CORDLIFE GROUP LIMITED

Third Quarter Unaudited Financial Statement for the Period Ended 31 March 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 March		+/(-) Increase/ (Decrease)	Group 9 months ended 31 March		+/(-) Increase/ (Decrease)
	2015	2014		2015	2014	
	$'000	$'000	%	$'000	$'000	%
Revenue	14,274	11,809	20.9	41,793	35,277	18.5
Cost of sales	(4,479)	(3,071)	45.8	(13,537)	(10,351)	30.8
Gross profit	9,795	8,738	12.1	28,256	24,926	13.4
Other operating income	157	106	48.1	567	328	72.9
Selling and marketing expenses	(4,354)	(3,201)	36.0	(13,516)	(9,455)	43.0
Administration expenses	(3,465)	(3,276)	5.8	(10,526)	(9,606)	9.6
Finance income	102	48	>100.0	301	148	>100.0
Finance costs	(49)	(65)	(24.6)	(125)	(149)	(16.1)
Profit before income tax from operations*	2,186	2,350	(7.0)	4,957	6,192	(19.9)
Share of results of associate	(9)	22	n.m	(276)	(2,031)	(86.4)
Fair value changes on financial asset designated at fair value through profit or loss	7,607	(402)	n.m	851	5,016	(83.0)
Fair value changes on derivative	3,663	–	n.m	(1,017)	–	n.m
Gain on transfer from associate to financial asset designated at fair value through profit or loss	–	–	n.m	–	6,177	n.m
Exchange differences	4,574	–	n.m	6,724	–	n.m
Finance income	2,433	–	n.m	3,923	–	n.m
Finance costs	(1,721)	–	n.m	(2,869)	–	n.m
Profit before income tax	18,733	1,970	>100.0	12,293	15,354	(19.9)
Income tax expense	(347)	(397)	(12.6)	(797)	(878)	(9.2)
Profit for the financial period	18,386	1,573	>100.0	11,496	14,476	(20.6)

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

	Group 3 months ended 31 March			Group 9 months ended 31 March		
	2015 $'000	**2014** $'000	**+/(-) Increase/ (Decrease)** %	**2015** $'000	**2014** $'000	**+/(-) Increase/ (Decrease)** %
Other comprehensive income/(expense) for the financial period, net of tax: *Items that may be reclassified subsequently to profit or loss*						
Reclassification adjustment on transfer of investment in associate to financial asset designated at fair value through profit or loss	–	–	n.m	–	(409)	n.m
Share of foreign currency translation of associates	3	–	n.m	8	156	(94.9)
Foreign currency translation	(69)	248	n.m	(558)	(349)	59.9
Total comprehensive income for the financial period	18,320	1,821	>100.0	10,946	13,874	(21.1)
Profit/(loss) for the financial period attributable to:						
- Shareholders of the company	18,142	1,528	>100.0	11,655	14,435	(19.3)
- Non-controlling interest	244	45	>100.0	(159)	41	n.m
	18,386	1,573	>100.0	11,496	14,476	(20.6)
Total comprehensive income/(expense) for the financial period attributable to:						
- Shareholders of the company	18,056	1,773	>100.0	11,042	13,835	(20.2)
- Non-controlling interest	264	48	>100.0	(96)	39	n.m
	18,320	1,821	>100.0	10,946	13,874	(21.1)

n.m. denotes not meaningful

*In order to provide more clarity to readers, the Group has presented separately its share of results of associate, fair value changes and exchange differences, finance income and finance costs that relate to the convertible bond, loan to third party and fixed rate note from its profit before income tax from operations.

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

	Group 3 months ended 31 March			Group 9 months ended 31 March	
	2015	**2014**		**2015**	**2014**
	$'000	$'000		$'000	$'000
Depreciation of property, plant and equipment	285	244	[1]	1,072	913
Amortisation of software	56	54		171	161
Reversal of doubtful debts	(6)	–		(1)	–
Allowance for doubtful debts and bad debts written off	–	–		–	29
Foreign exchange loss/(gain)	123	40		81	(7)
Other miscellaneous income	157	106	[2]	567	328

Notes

1. The increase in depreciation is due to additional laboratory equipment purchased for Cordlife Sciences India to accommodate the increased sales volume.

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

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

	Group As at		Company As at	
	31 March 2015	**30 June 2014**	**31 March 2015**	**30 June 2014**
	$'000	$'000	$'000	$'000
ASSETS				
Non-current assets				
Investment in associate	16,641	16,819	18,230	18,220
Investment in subsidiaries	–	–	21,034	21,034
Financial asset designated at fair value through profit or loss	51,345	50,494	51,345	50,494
Derivative asset	24,418	–	24,418	–
Property, plant and equipment	8,838	8,409	6,561	6,545
Investment properties	4,130	4,830	4,130	4,830
Intangible asset	2,429	1,941	1,017	424
Trade receivables	49,849	45,961	41,525	39,258
Other receivables	101,465	229	101,465	18
	259,115	128,683	269,725	140,823
Current assets				
Cash and cash equivalents	20,603	32,643	17,209	28,451
Short-term investments	313	988	–	–
Fixed deposits	12,864	11,778	11,500	11,500
Pledged fixed deposits	326	348	–	–
Trade receivables	17,604	12,890	6,774	6,858
Other receivables	2,728	1,054	1,605	397
Prepayments	2,334	1,678	1,023	733
Inventories	764	645	357	233
Amounts owing by subsidiaries	–	–	9,169	6,156
	57,536	62,024	47,637	54,328
Current liabilities				
Trade and other payables	14,063	8,887	7,323	4,615
Deferred revenue	4,451	5,378	2,565	3,123
Amounts owing to subsidiaries	–	–	2,969	1,917
Income tax payable	753	1,558	300	1,296
Interest-bearing borrowings	4,448	4,448	4,448	4,448
	23,715	20,271	17,605	15,399
Net current assets	33,821	41,753	30,032	38,929

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

	Group As at		Company As at	
	31 March 2015	**30 June 2014**	**31 March 2015**	**30 June 2014**
	$'000	$'000	$'000	$'000
Non-current liabilities				
Other payables	1,915	81	1,826	–
Deferred revenue	22,822	20,473	13,029	12,160
Deferred tax liabilities	208	188	226	226
Interest-bearing borrowings	7,471	8,402	7,471	8,402
Notes payable	116,797	–	116,797	–
Amounts owing to subsidiary	–	–	21,729	21,035
	149,213	29,144	161,078	41,823
Net assets	143,723	141,292	138,679	137,929
Capital and reserves				
Share capital	96,657	96,657	96,657	96,657
Treasury shares	(9,901)	(3,898)	(9,901)	(3,898)
Accumulated profits	60,421	51,359	51,375	44,703
Other reserves	(3,176)	(2,644)	548	467
Non-controlling interests	(278)	(182)	–	–
Total equity	143,723	141,292	138,679	137,929

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

	As at 31 March 2015 $'000	As at 30 June 2014 $'000
Amount repayable in one year or less, or on demand		
- Loan I –secured	268	268
- Loan II – secured	3,500	3,500
- Loan III – secured	680	680
Amount repayable after one year		
- Loan I –secured	5,431	5,682
- Loan II – secured	–	–
- Loan III – secured	2,040	2,720
- Notes payable	116,797	–
	128,716	12,850

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

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

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

c) Charge over all current receivables of the Company.

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

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

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

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

The Notes 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 March		Group 9 months ended 31 March	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Operating activities				
Profit before income tax	18,733	1,970	12,293	15,354
Adjustments for:				
Depreciation	285	244	1,072	913
Amortisation	56	54	171	161
(Reversal)/allowance for doubtful debts	(6)	–	(1)	29
Loss/(gain) on disposal of property, plant and equipment	–	2	(54)	2
Interest income	(2,535)	(48)	(4,224)	(148)
Interest expense	1,770	65	2,994	149
Share based compensation expense	27	23	81	23
Share of results of associate	9	(22)	276	2,031
Unrealised share of other income from associate	(1)	–	(80)	–
Fair value changes on financial asset designated at fair value through profit or loss	(7,607)	402	(851)	(5,016)
Fair value changes on derivative	(3,663)	–	1,017	–
Gain on transfer of investment in associate to financial asset designated at fair value through profit or loss	–	–	–	(6,177)
Unrealised exchange (gain)/loss	(4,591)	263	(7,175)	(378)
Operating cash flows before movements in working capital	2,477	2,953	5,519	6,943
Increase in trade receivables	(3,284)	(1,353)	(8,599)	(4,502)
Increase in other receivables, deposits and prepayments	(492)	(648)	(1,584)	(1,152)
Decrease/(increase) in inventories	17	(161)	(119)	(213)
Increase in trade payables and other payables	942	44	2,210	254
Increase in deferred revenue	900	786	1,422	1,042
Cash generated from/(used in) operations	560	1,621	(1,151)	2,372
Interest received	102	8	334	19
Interest paid	(49)	(65)	(125)	(149)
Income tax paid	(792)	(519)	(1,548)	(1,044)
Net cash (used in)/generated from operating activities	(179)	1,045	(2,490)	1,198

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

	Group 3 months ended 31 March		Group 9 months ended 31 March	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Investing activities				
Purchase of property, plant and equipment	(402)	(454)	(1,477)	(1,053)
Purchase of intangible assets	(33)	(14)	(661)	(84)
Proceeds from disposal of investment property	–	–	754	–
(Placement)/redemption of short term investment	(44)	–	675	–
Acquisition of associate	–	–	–	(8,196)
Acquisition of convertible bond, net of transaction cost	–	–	(57,303)	–
Financial asset designated at fair value through profit or loss	–	(225)	–	(599)
Transfer to term deposits	(948)	(25,006)	(1,058)	(21,786)
Payment for acquisition of subsidiaries	–	–	–	(3,158)
Net cash used in investing activities	(1,427)	(25,699)	(59,070)	(34,876)
Financing activities				
Transfer (to)/from pledged fixed deposits	(12)	–	22	–
Proceeds from interest-bearing borrowings	–	–	–	6,900
Repayment of interest-bearing borrowings	(81)	(62)	(931)	(184)
Loan to external party, net of transaction cost	–	–	(57,683)	–
Dividends	–	–	(2,593)	(2,673)
Proceeds from issue of notes, net of transaction costs	–	–	116,797	–
Purchase of treasury shares	–	(3,535)	(6,003)	(3,535)
Proceeds from issue of shares	–	–	–	33,547
Share issue cost	–	–	–	(603)
Net cash (used in)/generated from financing activities	(93)	(3,597)	49,609	33,452
Net decrease in cash and cash equivalents	(1,699)	(28,251)	(11,951)	(226)
Cash and cash equivalents at the beginning of the financial period	22,248	36,019	32,643	7,986
Effects of exchange rate changes on the balance of cash	54	(14)	(89)	(6)
Cash and cash equivalents at end of the financial period	20,603	7,754	20,603	7,754

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

Group	Share capital $'000	Treasury Shares $'000	Accumulated profits $'000	Capital reserve $'000	Merger reserve $'000	Acquisition reserve $'000	Share-based compensation reserve $'000	Foreign currency translation account $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2013	53,548	(103)	26,176	568	534	(2,184)	–	(931)	(45)	77,563
Profit for the period	–	–	14,435	–	–	–	–	–	41	14,476
Other comprehensive (expense)/income										
- Net effect of foreign currency translation	–	–	–	–	–	–	–	(347)	(2)	(349)
- Share of other comprehensive income of associate	–	–	–	–	–	–	–	156	–	156
- Transfer of investment in associate to financial asset designated at fair value through profit or loss	–	–	–	–	–	–	–	(409)	–	(409)
Total comprehensive income/ (expense) for the financial period, net of tax	–	–	14,435	–	–	–	–	(600)	39	13,874
Issuance of shares as consideration for acquisition	10,400	–	–	–	–	–	–	–	–	10,400
Issuance of shares pursuant to private placement	33,547	–	–	–	–	–	–	–	–	33,547
Placement expenses taken to equity	(603)	–	–	–	–	–	–	–	–	(603)
Dividends	–	–	(2,673)	–	–	–	–	–	–	(2,673)
Purchase of treasury shares	–	(3,535)	–	–	–	–	–	–	–	(3,535)
Issuance of performance share grants	–	–	–	–	–	–	23	–	–	23
Balance at 31 March 2014	96,892	(3,638)	37,938	568	534	(2,184)	23	(1,531)	(6)	128,596

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	Share-based compensation reserve $'000	Capital reserve $'000	Total $'000
Balance at 1 July 2013	53,548	(103)	16,818	–	422	70,685
Profit for the period	–	–	15,046	–	–	15,046
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the financial period, net of tax	–	–	15,046	–	–	15,046
Issuance of shares as consideration for acquisition	10,400	–	–	–	–	10,400
Issuance of shares pursuant to private placement	33,547	–	–	–	–	33,547
Placement expenses taken to equity	(603)	–	–	–	–	(603)
Dividends	–	–	(2,673)	–	–	(2,673)
Purchase of treasury shares	–	(3,535)	–	–	–	(3,535)
Issuance of performance share grants	–	–	–	23	–	23
Balance at 31 March 2014	96,892	(3,638)	29,191	23	422	122,890

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	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
Profit/(loss) for the period	–	–	11,655	–	–	–	–	–	(159)	11,496
Other comprehensive (expense)/income for the period, net of tax										
- Net effect of foreign currency translation	–	–	–	–	–	–	–	(621)	63	(558)
- Share of other comprehensive income of associate	–	–	–	–	–	–	–	8	–	8
Total comprehensive income/ (expense) for the financial period, net of tax	–	–	11,655	–	–	–	–	(613)	(96)	10,946
<u>Contributions by and distributions to owners</u>										
Purchase of treasury shares	–	(6,003)	–	–	–	–	–	–	–	(6,003)
Grant of share awards to employees	–	–	–	81	–	–	–	–	–	81
Dividends	–	–	(2,593)	–	–	–	–	–	–	(2,593)
Total contributions by and distributions to owners	–	(6,003)	(2,593)	81	–	–	–	–	–	(8,515)
Balance at 31 March 2015	96,657	(9,901)	60,421	126	568	534	(2,184)	(2,220)	(278)	143,723

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

Company	**Share capital** $'000	**Treasury shares** $'000	**Accumulated profits** $'000	**Capital reserve** $'000	**Share-based compensation reserve** $'000	**Total** $'000
Balance at 1 July 2014	96,657	(3,898)	44,703	422	45	137,929
Profit for the period, representing total comprehensive income for the period	–	–	9,265	–	–	9,265
Contributions by and distributions to owners						
Purchase of treasury shares	–	(6,003)	–	–	–	(6,003)
Grant of share awards to employees	–	–	–	–	81	81
Dividends	–	–	(2,593)	–	–	(2,593)
Total contributions by and distributions to owners	–	(6,003)	(2,593)	–	81	(8,515)
Balance at 31 March 2015	96,657	(9,901)	51,375	422	126	138,679

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

	Number of shares	
Group and Company	**2015**	**2014**
As at 31 December	259,297,354	267,325,354
Purchase of treasury shares	–	(3,003,000)
As at 31 March	**259,297,354**	**264,322,354**

As at 31 March 2015, the Company held 8,228,000 (31 March 2014: 3,203,000) treasury shares against 259,297,354 (31 March 2014: 264,322,354) issued ordinary shares excluding treasury shares.

1(d)(iii)To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	As at	
	31 March 2015 No. of shares	**30 June 2014 No. of shares**
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(8,228,000)	(3,422,000)
Total number of issued shares excluding treasury shares	259,297,354	264,103,354

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

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

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

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

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

Not applicable.

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

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

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

The Group has adopted all new and revised Financial Reporting Standard (FRS) and Interpretations of FRS (INT FRS) which became effective for the Group's financial year beginning 1 July 2014.

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

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

	Group 3 months ended 31 March		Group 9 months ended 31 March	
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 attributable to shareholders of the Company (S$'000)	18,142	1,528	11,655	14,435
Weighted average number of shares in issue during the period ('000)	259,297	266,528	260,291	254,005
Basic earnings per share based on weighted average number of ordinary shares (cents)	7.00	0.57	4.48	5.68
Diluted Earnings Per Share				
Earnings per ordinary share of the group for the financial year based on net profit attributable to shareholders of the Company:				
Profit attributable to shareholders of the Company (S$'000)	18,142	1,528	11,655	14,435
Weighted average number of shares in issue during the period ('000)	259,614	266,638	260,497	254,041
Diluted earnings per share based on weighted average number of ordinary shares (cents)	6.99	0.57	4.47	5.68

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

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

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

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

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

	Group		Company	
	31 March 2015 (cents)	30 June 2014 (cents)	31 March 2015 (cents)	30 June 2014 (cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the period reported on	55.43	53.50	53.48	52.23

The number of shares in issue and used in calculating the net asset value per share as at 31 March 2015 and 30 June 2014 are 259,297,354 and 264,103,354 respectively.

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

COMPARING 9 MONTHS ENDED 31 MARCH 2015 ("9M2015") AGAINST 9 MONTHS ENDED 31 MARCH 2014 ("9M2014")

Income Statement

Revenue

Revenue increased by 18.5% or S$6.5 million from S$35.3 million in 9M2014 to S$41.8 million in 9M2015. The increase in revenue was mainly due to an increase in the number of client deliveries, from approximately 11,600 in 9M2014 to 16,100 in 9M2015. The increase in client deliveries was due to increased awareness as a result of increased marketing and client acquisition efforts. In particular, there was an increase in marketing spend in the Group's Indian subsidiary to increase brand awareness amongst prospective clients and establish its presence in more cities.

Cost of sales

Cost of sales increased by 30.8% or S$3.2 million in 9M2015 compared to 9M2014. The increase in cost of sales was in line with the increase in client deliveries from 9M2014 to 9M2015.

Gross profit and gross profit margin

Gross profit increased by 13.4% or S$3.3 million in 9M2015 compared to 9M2014 due to the increase in new client deliveries.

Gross profit margin decreased from 70.7% in 9M2014 to 67.6% in 9M2015, due mainly to an increase in revenue contribution from operations with lower margins.

Other operating income

Other operating income increased by 72.9% or approximately S$239,000 in 9M2015 compared to 9M2014 mainly from a gain on disposal of investment property of S$54,000, increase in rental income generated from the Company's investment properties by approximately S$77,000 and royalties from licensing of cord lining technology to StemLife and CCBC of approximately S$142,000.

Selling and marketing expenses

Selling and marketing expenses increased by 43.0% or S$4.1 million in 9M2015 compared to 9M2014. This was mainly attributable to the Group's Indian subsidiary where selling and marketing expenses increased by S$3.4 million. Television commercials were aired in India for the first time as part of a through-the-line integrated marketing plan, which alone accounted for approximately S$1.9 million during the period. There was also an increase in newspaper advertising, digital marketing and client activation activities. These additional promotional activities had been strategically planned to increase existing market share in India.

The increase was also attributable to the increase in staff related costs of S$1.1 million. The Group's entities in Singapore and India have increased their headcounts to cater to the increasing business volume.

Administrative expenses

Administrative expenses increased by 9.6% or S$0.9 million in 9M2015 compared to 9M2014 due mainly to increase in staff cost from annual salary increments and an increase in the number of full time employees. The increase was also partly attributable to increase in legal and professional fees of approximately S$180,000 mainly arising from the establishment of the S$500 million Multicurrency Debt Issuance Programme and legal fees incurred in relation to an investigation by the Competition Commission of Singapore into an alleged infringement by the Company of the Competition Act (Cap. 50B), as announced on 14 October 2014.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations for 9M2015 is lower than for 9M2014 at S$5.0 million.

Share of results in associate

Our share of loss in associate was approximately S$276,000 for 9M2015 as compared to S$2.0 million for 9M2014.

In FY2014, the Group completed its acquisition of 31.81% of the issued shares in StemLife. For 9M2015, the Group accounted for its share of loss in StemLife amounting to approximately S$171,000 and amortisation of intangibles arising from the acquisition of S$105,000.

For 9M2014, share of loss in associate of approximately S$2.0 million related to share of loss in CCBC offset by the share of profit from StemLife of approximately S$108,000. The loss in CCBC is mainly attributable to cash and non-cash expenses incurred as a result of the convertible note issued by CCBC as well as the non-cash fair value losses derived from such financial instruments. On 27 September 2013, Mr Yee Pinh Jeremy stepped down from the board of directors of CCBC. The Group is of the view that it has lost significant influence over CCBC and no longer regards its investment in CCBC as an associate. The Group ceased to equity account for CCBC's results with effect from 27 September 2013 and the investment in associate was transferred to financial asset designated at fair value through profit or loss. A gain on the transfer of approximately S$6.2 million was recognised in 9M2014.

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$0.9 million for 9M2015 (9M2014: gain of S$5.0 million). The fair value changes are computed based on the changes in CCBC's last traded price as at 30 June 2014 of US$5.52 (S$6.90 at US$1 : S$1.2507) and 31 March 2015 of US$5.11 (S$7.02 at US$1 : S$1.3738) for 9M2015 (9M2014: changes in CCBC's traded price as at the transfer date of 27 September 2013 of US$3.46 (S$4.34 at US$1 : S$1.2557) and the reporting date at 31 March 2014 of US$4.00 (S$5.03 at US$1 : S$1.2577)). The fair value changes are recognised directly in the profit or loss.

Fair value changes on derivative

On 10 November 2014, the Company and Magnum Opus International Holding Limited ("Magnum") completed the acquisition of a 7% senior convertible note (the "Convertible Bond") due 3 October 2017 issued by CCBC to Golden Meditech Holdings Limited in the principal amount of US$50 million (the "CGL 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 US$45,834,000 (the "Magnum Loan").

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

The Group recorded fair value loss on derivative for 9M2015 of approximately S$1,017,000 (9M2014: nil).

Exchange differences

Due to strengthening of the US$ against the S$, unrealised foreign exchange gain of approximately S$6,724,000 was recognised on the Magnum Loan and the Convertible Bond for 9M2015 (9M2014: nil).

Finance income

Finance income of approximately S$3,923,000 was recognised for 9M2015 (9M2014: nil) on the Magnum Loan and the Convertible Bond.

Finance costs

Finance costs of approximately S$2,869,000 was recognised on the Notes for 9M2015 (9M2014: nil).

Tax

For 9M2015, the share of results of associate was reported net of tax. Fair value changes and exchange differences were not taxable. For 9M2014, share of results of associate was reported net of tax and fair value changes were not taxable. Adjusting for these non-taxable items, the effective tax rate for 9M2015 was 13.3%, compared to an effective tax rate for 9M2014 of 14.2%. The decrease in effective tax rate in 9M2015 was mainly due to the loss in India being offset against profit from other operating entities.

COMPARING 3 MONTHS ENDED 31 MARCH 2015 ("3Q2015") AGAINST 3 MONTHS ENDED 31 MARCH 2014 ("3Q2014")

Income Statement

Revenue

Revenue increased by 20.9% or S$2.5 million from S$11.8 million in 3Q2014 to S$14.3 million in 3Q2015. The increase in revenue was mainly due to an increase in the number of client deliveries, from approximately 4,100 in 3Q2014 to 5,400 in 3Q2015.

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

Cost of sales

Cost of sales increased by 45.8% or S$1.4 million in 3Q2015 compared to 3Q2014, in line with increase in client deliveries.

Gross profit and gross profit margin

Gross profit increased by 12.1% or S$1.1 million in 3Q2015 compared to 3Q2014 mainly due to the increase in new client deliveries.

Gross profit margin decreased from 74.0% in 3Q2014 to 68.6% in 3Q2015. The drop in gross profit margin was attributable to an increase in revenue contribution from operations with lower margins.

Other operating income

Other operating income increased by 48.1% or S$51,000 in 3Q2015 compared to 3Q2014, mainly generated from royalties from StemLife and CCBC for umbilical cord lining licensing in 3Q2015. There were no such royalties in 3Q2014.

Selling and marketing expenses

Selling and marketing expenses increased by 36.0% or S$1.2 million in 3Q2015 compared to 3Q2014. This was mainly attributable to the Group's Indian subsidiary where selling and marketing expenses increased by S$0.9 million in 3Q2015 as part of the strategic marketing plan to increase market share in India. Television commercials were aired in India for the first time as part of a through-the-line integrated marketing plan, which alone accounted for approximately S$0.7 million during 3Q2015.

The increase was also attributable to the increase in staff related costs of S$0.2 million due to increased headcounts in India to cater to the growing business volume.

Administrative expenses

Administrative expenses increased by 5.8% or S$0.2 million in 3Q2015 compared to 3Q2014, mainly due to increase in staff related costs of S$0.2 million to cater to the growing business volume.

Profit before income tax from operations

As a result of the foregoing, our profit before income tax from operations for 3Q2015 is lower than for 3Q2014 at S$2.2 million.

Share of results in associate

Our share of loss in associate was approximately S$9,000 for 3Q2015 as compared to our share of profit of S$22,000 for 3Q2014.

The share of loss in associate for 3Q2015 comprised the Group's share of profit in StemLife of approximately S$26,000 offset by amortisation of intangibles arising from the acquisition of S$35,000.

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$7.6 million in 3Q2015 (3Q2014: loss of S$0.4 million). The fair value changes are computed based on the changes in CCBC's last traded price as at 31 December 2014 of US$4.52 (S$5.98 at US$1 : S$1.3230) and 31 March 2015 of US$5.11 (S$7.02 at US$1 : S$1.3738) for 3Q2015 (3Q2014: changes in CCBC's traded price as at 31 December 2013 of US$4.01 (S$5.09 at US$1 : S$1.2682) and 31 March 2014 of US$4.00 (S$5.03 at US$1 : S$1.2577)). The fair value changes are recognised directly in the profit or loss.

Fair value changes on derivative

On 10 November 2014, the Company and Magnum Opus International Holding Limited ("Magnum") completed the acquisition of a 7% senior convertible note (the "Convertible Bond") due 3 October 2017 issued by CCBC to Golden Meditech Holdings Limited in the principal amount of US$50 million (the "CGL 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$45,834,000 (the "Magnum Loan").

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

The Group recorded fair value gain on derivative for 3Q2015 of approximately S$3,663,000 (3Q2014: nil).

Exchange differences

Due to strengthening of the US$ against the S$, unrealised foreign exchange gain of approximately S$4,574,000 was recognised on the Magnum Loan and the Convertible Bond for 3Q2015 (3Q2014: nil).

Finance income

Finance income of approximately S$2,433,000 was recognised for 3Q2015 (3Q2014: nil) on the Magnum Loan and the Convertible Bond.

Finance costs

Finance costs of approximately S$1,721,000 was recognised on the Notes for the 3Q2015 (3Q2014: nil).

Tax

For 3Q2015, the share of results of associate was reported net of tax. Fair value changes and exchange differences were not taxable. For 3Q2014, share of results of associate was reported net of tax and fair value changes were not taxable. Adjusting for these non-taxable items, the effective tax rate for 3Q2015 was 12.0%, compared to an effective tax rate for 3Q2014 of 16.9%. The decrease in effective tax rate in 3Q2015 was mainly due to the cumulative nine months loss in India being offset against profit from other operating entities.

Balance sheet

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

As at 31 March 2015, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$33.8 million (30 June 2014: S$45.4 million). The decrease in cash and cash equivalents in 9M2015 was mainly due to purchase of treasury shares and dividends paid amounting to approximately S$6.0 million and S$2.6 million respectively. It was also due to net cash used in operating activities of approximately S$2.5 million which comprised mainly operating cash flows before movements in working capital of S$5.5 million, net working capital outflow of S$6.6 million, net interest received of S$0.2 million, and tax payment of S$1.6 million.

Net working capital outflow of approximately S$6.6 million in 9M2015 was due to the following:

- increase in trade receivables of approximately S$8.6 million;
- increase in other receivables, deposits and prepayments of approximately S$1.6 million;
- increase in trade and other payables of approximately S$2.2 million and
- increase in deferred revenue of approximately S$1.4 million.

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

Investment in associate

The investment in associate as at 31 March 2015 represents the Group's 31.81% interest in StemLife.

Financial asset designated at fair value through profit or loss

The Group's interest in CCBC is recognised as a financial asset designated at fair value through profit or loss. It is valued based on CCBC's last traded share price as at 31 March 2015 of US$5.11 (S$7.02 at US$1: S$1.3738) (as at 30 June 2014: US$5.52 (S$6.90 at US$1 : S$1.2507)).

Trade receivables, non-current

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

Other receivables, non-current

Non-current other receivables increased by S$101.2 million to S$101.4 million as at 31 March 2015 (30 June 2014: S$229,000). On 10 November 2014, the Group entered into the Magnum Loan and CGL Acquisition.

The Magnum Loan is classified as loans and receivables and accounted for based on amortised cost. The carrying amount of the Magnum Loan as at 31 March 2015 was S$66.3 million (30 June 2014: nil) and was classified under other receivables on the balance sheet.

On acquisition of the Convertible Bond, the Group was required to bifurcate the financial instrument into bond and conversion option components, which are recognised as loans and receivables carried at amortised cost and a derivative respectively. The bond component is classified as non-current other receivables on the balance sheet at a carrying value on 31 March 2015 of approximately S$35.1million (30 June 2014: nil).

Derivative asset

The conversion option component is classified as a derivative and is carried at a fair value of S$24.4 million as at 31 March 2015 (30 June 2014: nil). The fair value of the conversion option is affected by the time to maturity of the bond, the share price of CCBC as at the reporting date compared to the date of acquisition and the value of the bond as a function of the cash inflow from the bond at the redemption date.

Notes payable

The Notes are carried at amortised cost using the effective interest rate and are classified as “Notes Payable” on the balance sheet at S$116.8 million.

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

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

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

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

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

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

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

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

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

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

Cordlife also announced on 8 May 2015 that the Group has entered into a conditional purchase agreement with Golden Meditech Holdings Limited, pursuant to which Cordlife has agreed to sell and Golden Meditech has agreed to purchase from Cordlife 7,314,015 ordinary shares in CCBC and a 7% senior unsecured convertible note due 3 October 2017 issued by CCBC to Cordlife in the principal amount of US$25 million (the "Proposed Disposal"). The Proposed Disposal allows Cordlife to realise value in its investment in CCBC at a net gain of approximately S$46,184,000[1]. The proceeds from Proposed Disposal may be used for the Group's future business expansion, or be used to deleverage the financial position of the Group and/or for distribution to shareholders of the Group. The completion of the Proposed Disposal is conditional upon the fulfilment of the salient terms of the purchase agreement as per the SGX announcement dated 8 May 2015.

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

[1] This figure does not include the Additional Consideration which is dependent on the Final Proposal Price as explained in the Company's announcement on 8 May 2015. For more information, please refer to the announcement on the Proposed Disposal of shares in China Cord Blood Corporation and 7% senior unsecured convertible note due 2017.

11. Dividends

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

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

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

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

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

Not applicable

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

Not applicable

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

Not applicable.

13. Interested person transactions

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

There were no interested party transactions for the financial period reported on.

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Company and the Group for the three months ended 31 March 2015 presented in this announcement, to be false or misleading in any material aspect.

15. Disclosure on the use of IPO proceeds

As at 31 March 2015, the Group has utilised approximately S$28.1 million of the IPO Proceeds as follows:

Intended Use of IPO Proceeds	Estimated amount S$ (in millions)	Estimated percentage of gross proceeds raised from the IPO	Amount utilised S$ (in millions)	Percentage of gross proceeds raised from the IPO
Development and expansion of business and operations in Singapore and overseas	16.6	55.9%	16.6	55.9%
Renovation of new headquarters and facility at Yishun, A'Posh Bizhub	3.0	10.1%	1.0	3.4%
Investments in infrastructure relating to information technology	2.0	6.7%	0.4	1.3%
Working capital and general corporate purposes	4.7	15.8%	6.4	21.5%
Expenses incurred in connection with the IPO	3.4	11.5%	3.7	12.5%
	29.7	100.0%	28.1	94.6%

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

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

The above utilisation of the Company's IPO Proceeds is in accordance with the intended use stated and percentage allocated in the disclosure on page 25 of the Company's prospectus dated 21 March 2012 and the announcement on *Use of Proceeds from Initial Public Offering ("IPO")* dated 30 April 2014.

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

16. Disclosure on the use of placement proceeds

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 have utilised approximately S$4.8 million out of the approximately S$33.5 million raised from the Private Placement.

The Group utilised approximately S$2.5 million in connection with furthering and supporting its operations in its enlarged geographical footprint and funding strategic investments, approximately S$1.6 million for general working capital purposes and approximately S$0.6 million for expenses incurred in relation to the Private Placement.

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

	Amount (S$ m)
Amount utilised as working capital:	
Trade purchases	1.61
Legal and professional fees	0.04
Total	**1.65**

As at 31 March 2015, the Group has utilised approximately S$4.7 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%	2.5	7.5%
General working capital	8.6	25.7%	1.7	5.1%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	4.8	14.3%

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 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
11 May 2015