in relation to the provision of human postnatal umbilical cord tissue storage services to certain territories in the People's Republic of China.

- On 9 December 2013, the Group announced that it has acquired a further 11.89% interest (“Additional Acquisition”) in StemLife, an associated company of Cordlife listed on the ACE Market of the Bursa Malaysia, for a cash payment of approximately RM17.66 million. Following the Additional Acquisition, the Group will hold approximately 31.81% of the issued and paid-up share capital in StemLife. The Consideration for the Additional Acquisition was satisfied by the Group fully in cash funded through a combination of borrowings and IPO proceeds. Prior to this, the Group announced on 4 October 2013 that it had completed the acquisition of an initial 19.92% interest in StemLife.

  The Group is also looking to provide other adjacent products and services that cater to the mother and child segment, in addition to cord blood and umbilical cord lining banking services. Initiatives under this strategy include the following:

- On 30 April 2014, the Group announced that it has entered into a licensing agreement with StemLife, to jointly explore and develop umbilical cord tissue related new services based on cellular technology in Malaysia.

- In April 2014, MetaScreen™ was launched in both the Philippines and Hong Kong.

- The Group is expected to launch all adjacent products and services into all the markets this year, and in some cases, leveraging on the power of product and service bundling.

Moving forward, the Group remains committed to developing its market leadership in cord blood and umbilical cord lining banking in Asia while continuing with its plans to introduce new consumer healthcare products catering to the mother and child. Barring any unforeseen circumstances and excluding fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, non-operating exchange differences, share of results of associate and any other one-off items, the Group expects its core business to remain profitable for FY2015.

11. Dividends

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

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Tax exempt (1-tier) dividend
Dividend Amount	S$0.010 per ordinary share
Tax Rate	Exempt (1-tier)

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

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Tax exempt (1-tier) dividend
Dividend Amount	S$0.010 per ordinary share
Tax Rate	Exempt (1-tier)

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

The interim dividend will be paid on 2 April 2015.

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

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 17 March 2015 ("Book Closure Date") for the purpose of determining members' entitlement to the interim dividend ("Dividend").

Duly completed registrable transfers received by the Company's Share Registrar Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 up to 5.00pm on 16 March 2015 ("Entitlement Date") will be registered to determine members' entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on the Entitlement Date will be entitled to the Dividend.

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

Not applicable.

13. Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

There were no interested party transactions 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 for the second quarter and half year ended 31 December 2014 presented in this announcement, to be false or misleading in any material aspect.

15. Disclosure on the use of IPO proceeds

Following the announcement made by the Company on 12 September 2014 (entitled "Use of Proceeds from Initial Public Offering (“IPO”), the Board of Directors of the Company wishes to provide an update on the use of the proceeds from the Company’s IPO (the “IPO Proceeds”).

The Group has utilised a further S$1.7 million in connection with the development and expansion of business and operations in Singapore and overseas, comprising mainly marketing efforts to capture greater market share and acquisition of equipment to support growing customer base. The Group has also utilised S$1.7 million for general corporate purposes and S$0.3 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$m)
Amount utilised as working capital and general corporate purposes:	
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
Other legal and professional fees	0.15
	1.70

As at 13 February 2015, the Group has utilised approximately S$28.1 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%	0.4	1.3%
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%	28.1	94.6%

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 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 2014.

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.

16. Disclosure on the use of placement proceeds

The Company has not materially disbursed the proceeds from the private placement completed on 14 October 2013.

The Company will make a periodic announcements on the use of the proceeds from the private placement as and when these are materially disbursed.

By Order of the Board

Yee Pinh Jeremy
Executive Director and Chief Executive Officer
13 February 2015