

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3, Q4, Q5), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

Change of financial year end

On 8 June 2018, the Company announced a change in its financial year end from June 30 to December 31. With this change, the Company's current financial year, which began on 1 July 2017, will cover an 18-month period ending 31 December 2018.

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 18 months ended 31 December | | + / (-) Increase/ (Decrease) % |
|--|---|-----------------|---|
| | 2018 \$'000 | 2017 \$'000 | |
| Revenue | 105,007 | 92,941 | 13.0 |
| Cost of sales | <u>(33,942)</u> | <u>(32,155)</u> | 5.6 |
| Gross profit | 71,065 | 60,786 | 16.9 |
| Other operating income | 1,442 | 1,414 | 2.0 |
| Selling and marketing expenses | (32,186) | (29,862) | 7.8 |
| Administrative expenses | (34,188) | (30,218) | 13.1 |
| Finance income | 2,056 | 2,447 | (16.0) |
| Finance costs | <u>(326)</u> | <u>(354)</u> | (7.9) |
| Profit before income tax from operations * | 7,863 | 4,213 | 86.6 |
| Fair value gain/(loss) on investment properties | 316 | (168) | n.m. |
| Note repurchase expense | – | (2,149) | n.m. |
| Finance costs | – | <u>(1,781)</u> | n.m. |
| Profit before income tax | 8,179 | 115 | >100.0 |
| Income tax expense | <u>(2,681)</u> | <u>(1,373)</u> | 95.3 |
| Profit/(loss) for the financial period | <u>5,498</u> | <u>(1,258)</u> | n.m. |
| Other comprehensive loss for the financial period, net of tax: | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Fair value gain arising from revaluation of available-for- sale financial asset | 6 | – | n.m. |
| Foreign currency translation [^] | <u>(351)</u> | <u>(558)</u> | (37.1) |
| Total comprehensive income/(loss) for the financial period | <u>5,153</u> | <u>(1,816)</u> | n.m. |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 18 months ended 31 December | | + / (-) Increase/ (Decrease) % |
|--|---|----------------|---|
| | 2018 \$'000 | 2017 \$'000 | |
| Profit/(loss) for the financial period attributable to: | | | |
| - Shareholders of the Company | 5,534 | (1,187) | n.m. |
| - Non-controlling interest | (36) | (71) | (49.3) |
| | 5,498 | (1,258) | n.m. |
| Total comprehensive income/(loss) for the financial period attributable to: | | | |
| - Shareholders of the Company | 5,184 | (1,711) | n.m. |
| - Non-controlling interest | (31) | (105) | (70.5) |
| | 5,153 | (1,816) | n.m. |

n.m. denotes not meaningful

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

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

- translation of assets and liabilities of foreign operations to Singapore dollars at exchange rates at the reporting date; and
- translation of income and expenses of foreign operations to Singapore dollars at exchange rates at the dates of the transactions.

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

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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

| | Group | | |
|---|------------------------------------|-------------|-----|
| | 18 months ended 31 December | | |
| | 2018 | 2017 | |
| | \$'000 | \$'000 | |
| Depreciation of property, plant and equipment | 2,674 | 2,720 | |
| Amortisation of intangibles | 1,824 | 1,833 | |
| Impairment loss on trade receivables and bad debts written off, net | 1,384 | 1,010 | [1] |
| Impairment loss on non-trade receivables and bad debts written off, net | 307 | – | [2] |
| Foreign exchange loss | 927 | 340 | [3] |
| Other operating income | (1,442) | (1,414) | |
| Under-provision of tax in respect of prior years | 192 | 113 | [4] |

Notes

1. Impairment loss on trade receivables and bad debts written off, net increased for the eighteen months ended 31 December 2018 (“FY2018”) to S\$1.4 million compared to S\$1.0 million for the eighteen months ended 31 December 2017 (“18M2017”). The increase is mainly due to an expansion of the Group’s client base across the regions.
2. The Group recognised impairment loss on non-trade receivable due from a third party in its Indonesian subsidiary in FY2018. No such provision was made in 18M2017.
3. Foreign exchange loss increased by S\$587,000 from S\$340,000 in 18M2017 to S\$0.9 million in FY2018. On 3 January 2018, the Group announced the acquisition of Healthbaby Biotech (Hong Kong) Co., Limited (“Healthbaby”), with part of the consideration being an assumption of a HK\$ denominated debt owed by the seller Stemgen Biotech Holding Limited (“Stemgen”) to Healthbaby (the “HK\$ debt”). The Group recognised foreign exchange losses of S\$504,000 in FY2018 from the revaluation of the loan as HK\$ strengthened against S\$ from January 2018 to December 2018. There were no such foreign exchange losses in 18M2017.
4. Under-provision of tax in respect of prior years of S\$113,000 recorded in 18M2017 comprised an under-provision of deferred tax of S\$220,000, offset by an over-provision of corporate income tax of S\$277,000 in respect of the financial year ended 30 June 2016 (“FY2016”) for Singapore, as well as an under-provision of tax in respect of FY2016 of S\$170,000 for the Indonesian subsidiary. Under-provision of tax in respect of prior years of S\$192,000 for FY2018 comprise an under-provision of corporate income tax of S\$135,000 and S\$57,000 in respect of FY2016 for the Indonesian and Philippines subsidiaries respectively.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 2018 \$'000 | 30 June 2017 \$'000 | 31 December 2018 \$'000 | 30 June 2017 \$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 12,718 | 13,062 | 6,136 | 6,732 |
| Investment properties | 8,717 | 8,256 | 2,975 | 2,880 |
| Intangible assets | 34,258 | 13,513 | 1,049 | 1,552 |
| Deferred tax assets | 146 | – | – | – |
| Investment in subsidiaries | – | – | 83,710 | 58,710 |
| Long-term investments | 6,178 | 6,176 | 4,200 | 4,200 |
| Trade receivables | 67,536 | 63,090 | 46,525 | 45,802 |
| Other receivables | 53 | 4,211 | 7 | 4,211 |
| | <u>129,606</u> | <u>108,308</u> | <u>144,602</u> | <u>124,087</u> |
| Current assets | | | | |
| Inventories | 1,358 | 1,279 | 294 | 376 |
| Prepayments | 2,700 | 1,760 | 813 | 836 |
| Trade receivables | 28,966 | 24,459 | 10,887 | 9,450 |
| Other receivables | 8,573 | 2,102 | 4,835 | 527 |
| Amount owing by subsidiaries | – | – | 16,936 | 14,533 |
| Short-term investments | 29,005 | 22,261 | – | – |
| Fixed deposits | 3,355 | 11,778 | – | 10,747 |
| Pledged fixed deposits | 6 | 258 | – | – |
| Cash and cash equivalents | 10,910 | 26,527 | 5,181 | 18,404 |
| | <u>84,873</u> | <u>90,424</u> | <u>38,946</u> | <u>54,873</u> |
| Current liabilities | | | | |
| Trade and other payables | 13,969 | 11,247 | 3,481 | 3,197 |
| Amounts owing to subsidiaries | – | – | 7,632 | 16,733 |
| Interest-bearing borrowings | 295 | 2,118 | 295 | 2,118 |
| Insurance contract liabilities | 1,087 | 1,272 | 69 | 64 |
| Deferred revenue | 17,936 | 16,296 | 3,769 | 3,688 |
| Tax payable | 1,982 | 1,244 | – | – |
| | <u>35,269</u> | <u>32,177</u> | <u>15,246</u> | <u>25,800</u> |
| Net current assets | <u>49,604</u> | <u>58,247</u> | <u>23,700</u> | <u>29,073</u> |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 2018 \$'000 | 30 June 2017 \$'000 | 31 December 2018 \$'000 | 30 June 2017 \$'000 |
| Non-current liabilities | | | | |
| Other payables | 294 | 200 | – | 4 |
| Amount owing to subsidiaries | – | – | 35,565 | – |
| Interest-bearing borrowings | 4,310 | 6,613 | 4,310 | 6,613 |
| Deferred revenue | 46,202 | 30,521 | 15,971 | 13,565 |
| Deferred tax liabilities | 7,068 | 3,891 | 15 | 15 |
| | <u>57,874</u> | <u>41,225</u> | <u>55,861</u> | <u>20,197</u> |
| Net assets | <u>121,336</u> | <u>125,330</u> | <u>112,441</u> | <u>132,963</u> |
| Capital and reserves | | | | |
| Share capital | 96,379 | 96,666 | 96,379 | 96,666 |
| Treasury shares | (15,469) | (9,766) | (15,469) | (9,766) |
| Accumulated profits | 54,338 | 52,088 | 30,608 | 45,267 |
| Other reserves | (14,050) | (13,827) | 923 | 796 |
| | <u>121,198</u> | <u>125,161</u> | <u>112,441</u> | <u>132,963</u> |
| Non-controlling interests | <u>138</u> | <u>169</u> | <u>–</u> | <u>–</u> |
| Total equity | <u>121,336</u> | <u>125,330</u> | <u>112,441</u> | <u>132,963</u> |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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

| | As at 31 December 2018 \$'000 | 30 June 2017 \$'000 |
|---|-------------------------------------|------------------------|
| Amount repayable in one year or less, or on demand | | |
| - Loan I – secured | 295 | 271 |
| - Loan III – secured | – | 680 |
| - Loan IV – secured | – | 1,167 |
| Amount repayable after one year | | |
| - Loan I – secured | 4,310 | 4,767 |
| - Loan III – secured | – | 680 |
| - Loan IV – secured | – | 1,166 |
| | 4,605 | 8,731 |

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

- a) First legal mortgage of the leasehold properties and investment properties (the “Properties”) of 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 was repaid in full in November 2018.

Loan IV is a 3-year term loan with yearly principal repayments. It was repaid in full in June 2018.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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

| | Group | |
|---|------------------------|---------------|
| | 18 months ended | |
| | 31 December | |
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Cash flows from operating activities: | | |
| Profit before income tax | 8,179 | 115 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,674 | 2,720 |
| Amortisation of intangible assets | 1,824 | 1,833 |
| Gain on disposal of property, plant and equipment | (11) | (2) |
| Loss on disposal of intangible assets | – | 56 |
| Impairment loss on trade and non-trade receivables and bad debts written off, net | 1,691 | 1,010 |
| Interest income | (2,056) | (2,447) |
| Interest expense | 326 | 2,136 |
| Investment income | (358) | – |
| Share-based compensation expense | 812 | 809 |
| Note repurchase expense | – | 2,149 |
| Fair value (gain)/loss on investment properties | (316) | 168 |
| Unrealised exchange loss/(gain) | 962 | (629) |
| | <u>13,727</u> | <u>7,918</u> |
| Operating cash flows before changes in working capital | 13,727 | 7,918 |
| <u>Changes in working capital</u> | | |
| Increase in trade receivables | (11,165) | (9,876) |
| Increase in other receivables, deposits and prepayments | (1,133) | (842) |
| Increase in inventories | (29) | (403) |
| Increase in trade and other payables | 517 | 101 |
| Increase in deferred revenue | 8,839 | 8,638 |
| | <u>10,756</u> | <u>5,536</u> |
| Cash generated from operations | 10,756 | 5,536 |
| Interest received | 1,626 | 2,406 |
| Interest paid | (326) | (354) |
| Income tax paid | (1,703) | (596) |
| | <u>10,353</u> | <u>6,992</u> |
| Net cash flows generated from operating activities | 10,353 | 6,992 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (2,128) | (1,363) |
| Purchase of intangible assets | (671) | (893) |
| Proceeds from disposal of fixed assets | 18 | – |
| Acquisition of subsidiary, net of cash | (8,813) | – |
| Placement of short-term investments | (6,190) | (14,491) |
| Acquisition of long-term investments | – | (1,976) |
| Transfer from term deposits | 8,531 | 52,540 |
| | <u>(9,253)</u> | <u>33,817</u> |
| Net cash flows (used in)/generated from investing activities | (9,253) | 33,817 |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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

| | Group | |
|---|------------------------|-----------------|
| | 18 months ended | |
| | 31 December | |
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Cash flows from financing activities: | | |
| Transfer from pledged fixed deposits | 26 | 28 |
| Purchase of treasury shares | (6,675) | (6,675) |
| Repayment of interest-bearing borrowings | (6,863) | (4,111) |
| Acquisition of non-controlling interest in subsidiary | – | (4,192) |
| Dividends paid | (3,284) | (1,262) |
| Interest paid on Notes | – | (2,053) |
| Repurchase of Notes | – | (69,826) |
| Net cash flows used in financing activities | <u>(16,796)</u> | <u>(88,091)</u> |
| | | |
| Net decrease in cash and cash equivalents | (15,696) | (47,282) |
| | | |
| Cash and cash equivalents at the beginning of the financial period | 26,527 | 69,701 |
| | | |
| Effects of exchange rate changes on cash and cash equivalents | <u>79</u> | <u>33</u> |
| Cash and cash equivalents at end of the financial period | <u>10,910</u> | <u>22,452</u> |

Cash and cash equivalents

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

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 reserve \$'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 | - | - | (2,572) | - | - | - | - | - | (24) | (2,596) |
| Other comprehensive loss for the financial period, net of tax | | | | | | | | | | |
| - Foreign currency translation | - | - | - | - | - | - | - | (866) | (34) | (900) |
| Total comprehensive loss for the period, net of tax | - | - | (2,572) | - | - | - | - | (866) | (58) | (3,496) |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Grant of share awards to employees | - | - | - | 263 | - | - | - | - | - | 263 |
| Treasury shares re-issued pursuant to equity compensation plan | (6) | 62 | - | (56) | - | - | - | - | - | - |
| Total contributions by and distributions to owners | (6) | 62 | - | 207 | - | - | - | - | - | 263 |
| Acquisition of non-controlling interest in subsidiary* | - | - | - | - | - | - | (2,353) | - | (1,839) | (4,192) |
| Balance at 30 June 2017 | 96,666 | (9,766) | 52,088 | 374 | 568 | 534 | (11,740) | (3,563) | 169 | 125,330 |

*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 30 June 2017, the Group obtained a further 9.15% interest from the non-controlling interest in Stemlife to arrive at a total interest in Stemlife of approximately 99.03%. As a result of the further 9.15% interest acquired, the carrying value of the non-controlling interest being approximately S\$1,839,000 was reversed and the difference between the consideration and the carrying value of the non-controlling interest, being S\$2,353,000, was recognised in acquisition reserve.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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

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

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

| | | | | | | | | | | |
|--|--------|----------|---------|-------|-----|-----|----------|---------|------|---------|
| Profit/(loss) for the financial period | - | - | 1,385 | - | - | - | - | - | (47) | 1,338 |
| Other comprehensive loss for the financial period, net of tax | | | | | | | | | | |
| - Foreign currency translation | - | - | - | - | - | - | - | 342 | - | 342 |
| Total comprehensive income/(loss) for the period, net of tax | - | - | 1,385 | - | - | - | - | 342 | (47) | 1,680 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Purchase of treasury shares | - | (6,675) | - | - | - | - | - | - | - | (6,675) |
| Grant of share awards to employees | - | - | - | 547 | - | - | - | - | - | 547 |
| Dividends | - | - | (1,262) | - | - | - | - | - | - | (1,262) |
| Treasury shares re-issued pursuant to equity compensation plan | (38) | 337 | - | (299) | - | - | - | - | - | - |
| Total contributions by and distributions to owners | (38) | (6,338) | (1,262) | 248 | - | - | - | - | - | (7,390) |
| Balance at 31 December 2017 | 96,628 | (16,104) | 52,211 | 622 | 568 | 534 | (11,740) | (3,221) | 122 | 119,620 |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 |
| Loss for the period, representing total comprehensive loss for the period | – | – | (5,512) | – | – | (5,512) |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Grant of share awards to employees | – | – | – | – | 263 | 263 |
| Treasury shares re-issued pursuant to equity compensation plan | (6) | 62 | – | – | (56) | – |
| Total contributions by and distributions to owners | (6) | 62 | – | – | 207 | 263 |
| Balance at 30 June 2017 | 96,666 | (9,766) | 45,267 | 422 | 374 | 132,963 |
| Loss for the period, representing total comprehensive loss for the period | – | – | (1,557) | – | – | (1,557) |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Purchase of treasury shares | – | (6,675) | – | – | – | (6,675) |
| Grant of share awards to employees | – | – | – | – | 547 | 547 |
| Dividends | – | – | (1,262) | – | – | (1,262) |
| Treasury shares re-issued pursuant to equity compensation plan | (38) | 337 | – | – | (299) | – |
| Total contributions by and distributions to owners | (38) | (6,338) | (1,262) | – | 248 | (7,390) |
| Balance at 31 December 2017 | 96,628 | (16,104) | 42,448 | 422 | 622 | 124,016 |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 reserve \$'000 | Non-controlling interest \$'000 | Total \$'000 |
|--|-------------------------|---------------------------|-------------------------------|--|---------------------------|--------------------------|-------------------------------|-------------------------|--|------------------------------------|-----------------|
| Balance at 1 July 2017 | 96,666 | (9,766) | 52,088 | 374 | 568 | 534 | (11,740) | – | (3,563) | 169 | 125,330 |
| Profit/(loss) for the financial period | – | – | 3,272 | – | – | – | – | – | – | (88) | 3,184 |
| Other comprehensive (loss)/income for the financial period, net of tax | | | | | | | | | | | |
| - Foreign currency translation | – | – | – | – | – | – | – | – | (75) | (7) | (82) |
| - Fair value gain arising from revaluation of available-for-sale financial asset | – | – | – | – | – | – | – | 53 | – | – | 53 |
| Total comprehensive income/(loss) for the financial period, net of tax | – | – | 3,272 | – | – | – | – | 53 | (75) | (95) | 3,155 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | | |
| Purchase of treasury shares | – | (6,675) | – | – | – | – | – | – | – | – | (6,675) |
| Grant of share awards to employees | – | – | – | 943 | – | – | – | – | – | – | 943 |
| Dividends | – | – | (1,262) | – | – | – | – | – | – | – | (1,262) |
| Reissuance of treasury shares pursuant to equity compensation plan | (38) | 337 | – | (299) | – | – | – | – | – | – | – |
| Total contributions by and distributions to owners | (38) | (6,338) | (1,262) | 644 | – | – | – | – | – | – | (6,994) |
| Balance at 30 June 2018 | 96,628 | (16,104) | 54,098 | 1,018 | 568 | 534 | (11,740) | 53 | (3,638) | 74 | 121,491 |



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CORDLIFE GROUP LIMITED

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 reserve \$'000 | Non-controlling interest \$'000 | Total \$'000 |
|--|-------------------------|---------------------------|-------------------------------|--|---------------------------|--------------------------|-------------------------------|-------------------------|--|------------------------------------|-----------------|
| Balance at 1 July 2018 | 96,628 | (16,104) | 54,098 | 1,018 | 568 | 534 | (11,740) | 53 | (3,638) | 74 | 121,491 |
| Profit for the financial period | - | - | 2,262 | - | - | - | - | - | - | 52 | 2,314 |
| Other comprehensive (loss)/income for the financial period, net of tax | - | - | - | - | - | - | - | - | (281) | 12 | (269) |
| - Foreign currency translation | - | - | - | - | - | - | - | - | (281) | 12 | (269) |
| - Fair value loss arising from revaluation of available-for-sale financial asset | - | - | - | - | - | - | - | (47) | - | - | (47) |
| Total comprehensive income/(loss) for the financial period, net of tax | - | - | 2,262 | - | - | - | - | (47) | (281) | 64 | 1,998 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | | |
| Grant of share awards to employees | - | - | - | (131) | - | - | - | - | - | - | (131) |
| Reissuance of treasury share for SGP | (249) | 635 | - | (386) | - | - | - | - | - | - | - |
| Dividends | - | - | (2,022) | - | - | - | - | - | - | - | (2,022) |
| Total contributions by and distributions to owners | (249) | 635 | (2,022) | (517) | - | - | - | - | - | - | (2,153) |
| Balance at 31 December 2018 | 96,379 | (15,469) | 54,338 | 501 | 568 | 534 | (11,740) | 6 | (3,919) | 138 | 121,336 |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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

| Company | Share capital \$'000 | Treasury shares \$'000 | Accumulated profits \$'000 | Capital reserve \$'000 | Share-based compensation reserve \$'000 | Total \$'000 |
|---|-------------------------|------------------------------|----------------------------------|------------------------------|--|-----------------|
| Balance at 1 July 2017 | 96,666 | (9,766) | 45,267 | 422 | 374 | 132,963 |
| Loss for the financial period, representing total comprehensive loss for the financial period | – | – | (4,097) | – | – | (4,097) |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Purchase of treasury shares | – | (6,675) | – | – | – | (6,675) |
| Grant of share awards to employees | – | – | – | – | 943 | 943 |
| Dividends | – | – | (1,262) | – | – | (1,262) |
| Reissuance of treasury shares pursuant to equity compensation plan | (38) | 337 | – | – | (299) | – |
| Total contributions by and distributions to owners | (38) | (6,338) | (1,262) | – | 644 | (6,994) |
| Balance at 30 June 2018 | 96,628 | (16,104) | 39,908 | 422 | 1,018 | 121,872 |
| Loss for the financial period, representing total comprehensive loss for the financial period | – | – | (7,278) | – | – | (7,278) |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Grant of share awards to employees | – | – | – | – | (131) | (131) |
| Reissuance of treasury share for SGP | (249) | 635 | – | – | (386) | – |
| Dividends | – | – | (2,022) | – | – | (2,022) |
| Total contributions by and distributions to owners | (249) | 635 | (2,022) | – | (517) | (2,153) |
| Balance at 31 December 2018 | 96,379 | (15,469) | 30,608 | 422 | 501 | 112,441 |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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 September 2018 | 252,718,954 | 96,628,236 |
| Treasury shares reissued pursuant to equity compensation plan | <u>582,670</u> | <u>(249,626)</u> |
| As at 31 December 2018 | <u>253,301,624</u> | <u>96,378,610</u> |

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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

| | 31 December 2018 No. of shares | As at 31 December 2017 No. of shares | 30 June 2017 No. of shares |
|--|-----------------------------------|---|-------------------------------|
| Total number of issued shares | 267,525,354 | 267,525,354 | 267,525,354 |
| Less: Treasury shares | <u>(14,223,730)</u> | <u>(14,806,400)</u> | <u>(8,115,850)</u> |
| Total number of issued shares excluding treasury shares | <u>253,301,624</u> | <u>252,718,954</u> | <u>259,409,504</u> |
| Percentage of treasury shares against total number of shares outstanding | 5.3% | 5.5% | 3.0% |

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

The following treasury shares were utilised under the Cordlife Share Grant Plan during the financial year:

| Date of transfer | No. of shares |
|------------------|----------------|
| 2 August 2017 | 45,400 |
| 9 November 2017 | 264,050 |
| 3 October 2018 | <u>582,670</u> |
| Total | <u>892,120</u> |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

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

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

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

Not applicable.

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

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

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

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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 | |
|---|---|---|
| | 18 months ended 31 December 2018 | 18 months ended 31 December 2017 |
| Basic 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) | 5,534 | (1,187) |
| Weighted average number of shares in issue during the period ('000) | 253,020 | 257,350 |
| Basic earnings/(loss) per share based on weighted average number of ordinary shares (cents) | 2.19 | (0.46) |
| 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) | 5,534 | (1,187) |
| Weighted average number of shares in issue during the period ('000) | 254,290 | 258,002 |
| Diluted earnings/(loss) per share based on weighted average number of ordinary shares (cents) | 2.18 | (0.46) |

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.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

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

| | Group | | Company | |
|---|--------------------------|----------------------|--------------------------|----------------------|
| | 31 December 2018 (cents) | 30 June 2017 (cents) | 31 December 2018 (cents) | 30 June 2017 (cents) |
| Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the relevant period | 47.90 | 48.31 | 44.39 | 51.26 |

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2018 is 253,301,624 (30 June 2017: 259,409,504).

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

COMPARING 18 MONTHS ENDED 31 DECEMBER 2018 ("FY2018") AGAINST 18 MONTHS ENDED 31 DECEMBER 2017 ("18M2017")

Income Statement

Healthbaby's financial results for 2 January 2018 to 31 December 2018 have been included in the Group's financial results for FY2018 while the Group's financial results for 18M2017 do not include any results of Healthbaby as it became a subsidiary of the Group on 2 January 2018.

Revenue

Revenue increased by 13.0% or S\$12.1 million from 18M2017 to FY2018, mainly contributed by the Group's operations in Singapore, India and newly acquired Healthbaby in Hong Kong.

The higher revenue contributions from Singapore and India were driven by an increase in deliveries. In Singapore, the increase in deliveries were also mainly from the sale of higher value plans. There were also lower discounts offered in India as a result of more value-added services provided to clients. Healthbaby accounted for S\$6.1 million of the increase in revenue.

The increase in deliveries in these two markets and the addition of twelve months of deliveries from Healthbaby in FY2018 (18M2017: nil deliveries from Healthbaby) were partly offset by a decrease in the number of deliveries in Malaysia. The total client deliveries for the Group increased from 38,300 in 18M2017 to 39,800 in FY2018.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

Cost of sales

Cost of sales increased by 5.6% or S\$1.8 million in FY2018 compared to 18M2017, mainly attributable to the consolidation of cost of sales of Healthbaby, which became a subsidiary of the Group on 2 January 2018 as well as the increase in deliveries in India.

Cost of sales for Singapore did not increase in line with the increase in deliveries as the cost of sales for cord lining contracts are lower than cord blood banking contracts. In addition, there was also a reversal of approximately S\$290,000 over-accrual of prior year expenses for Singapore in FY2018. The increase in cost of sales was also offset by a decline in cost of sales in Malaysia due to fewer deliveries.

Gross profit and gross profit margin

Gross profit increased by 16.9% or S\$10.3 million and gross profit margin increased from 65.4% in 18M2017 to 67.7% in FY2018.

The increase in gross profit margin was partly due to an increase in cord lining client deliveries, and consequently revenue contributions from Singapore, which has a higher margin compared to cord blood banking contracts. The increase was also attributable to lower discounts in India.

In addition, there was also a reversal of approximately S\$290,000 over-accrual of prior year expenses for Singapore in FY2018. There was no such reversal in 18M2017.

Administrative expenses

Administrative expenses increased by S\$4.0 million or 13.1% from 18M2017 to FY2018, partly due to the consolidation of Healthbaby's administrative expenses of S\$1.8 million in FY2018 (18M2017: nil) and an increase in foreign exchange loss of S\$587,000.

The Group acquired Healthbaby on 2 January 2018. Part of the consideration involved an assumption of the HK\$ debt owed by Stemgen to Healthbaby. Foreign exchange loss of S\$504,000 from the revaluation of the loan was recognised in FY2018 as HK\$ strengthened against S\$ from January 2018 to December 2018. There was no such foreign exchange loss in 18M2017.

Excluding Healthbaby, staff-related expenses increased in FY2018 as compared to 18M2017 by S\$1.3 million, partly attributable to annual salary increment and an increase in variable performance bonuses as a result of the increase in profits of the Group in FY2018.

There was also an increase in impairment loss on trade receivables for FY2018 to S\$1.4 million compared to S\$1.0 million for 18M2017. The increase is mainly due to an expansion of the Group's client base across the regions.

Finance income

Finance income decreased by 16.0% or S\$391,000 from 18M2017 compared to FY2018 mainly due to a lower amount of funds placed in fixed deposits as a result of the fund outflow for the redemption in December 2016 of the remaining aggregate outstanding S\$68.25 million in principal amount of the Notes and the acquisition of Healthbaby in January 2018.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

Profit before income tax from operations

As a result of the foregoing, the Group's profit before income tax from operations for FY2018 was higher than 18M2017 at S\$7.9 million (18M2017: S\$4.2 million).

Fair value gain/loss on investment properties

Certain units owned by the Group in A'Posh Bizhub and certain properties owned by Stemlife have been designated as investment properties because these are allocated to either be leased to third parties to earn rental income or for capital appreciation. Investment properties are initially recognised at cost and subsequently measured at fair value which reflects the market conditions at the end of the reporting period. The Group engaged independent professional valuers to value these investment properties, resulting in a fair value gain of S\$316,000 in FY2018 and a fair value loss of \$168,000 in 18M2017 which are recorded in the income statement.

Note repurchase expense

Note repurchase expense of S\$2.1 million was incurred in relation to the full redemption of the remaining aggregate outstanding S\$68.25 million in principal amount of the Notes in December 2016. No such expense was incurred for FY2018.

Finance costs (non-operating)

Finance costs of approximately S\$1.8 million were recognised on the Notes for 18M2017. No such finance cost was recorded for FY2018 due to the full redemption of the Notes in December 2016.

Tax

In 18M2017, non-operational fair value loss on investment properties, finance costs and note repurchase expense were not deductible. In FY2018, non-operating fair value gain on investment properties was not taxable. In addition, in 18M2017, under-provision of tax in respect of prior years of S\$113,000 was recorded, comprising an under-provision of deferred tax of S\$220,000, offset by an over-provision of corporate income tax of S\$277,000 in respect of FY2016 for Singapore, as well as an under-provision of tax in respect of FY2016 of S\$170,000 for the Indonesian subsidiary. In FY2018, under-provision of tax in respect of prior years of S\$192,000 was recorded.

Adjusting for these non-deductible and non-taxable items and the under-provision of tax, the effective tax rate for FY2018 was 31.7%, compared to an effective tax rate of 29.9% for 18M2017. The increase in effective tax rate is partly due to a change in the tax regime in Malaysia, where with effect from YA2016, advance receipts and deferred revenue will be brought to tax upon collection from clients.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

Balance sheet

Cash and cash equivalents, fixed deposits and short term investments

As at 31 December 2018, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S\$43.3 million (30 June 2017: S\$60.6 million). Short-term investments mainly comprise investments in money market funds. The decrease in the total cash and cash equivalents, fixed deposits and short term investments was mainly due to net cash used in financing activities of S\$16.8 million, which comprised share repurchases amounting to S\$6.7 million, repayment of interest-bearing borrowings of S\$6.9 million and dividend payments of S\$3.3 million. The decrease was also partly contributed by net cash used in certain investing activities including the acquisition of Healthbaby amounting to S\$8.8 million and the purchase of property, plant and equipment and intangible assets of S\$2.8 million.

The decrease was partly offset by net cash generated from operating activities of S\$10.4 million comprising mainly operating cash flows before movements in working capital of S\$13.7 million, net interest received of S\$1.3 million, offset by net working capital outflow of S\$3.0 million and income tax paid of S\$1.7 million.

Net working capital outflow of approximately S\$3.0 million comprised the following:

- increase in trade receivables of approximately S\$11.2 million;
- increase in other receivables, deposits and prepayments of approximately S\$1.1 million;
- increase in inventory of approximately S\$29,000;
- increase in trade and other payables of approximately S\$0.5 million and
- increase in deferred revenue of approximately S\$8.8 million.

Property, plant and equipment

As at 31 December 2018, the Group recorded S\$12.7 million on its balance sheet for property, plant and equipment (30 June 2017: S\$13.1 million).

Investment properties

As at 31 December 2018, the Group recorded S\$8.7 million on its balance sheet for investment properties (30 June 2017: S\$8.3 million).

Intangible assets

Intangible assets comprise client contracts, brand and goodwill acquired in business combinations and computer software. Intangible assets of approximately S\$21.8 million were recognised in FY2018 as a result of the consolidation of Healthbaby as a subsidiary of the Company from 2 January 2018.

Long term investments

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

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

Trade receivables, non-current

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

Other receivables, non-current

On 1 February 2016, the Group announced that it had subscribed for a Class A Redeemable Convertible Note ("RCN") maturing three years from the issue date in the principal amount of S\$4.2 million from CRC. The yielding interest is at a rate of three month SIBOR plus 7% per annum payable annually in arrears. The RCN is carried at cost less impairment, if any. Pursuant to the terms of the RCN, the Group has agreed to extend the maturity date to 30 April 2019 to allow for negotiations between CRC and the Group to take place. The terms and conditions of the RCN remains the same in the interim. As of 31 December 2018, the receivables are reclassified to other receivables, current.

Inventories

As at 31 December 2018, the Group recorded inventories of S\$1.4 million (30 June 2017: \$1.3 million).

Prepayments

Prepayments increased from S\$1.8 million as at 30 June 2017 to S\$2.7 million as at 31 December 2018 partly due to the consolidation of Healthbaby as well as prepayment of rental for the new premises of the Indonesian subsidiary.

Trade receivables, current

Current trade receivables increased from S\$24.5 million as at 30 June 2017 to S\$29.0 million as at 31 December 2018 mainly due to the consolidation of Healthbaby, which has current trade receivables of S\$3.3 million as at 31 December 2018.

Other receivables, current

Other receivables include non-trade receivables and interest receivable on the RCN. In addition, the RCN in the principal amount of S\$4.2 million has been reclassified to other receivables, current, as at 31 December 2018.

Trade and other payables, current and non-current

As at 31 December 2018, the Group recorded current trade and other payables of S\$14.0 million (30 June 2017: \$11.2 million) and non-current other payables of S\$294,000 (30 June 2017: S\$200,000). The increase in current trade and other payables was partly contributed by the consolidation of Healthbaby, which recorded S\$1.4 million of trade and other payables as at 31 December 2018.

Interest-bearing borrowings, current and non-current

Interest-bearing borrowings decreased by approximately S\$4.1 million, from S\$8.7 million as at 30 June 2017 to S\$4.6 million as at 31 December 2018, due to repayments made during the financial period.

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

Insurance contract liabilities

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

Deferred revenue, current and non-current

Deferred revenue represents revenue received in advance for services to be rendered under cord blood, cord lining and cord tissue banking contracts. Non-current deferred revenue increased from S\$30.5 million as at 30 June 2017 to S\$46.2 million as at 31 December 2018 mainly due to the consolidation of Healthbaby, which recorded S\$8.4 million non-current deferred revenue as at that date. The increase in non-current deferred revenue is mainly contributed by the Singapore and India operations.

Income tax payable

As at 31 December 2018, the Group recorded income tax payable of S\$2.0 million (30 June 2017: \$1.2 million). The increase in income tax payable was due to tax payable on the increase in profits in FY2018.

Deferred tax liabilities

Deferred tax liabilities comprise deferred tax liabilities on temporary differences and on intangible assets recognised on business combination. The increase in deferred tax liabilities from S\$3.9 million as at 30 June 2017 to S\$7.1 million as at 31 December 2018 was mainly due to the deferred tax liabilities recognised on the intangible assets from the acquisition of Healthbaby.

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

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

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

The potential for further growth in many of the markets the Group operates in remains positive amid increasing public awareness of the benefits of stem-cell banking. In countries such as India, the Philippines and Indonesia, for example, there is room to gain more market share as the middle class increasingly spends more on discretionary goods and services, including specialised healthcare. Several initiatives the Group put into practice over the past few quarters have also yielded encouraging results and will help underpin future growth. These include offering additional value-added services for cord blood testing and raising prices of stem-cell banking services in a number of markets. In addition, there has been increasing interest in nascent markets like Vietnam and Myanmar where the Group already has presence through its marketing agents.

Notwithstanding the maturity of the Singapore and Hong Kong markets, the Group expects profit margins in these markets to hold up because of their higher consumer purchasing power and its ongoing efforts to market its banking and diagnostics services. The Group also strives to increase penetration rates in Singapore and Hong Kong by bundling more value-added services in its offerings. In Hong Kong, efforts to generate greater synergy and economies of scale between its two brands – Cordlife Hong Kong and Healthbaby – are paying off. With the completion of the consolidation of Hong Kong's operations, the Group is poised to achieve higher growth as the market leader in Hong Kong.

During the year, the Group launched several new growth initiatives. The Group continues to seek growth in its diagnostics business through continuous engagement with its clients and their broader families over their lifetime. With an increasingly technologically-savvy population, the Group is also exploring digital healthcare to better service and empower clients, as well as reduce inefficiencies and costs in service delivery.

With its strong balance sheet and desire to expedite growth, the Group is actively reviewing opportunities to acquire or invest in suitable healthcare assets in Asia. Any incoming asset has to be synergistic to its existing business and pave a way for the Group to, among other things, enter new markets, cross-sell its services to a wider audience and/or expand its current portfolio of services. Any transaction can be funded using internal resources and/or borrowings. As at 31 December 2018, the Group had S\$43.3 million in cash and cash equivalents, fixed deposits and short-term investments in money market funds. Total debt as a percentage of equity was 3.8%.

Barring unforeseen developments and exceptional non-operating items, the Group expects to remain profitable for the current financial year ending 31 December 2019.

11. Dividends

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

Any interim (final) ordinary dividend declared (recommended) for the current financial period reported on?

The Board has proposed the following dividend subject to the approval of the shareholders at the forthcoming Annual General Meeting.

| | |
|------------------|------------------------------|
| Name of Dividend | Final |
| Dividend Type | Tax exempt (1-tier) dividend |
| Dividend Amount | S\$0.004 per ordinary share |
| Tax Rate | Exempt (1-tier) |

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

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

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

The final dividend will be paid on 17 May 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

(d) ***Books closure date***

Notice is hereby given that, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 3 May 2019 ("Book Closure Date") for the purpose of determining members' entitlement to the final dividend ("Dividend").

Duly completed registrable transfers received by the Company's Share Registrar Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 up to 5.00pm on 2 May 2019 ("Entitlement Date") will be registered to determine members' entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on the Entitlement Date will be entitled to the Dividend.

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

Not applicable.

13. Interested person transactions

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

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

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

To the best of knowledge of the Board of Directors of the Company (the "Board"), nothing has come to the attention of the Board which may render the unaudited financial statements of the Company and the Group for FY2018 presented in this announcement, to be false or misleading in any material aspect.

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

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

16. Disclosure on the use of placement proceeds

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

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

The Board wishes to announce that the Group has utilised approximately S\$23.3 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 | 6.2 |
| Legal and professional fees | 0.1 |
| Total | 6.3 |

Full Year (Eighteen Months) Unaudited Financial Statements for the Period Ended 31 December 2018

As at 28 February 2019, the Group has utilised approximately S\$23.3 million of the Private Placement proceeds as follows:

| Intended Use of Placement Proceeds | Estimated amount (\$ m) | Estimated percentage of gross proceeds raised from the Private Placement | Amount utilised (\$ m) | Percentage of gross proceeds raised from the Private Placement |
|---|--------------------------------|---|-------------------------------|---|
| Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board | 23.5 | 70.1% | 16.4 | 48.8% |
| General working capital | 8.6 | 25.7% | 6.3 | 18.6% |
| Expenses incurred in connection with the Private Placement | 1.4 | 4.2% | 0.6 | 1.8% |
| | 33.5 | 100.0% | 23.3 | 69.6% |

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 aforementioned announcement dated 2 October 2013.

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

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

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17. Segmented revenue and results for business or geographical segments (of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Segment revenue

| | Banking S\$'000 | Diagnostics S\$'000 | Total S\$'000 |
|-------------------------------|---------------------------|-------------------------------|-------------------------|
| FY2018 | | | |
| Revenue from external clients | 103,574 | 1,433 | <u>105,007</u> |
| 18M2017 | | | |
| Revenue from external clients | 91,564 | 1,377 | <u>92,941</u> |

Segment results

| | Banking S\$'000 | Diagnostics S\$'000 | Total S\$'000 |
|--|---------------------------|-------------------------------|-------------------------|
| FY2018 | | | |
| Depreciation and amortisation | <u>(4,448)</u> | <u>(50)</u> | <u>(4,498)</u> |
| Segment profit/(loss) | 6,186 | (53) | 6,133 |
| Fair value gain on investment properties | | | 316 |
| Finance income | | | 2,056 |
| Finance costs | | | <u>(326)</u> |
| Profit before income tax | | | 8,179 |
| Income tax | | | <u>(2,681)</u> |
| Profit for the financial period | | | <u>5,498</u> |

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| | Banking S\$'000 | Diagnostics S\$'000 | Total S\$'000 |
|--|--------------------|------------------------|------------------|
| 18M2017 | | | |
| Depreciation and amortisation | (4,237) | (57) | (4,294) |
| Segment profit/(loss) | 2,225 | (104) | 2,121 |
| Fair value loss on investment properties | | | (168) |
| Finance income | | | 2,447 |
| Finance costs | | | (355) |
| Note repurchase expense | | | (2,149) |
| Interest expense on MTN | | | (1,781) |
| Profit before income tax | | | 115 |
| Income tax | | | (1,373) |
| Loss for the financial period | | | (1,258) |

18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

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19. A breakdown of sales as follows:

| | Group | | + / (-) Increase/ (Decrease) % |
|--|---------|---------|---|
| | FY2018 | 18M2017 | |
| | S\$'000 | S\$'000 | |
| (a) Revenue reported for first half year (e.g. 1 Jul – 31 Dec) | 32,979 | 29,880 | 10.4 |
| (b) Profit/(loss) after tax before deducting minority interests reported for the first half year | 1,338 | (2,851) | n.m. |
| (c) Revenue reported for second half year (e.g. 1 Jan – 30 Jun) | 35,330 | 30,082 | 17.4 |
| (d) Profit after tax before deducting minority interests reported for the second half year | 1,846 | 255 | >100 |
| (e) Revenue reported for third half year (e.g. 1 Jul – 31 Dec) | 36,698 | 32,979 | 11.3 |
| (f) Profit after tax before deducting minority interests reported for the third half year | 2,314 | 1,338 | 72.9 |

20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

| | Full year 2018 (18 months basis) S\$ | Full year 2017 (12 months basis) S\$ |
|------------------|---|---|
| Interim dividend | 2,021,752 | – |
| Final dividend | 1,262,275 | – |
| Total | 3,284,027 | – |



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- 21. Persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make the appropriate negative statement**

The Company confirms that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Tan Poh Lan
Group CEO and Executive Director
28 February 2019