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CORDLIFE GROUP LIMITED

Third Quarter Unaudited Financial Statement for the Period Ended 31 March 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 March		+/(-) Increase/ (Decrease)	Group 9 months ended 31 March		+/(-) Increase/ (Decrease)
	2017	**2016**		**2017**	**2016**	
	$'000	$'000	%	$'000	$'000	%
Revenue	14,225	14,938	(4.8)	44,105	44,026	0.2
Cost of sales	(5,013)	(5,184)	(3.3)	(15,835)	(14,879)	6.4
Gross profit	9,212	9,754	(5.6)	28,270	29,147	(3.0)
Other operating income	174	315	(44.8)	659	581	13.4
Selling and marketing expenses	(4,994)	(4,797)	4.1	(14,693)	(13,745)	6.9
Administrative expenses	(5,089)	(4,351)	17.0	(14,504)	(12,725)	14.0
Finance income	356	518	(31.3)	1,478	792	86.6
Finance expense	(53)	(67)	(20.9)	(162)	(192)	(15.6)
(Loss)/profit before income tax from operations*	(394)	1,372	n.m.	1,048	3,858	(72.8)
Share of results of associate	–	–	n.m.	–	(76)	n.m.
Fair value changes on financial asset designated at fair value through profit or loss	–	–	n.m.	–	4,548	n.m.
Fair value changes on derivative	–	–	n.m.	–	2,519	n.m.
Exchange differences	–	–	n.m.	–	6,014	n.m.
Gain on sale of shares	–	–	n.m.	–	151	n.m.
Gain on sale of convertible bond	–	–	n.m.	–	5,012	n.m.
Remeasurement loss on previously held equity interest in subsidiary	–	–	n.m.	–	(1,594)	n.m.
Other expenses	–	(1,909)	n.m.	–	(1,909)	n.m.
Note repurchase expense	–	(186)	n.m.	(2,149)	(2,025)	6.1
Finance income	–	–	n.m.	–	3,815	n.m.
Finance costs	–	(961)	n.m.	(1,781)	(4,339)	(59.0)
(Loss)/profit before income tax	(394)	(1,684)	(76.6)	(2,882)	15,974	n.m.
Income tax expense	(26)	(366)	(92.9)	(389)	(848)	(54.1)
(Loss)/profit for the financial period	(420)	(2,050)	(79.5)	(3,271)	15,126	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 March			Group 9 months ended 31 March		
	2017	**2016**	**+/(-) Increase/ (Decrease)**	**2017**	**2016**	**+/(-) Increase/ (Decrease)**
	$'000	$'000	%	$'000	$'000	%
Other comprehensive (loss)/income for the financial period, net of tax:						
Items that may be reclassified subsequently to profit or loss						
Share of foreign currency translation of associate	–	–	n.m.	–	(180)	n.m.
Foreign currency translation	(593)	178	n.m.	(1,215)	(99)	>100.0
Total comprehensive (loss)/income for the financial period	(1,013)	(1,872)	(45.9)	(4,486)	14,847	n.m.
(Loss)/profit for the financial period attributable to:						
- Shareholders of the company	(401)	(2,043)	(80.4)	(3,250)	14,833	n.m.
- Non-controlling interest	(19)	(7)	>100.0	(21)	293	n.m.
	(420)	(2,050)	(79.5)	(3,271)	15,126	n.m.
Total comprehensive (loss)/income for the financial period attributable to:						
- Shareholders of the company	(991)	(1,928)	(48.6)	(4,429)	14,513	n.m.
- Non-controlling interest	(22)	56	n.m.	(57)	334	n.m.
	(1,013)	(1,872)	(45.9)	(4,486)	14,847	n.m.

n.m. denotes not meaningful

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

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

	Group 3 months ended 31 March			Group 9 months ended 31 March		
	2017	**2016**		**2017**	**2016**	
	$'000	$'000		$'000	$'000	
Depreciation of property, plant and equipment	467	506		1,365	1,331	[1]
Amortisation of intangibles	313	175	[2]	917	290	[2]
Allowance for doubtful debts and bad debts written off, net	223	22	[3]	243	53	[3]
Foreign exchange loss/(gain)	467	(83)	[4]	(97)	(69)	
Other miscellaneous income	(174)	(315)	[5]	(659)	(581)	[5]
Waiver of upfront fee previously classified as finance income	–	–		–	615	[6]
Over-provision of tax in respect of prior years	–	–		(110)	–	[7]

Notes

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

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

3. The increase in allowance for doubtful debts and bad debts written off is mainly due to additional allowance for doubtful debts recognised in India due to the increasing client base there.

4. The weakening of the US$ against S$ in the 3 months ended 31 March 2017 ("3Q2017") resulted in the Group recognising a foreign exchange loss mainly from the bank balances held in US$.

5. The increase in other miscellaneous income in the 9 months ended 31 March 2017 ('9M2017") compared to the 9 months ended 31 March 2016 ("9M2016") is mainly due to an increase in investment income of S$191,000 arising from short-term investments. The increase is offset by a grant from Spring Singapore ("SPRING") of approximately S$186,000 for the Group's initiatives in training of employees and investing in infrastructure relating to information technology in 9M2016 (9M2017: a grant of approximately S$126,000 for employee training and development was recognised).

   The decrease in other miscellaneous income in 3Q2017 from the 3 months ended 31 March 2016 ("3Q2016") is mainly due to the grant from SPRING of approximately S$186,000 recognised in 3Q2016. There was no such grant income in 3Q2017. The decrease is offset by an increase in investment income of S$65,000 in 3Q2017 from 3Q2016, arising from short-term investments.

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

   On 28 December 2015, the Company announced that an amount of US$44,695,887 of the Magnum Loan had been prepaid ahead of the final repayment date stipulated in the Facility Agreement. In exchange for the aforementioned prepayment, the Company agreed to waive the upfront fee owed by Magnum to the Company under the Facility Agreement (and accrued interest thereon) being US$1,565,897. The upfront fee was previously amortised and the amortised amount was recognised as finance income. As a consequence of the waiver, the amount of upfront fee amortised to date amounting to S$615,000 was reversed to the income statement in 9M2016. There was no such waiver of upfront fee in 9M2017.

7. Over-provision of tax in respect of prior years of S$110,000 recorded in 9MFY17 comprise an over-provision of tax in respect of FY2016 for Singapore of S$277,000, offset by an under-provision of tax in respect of FY2016 of S$167,000 for the Indonesian subsidiary.

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 March 2017 $'000	**30 June 2016** $'000	**31 March 2017** $'000	**30 June 2016** $'000
ASSETS				
Non-current assets				
Investment in subsidiaries	–	–	58,596	54,386
Available-for-sale asset	4,200	4,200	4,200	4,200
Property, plant and equipment	12,841	13,290	6,335	6,654
Investment properties	8,865	9,152	3,590	3,590
Intangible assets	13,673	14,686	1,732	1,969
Deferred tax asset	220	220	220	220
Trade receivables	62,399	60,510	45,578	45,535
Other receivables	4,212	4,317	4,212	4,212
Fixed deposits	1,914	–	–	–
	108,324	106,375	124,463	120,766
Current assets				
Cash and cash equivalents	22,766	69,701	18,921	59,769
Fixed deposits	14,880	53,399	10,567	47,567
Pledged fixed deposits	186	324	–	–
Short term investments	21,612	14,970	–	–
Trade receivables	22,768	21,010	8,580	8,663
Other receivables	2,226	2,014	779	765
Prepayments	2,049	1,720	1,144	739
Inventories	1,224	1,057	308	429
Amounts owing by subsidiaries	–	–	14,309	14,022
	87,711	164,195	54,608	131,954
Current liabilities				
Trade and other payables	12,226	13,521	3,700	5,722
Insurance contract liabilities	1,037	1,056	–	–
Deferred revenue	14,108	15,502	2,565	2,565
Amounts owing to subsidiaries	–	–	16,803	15,052
Tax payable	1,178	592	–	–
Interest-bearing borrowings	2,126	2,124	2,126	2,124
	30,675	32,795	25,194	25,463
Net current assets	57,036	131,400	29,414	106,491

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

	Group As at		Company As at	
	31 March 2017	**30 June 2016**	**31 March 2017**	**30 June 2016**
	$'000	$'000	$'000	$'000
Non-current liabilities				
Other payables	–	86	–	–
Deferred revenue	30,930	24,716	13,718	12,795
Deferred tax liabilities	3,914	4,073	105	105
Interest-bearing borrowings	6,676	8,742	6,676	8,742
Notes payable	–	67,403	–	67,403
	41,520	105,020	20,499	89,045
Net assets	123,840	132,755	133,378	138,212
Capital and reserves				
Share capital	96,666	96,672	96,666	96,672
Treasury shares	(9,766)	(9,828)	(9,766)	(9,828)
Accumulated profits	51,410	54,660	45,748	50,779
Other reserves	(14,681)	(10,815)	730	589
	123,629	130,689	133,378	138,212
Non-controlling interests	211	2,066	–	–
Total equity	123,840	132,755	133,378	138,212

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

	As at 31 March 2017 $'000	As at 30 June 2016 $'000
Amount repayable in one year or less, or on demand		
- Loan I – secured	279	277
- Loan III – secured	680	680
- Loan IV – secured	1,167	1,167
Amount repayable after one year		
- Loan I – secured	4,830	5,049
- Loan III – secured	680	1,360
- Loan IV – secured	1,166	2,333
- Notes payable	–	67,403
	8,802	78,269

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

a) First legal mortgage of the leasehold properties and investment properties (the "Properties") of the Company;

b) The assignment of the rights, title and interest with respect to the Properties; and

c) Charge over all current receivables of the Company.

Loan I is drawn-down in different tranches and repayable in 240 monthly instalments. It will be repaid in full in June 2031.

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

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

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

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

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group 3 months ended 31 March		Group 9 months ended 31 March	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Operating activities				
(Loss)/profit before income tax	(394)	(1,684)	(2,882)	15,974
Adjustments for:				
Depreciation	467	506	1,365	1,331
Amortisation	313	175	917	290
Gain on disposal of property, plant and equipment	–	(8)	(2)	(8)
Interest income	(356)	(518)	(1,478)	(4,607)
Interest expense	54	1,214	1,944	6,556
Share-based compensation expense	66	28	197	82
Allowance for doubtful debts and bad debts written off, net	223	22	243	53
Share of results of associate	–	–	–	76
Unrealised share of other income from associate	–	–	–	(44)
Fair value changes on financial asset designated at fair value through profit or loss	–	–	–	(4,548)
Fair value changes on derivative	–	–	–	(2,519)
Gain on sale of shares	–	–	–	(151)
Gain on sale of convertible bond	–	–	–	(5,012)
Remeasurement loss on previously held equity interest in subsidiary	–	–	–	1,594
Note repurchase expense	–	186	2,149	2,025
Unrealised exchange (gain)/loss	(615)	75	(1,280)	(6,647)
Operating cash flows before movements in working capital	(242)	(4)	1,173	4,445
Increase in trade receivables	(2,169)	(2,164)	(3,890)	(7,424)
Decrease/(increase) in other receivables, deposits and prepayments	458	565	(438)	(914)
Decrease/(increase) in inventories	149	69	(167)	149
Decrease in trade and other payables	(1,003)	(502)	(1,111)	(414)
Increase in deferred revenue	3,221	2,007	4,821	3,145
Cash generated from/(used in) operations	414	(29)	388	(1,013)
Interest received	356	193	1,478	467
Interest paid	(54)	(67)	(163)	(192)
Income tax (paid)/recovered	(64)	(587)	213	(1,272)
Net cash generated from/(used in) operating activities	652	(490)	1,916	(2,010)

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 March		Group 9 months ended 31 March	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Investing activities				
Purchase of property, plant and equipment	(315)	(409)	(833)	(3,898)
Purchase of intangible assets	(399)	(256)	(580)	(754)
Placement of short term investment	(1,118)	(856)	(6,950)	(1,269)
Acquisition of subsidiary, net of cash	–	–	–	983
Acquisition of convertible bond, net of transaction costs	–	(4,200)	–	(4,200)
Acquisition of available-for-sale asset	–	(4,200)	–	(4,200)
Interest received on loan receivable and convertible note	–	–	–	5,245
Proceeds from disposal of shares, net of transaction costs	–	–	–	65,688
Proceeds from disposal of convertible bond, net of transaction costs	–	–	–	87,225
Proceeds from loan repayment	–	–	–	62,596
Transfer from/(to) term deposits	969	(7,920)	37,005	(6,373)
Net cash (used in)/generated from investing activities	(863)	(17,841)	28,642	201,043
Financing activities				
Transfer to pledged fixed deposits	–	–	–	(4)
Repayment of interest-bearing borrowings	(73)	(73)	(2,064)	(903)
Acquisition of non-controlling interest in subsidiary	(352)	(3,338)	(4,004)	(15,532)
Dividends	–	–	–	(36,302)
Interest paid on Notes	–	(816)	(2,053)	(4,071)
Repurchase of Notes	–	(5,040)	(69,826)	(54,914)
Net cash used in from financing activities	(425)	(9,267)	(77,947)	(111,726)
Net (decrease)/increase in cash and cash equivalents	(636)	(27,598)	(47,389)	87,307
Cash and cash equivalents at the beginning of the financial period	23,167	130,567	69,701	15,738
Effects of exchange rate changes on the balance of cash	235	(281)	454	(357)
Cash and cash equivalents at end of the financial period	22,766	102,688	22,766	102,688

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short term deposits with a maturity of 3 months or less.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital $'000	Treasury shares $'000	Accumulated profits $'000	Share-based compensation reserve $'000	Capital reserve $'000	Merger reserve $'000	Acquisition reserve $'000	Foreign currency translation account $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2015	96,657	(9,901)	78,633	153	568	534	(2,184)	(2,054)	(460)	161,946
Profit for the financial period	–	–	14,833	–	–	–	–	–	293	15,126
Other comprehensive (loss)/profit for the financial period, net of tax										
- Foreign currency translation	–	–	–	–	–	–	–	(140)	41	(99)
- Share of other comprehensive loss of associate	–	–	–	–	–	–	–	(180)	–	(180)
Total comprehensive income/(loss) for the period, net of tax	–	–	14,833	–	–	–	–	(320)	334	14,847
Contributions by and distributions to owners										
Grant of share awards to employees	–	–	–	82	–	–	–	–	–	82
Treasury shares re-issued pursuant to equity compensation plan	15	73	–	(88)	–	–	–	–	–	–
Dividends	–	–	(36,302)	–	–	–	–	–	–	(36,302)
Total contributions by and distributions to owners	15	73	(36,302)	(6)	–	–	–	–	–	(36,220)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	3,968	3,968
Acquisition of non-controlling interests in subsidiaries*	–	–	–	–	–	–	(12,450)	–	(3,061)	(15,511)
Balance at 31 March 2016	96,672	(9,828)	57,164	147	568	534	(14,634)	(2,374)	781	129,030

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

On 12 November 2015, the Group announced that it had, through Maybank Investment Bank Berhad, served a notice of conditional mandatory take-over offer (the “Offer”) on the Board of Directors of Stemlife to acquire all the remaining ordinary shares of RM0.10 each in the capital of Stemlife not already owned by the Company. The Group obtained control of Stemlife on 7 December 2015 with an interest in Stemlife of approximately 50.03%. Subsequent to gaining control, the Group continued to receive acceptances to the Offer and acquired shares in Stemlife up to the close of the Offer on 2 February 2016. At the close of offer, the Group obtained 39.85% interest from the non-controlling interests in Stemlife to arrive at a total interest in Stemlife of approximately 89.88%. As a result of the further 39.85% interest acquired, the carrying value of the non-controlling interest being approximately S$3,146,000 was reversed and the difference between the consideration and the carrying value of the non-controlling interest, being S$11,474,000, was recognised in acquisition reserve.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Company	**Share capital** $'000	**Treasury shares** $'000	**Accumulated profits** $'000	**Capital reserve** $'000	**Share-based compensation reserve** $'000	**Total** $'000
Balance at 1 July 2015	96,657	(9,901)	67,998	422	153	155,329
Profit for the period, representing total comprehensive income for the period	–	–	22,917	–	–	22,917
Contributions by and distributions to owners						
Grant of share awards to employees	–	–	–	–	82	82
Treasury shares re-issued pursuant to equity compensation plan	15	73	–	–	(88)	–
Dividends	–	–	(36,302)	–	–	(36,302)
Total contributions by and distributions to owners	15	73	(36,302)	–	(6)	(36,220)
Balance at 31 March 2016	96,672	(9,828)	54,613	422	147	142,026

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Group	Share capital $'000	Treasury shares $'000	Accumulated profits $'000	Share-based compensation reserve $'000	Capital reserve $'000	Merger reserve $'000	Acquisition reserve $'000	Other reserve $'000	Foreign currency translation account $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2016	96,672	(9,828)	54,660	167	568	534	(9,387)	–	(2,697)	2,066	132,755
Loss for the financial period	–	–	(3,250)	–	–	–	–	–	–	(21)	(3,271)
Other comprehensive loss for the financial period, net of tax											
- Foreign currency translation	–	–	–	–	–	–	–	–	(1,179)	(36)	(1,215)
Total comprehensive loss for the period, net of tax	–	–	(3,250)	–	–	–	–	–	(1,179)	(57)	(4,486)
Contributions by and distributions to owners											
Grant of share awards to employees	–	–	–	197	–	–	–	–	–	–	197
Treasury shares re-issued pursuant to equity compensation plan	(6)	62	–	(56)	–	–	–	–	–	–	–
Total contributions by and distributions to owners	(6)	62	–	141	–	–	–	–	–	–	197
Acquisition of non-controlling interest in subsidiary*	–	–	–	–	–	–	(2,385)	–	–	(1,798)	(4,183)
Put option for acquisition of remaining shares in subsidiary^	–	–	–	–	–	–	–	(443)	–	–	(443)
Balance at 31 March 2017	96,666	(9,766)	51,410	308	568	534	(11,772)	(443)	(3,876)	211	123,840

*On 10 November 2016 and 17 November 2016, the Group announced that it had, through Maybank Investment Bank Berhad, served a notice of a voluntary take-over offer (the “VGO”) to acquire all the remaining ordinary shares of RM0.10 each in the capital of Stemlife not already owned by the Company, representing approximately 10.12% of the issued and paid-up capital of Stemlife at RM0.575 per Stemlife share. As at 31 March 2017, the Group obtained a further 9.01% interest from the non-controlling interest in Stemlife to arrive at a total interest in Stemlife of approximately 99.01%. As a result of the further 9.01% interest acquired, the carrying value of the non-controlling interest being approximately S$1,798,000 was reversed and the difference between the consideration and the carrying value of the non-controlling interest, being S$2,385,000, was recognised in acquisition reserve.

^ As at 31 March 2017, the Group had obtained a total interest in Stemlife of approximately 99.01%. Pursuant to subsection 223(2) of the Capital Markets and Services Act 2007 of Malaysia (“CMSA”), holders of non-controlling interests in Stemlife may elect to exercise their rights under subsection 223(1) of the CMSA by serving a notice to require the Group to acquire their Stemlife Shares by 2 May 2017, being 3 months after the close of the VGO on 31 January 2017. Therefore, the Group has recognised a liability on the remaining non-controlling interest in Stemlife of 2,441,072 shares at the VGO price of RM0.575 (approximately S$0.185) per Stemlife share as at 31 March 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)

Company	**Share capital** $'000	**Treasury shares** $'000	**Accumulated profits** $'000	**Capital reserve** $'000	**Share-based compensation reserve** $'000	**Total** $'000
Balance at 1 July 2016	96,672	(9,828)	50,779	422	167	138,212
Profit for the period, representing total comprehensive income for the period	–	–	(5,031)	–	–	(5,031)
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	–	–	–	–	197	197
Treasury shares re-issued pursuant to equity compensation plan	(6)	62	–	–	(56)	–
Total contributions by and distributions to owners	–	–	–	–	141	197
Balance at 31 March 2017	96,666	(9,766)	45,748	422	308	133,378

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

Company	**Number of shares**	**Share capital (S$)**
As at 30 June 2016	259,358,354	96,672,253
Treasury shares re-issued pursuant to equity compensation plan	51,150	(6,641)
As at 31 March 2017	259,409,504	96,665,612

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 March 2017 No. of shares	**30 June 2016 No. of shares**
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(8,115,850)	(8,167,000)
Total number of issued shares excluding treasury shares	259,409,504	259,358,354

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

On 8 March 2017, 51,150 treasury shares were utilised for the issue of 51,150 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 results for the current period reported on have been presented using the same accounting policies and methods of computation as presented in the issuer's most recently audited annual financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all new and revised Financial Reporting Standard (FRS) and Interpretations of FRS (INT FRS) which became effective for the financial year beginning 1 July 2016.

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group 3 months ended 31 March		Group 9 months ended 31 March	
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:				
(Loss)/profit attributable to shareholders of the Company (S$ '000)	(401)	(2,043)	(3,250)	14,833
Weighted average number of shares in issue during the period ('000)	259,372	259,416	259,363	259,316
Basic (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(0.15)	(0.79)	(1.25)	5.72
Diluted Earnings Per Share				
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:				
(Loss)/profit attributable to shareholders of the Company (S$ '000)	(401)	(2,043)	(3,250)	14,833
Weighted average number of shares in issue during the period ('000)	259,372	259,416	259,363	259,614
Diluted (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(0.15)	(0.79)	(1.25)	5.71

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 March 2017 (cents)	**30 June 2016 (cents)**	**31 March 2017 (cents)**	**30 June 2016 (cents)**
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the period reported on	47.74	51.19	51.42	53.29

The number of shares in issue and used in calculating the net asset value per share as at 31 March 2017 and 30 June 2016 are 259,409,504 and 259,358,354 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 9M2017 AGAINST 9M2016

Income Statement

Stemlife's financial results for 9M2017 have been included in the Group's financial results for 9M2017, while Stemlife's financial results for the period of December 2015 to March 2016 were included in the Group's financial results for 9M2016 as Stemlife became a subsidiary of the Group in December 2015.

Revenue

Revenue increased by 0.2% or S$79,000 from 9M2016 to 9M2017 mainly due to the inclusion of contribution from Stemlife, which became a subsidiary of the Group in December 2015. In 9M2017, there was an increase in deliveries to 19,000 from 17,000 in 9M2016, which is also largely contributed by Stemlife. Stemlife's deliveries for 9M2017 included cord tissue banking which is the banking of Wharton's jelly of the umbilical cord, a lower-priced service offering to cater to the mass audience. There was no such offering in 9M2016.

Revenue from diagnostic services also increased by S$404,000 in 9M2017 compared to 9M2016.

The increase is offset by a decrease in revenue contribution from Singapore, Hong Kong and India due to increased discounts given to clients in order to remain competitive in these markets.

Cost of sales

Cost of sales increased by 6.4% or S$956,000 in 9M2017 compared to 9M2016. The increase in cost of sales was due to the increase in client deliveries from 9M2016 to 9M2017. The increase in cost of sales was lesser than the increase in deliveries due to the lower cost of processing of the lower-priced cord tissue banking

Gross profit and gross profit margin

Gross profit decreased by 3.0% or S$877,000 and gross profit margin decreased from 66.2% in 9M2016 to 64.1% in 9M2017.

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

It was also due to lower margin attributable to the newly consolidated subsidiary, Stemlife, and the Group's new offering of cord tissue banking, which is a lower cost option with a lower margin, to cater to the mass audience. The drop in gross profit margin was also due to the increase in revenue contribution from diagnostic services, which has a lower gross profit margin than banking services.

Other operating income

Other operating income increased by approximately S$78,000 mainly due to an increase in investment income of S$191,000 arising from short-term investments. The increase is offset by a SPRING grant of approximately S$186,000 in 9M2016 for the Group's initiatives in training employees and investing in infrastructure relating to information technology (9M2017: a grant of approximately S$126,000 for employee training and development was recognised).

Selling and marketing expenses

Selling and marketing expenses increased by 6.9% or S$948,000 in 9M2017 compared to 9M2016. The increase is mainly due to the inclusion of selling and marketing expenses of Stemlife, which became a subsidiary of the Group in December 2015. Stemlife accounted for an increase in selling and marketing expenses of S$884,000. There was also an increase in selling and marketing expenses in the Group's Indonesian subsidiary by S$266,000 largely due to an increase the sales and marketing force to capture a bigger market share.

This was offset by the decrease in advertising and marketing expenses in Singapore by S$160,000 as the Singapore operations adopted more efficient marketing strategies by leveraging on technology to reduce cost drivers.

Administrative expenses

Administrative expenses increased by 14.0% or S$1.8 million in 9M2017 compared to 9M2016. Stemlife, which became a subsidiary of the Group in December 2015, accounted for S$1.1 million of the increase in administrative expenses. The amortisation of intangibles of Stemlife and an enterprise resource planning software in Singapore also contributed to an approximate S$496,000 increase in administrative expenses.

Finance income

Finance income increased by S$686,000 due to the placement of fixed deposits with reputable banks and financial institutions in line with the Group's cash management policy. Stemlife, which became a subsidiary of the Group in December 2015, accounted for S$335,000 of the increase in finance income.

Finance costs

Finance costs decreased by 15.6% or S$30,000 mainly due to lower interest-bearing borrowings as the Group made repayments of S$2,064,000 during 9M2017.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations for 9M2017 is lower than 9M2016 at S$1.0 million.

Share of results of associate

Our share of loss in associate was S$76,000 for 9M2016. There was no share of results of associate in 9M2017 as Stemlife was consolidated as a subsidiary in December 2015.

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

The Group recorded fair value gain on its investment in China Cord Blood Corporation ("CCBC") designated at fair value through profit or loss of S$4.5 million in 9M2016. The fair value changes are computed based on the changes in CCBC's last traded price as at 30 June 2015 of US$6.16 (approximately S$8.32 at US$1:S$1.3508) and 30 October 2015, being the date of disposal of the investment in shares ("Sale Shares"), of US$6.37 (approximately S$8.94 at US$1:S$1.4038) for 9M2016. The fair value changes were recognised directly in profit or loss.

The Group disposed of its financial asset designated at fair value through profit or loss on 30 October 2015. As a result, there are no such fair value changes in 9M2017.

Fair value changes on derivative

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

The Group recorded fair value gain on derivative for 9M2016 of approximately S$2.5 million.

The Group disposed of its Convertible Note on 13 November 2015. As a result, there is no such fair value changes on derivative in 9M2017.

Exchange differences

Due to strengthening of the US$ against the S$, unrealised foreign exchange gain of approximately S$6.0 million was recognised on the Magnum Loan and the Convertible Note for 9M2016. No such exchange differences were recognised for 9M2017.

Gain on sale of shares

In 9M2016, the Group recognised the gain on the sale of the Sale Shares of S$151,000. The gain on the sale was computed based on the difference between the disposal price per Sale Share of US$6.40 (approximately S$8.98 at US$1:S$1.4038) and CCBC's last traded share price as at the date of disposal on 30 October 2015 of US$6.37 (approximately S$8.94 at US$1:S$1.4038). No such gain on sale of shares was recognised for 9M2017.

Gain on sale of convertible bond

Upon completion of the disposal of the Convertible Note on 13 November 2015, the Group recognised the gain on the sale of the Convertible Note of S$5.0 million in 9M2016. No such gain on sale of convertible bond was recognised in 9M2017.

Remeasurement loss on previously held equity interest in subsidiary

The Group recognised a loss of S$1.6 million as a result of measuring at fair value its 31.81% equity interest in Stemlife held before the business combination as at 31 December 2015. No such remeasurement loss was recognised for 9M2017.

Other expenses

Other expenses of S$1.9 million recorded in 9M2016 comprised one-time employee bonuses paid in respect of the realised gains on sale of the Sale Shares and Convertible Note. There was no such one-time employee bonus in 9M2017.

Note repurchase expense

On 16 December 2015, 6 January 2016 and 28 January 2016, the Company announced that it had repurchased S$51,750,000 in principal amount of the Notes, which resulted in note repurchase expenses of S$2.0 million for 9M2016. The Notes were repurchased at market value which was at a premium to the principal amount.

On 13 October 2016, the Group announced the commencement of a consent solicitation exercise (the "Exercise") in relation to the Notes. The Exercise was to seek approval to include a call option (the "Call Option") and replace the ratio of EBITDA to interest expense with a new financial covenant requiring the Company to ensure that, for so long as the Notes remain outstanding, unencumbered cash and cash equivalents will not at any time be less than S$75,000,000. This was approved at the meeting of the noteholders on 4 November 2016. The Group incurred fees of S$0.6 million in relation to the Exercise for 9M2017.

To reduce its debt-servicing obligations, the Group also exercised the Call Option and redeemed the remaining aggregate outstanding S$68,250,000 in principal amount of the Notes on 9 December 2016 at a premium to the principal amount. This resulted in additional expenses of S$1.5 million for 9M2017.

As a result of the foregoing, note repurchase expenses increased from S$2.0 million in 9M2016 to S$2.1 million in 9M2017.

Finance income

Finance income of approximately S$3.8 million was recognised for 9M2016 on the Magnum Loan and the Convertible Note. No such finance income was recognised for 9M2017.

Finance costs

Finance costs of approximately S$1.8 million were recognised on the Notes for 9M2017 (9M2016: S$4.3 million). The decrease was due to the repurchase of S$51,750,000 in principal amount of the Notes on 16 December 2015, 6 January 2016 and 28 January 2016, and the full redemption of the remaining aggregate outstanding S$68,250,000 in principal amount of the Notes on 9 December 2016.

Tax

In 9M2017, non-operational finance costs and note repurchase expenses were not deductible. In 9M2016, the share of results of associate was reported net of tax and fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, gain on sale of shares, gain on sale of convertible bond, remeasurement loss on previously held equity interest in subsidiary, other expenses, note repurchase expenses, non-operational finance income and costs and exchange differences were not taxable.

Adjusting for these non-taxable items, the effective tax rate for 9M2017 was 37.1%, compared to an effective tax rate for 9M2016 of 22.0%. The increase in effective tax rate in 9M2017 was due to under-provision of income tax in respect of FY2016 of S$167,000 that was recognised in 9M2017, deferred tax assets not recognised on tax losses and increased profit contribution by subsidiaries in tax regimes with higher tax rates in 9M2017. The increase was offset by the reversal of over-provision of income tax of S$277,000 in Singapore in 9M2017.

COMPARING 3Q2017 AGAINST 3Q2016

Income Statement

Revenue

Revenue decreased by 4.8% or S$713,000 from S$14.9 million in 3Q2016 to S$14.2 million in 3Q2017. In 3Q2017, there was a decrease in revenue contribution from Singapore, Hong Kong and India due to increased discounts given to clients in order to remain competitive in these markets.

The decrease is offset by an increase in deliveries to 6,000 in 3Q2017 from 5,800 in 3Q2016, which is partly contributed by the lower-priced service offering of cord tissue banking in Stemlife, as well as an increase in revenue contribution of diagnostic services by S$125,000.

Cost of sales

Cost of sales decreased by 3.3% or S$171,000 in 3Q2017 compared to 3Q2016. The decrease was mainly attributed to lower cost of processing lower-priced cord tissue banking.

Gross profit and gross profit margin

Gross profit decreased by 5.6% or S$542,000 and gross profit margin decreased from 65.3% in 3Q2016 to 64.8% in 3Q2017.

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

It was also due to lower margin attributable to Stemlife and the Group's new offering of cord tissue banking, which is a lower-priced option with a lower margin, as well as an increase in revenue contribution by diagnostic services offered by the Group which has a lower gross profit margin.

Other operating income

Other operating income decreased by 44.8% or S$162,000 due to a grant from SPRING of approximately S$186,000 in 3Q2016. There was no such grant in 3Q2017. The decrease is offset by an increase in investment income of S$65,000 in 3Q2017 from 3Q2016, arising from short-term investments.

Selling and marketing expenses

Selling and marketing expenses increased by 4.1% or S$197,000 in 3Q2017 compared to 3Q2016. The increase is due to an increase in advertising and marketing expenses in India amounting to S$277,000 for below-the-line client acquisition costs in order to gain market share in the highly competitive market there.

The increase was offset by the decrease in selling and marketing expenses in Singapore by S$53,000 as the Singapore operations adopted more efficient marketing strategies by leveraging on technology to reduce cost drivers.

Administrative expenses

Administrative expenses increased by 17.0% or S$738,000 in 3Q2017 compared to 3Q2016. The increase is mainly due to an increase in foreign exchange losses of S$550,000 in 3Q2017 compared to 3Q2016, arising mainly from the depreciation of US$ against S$ during 3Q2017 for the Group's bank balances held in US$.

The increase was also due to an increase in amortisation expenses of S$164,000 in 3Q2017 due to the amortisation of an enterprise resource planning software for Singapore. There was no such software amortisation in 3Q2016.

Finance income

Finance income decreased by S$162,000 due to partial redemption of the fixed deposits placed with reputable banks and financial institutions to redeem the Notes payable.

Finance costs

Finance costs decreased by 20.9% or S$14,000 mainly attributable to lower interest bearing borrowings as the Group made principal repayments of S$2,064,000 in 9M2017.

Profit before income tax from operations

As a result of the foregoing, our loss before income tax from operations for 3Q2017 is S$394,000 (3Q2016: profit before income tax from operations of S$1.4 million).

Other expenses

Other expenses of S$1.9 million recorded in 3Q2016 comprised one-time employee bonuses paid in respect of the realised gains on sale of the Sale Shares and the Convertible Note. There was no such one-time employee bonus in 3Q2017.

Note repurchase expenses

On 6 January 2016 and 28 January 2016, the Company announced that it had repurchased S$4,750,000 in principal amount of the Notes, which resulted in note repurchase expenses of S$186,000 for 3Q2016. The Notes were repurchased at market value which was at a premium to the principal amount. Following the full redemption and cancellation of the Notes on 9 December 2016, there was no such note repurchase expense in 3Q2017.

Finance costs

The Company incurred S$961,000 of interest expense on the Notes in 3Q2016. Following the full redemption and cancellation of the Notes on 9 December 2016, there was no such finance cost in 3Q2017.

Tax

In 3Q2016, non-operational other expenses, note repurchase expenses and non-operational finance costs were not taxable.

Adjusting for these non-taxable items, the effective tax rate of 6.6% against loss before tax of S$394,000 in 3Q2017 was higher than 3Q2016 at 26.7%. The higher effective tax rate in 3Q2017 was due to deferred tax assets not recognised on tax losses and increased profit contribution by subsidiaries in tax regimes with higher tax rates.

Balance sheet

Cash and cash equivalents, fixed deposits and short term investments

As at 31 March 2017, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$61.2 million (30 June 2016: S$138.1 million).

The decrease in cash and cash equivalents was mainly due to net cash used in financing activities of S$77.9 million, which comprised the repurchase of Notes of S$69.8 million, interest payment on Notes of S$2.1 million, repayment of interest-bearing borrowings of S$2.1 million and further acquisition of the non-controlling interest of Stemlife with consideration of S$4.0 million.

The decrease is offset by the net cash generated from operating activities of S$1.9 million comprising mainly operating cash inflows before movements in working capital of S$1.2 million, offset by net working capital outflow of S$0.8 million, net interest received of S$1.3 million and net income tax recovered of S$213,000.

Net working capital outflow of approximately S$0.8 million was due to the following:

- increase in trade receivables of approximately S$3.9 million;
- increase in other receivables, deposits and prepayments of approximately S$0.4 million;
- increase in inventory of approximately S$167,000;
- decrease in trade and other payables of approximately S$1.1 million; and
- increase in deferred revenue of approximately S$4.8 million.

Available-for-sale asset

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

Property, plant and equipment

As at 31 March 2017, the Group recorded S$12.8 million on the balance sheet for property, plant and equipment (30 June 2016: S$13.3 million).

Investment properties

As at 31 March 2017, the Group recorded S$8.9 million on the balance sheet for investment properties (30 June 2016: S$9.2 million).

Intangible assets

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

Deferred tax asset

As at 31 March 2017, the Group recorded a deferred tax asset of S$220,000 (30 June 2016: $220,000) due to temporary differences.

Trade receivables, non-current

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

Other receivables, non-current

The Group subscribed for a Class A Redeemable Convertible Note ("RCN") maturing 3 years from the issue date in the principal amount of S$4.2 million from CRC. The yielding interest is at a rate of 3 month SIBOR plus 7% per annum payable annually in arrears. The RCN is carried at cost less impairment, if any.

Fixed deposits, current and non-current

As of 31 March 2017, the Group recorded fixed deposits of S$16.8 million (30 June 2016: S$53.4 million). The decrease was due to the redemption of fixed deposits to redeem the Notes payable.

Short term investments

As of 31 March 2017, the Group recorded short term investments of S$21.6 million (30 June 2016: S$15.0 million). The increase in short term investments was due to the Group placing more short term investments due to favourable interest rates.

Trade receivables, current

As at 31 March 2017, the Group recorded current trade receivables of S$22.8 million (30 June 2016: $21.0 million).

Other receivables, current

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

Prepayments

Prepayments increased from S$1.7 million as at 30 June 2016 to S$2.0 million as at 31 March 2017 due to the prepayment of insurance premiums for the Group.

Inventories

Inventories increased from S$1.1 million as at 30 June 2016 to S$1.2 million as at 31 March 2017, mainly arising from an increase in inventory balances in Indonesia and the Philippines to support increased operations.

Trade and other payables, current and non-current

As at 31 March 2017, the Group recorded current and non-current trade and other payables of S$12.2 million (30 June 2016: $13.6 million). Trade and other payables comprise mainly trade and non-trade payables to third parties, provisions and accrued expenses.

Insurance contract liabilities

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

Deferred revenue, current and non-current

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

Tax payable

Tax payable increased from S$0.6 million as at 30 June 2016 to S$1.2 million as at 31 March 2017 due to increased profit contribution from countries in tax regimes with higher tax rates.

Interest-bearing borrowings, current and non-current

Interest-bearing borrowings decreased by S$2.1 million from S$10.9 million as at 30 June 2016 to S$8.8 million as at 31 March 2017 due to repayments made during the financial period.

Deferred tax liabilities

As at 31 March 2017, the Group recognised deferred tax liabilities of S$3.9 million (30 June 2016: S$4.1 million) comprising deferred tax liabilities on temporary differences and on intangible assets recognised on business combination.

Notes payable

The Notes are carried at amortised cost using the effective interest rate and are classified as “Notes Payable” on the balance sheet. As at 31 March 2017, all the outstanding Notes were redeemed (30 June 2016: S$67.4 million).

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

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

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

The Group remains cautiously optimistic about the market potential of its core business. The global stem cell banking market is expected to grow at a compound annual growth rate ("CAGR") of 25.76% from 2017 to 2025, with Asia Pacific, the fastest growing region, anticipated to grow at a CAGR of 26.23%. The growth is driven by an increase in neurodegenerative ailments, increasing awareness regarding storage of cord blood and tissue stem cells, the use of stem cells in the field of therapeutics and higher government subsidies.[1]

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

<u>Focus on core competencies</u>

The Group's value to its clients lies in being a trusted provider of consumer healthcare products and services, especially to the mother and child segment. The Group strives for excellence in quality, professionalism and technical expertise, whilst enhancing other key areas of competency such as marketing, customer service and product innovation.

To this end, as part of its commitment to adhere to best practices and provide the highest quality of service to its clients, the Group continues to invest resources to upkeep its quality and compliance in laboratory practices, even as it expands its operations and customer base.

The Group also continues to ensure continuous improvement within the organisation through the attraction of the right talents to develop new service lines as well as new capabilities.

<u>Unlocking network value and synergies</u>

The Group continues to gain progress in its efforts to deepen its engagement with its existing network of stakeholders and partners in fast-growing economies – parents, doctors, other healthcare professionals and healthcare institutions, to raise awareness of the potential of the Group's banking and diagnostic services to benefit members of this network. These initiatives include educational marketing activities as well as marketing campaigns, resulting in higher sales in the Group's key growth markets such as India, Indonesia and the Philippines.

The Group will continue to build on this momentum in these key growth markets as well as replicate the success of this strategy in Malaysia to drive top-line growth.

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[1] Information extracted from " Global Stem Cell Market Forecast 2017-2015", Inkwood Research, March 2017

Rationalisation of business operations

The Group continues to drive cost efficiencies by rationalising various business operations, whilst staying true to its mission to deliver the highest level of quality standards to its clients.

Some of the initiatives are to explore cost-effective marketing efforts which include the intensification of the use of digital and social media platforms and reliance on technology through the adoption of an enterprise resource planning software to reduce cost drivers. This has translated into lower advertising and marketing costs in its Singapore market.

Concurrently, the Group also intends to tap on its regional footprint to lower costs and offer more service options to its clients.

Expansion through scale and scope

Amid the growing demand for healthcare services in the Asia Pacific region, the Group continues to work towards expanding its presence in the Asian markets.

Following the Group's recent expansion into Myanmar, the Group also entered the Vietnam market, extending its geographical presence in more Asian countries.

The Group's consolidation of Stemlife has allowed it to achieve higher earnings as a result of increased penetration in the Malaysian market. As at 26 April 2017, the Group's total interest in Stemlife was approximately 99.03%. Leveraging on the Group's experience, expertise and resources, Stemlife intends to expand its geographical presence, especially in Sabah and Sarawak, by increasing its number of products and services as well as public awareness through greater investment in educational and promotional activities.

In addition, the Group will continue to expand its diagnostics business, which has been growing steadily, by building on its product and service offerings.

Backed by a strong cash position, the Group is also actively exploring potential mergers and acquisitions opportunities to enhance its market leadership in the consumer healthcare industry.

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

11. Dividends

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

Any dividend recommended for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

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

Not applicable.

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

Not applicable.

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

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

13. Interested person transactions

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

There were no interested person transactions of 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 our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Company and the Group for the 3 months ended 31 March 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 IPO proceeds

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

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

As at 12 May 2017, the Group has utilised approximately S$29.4 million of the IPO Proceeds as follows:

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

Note:

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

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

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

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

17. Disclosure on the use of placement proceeds

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

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

The Group has utilised an additional approximately S$109,000 for general working capital purposes and S$74,000 to support the Group's operations in connection with its enlarged geographical footprint.

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

	Amount (S$ million)
Amount utilised as working capital:	
Trade purchases	3.6
Legal and professional fees	0.1
Total	**3.7**

As at 12 May 2017, the Group has utilised approximately S$10.6 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount (S$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (S$ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	6.3	18.9%
General working capital	8.6	25.7%	3.7	11.0%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	10.6	31.6%

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

The Board is of the view that the above utilisation is in accordance with the intended use disclosed in the Company's announcement dated 2 October 2013.

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

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

By Order of the Board

Dr. Wong Chiang Yin
Executive Director and Group Chief Executive Officer
12 May 2017