# CORDLIFE GROUP LIMITED

**Second Quarter Unaudited Financial Statement for the Period Ended 31 December 2015**

**PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS**

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

| | Group 3 months ended 31 December | | | Group 6 months ended 31 December | | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | +/(-) Increase/ (Decrease) | 2015 | 2014 | +/(-) Increase/ (Decrease) |
| | $'000 | $'000 | % | $'000 | $'000 | % |
| **Revenue** | 14,545 | 14,260 | 2.0 | 29,088 | 27,519 | 5.7 |
| Cost of sales | (5,111) | (4,859) | 5.2 | (9,695) | (9,058) | 7.0 |
| **Gross profit** | 9,434 | 9,401 | 0.4 | 19,393 | 18,461 | 5.0 |
| Other operating income | 154 | 231 | (33.3) | 266 | 410 | (35.1) |
| Selling and marketing expenses | (4,634) | (4,804) | (3.5) | (8,948) | (9,162) | (2.3) |
| Administrative expenses | (4,353) | (3,846) | 13.2 | (8,374) | (7,061) | 18.6 |
| Finance income | 173 | 122 | 41.8 | 274 | 199 | 37.7 |
| Finance costs | (68) | (37) | 83.8 | (125) | (76) | 64.5 |
| **Profit before income tax from operations*** | 706 | 1,067 | (33.8) | 2,486 | 2,771 | (10.3) |
| Share of results of associate | (136) | (247) | (44.9) | (76) | (267) | (71.5) |
| Fair value changes on financial asset designated at fair value through profit or loss | 2,455 | (1,839) | n.m. | 4,548 | (6,756) | n.m. |
| Fair value changes on derivative | 7,331 | (4,680) | n.m. | 2,519 | (4,680) | n.m. |
| Exchange differences | (1,869) | 2,150 | n.m. | 6,014 | 2,150 | n.m. |
| Gain on sale of shares | 151 | – | n.m. | 151 | – | n.m. |
| Gain on sale of convertible bond | 5,012 | – | n.m. | 5,012 | – | n.m. |
| Remeasurement loss on previously held equity interest in subsidiary | (1,594) | – | n.m. | (1,594) | – | n.m. |
| Finance income | 1,127 | 1,490 | (24.4) | 3,815 | 1,490 | n.m. |
| Finance costs | (3,482) | (1,148) | n.m. | (5,217) | (1,148) | n.m. |
| **Profit/(loss) before income tax** | 9,701 | (3,207) | n.m. | 17,658 | (6,440) | n.m. |
| Income tax expense | (121) | (126) | (4.0) | (482) | (450) | 7.1 |
| **Profit/(loss) for the financial period** | 9,580 | (3,333) | n.m. | 17,176 | (6,890) | 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 | | |
|---|---|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | +/(-) Increase/ (Decrease) % | 2015 $'000 | 2014 $'000 | +/(-) Increase/ (Decrease) % |
| **Other comprehensive (loss)/income for the financial period, net of tax:** *Items that may be reclassified subsequently to profit or loss* | | | | | | |
| Share of foreign currency translation of associate | (165) | 5 | n.m. | (180) | 5 | n.m. |
| Foreign currency translation | 215 | (13) | n.m. | (277) | (489) | (43.4) |
| **Total comprehensive income/(loss) for the financial period** | 9,630 | (3,341) | n.m. | 16,719 | (7,374) | n.m. |
| **Profit/(loss) for the financial period attributable to:** | | | | | | |
| - Shareholders of the company | 9,620 | (3,025) | n.m. | 16,876 | (6,487) | n.m. |
| - Non-controlling interest | (40) | (308) | (87.0) | 300 | (403) | n.m. |
| | 9,580 | (3,333) | n.m. | 17,176 | (6,890) | n.m. |
| **Total comprehensive income/(loss) for the financial period attributable to:** | | | | | | |
| - Shareholders of the company | 9,702 | (3,081) | n.m. | 16,441 | (7,014) | n.m. |
| - Non-controlling interest | (72) | (260) | (72.3) | 278 | (360) | n.m. |
| | 9,630 | (3,341) | n.m. | 16,719 | (7,374) | 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, 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/(loss) 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 | |
|---|---|---|---|---|---|
| | 2015 | 2014 | | 2015 | 2014 |
| | $'000 | $'000 | | $'000 | $'000 |
| Depreciation of property, plant and equipment | 430 | 449 | | 825 | 787 |
| Amortisation of software | 59 | 57 | | 115 | 115 |
| Allowance for doubtful debts and bad debts written off | 31 | 9 | | 31 | 5 |
| Foreign exchange loss/(gain) | 26 | (9) | | 14 | (42) |
| Other miscellaneous income | (154) | (231) | [1] | (266) | (410) |
| Waiver of upfront fee previously classified as finance income | 615 | – | [2] | 615 | – |

Notes

1. The decrease in other miscellaneous income are partly due to the gain on disposal of investment property of approximately S$54,000 and grant income from Spring Singapore of S$37,000 in HY2015. There were no such gains on disposal and grant income in HY2016. The decrease is also due to a drop in rental income from the disposed investment property.

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

   On 28 December 2015, the Company announced that an amount of US$44,695,887 of the Magnum Loan has been prepaid ahead of the final repayment date stipulated in the Facility Agreement. In exchange for the aforementioned prepayment, the Company agreed to waive the upfront fee owed by Magnum to the Company under the Facility Agreement (and accrued interest thereon) being US$1,565,897. The upfront fee was previously amortised and the amortised amount was recognised as finance income. Arising from the waiver, the amount of upfront fee amortised to date amounting to $615,000 was reversed to the income statement.

**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 2015 $'000 | 30 June 2015 $'000 | 31 December 2015 $'000 | 30 June 2015 $'000 |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Investment in associate | – | 13,543 | – | 13,543 |
| Investment in subsidiaries | – | – | 52,793 | 21,034 |
| Financial asset designated at fair value through profit or loss | – | 60,858 | – | 60,858 |
| Derivative asset | – | 37,971 | – | 37,971 |
| Property, plant and equipment | 13,298 | 9,564 | 7,238 | 7,098 |
| Investment properties | 7,307 | 3,795 | 3,795 | 3,795 |
| Intangible assets | 17,847 | 2,546 | 1,311 | 1,164 |
| Deferred tax asset | 173 | – | – | – |
| Trade receivables | 58,368 | 54,606 | 44,543 | 43,458 |
| Other receivables | 13 | 98,513 | 13 | 98,513 |
| | 97,006 | 281,396 | 109,693 | 287,434 |
| **Current assets** | | | | |
| Cash and cash equivalents | 130,567 | 15,738 | 119,666 | 11,668 |
| Fixed deposits | 13,555 | 12,256 | 10,390 | 11,949 |
| Pledged fixed deposits | 339 | 320 | – | – |
| Short term investments | 14,070 | 1,234 | – | – |
| Trade receivables | 19,490 | 15,256 | 7,632 | 7,278 |
| Other receivables | 2,445 | 4,210 | 463 | 2,724 |
| Prepayments | 2,951 | 1,702 | 1,744 | 961 |
| Inventories | 903 | 851 | 265 | 347 |
| Amounts owing by subsidiaries | – | – | 12,951 | 11,368 |
| | 184,320 | 51,567 | 153,111 | 46,295 |
| **Current liabilities** | | | | |
| Trade and other payables | 20,010 | 11,597 | 12,287 | 7,027 |
| Deferred revenue | 25,704 | 3,989 | 2,565 | 1,994 |
| Amounts owing to subsidiaries | – | – | 15,526 | 25,090 |
| Tax payable | 1,082 | 1,103 | 256 | 463 |
| Interest-bearing borrowings | 2,124 | 4,486 | 2,124 | 4,486 |
| | 48,920 | 21,175 | 32,758 | 39,060 |
| **Net current assets** | 135,400 | 30,392 | 120,353 | 7,235 |

**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 2015 $'000 | 30 June 2015 $'000 | 31 December 2015 $'000 | 30 June 2015 $'000 |
| **Non-current liabilities** | | | | |
| Other payables | – | 1,306 | – | 1,306 |
| Deferred revenue | 24,428 | 23,627 | 12,543 | 13,111 |
| Deferred tax liabilities | 100 | 91 | 105 | 105 |
| Interest-bearing borrowings | 8,887 | 7,355 | 8,887 | 7,355 |
| Notes payable | 71,774 | 117,463 | 71,774 | 117,463 |
| | 105,189 | 149,842 | 93,309 | 139,340 |
| **Net assets** | 127,217 | 161,946 | 136,737 | 155,329 |
| **Capital and reserves** | | | | |
| Share capital | 96,657 | 96,657 | 96,657 | 96,657 |
| Treasury shares | (9,901) | (9,901) | (9,901) | (9,901) |
| Accumulated profits | 59,207 | 78,633 | 56,345 | 67,998 |
| Other reserves | (20,090) | (2,983) | (6,364) | 575 |
| | 125,873 | 162,406 | 136,737 | 155,329 |
| Non-controlling interests | 1,344 | (460) | – | – |
| **Total equity** | 127,217 | 161,946 | 136,737 | 155,329 |

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

| | As at 31 December 2015 $'000 | 30 June 2015 $'000 |
|---|---|---|
| **Amount repayable in one year or less, or on demand** | | |
| - Loan I – secured | 277 | 306 |
| - Loan II – secured | 1,167 | 3,500 |
| - Loan III – secured | 680 | 680 |
| **Amount repayable after one year** | | |
| - Loan I – secured | 5,194 | 5,315 |
| - Loan II – secured | 2,333 | – |
| - Loan III – secured | 1,360 | 2,040 |
| - Notes payable | 71,774 | 117,463 |
| | 82,785 | 129,304 |

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

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.

On 16 December 2015, the Group announced that it had on 15 December 2015 repurchased S$47,000,000 in principal amount of the Notes (the "Repurchased Notes"). Following the settlement, the Repurchased Notes will be cancelled, and the remaining outstanding aggregate principal amount of the Notes following the cancellation of the Repurchased Notes would be S$73,000,000.

The Notes 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 | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 | $'000 | $'000 |
| **Operating activities** | | | | |
| Profit/(loss) before income tax | 9,701 | (3,207) | 17,658 | (6,440) |
| Adjustments for: | | | | |
| Depreciation | 430 | 449 | 825 | 787 |
| Amortisation | 59 | 57 | 115 | 115 |
| Allowance for doubtful debts | 31 | 9 | 31 | 5 |
| Gain on disposal of investment property | – | – | – | (54) |
| Interest income | (1,300) | (1,612) | (4,089) | (1,689) |
| Interest expense | 3,550 | 1,185 | 5,342 | 1,224 |
| Share-based compensation expense | 27 | 27 | 54 | 54 |
| Share of results of associate | 136 | 247 | 76 | 267 |
| Unrealised share of other income from associate | (17) | (52) | (44) | (79) |
| Fair value changes on financial asset designated at fair value through profit or loss | (2,455) | 1,839 | (4,548) | 6,756 |
| Fair value changes on derivative | (7,331) | 4,680 | (2,519) | 4,680 |
| Gain on sale of shares | (151) | – | (151) | – |
| Gain on sale of convertible bond | (5,012) | – | (5,012) | – |
| Remeasurement loss on previously held equity interest in subsidiary | 1,594 | – | 1,594 | – |
| Unrealised exchange loss/(gain) | 1,683 | (2,144) | (6,722) | (2,584) |
| **Operating cash flows before movements in working capital** | 945 | 1,478 | 2,610 | 3,042 |
| Increase in trade receivables | (885) | (3,177) | (5,260) | (5,315) |
| Decrease/(increase) in other receivables, deposits and prepayments | 80 | 651 | (1,479) | (1,092) |
| (Increase)/decrease in inventories | (19) | (148) | 80 | (136) |
| (Decrease)/increase in trade and other payables | (836) | (214) | 88 | 1,268 |
| (Decrease)/increase in deferred revenue | (271) | 351 | 1,138 | 522 |
| **Cash used in operations** | (986) | (1,059) | (2,823) | (1,711) |
| Interest received | 5,418 | 212 | 5,519 | 232 |
| Interest paid | (3,323) | (36) | (3,380) | (76) |
| Income tax paid | (685) | (734) | (685) | (756) |
| **Net cash generated from/(used in) operating activities** | 424 | (1,617) | (1,369) | (2,311) |

**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 | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 | $'000 | $'000 |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment | (3,402) | (370) | (3,489) | (1,075) |
| Purchase of intangible assets | (498) | (354) | (498) | (628) |
| Proceeds from disposal of investment property | – | – | – | 754 |
| (Redemption)/placement of short term investment | (424) | 239 | (413) | 719 |
| Acquisition of subsidiary, net of cash | (11,192) | – | (11,192) | – |
| Acquisition of convertible bond, net of transaction costs | – | (57,303) | – | (57,303) |
| Proceeds from disposal of shares, net of transaction costs | 65,688 | – | 65,688 | – |
| Proceeds from disposal of convertible bond, net of transaction costs | 87,225 | – | 87,225 | – |
| Proceeds from loan repayment | 62,596 | – | 62,596 | – |
| Transfer from/(to) term deposits | 1,560 | – | 1,560 | (110) |
| **Net cash generated from/(used in) investing activities** | 201,553 | (57,788) | 201,477 | (57,643) |
| **Financing activities** | | | | |
| Transfer from/(to) pledged fixed deposits | – | 1,226 | (4) | 34 |
| Repayment of interest-bearing borrowings | (756) | (760) | (830) | (850) |
| Loan to external party, net of transaction cost | – | (57,683) | – | (57,683) |
| Dividends | (36,302) | (2,593) | (36,302) | (2,593) |
| Proceeds from issue of notes, net of transaction costs | – | 116,797 | – | 116,797 |
| Purchase of treasury shares | – | – | – | (6,003) |
| Repurchase of Notes | (48,035) | – | (48,035) | – |
| **Net cash (used in)/generated from financing activities** | (85,093) | 56,987 | (85,171) | 49,702 |

**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 | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | $'000 | $'000 | $'000 | $'000 |
| **Net increase/(decrease) in cash and cash equivalents** | 116,884 | (2,418) | 114,937 | (10,252) |
| **Cash and cash equivalents at the beginning of the financial period** | 13,711 | 24,740 | 15,738 | 32,643 |
| Effects of exchange rate changes on the balance of cash | (28) | (75) | (108) | (144) |
| **Cash and cash equivalents at end of the financial period** | 130,567 | 22,247 | 130,567 | 22,247 |

Cash and cash equivalents

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

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

| Group | Share capital $'000 | Treasury shares $'000 | Accumulated profits $'000 | Share-based compensation reserve $'000 | Capital reserve $'000 | Merger reserve $'000 | Acquisition reserve $'000 | Foreign currency translation account $'000 | Non-controlling interest $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2014** | 96,657 | (3,898) | 51,359 | 45 | 568 | 534 | (2,184) | (1,607) | (182) | 141,292 |
| Loss for the financial period | – | – | (6,487) | – | – | – | – | – | (403) | (6,890) |
| Other comprehensive loss for the period, net of tax | | | | | | | | | | |
| - Net effect of foreign currency translation | – | – | – | – | – | – | – | (527) | 43 | (484) |
| Total comprehensive loss for the financial period, net of tax | – | – | (6,487) | – | – | – | – | (527) | (360) | (7,374) |
| 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) | 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**

| 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 loss 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)(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 2015** | 96,657 | (9,901) | 78,633 | 153 | 568 | 534 | (2,184) | – | (2,054) | (460) | 161,946 |
| Profit for the financial period | – | – | 16,876 | – | – | – | – | – | – | 300 | 17,176 |
| Other comprehensive (loss)/profit for the financial period, net of tax | | | | | | | | | | | |
| - Foreign currency translation | – | – | – | – | – | – | – | – | (255) | (22) | (277) |
| - Share of other comprehensive loss of associate | – | – | – | – | – | – | – | – | (180) | – | (180) |
| Total comprehensive income/(loss) for the period, net of tax | – | – | 16,876 | – | – | – | – | – | (435) | 278 | 16,719 |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Grant of share awards to employees | – | – | – | 54 | – | – | – | – | – | – | 54 |
| Dividends | – | – | (36,302) | – | – | – | – | – | – | – | (36,302) |
| Total contributions by and distributions to owners | – | – | (36,302) | 54 | – | – | – | – | – | – | (36,248) |
| Acquisition of subsidiary | – | – | – | – | – | – | – | – | – | 3,968 | 3,968 |
| Acquisition of non-controlling interests in subsidiaries* | – | – | – | – | – | – | – | (9,733) | – | (2,442) | (12,175) |
| Put option for acquisition of remaining shares in subsidiary^ | – | – | – | – | – | – | – | (6,993) | – | – | (6,993) |
| **Balance at 31 December 2015** | 96,657 | (9,901) | 59,207 | 207 | 568 | 534 | (2,184) | (16,726) | (2,489) | 1,344 | 127,217 |

*On 12 October 2015, the Group announced that its wholly-owned subsidiary, CS Cell Technologies Pte. Ltd acquired 585,778 ordinary shares in Cordlife Sciences (India) Pvt. Ltd from Strassenburg Pharmaceuticals Limited, representing approximately 15% of all the issued ordinary shares of Cordlife India for INR40,000,000 (approximately S$891,000). As a result of the acquisition, the carrying value of the non-controlling interest being approximately S$(85,000) was reversed, and the difference between the consideration and the carrying value of the non-controlling interest, being S$976,000 was recognised in other 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 Berhad ("StemLife") to acquire all the remaining ordinary shares of RM0.10 each in the capital of StemLife not already owned by the Company. The Group obtained control of StemLife on 7 December 2015 with an interest in StemLife of approximately 50.03%. Subsequent to gaining control, the Group continued to receive acceptances to the offer and acquire shares in StemLife up to the close of the Offer on 2 February 2016. As at 31 December 2015, the Group further obtained 30.85% interest from the non-controlling interests in StemLife to arrive at a total interest in StemLife of approximately 80.88%. As a result of the further 30.85% interest acquired, the carrying value of the non-controlling interest being approximately S$2,357,000 was reversed and the difference between the consideration and the carrying value of the non-controlling interest, being S$8,757,000 was recognised in other reserves.

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

**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 | Other reserve | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2015** | 96,657 | (9,901) | 67,998 | 422 | 153 | – | 155,329 |
| Profit for the period, representing total comprehensive income for the period | – | – | 24,649 | – | – | – | 24,649 |
| Contributions by and distributions to owners | | | | | | | |
| Grant of share awards to employees | – | – | – | – | 54 | – | 54 |
| Dividends | – | – | (36,302) | – | – | – | (36,302) |
| Total contributions by and distributions to owners | – | – | (36,302) | – | 54 | – | (36,248) |
| Put option for acquisition of remaining shares in subsidiary | – | – | – | – | – | (6,993) | (6,993) |
| **Balance at 31 December 2015** | 96,657 | (9,901) | 56,345 | 422 | 207 | (6,993) | 136,737 |

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

| Company | Number of shares | Share capital (S$) |
|---|---|---|
| As at 31 December 2015 and 30 June 2015 | 259,297,354 | 96,656,721 |

**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 2015 No. of shares | 30 June 2015 No. of shares |
|---|---|---|
| Total number of issued shares | 267,525,354 | 267,525,354 |
| Less: Treasury shares | (8,228,000) | (8,228,000) |
| Total number of issued shares excluding treasury shares | 259,297,354 | 259,297,354 |

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

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

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

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

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

Not applicable.

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

Except as disclosed in note (5) below, the financial results for the current period reported on have been presented using the same accounting policies and methods of computation as presented in the issuer's most recently audited annual financial statements.

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

The Group has adopted all new and revised Financial Reporting Standard (FRS) and Interpretations of FRS (INT FRS) which became effective for the financial year beginning 1 July 2015.

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** | **2015** | **2014** | **2015** | **2014** |
| **Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:** | | | | |
| Profit/(loss) attributable to shareholders of the Company (S$ '000) | 9,620 | (3,025) | 16,876 | (6,487) |
| Weighted average number of shares in issue during the period ('000) | 259,297 | 259,297 | 259,297 | 260,776 |
| Basic earnings/(loss) per share based on weighted average number of ordinary shares (cents) | 3.71 | (1.17) | 6.51 | (2.49) |
| **Diluted Earnings Per Share** | | | | |
| **Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:** | | | | |
| Profit/(loss) attributable to shareholders of the Company (S$ '000) | 9,620 | (3,025) | 16,876 | (6,487) |
| Weighted average number of shares in issue during the period ('000) | 259,643 | 259,297 | 259,637 | 260,776 |
| Diluted earnings/(loss) per share based on weighted average number of ordinary shares (cents) | 3.71 | (1.17) | 6.50 | (2.49) |

**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 2015 (cents) | 30 June 2015 (cents) | 31 December 2015 (cents) | 30 June 2015 (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 | 49.06 | 62.46 | 52.73 | 59.90 |

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2015 and 30 June 2015 is 259,297,354.

The decrease in net asset value per ordinary share of the Group is due mainly to the payment of the final and special interim dividend of 1 cent per share on 6 November 2015 and 13 cents per share on 3 December 2015 respectively. The decrease is also partly due to the acquisition of non-controlling interests in Cordlife Sciences (India) Pvt. Ltd and StemLife Berhad, where the difference between the consideration and the carrying value of the non-controlling interests amounting to a total of S$9,733,000 was recognised in other reserves.

**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 2015 ("HY2016") AGAINST 6 MONTHS ENDED 31 DECEMBER 2014 ("HY2015")**

**Income Statement**

Revenue

Revenue increased by 5.7% or S$1.6 million from S$27.5 million in HY2015 to S$29.1 million in HY2016. The increase in revenue was mainly due to an increase in the number of client deliveries, from approximately 10,700 in HY2015 to 11,100 in HY2016.

Cost of sales

Cost of sales increased by 7.0% or S$0.6 million in HY2016 compared to HY2015. The increase in cost of sales was in line with the increase in client deliveries from HY2015 to HY2016.

Gross profit and gross profit margin

Gross profit increased by 5.0% or S$0.9 million in HY2016 compared to HY2015 due to the increase in new client deliveries.

Gross profit margin remained stable at 66.7% in HY2016 (HY2015: 67.1%).

Other operating income

Other operating income decreased by 35.1% or approximately S$144,000 in HY2016 compared to HY2015 partly due to a gain on disposal of investment property of approximately S$54,000 and grant income from Spring Singapore of S$37,000 in HY2015. There was no such gain on disposal and grant income in HY2016. The decrease was also due to a drop in rental income from the disposed investment property.

Selling and marketing expenses

Selling and marketing expenses decreased by 2.3% or S$214,000 in HY2016 compared to HY2015. This is due to a decrease in advertising spend in India of approximately S$1.6 million. In HY2015, approximately S$1.2 million was spent on television commercials aired in the Indian market for the first time as part of a through-the-line integrated marketing plan. There was no expense incurred in relation to television advertisement in HY2016.

This was offset by increased expenditure in Indonesia and Philippines of approximately S$576,000 as part of the Group's expansion into more cities in these countries. In Singapore and Hong Kong, selling and marketing expenses increased by approximately S$531,000 to engage in more educational and marketing activities to further promote customers' awareness.

Administrative expenses

Administrative expenses increased by 18.6% or S$1.3 million in HY2016 compared to HY2015, partly due to S$305,000 of legal and professional fees incurred in HY2016 for the take-over offer of StemLife Berhad. There were no such expenses incurred in HY2015. In order to ensure quality of our services with a growing customer base, staff-related costs increased by approximately S$400,000 attributable to increased headcount and more investment in training and development to augment the long-term effectiveness and efficiency of the employees. There was also an increase in travel expenses of S$192,000 for business development and oversight activities as the regional operations continue to expand. In HY2016, there was also an increase of S$164,000 in consultancy fees relating to hiring costs and board effectiveness review. There was no such review in HY2015.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations in HY2016 is lower than HY2015 at S$2.5 million.

Share of results in associate

Our share of loss in associate was approximately S$76,000 for HY2016 as compared to a loss of S$267,000 for HY2015.

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

On 14 September 2015, the Group obtained shareholders' approval in an Extraordinary General Meeting in relation to the sale of shares and a convertible note issued by CCBC (the "Disposal") to Golden Meditech Holdings Limited ("Meditech").

The Group had agreed to sell to Meditech 7,314,015 ordinary shares of par value US$0.0001 per share (the "Sale Shares") in CCBC and a 7% senior unsecured convertible note due 3 October 2017 issued by CCBC to the Company in the principal amount of US$25,000,000 (the "Convertible Note").

On 30 October 2015 and 13 November 2015, the Company announced that the disposal of the Sale Shares and the Convertible Note had been completed respectively.

The Group recorded fair value gain on its investment in CCBC designated at fair value through profit or loss of S$4.5 million in HY2016 (HY2015: loss of S$6.8 million). 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 Sale Shares, of US$6.37 (approximately S$8.94 at US$1:S$1.4038) for HY2016 (HY2015: 30 June 2014 of US$5.52 (approximately S$6.90 at US$1:S$1.2506) and 31 December 2014 of US$4.52 (approximately S$5.98 at US$1:S$1.3229)). 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 due 3 October 2017 issued by CCBC to Meditech in the principal amount of US$25 million each (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 Note provided the Company the option to convert the Convertible Note 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 note, the share price of CCBC as at the reporting date compared to the date of acquisition and the value of the note as a function of the cash inflow from the note at the redemption date.

On 13 November 2015, the Company announced that it had completed the disposal of the Convertible Note.

The Group recorded fair value gain on derivative up to the date of disposal on 13 November 2015 of approximately S$2,519,000 for HY2016 (HY2015: fair value loss of S$4,680,00).

Exchange differences

Due to strengthening of the US$ against the S$, unrealised foreign exchange gain of approximately S$6,014,000 was recognised on the Magnum Loan and the Convertible Note for HY2016 (HY2015: S$2,150,000).

Gain on sale of shares

In HY2016, the Group recognised the gain on the sale of the Sale Shares of S$151,000 (HY2015: $Nil). The gain on the sale was computed based on 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).

Gain on sale of convertible bond

Upon completion of the Disposal of the Convertible Note on 13 November 2015, the Group recognised the gain on the sale of the Convertible Note of S$5,012,000 in HY2016 (HY2015: $Nil).

Remeasurement loss on previously held equity interest in subsidiary

The Group recognised a loss of S$1,594,000 as a result of measuring at fair value its 31.81% equity interest in StemLife Berhad held before the business combination.

Finance income

Finance income of approximately S$3,815,000 was recognised for HY2016 (HY2015: S$1,490,000) on the Magnum Loan and the Convertible Note. In HY2015, interest income was incurred on the Magnum Loan and the Convertible Note from 10 November 2014, being the date of acquisition and the date of entering into the Convertible Note and the Magnum Loan respectively. In HY2016, interest income was incurred on the Magnum Loan and the Convertible Note from the beginning of the financial year up to the date of repayment and Disposal respectively.

Finance costs

Finance costs of approximately S$5,217,000 was recognised on the Notes for HY2016 (HY2015: S$1,148,000). In HY2015, the Company incurred finance expense on the Notes from the date of issue on 29 October 2014 to 31 December 2014. In HY2016, the Company incurred finance expense on the Notes from the beginning of the financial year to 31 December 2015. On 16 December 2015, the Company also announced that it had repurchased S$47,000,000 in principal amount of the Notes, which resulted in an increase in finance expenses of S$1,839,000. The Notes were repurchased at market value which was at a premium to the principal amount.

Tax

In HY2016, the share of results of associate was reported net of tax and fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, gain on sale of shares, gain on sale of convertible bond, remeasurement loss on previously held equity interest in subsidiary, finance income not from operations and exchange differences were not taxable. In HY2015, share of results of associate was reported net of tax, fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, finance income not from operations and exchange differences were not taxable. In HY2016 and HY2015, finance costs not from operations were not deductible for tax purposes.

Adjusting for these non-taxable and non-deductible items, the effective tax rate for HY2016 was 19.4%, compared to an effective tax rate for HY2015 of 16.2%. The increase in effective tax rate in HY2016 was mainly due to increase in contribution by subsidiaries in higher tax regimes with higher tax rates.

**COMPARING 3 MONTHS ENDED 31 DECEMBER 2015 (“2Q2016”) AGAINST 3 MONTHS ENDED 31 DECEMBER 2014 (“2Q2015”)**

**Income Statement**

Revenue

Revenue increased by 2.0% or S$285,000 from S$14.3 million in 2Q2015 to S$14.6 million in 2Q2016. The increase in revenue was mainly due to an increase in the number of client deliveries, from approximately 5,600 in 2Q2015 to 5,900 in 2Q2016.

Cost of sales

Cost of sales increased by 5.2% or S$252,000 in 2Q2016 compared to 2Q2015, in line with increase in client deliveries.

Gross profit and gross profit margin

Gross profit remained stable at S$9.4 million in 2Q2016 and 2Q2015.

Gross profit margin decreased from 65.9% in 2Q2015 to 64.9% in 2Q2016. 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 decreased by 33.3% or S$77,000 in 2Q2016 compared to 2Q2015. The decrease was partly due to grant income from Spring Singapore of S$37,000 in 2Q2015. There was no such grant income in 2Q2016.

Selling and marketing expenses

Selling and marketing expenses decreased by 3.5% or S$170,000 in 2Q2016 compared to 2Q2015. This was due to a decrease in advertising spend in India of approximately S$0.9 million. In 2Q2015, approximately S$0.7 million was spent on television commercials aired in the Indian market for the first time as part of a through-the-line integrated marketing plan. There was no expense incurred in relation to television advertisement in 2Q2016.

This was offset by increased expenditure in Indonesia and Philippines of approximately S$303,000 as part of the Group's expansion into more cities in these countries. In Singapore and Hong Kong, selling and marketing expenses increased by approximately S$313,000 to engage in more educational and marketing activities to further promote customers' awareness.

Administrative expenses

Administrative expenses increased by 13.2% or S$0.5 million in 2Q2016 compared to 2Q2015, partly due to S$305,000 of legal and professional fees incurred in 2Q2016 for the take-over offer for StemLife Berhad. There were no such expenses incurred in 2Q2015. In order to ensure the quality of our services with a growing customer base, an increase of approximately S$90,000 was due to more investment in training and development to augment the long-term effectiveness and efficiency of the employees. In 2Q2016, there was also an increase of S$105,000 in consultancy fees relating to hiring costs and board effectiveness review. There was no such review in 2Q2015.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations for 2Q2016 is lower than 2Q2015 at S$0.7 million.

Share of results in associate

Our share of loss in associate was approximately S$136,000 for 2Q2016 as compared to our share of loss of S$247,000 for 2Q2015.

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

The Group recorded fair value gain on its investment in CCBC designated at fair value through profit or loss of S$2,455,000 in 2Q2016 (2Q2015: loss of S$1,839,000). The fair value changes are computed based on the changes in CCBC's last traded price as at 30 September 2015 of US$6.02 (approximately S$8.61 at US$1:S$1.4297) and 30 October 2015, being the date of disposal of the Sale Shares, of US$6.37 (approximately S$8.94 at US$1:S$1.4038) for 2Q2016 (2Q2015: changes in CCBC's traded price as at 30 September 2014 of US$4.89 (approximately S$6.23 at US$1:S$1.2743) and 31 December 2014 of US$4.52 (approximately S$5.98 at US$1:S$1.3229)). 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 due 3 October 2017 issued by CCBC to Golden Meditech Holdings Limited in the principal amount of US$25 million each (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 Note provided the Company the option to convert the Convertible Note 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 note, the share price of CCBC as at the reporting date compared to the date of acquisition and the value of the note as a function of the cash inflow from the note at the redemption date.

On 13 November 2015, the Company announced that it had completed the disposal of the Convertible Note.

The Group recorded fair value gain on derivative up to the date of disposal on 13 November 2015 of approximately S$7,331,000 for 2Q2016 (2Q2015: fair value loss of S$4,680,000).

Exchange differences

Due to the weakening of the US$ against the S$, unrealised foreign exchange loss of approximately S$1,869,000 was recognised on the Magnum Loan and the Convertible Bond for 2Q2016 (2Q2015: foreign exchange gain of S$2,150,000).

Gain on sale of shares

In 2Q2016, the Group recognised the gain on the sale of the Sale Shares of S$151,000 (2Q2015: $Nil). The gain on the sale was computed based on 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).

Gain on sale of convertible bond

Upon completion of the Disposal of the Convertible Note on 13 November 2015, the Group recognised the gain on the sale of the Convertible Note of S$5,012,000 in 2Q2016 (2Q2015: $Nil).

Remeasurement loss on previously held equity interest in subsidiary

The Group recognised a loss of S$1,594,000 as a result of measuring at fair value its 31.81% equity interest in StemLife Berhad held before the business combination.

Finance income

Finance income of approximately S$1,127,000 was recognised for 2Q2016 (2Q2015: S$1,490,000) on the Magnum Loan and the Convertible Note.

Finance costs

Finance costs of approximately S$3,482,000 was recognised on the Notes for the 2Q2016 (2Q2015: S$1,148,000). On 16 December 2015, the Company also announced that it had repurchased S$47,000,000 in principal amount of the Notes, which resulted in an increase in finance expenses of S$1,839,000. The Notes were repurchased at market value which was at a premium to the principal amount.

Tax

In 2Q2016, the share of results of associate was reported net of tax and fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, gain on sale of shares, gain on sale of convertible bond, remeasurement loss on previously held equity interest in subsidiary, finance income not from operations and exchange differences were not taxable. In 2Q2015, 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, finance income not from operations and exchange differences were not taxable. In 2Q2016 and 2Q2015, the finance costs not from operations were not deductible for tax purposes.

Adjusting for these non-taxable and non-deductible items, the effective tax rate for 2Q2016 was 17.1%, compared to an effective tax rate for 2Q2015 of 11.8%. The increase in effective tax rate in 2Q2016 was mainly due to increase in contribution by subsidiaries in higher tax regimes with higher tax rates.

**Balance sheet**

As at 31 December 2015, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$158.2 million (30 June 2015: S$29.2 million). The increase in cash and cash equivalents in HY2016 was mainly due to the proceeds from the Disposal of $152.9 million and the repayment of the Magnum Loan of S$62.6 million. This is offset by dividend payment of approximately S$36.3 million, repurchase of Notes of S$48.0 million, acquisition of shares in StemLife Berhad, net of cash of approximately S$11.2 million and net cash used in operating activities of approximately S$1.4 million. Net cash used in operating activities comprised mainly operating cash flows before movements in working capital of S$2.0 million, net working capital outflow of S$5.4 million, net interest received of S$2.1 million and tax payment of S$0.7 million.

Net working capital outflow of approximately S$5.4 million in HY2016 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$1.5 million;
- increase in trade and other payables of approximately S$0.1 million and
- increase in deferred revenue of approximately S$1.1 million.

Investment in associate

The decrease in investment in associate is due to StemLife Berhad being consolidated as a subsidiary of the Group as announced on 7 December 2015.

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. On 30 October 2015, the Group announced the completion of its disposal of the Sale Shares in CCBC.

Derivative asset

The conversion option component is classified as a derivative and is carried at a fair value of S$37.9 million as at 30 June 2015. Upon disposal of the Convertible Note, the derivative asset on 31 December 2015 is $Nil.

Intangible assets

Intangible assets comprise customer contracts acquired in business combinations, club membership and computer software. Intangible assets of approximately S$14.5 million was recognised in HY2016 as a result of the consolidation of StemLife Berhad as a subsidiary of Cordlife Group Limited. Provisional goodwill, if any, relating to the acquisition has not been recognised separately subject to the finalisation of the purchase price allocation exercise.

Deferred tax asset

As at 31 December 2015, the Group recorded a deferred tax asset of S$173,000 (30 June 2015: $Nil) 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

On 13 November 2015, the Group announced the disposal of the Convertible Note issued by CCBC to the Company. On 28 December 2015, the Group also announced the repayment of the Magnum Loan. In light of the foregoing, the non-current other receivables decreased by S$98.5 million.

Short term investments

Short term investments comprise of the Group's investments in money market funds. The increase in short term investments of approximately S$12.8 million was mainly due to the consolidation of StemLife Berhad as a subsidiary of the Group. StemLife Berhad held approximately S$12.5 million in money market funds as at 31 December 2015.

Trade and other payables

Trade and other payables as at 31 December 2015 increased approximately S$8.4 million. The increase is mainly due to S$6,993,000 recognised for the put option on the remaining non-controlling interest in StemLife of 47,307,795 shares at the Offer price of RM0.45 (approximately S$0.1478) and the consolidation of StemLife as a subsidiary, which carries trade and other payables of S$2.1 million as at 31 December 2015.

Deferred revenue, current

Deferred revenue represents revenue received in advance for services to be rendered under cord blood and cord lining banking contracts. Current deferred revenue increased by approximately S$21.7 million from 30 June 2015 to 31 December 2015 due the consolidation of StemLife as a subsidiary. StemLife holds approximately S$21.3 million of current deferred revenue as at 31 December 2015.

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$71.8 million. The decrease in Notes Payable of S$45.7 million (30 June 2015: S$117.5 million) was due to S$47 million in principal amount of the Notes repurchased announced on 16 December 2015.

**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**

**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 the following:

- On 9 December 2013, the Group announced that it had acquired a further 11.89% interest in StemLife, bringing its total holdings in StemLife to approximately 31.81%. Prior to this, the Group announced on 4 October 2013 that it had completed the acquisition of an initial 19.92% interest in StemLife. StemLife currently holds approximately 40% of the largest cord blood banking company in Thailand, Thai StemLife Co., Ltd. The 31.81% stake in StemLife is expected to generate long term revenue and cost synergies between Cordlife and StemLife.

- On 12 November 2015, Cordlife announced that it acquired an additional 3 million ordinary shares in StemLife (each, a "StemLife Share") representing approximately 1.21% of the issued and paid-up capital of StemLife, a company incorporated in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad, for a total cash consideration of RM1.35 million or RM0.45 per StemLife Share, via an on-market acquisition (the "Acquisition"). As a result of the Acquisition, Cordlife's shareholding interest in StemLife increased from 31.81% to approximately 33.03% of the issued and paid-up capital of StemLife, and the Company was obliged to extend a mandatory take-over offer to acquire all the remaining StemLife Shares not already owned by the Company (the "Offer Shares") (the "Offer"). The consideration for the Offer Shares was RM0.45 per Offer Share or approximately RM74.6 million in aggregate.

- As of the close of the Offer on 2 February 2016, Cordlife owned or had agreed to acquire an aggregate of 222,472,929 StemLife Shares representing approximately 89.88% of the total number of issued StemLife Shares.

- On 3 March 2014, the Group announced that it had extended its strategic alliance and co-operation with CordLabs Asia Pte. Ltd. and NYSE-listed China Cord Blood Corporation ("CCBC"), in relation to the provision of human postnatal cord tissue storage services to certain territories in the People's Republic of China.

- On 12 October 2015, the Group announced that its wholly-owned subsidiary, CS Cell Technologies Pte. Ltd., had acquired additional 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, thereby increasing the Group's indirect interest in Cordlife India to approximately 99.9% of its share capital.

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 cord lining banking services. Initiatives under this strategy include:

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

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

- In December 2014, Metascreen™ was also launched in Indonesia.

- On 1 February 2016, Cordlife announced that it had strengthened its strategic alliance with CellResearch Corporation Pte. Ltd. (“CRC”) via an S$ 8.4 million investment to further clinical development of CRCs advance wound healing technology with umbilical cord lining.

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

**Repurchase of S$120,000,000 in aggregate principal amount of 4.90% fixed rate notes due 2017 comprised in Series 001 (ISIN SG6TG4000008)**

- On 14 October 2014, Cordlife announced that it has established a S$500,000,000 Multicurrency Debt Issuance Programme (the "Programme") and it had appointed Maybank Kim Eng Securities Pte. Ltd. to act as the sole arranger and the dealer of the Programme. The net proceeds from the issue of the securities (after deducting issue expenses) would be used for general corporate purposes of the Group, including to finance potential acquisitions, strategic expansions, general working capital, capital expenditure and investments of the Group and as to refinance existing borrowings of the Group or such other purpose as specified in the applicable pricing supplement.

- On 29 October 2014, Cordlife announced that it had issued S$120,000,000 in aggregate principal amount of 4.90% fixed rate notes due 2017 (the "Notes") under the Programme.

- On 16 December 2015, 6 January 2016 and 28 January 2016, Cordlife announced that it had repurchased S$47 million, S$4.25 million and S$0.5 million in principal amount of the Notes (the "Repurchased Notes"), respectively. Following the settlements, the Repurchased Notes were cancelled, and the remaining outstanding aggregate principal amount of Notes following the cancellation of the Repurchased Notes is S$68,250,000. The strategic repurchases were aimed to de-leverage and lower the Group’s interest expenses which will further strengthen the balance sheet of the Group

**Repayment of loan granted to Magnum Opus International Holdings Limited**

- In connection with the acquisition of the CCBC convertible notes, Cordlife and Magnum Opus International Holdings Limited ("Magnum”) entered into a facility agreement dated 25 August 2014 ("Facility Agreement"), pursuant to which Cordlife had lent Magnum funds in an aggregate amount of up to US$45,834,000 (“Magnus Loan”) for the purposes of financing the consideration payable by Magnum for the 7% senior convertible note due 3 October 2017 issued by CCBC and the costs, fees and expenses incurred by Magnum in connection with the acquisition. On 28 December 2015, Magnum has prepaid an amount of US$44,695,887 of the Magnum Loan 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.

Moving forward, the Group remains committed to developing its market leadership in cord blood and 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 share of results of associate, fair value changes on financial asset designated at fair value through profit and loss, fair value changes on derivative, non-operating exchange differences, gain on sale of shares and convertible bond, remeasurement loss on previously held equity interest in subsidiary and any other one-off items, the Group expects its core business to remain profitable for FY2016.

**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? Yes

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

Not applicable.

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

Not applicable.

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

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

**13. Interested person transactions**

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

There were no interested person transactions of $100,000 or more for the financial period reported on.

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the second quarter and half year ended 31 December 2015 presented in this announcement, to be false or misleading in any material aspect.

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

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

**16. Disclosure on the use of IPO proceeds**

Following the announcement made by the Company on 13 November 2015 (entitled "First Quarter Unaudited Financial Statements for the Period Ended 30 September 2015 ") disclosing, inter alia, the use of the proceeds from the IPO of the Company (the "IPO Proceeds"), the Board of Directors of the Company wishes to provide an update on the use of the IPO Proceeds.

The Group has utilised a further S$0.6 million on investments in infrastructure relating to information technology.

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

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

As at 12 February 2016, the Group has utilised approximately S$28.7 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% | 1.0 | 3.4% |
| 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% | 28.7 | 96.7% |

Note:

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

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

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

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

**17. Disclosure on the use of placement proceeds**

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

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

The Board of Directors (the "Board") of the Company wishes to announce that the Group has utilised approximately S$9.2 million out of the approximately S$33.5 million raised from the Private Placement.

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

| | **Amount (S$ million)** |
|---|---|
| **Amount utilised as working capital:** | |
| Trade purchases | 2.2 |
| Legal and professional fees | 0.1 |
| Total | **2.3** |

As at 31 December 2015, the Group has utilised approximately S$9.2 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 | 18.8% |
| General working capital | 8.6 | 25.7% | 2.3 | 6.9% |
| Expenses incurred in connection with the Private Placement | 1.4 | 4.2% | 0.6 | 1.8% |
| | 33.5 | 100.0% | 9.2 | 27.5% |

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

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

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

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

**By Order of the Board**

Yee Pinh Jeremy
Executive Director and Chief Executive Officer
12 February 2016