Cordlife Ltd

ABN 48 108 051 528

cordlife
one chance, one choice.

ANNUAL REPORT 2008

Our Growing Years

Corporate Profile

Cordlife is Asia Pacific's largest network of cord blood banks with processing and storage facilities in Singapore, Australia, Hong Kong, Indonesia and India as well as marketing operations in Philippines and Thailand. We provide families with high quality cord blood processing and storage services to protect their children's cord blood stem cells. Cord blood has become a major source of stem cells for transplantation worldwide since the first transplant in 1988. Doctors have used cord blood stem cells to treat more than 10,000 patients suffering from over 80 diseases including certain cancers and bone marrow failure syndromes, inborn errors of metabolism, blood disorders and immunodeficiencies.

Since our inception in 2001, we have established a quality system and track record of reliable cord blood banking services that was first certified by the Ministry of Health (Singapore) and subsequently accredited in 2005 by the world's most recognised quality standards in cord blood banking – American Association of Blood Banks (AABB). Since then, we have attained numerous accreditations and certifications from other quality organisations such as the Therapeutic Goods Administration (TGA), ISO 9001:2000, Ministry of Health (Indonesia) and Ministry of Health (India) to give our clients the added assurance that their baby's cord blood will be collected, processed and stored according to stringent quality standards to deliver safe stem cells for medical treatment.

In 2006, Cordlife was awarded the prestigious Technology Pioneer status by the Geneva-based World Economic Forum for advancing the field of adult stem cell cellular therapy, cord blood banking and technologies. This rare recognition was awarded to 47 companies worldwide, from a pool of 225 nominees. Cordlife is one of the only 3 companies in Asia to be awarded.

In a short span of 7 years, Cordlife has grown to become the leading cord blood bank which over 16,000* families chose to trust.

** Figure as of 30 June 2008*

Christian Gaspar
Cordlife kid since 2005

Our Mission

We aim to offer the **highest possibility of successful adult stem cell therapy to give hope** and **save lives.**

Alysa Cheong
Cordlife kid since 2004

Our Commitment to Shareholders

We aim to **maximise** long-term **shareholders' value** through **stable** and **sustainable growth.**

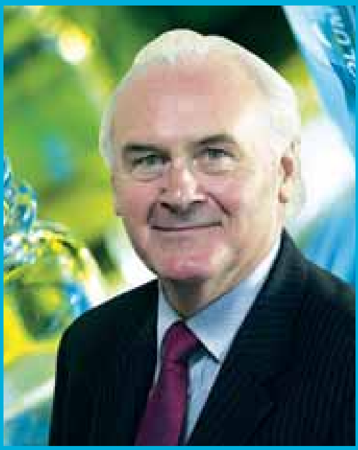
Contents

Board of Directors

As at 30 June 2008

Cordlife

is led by an experienced and strong Board that brings diversity in expertise and perspective to the leadership of a highly regulated and complex global business.

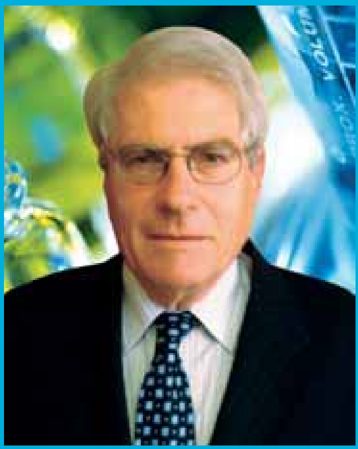


Mr Christopher Fullerton
Chairman
BEc

Mr Steven Fang Boon Sing
Chief Executive Officer
CIM (UK), MBA

Mr Jeremy Yee Pinh
Chief Financial Officer
BA (Econs) (Hons), M Com

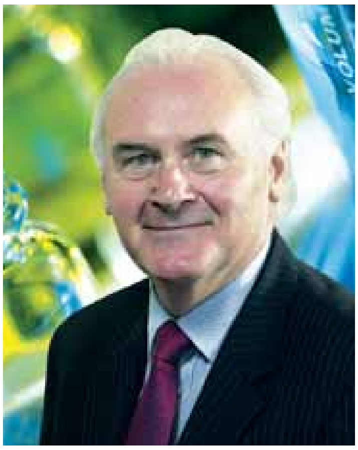
Ms Seow Bao Shuen
Non-Executive Director
BA (Econ)



Mr Peter E. Roberts
Non-Executive Director
BEc, FCA

Mr Samuel Kong Kam Yu
Non-Executive Director
ACA

Chairman's Review



Dear Shareholders

The 2008 financial year saw Cordlife achieve progress on a number of fronts, thereby placing the Group on a stronger financial footing on which to build.

Our sole business of cord blood banking enjoyed another successful year, with both our Singapore & Hong Kong operations contributing accounting profits (before tax) and positive cash flows to the Group. Revenue from services rendered increased by 54% over the previous year, with the number of clients signed up during the year increasing by over 48% compared to the previous year. Currently, Cordlife's total client numbers exceed 16,000.

This sound growth, supported by the positive impact of the application of a revised accounting policy for revenue recognition (which brings Cordlife in line with international industry standards) resulted in your Group earning a pre-tax profit from operations of $701,000.

The net cash absorbed by our Group operating activities was 29% less than the previous year, totalling $2.9 million. Importantly, our cash resources remain strong at $8.4 million.

With Singapore and Hong Kong performing well, management's focus is now firmly on turning around the performance of our loss making Australian subsidiary, Biocell Pty Ltd, and building the operations of our Indonesia joint venture, which has taken longer to build volume than expected. Further, a major effort will be made to establish our India joint venture.

On shareholders' behalf, I wish to thank our executives and staff for their efforts. I also want to acknowledge the role of my fellow non-executive directors and thank them for their valuable contribution.

The current global financial and economic turmoil appears to have had no material adverse impact on our sales for the first quarter of this year, which is encouraging due to the discretionary spending nature of our service. Management is monitoring both sales and expenses closely during these uncertain times.

Growing sales and strong cash reserves place Cordlife in a sound position to continue to build the business during these challenging, economic times.

Chris Fullerton
Chairman

Corporate **Information**

BOARD OF DIRECTORS

Christopher Maxwell Fullerton (Non Executive)
Steven Fang Boon Sing (Executive Director - Chief Executive Officer)
Jeremy Yee Pinh (Executive Director - Chief Financial Officer)
Seow Bao Shuen (Non Executive Director)
Peter E. Roberts (Non Executive Director)
Samuel Kong Kam Yu (Non Executive Director)

COMPANY SECRETARY

Andrew Lord
Lovegrove & Lord
Commercial & Construction Lawyers
Level 2, 405 Little Bourke Street
Melbourne, Victoria 3000, Australia
Tel: +61 3 9600 3522

REGISTERED OFFICE

Cordlife Ltd
Level 2, 405 Little Bourke Street
Melbourne, Victoria 3000, Australia
Tel: +61 3 9642 5580

SHARE REGISTRY

Link Market Services Ltd
Level 4, 333 Collins Street
Melbourne, Victoria 3000, Australia
Tel: +61 3 9615 9932

HOME STOCK EXCHANGE

Australian Stock Exchange Ltd

AUDITORS

Ernst & Young
Ernst & Young Building
8 Exhibition Street
Melbourne, Victoria 3000, Australia

LEGAL ADVISORS

Australia
Middletons
Level 25, Rialto South Tower
525 Collins Street
Melbourne, Victoria 3000, Australia

Singapore
Legal Clinic LLC
20 Cross Street
#02-20 China Court
China Square Central
Singapore 048422

Hong Kong
Gallant Y.T. Ho & Co.
5th Floor, Jardine House
1 Connaught Place, Hong Kong

India
Khaitan & Co.
Advocates, Notaries, Patent & Trademark Attorneys
Emerald House
1B Old Post Office Street
Kolkata 700001, India

China
Boss & Young Attorneys at Law
11th Floor, China Merchants Tower
161 Lujiazui Road East
Shanghai, 200120, P.R. China

Indonesia
DNC
The Landmark Centre
Tower B, Floor 8
Jln Jend. Sudirman No 1
Jakarta 12910, Indonesia

Shen Xuan Yu
Cordlife kid since 2006

Our Management Team

Chief Executive Officer
Mr Steven Fang

Chief Financial Officer
Mr Jeremy Yee

Group General Manager
Ms Susan Kheng

Corporate Development Director
Mr Simon Lee

General Manager, Singapore
Ms Gwendolene Yeo

General Manager, Hong Kong
Ms Emily Cheung

General Manager, Indonesia
Ms Janny Halim

Managing Director, India
Mr Meghnath Roy Chowdhury

General Manager, Philippines
Mr Jose Salindong

Operations Manager, Australia
William Littleboy

National Marketing Manager, Australia
Penny Twining

Senior Finance Manager
Ms Thet Hnin Yi

Senior Finance Manager
Ms Jessie Poon

Senior Finance & Investments Manager
Mr Simon Hoo

Group Business Development Manager
Mr Jonathan Liau

Senior Business Development Manager
Mr Sher Min Gaspar

Technical Director
Dr Andrew Wu

Regional Marketing Manager
Ms Jamie Woon

Alysa Cheong
Cordlife kid since 2004

2008: A DYNAMIC YEAR for Cordlife

Cordlife delivered another stellar year of volume and revenue as a result of the management's strategic decision to rationalise the technology portfolio and focus on revenue-generating cord blood banking business in the previous year.

Revenue for the year under review was $14,808,000, an increase of $5,344,000 or 56% over 2007. The revenue growth came from strengthening leadership positions across all of its markets. As of June 2008, the number of cord blood units stored with the Group exceeded 16,000 - a healthy increase of 48%, fuelled by its operations in Singapore, Hong Kong and Australia.

The Company recorded its first positive earnings before interest, taxes, depreciation and amortisation (EBITDA) of approximately $537,000 since its listing in 2005. The positive EBITDA was driven by the adjusted accounting policy to better reflect fair revenue gains from its cord blood banking business. The Company also made a provision for income tax of $826,000. This resulted in an overall group loss from operations of $125,000, a reduction of 96% from $2,838,000 in 2007.

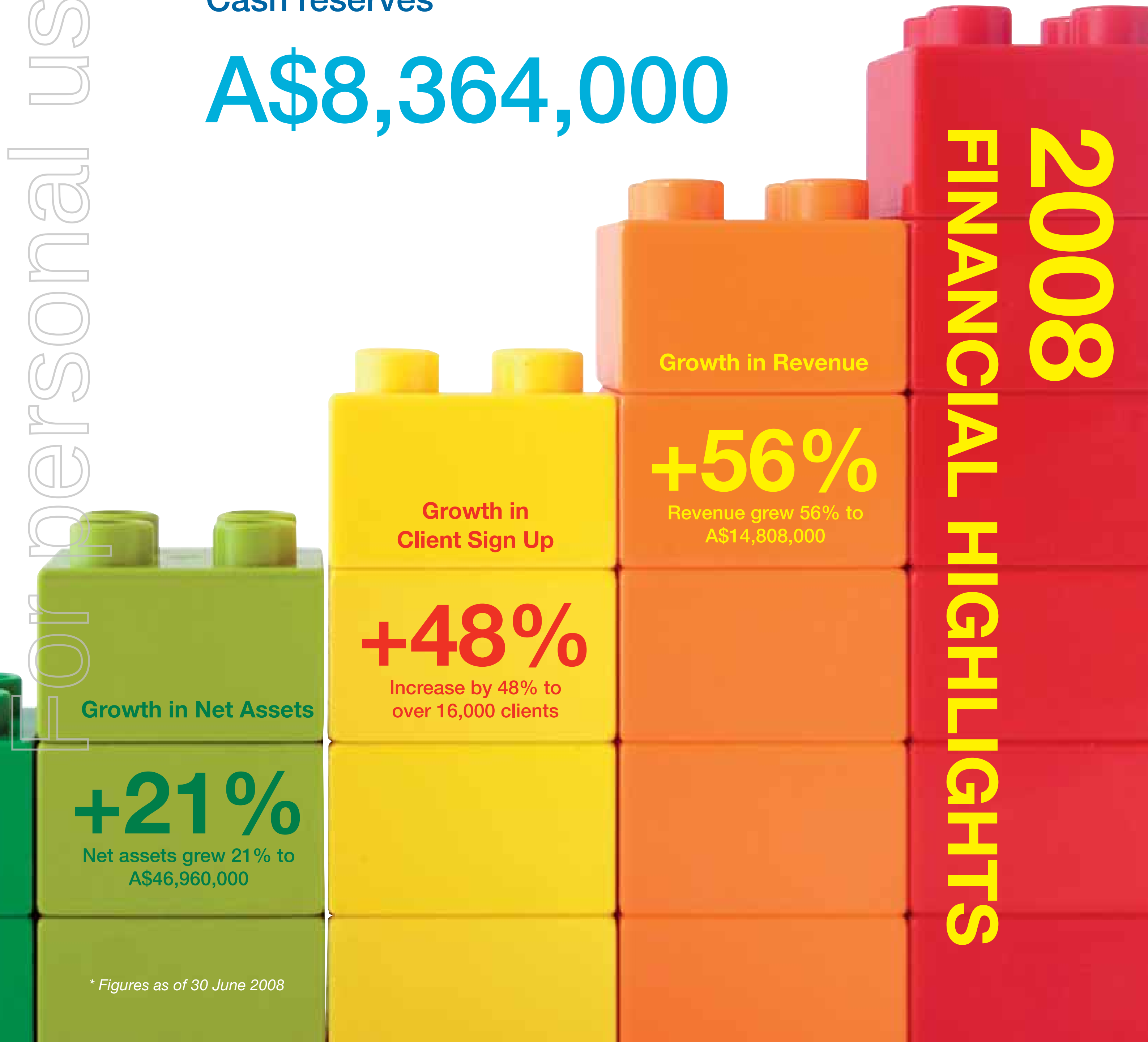
2008 FINANCIAL HIGHLIGHTS

EBITDA

A$537,000

Cash reserves

A$8,364,000



* *Figures as of 30 June 2008*

Presence in 15 cities, 7 countries and still growing…

Singapore

Australia
Melbourne
Perth
Sydney
Brisbane

Hong Kong

India
Kolkata
Siligur
Durgapur

Indonesia
Jakarta
Surabaya
Bandung
Medan

Thailand
Bangkok

Philippines
Manila

Singapore - Head Office

Indonesia

Hong Kong

India

Cordlife Team & Cordlife Kids

Steven Fang
Chief Executive Officer
with daughter
Amanda Fang
Cordlife kid since 2001

Xu Kejia
Accounts Officer
with daughter
Kyan Tse
Cordlife kid since 2006

Sher Min Gaspar
Senior Business Development Manager
with son
Christian Gaspar
Cordlife kid since 2005

Simon Lee
Corporate Development Director
with son
Zachary Lee
Cordlife kid since 2008

Alexis Soh
Relationship & Online Marketing Manager
with daughter
Alysa Cheong
Cordlife kid since 2004

<

Patherine Wee
Customer Service Manager
with daughter
Leia Guan
Cordlife kid since 2006

>

Thet Hnin Yi
Senior Finance Manager
with son
Ethan Lwin
Cordlife kid since 2006

<

Jason Wong
Business Development Manager
with daughter
Tricia Wong
Cordlife kid since 2007

>

Christina Loh
Head, Account Management
with daughter
Charlotte - Faith Tay
Cordlife kid since 2007

<

Dr Belinda Wang
Laboratory Director, Hong Kong
with daughter
Shen Xuan Yu
Cordlife kid since 2006

Jeremy Yee
Chief Financial Officer
with daughter & son
Faith & Samuel Yee
Cordlife kids since 2004 & 2006

2008: CEO REVIEW OF OPERATIONS

Shen Xuan Yu
Cordlife kid since 2006

Overall growth in client sign up
+48%

Total number of cord blood units
16,000

Singapore growth in client sign up
+38%

Indonesia growth in client sign up
+246%

Hong Kong growth in client sign up
+104%

Australia growth in client sign up
+21%

** Figures as of 30 June 2008*

Kyan Tse
Cordlife kid since 2007

BUSINESS UPDATES:

The cord blood banking business continued to perform well in 2008, particularly in markets that have greater exposure to the benefits of stem cells through media coverage.

SINGAPORE

Cordlife Singapore operations delivered another year of solid results. The operations turned profitable this financial year with an increase of 38% in total client sign ups. During the year, a number of positive reports on the use of cord blood stem cells in the local media have resulted in strong demand for private cord blood banking service. In April 2008, the Company officially launched its new cord blood processing and storage facility located at the Galen in Singapore Science Park III to meet the growing demand. The new facility was successfully re-accredited by the American Association of Blood Banks (AABB), the world's highest standard in private cord blood banking. Cordlife remains the only private cord blood bank to be accredited by the AABB in Singapore and Southeast Asia. In conjunction with the official facility launch, the Company also announced the launch of "Cordlife Cares" programme, the first-of-its-kind corporate social responsibility programme in Asia. Targeted at the underprivileged, this initiative offers families with a history of cord blood treatable diseases, the option of private cord blood banking sponsored by the Company. In August 2008, a branding exercise was launched to differentiate the Company from its competitors and capture mindshare. The Company expects to see promising results from this marketing campaign which will advance growth and profitability of Cordlife Singapore operations in the following financial year.

HONG KONG

Cordlife Hong Kong operations delivered a year of strong triple-digit growth in volume. Backed by sound marketing strategies, the growth of 104% in client base was also fuelled by consumer confidence in its strict standards drawn from the Company's experience and its achievement of ISO 9001:2000 certification in August 2007. During the year, the Company opened its second office in Kowloon to serve the territory's soaring birth rate. The new office is strategically located across from Hong Kong Baptist Hospital, Hong Kong's most established and popular private hospital with the highest number of deliveries in 2007. The hospital has seen their number of deliveries soar in recent years and estimates that it will quadruple its number of deliveries for 2008.

Oliver Hoo
Cordlife kid since 2008

INDONESIA

Cordlife Indonesia operations achieved a robust growth of 246% in client sign up since the Company secured a licence from the local Government and its Ministry of Health in June 2007. As the only approved facility to offer umbilical cord blood banking services in the country, clients in Indonesia have the option to store locally in Jakarta or in Singapore. During the year, Cordlife entered into other metropolitan cities in Indonesia and secured agreements with most of the high-end and middle-class hospitals in these cities. These arrangements have broadened our coverage across the country. Going forward, Cordlife will continue to invest in marketing activities in Indonesia to garner further growth.

INDIA

In March 2008, Cordlife India facility secured an all-India cord blood banking licence from the Ministry of Health and Family Welfare of India. With this licence, Cordlife is allowed to collect cord blood in all Indian states and cities. The facility is the first and only cord blood bank located in West Bengal which has an estimated annual birth of 5.8 million. The excellent geographic location places the Company in an advantageous position to achieve exponential growth for the Company.

AUSTRALIA

The volume of Cordlife Australia operations, BioCell - rose by 21% over 2007. The Company expects the market to remain small and extremely price sensitive, given the undeveloped clinician support for private cord blood banking. Australia Cystic Fibrosis program continues to position Biocell / Cordlife positively in the market.

OTHER REGIONS

Thailand and the Philippines continue to be small markets in terms of sales. During the year, the Company made strategic decisions to scale down its activities in these two markets to concentrate on larger emerging markets like Indonesia and India.

Corporate Governance Statement

The Cordlife Board of Directors (the "Board") is committed to maintaining the highest ethical standards and best practice in the area of corporate governance within the framework of the Australian Stock Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (ASX Guidelines) to ensure the Group's business is conducted in the best interests of all stakeholders. The Company's Corporate Governance Statement is available on its website.

ASX Principle 1: Lay solid foundations for management and oversight

Role of the Board

The Board is responsible to shareholders for the performance of the Group and for the overall corporate governance of Cordlife. This role encompasses the determination of Cordlife's goals and strategic direction and ensures timely and accurate communications to shareholders. The Board has established policies in respect of Board responsibilities and delegations of authority for the appropriate management of the Group's operations. The Board has developed management policies and procedures addressing statutory financial reporting, Board and management financial reporting and controls, information technology security, management and staff performance reviews and remuneration and internal controls for business risk management. The Board continues to develop management policies and procedures. The Board is responsible for appointing the Chief Executive Officer and reviewing his performance. The Chief Executive Officer is responsible for the overall implementation and management of the policies and strategies established by the Board.

ASX Principle 2: Structure the Board to add value

Board Composition

The Board is currently composed of two Executive and four Non-executive directors. Cordlife's Constitution specifies that the number of directors shall not be less than three. During the year, the Board comprised:

Mr Christopher Maxwell Fullerton	Chairman (Non-executive)
Mr Steven Fang (Fang Boon Sing)	Executive Director (Chief Executive Officer)
Mr Jeremy Yee (Yee Pinh)	Executive Director (Chief Financial Officer)
Mr Peter E. Roberts	Non-executive Director
Ms Seow Bao Shuen	Non-executive Director
Mr Samuel Kong (Kong Kam Yu)	Non-executive Director
Mr Christopher Ho (Ho Han Siong)	Non-executive Director (resigned on 7 November 2007)
Mr Alberto Bautista	Non-executive Director (resigned on 7 November 2007)

Cordlife's policy governing Board composition requires the Chairman to be an independent Non-executive director and requires the Board to strive to have a majority of the Board to be independent Non-executive directors. In assessing independence, the Board has regard to the ASX Guidelines and the independence of each director is monitored by the Board on an ongoing basis in light of disclosed interests. As at the date of this annual financial report, the Board has determined that all Cordlife directors are independent, other than Mr Steven Fang and Mr Jeremy Yee. The Board strives to ensure its composition includes an appropriate mix of expertise and experience relevant to Cordlife's business activities conducive to making expedient decisions in the best interests of the Company. The relevant skills, experience and expertise of each Board member is set out in the Directors' Report. The Board recognises the importance of each director bringing independent judgment to bear in the Board's decision making process. Accordingly, all directors have access to independent professional advice at the Company's expense with the approval of the Chairman.

Corporate Governance Statement

Board Committees

Three Board committees facilitate the execution of the Board's responsibilities:

Audit Committee

The members of the Audit Committee ("AC") during the year ended 30 June 2008 were Mr Peter E. Roberts (Chairman), Mr Christopher Ho (resigned on 7 November 2007) and Ms Seow Bao Shuen. The AC currently has two members. Due to the resignation of Mr Ho during the current year and given the size of the board, the expertise of the remaining audit committee members and the fact that the board has policies that were established to protect the integrity of the Company's financial reports and to review the policies and practices of the Company, no further member was appointed to the Audit Committee for the year ended 2008.

The main objectives of the AC are to assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:

- reporting of financial information to users of our financial report;
- application of accounting policies;
- financial management;
- internal control system;
- risk management system;
- business policies and practices;
- protection of the entity's assets; and
- compliance with applicable laws, regulations, standards and best practice guidelines.

Two AC meetings were held during the above period and details of attendance are set out in the Directors' Report.

Nomination Committee

The members of the Nomination Committee ("NC") during the year ended 30 June 2008 were Mr Christopher Fullerton (Chairman), Mr Christopher Ho (resigned on 7 November 2007) and Mr Alberto Bautista (resigned on 7 November 2007). On the resignation of Mr Christopher Ho and Mr Alberto Bautista, Mr Peter E. Roberts and Ms Seow Bao Shuen joined the Nomination Committee.

The primary purpose of the NC is to support and advise the Board in fulfilling its responsibility to shareholders in ensuring that the Board is appropriately structured and comprised of individuals who are best able to discharge the responsibilities of directors.

One NC meeting was held during the above period and details of attendance are set out in the Directors' Report.

Remuneration Committee

The members of the Remuneration Committee ("RC") during the year ended 30 June 2008 were Mr Alberto J. Bautista (Chairman, resigned on 7 November 2007), Mr Christopher Fullerton (Chariman) and Mr Steven Fang. Mr Peter E. Roberts, Ms Seow Bao Shuen and Mr Samuel Kong were appointed to the Remuneration Committee subsequent to the resignation of Mr Bautista.

Corporate Governance Statement

The Board is responsible to shareholders for ensuring that the Group:

- has coherent remuneration policies and practices which are observed and which enable it to attract and retain executives and directors who will create value for shareholders;
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general pay environment; and
- complies with the provisions of the ASX Listing Rules and Corporations Act.

The primary purpose of the RC is to support and report to the Board in fulfilling these responsibilities to shareholders in relation to:

- executive remuneration policy;
- the remuneration of executive directors;
- the remuneration of direct reports to the Chief Executive Officer, and as appropriate other senior executives; and
- all equity based plans.

One RC meeting was held during the above period and details of attendance are set out in the Directors' Report.

Other Committees

Additional sub-committees are established by the Board on an as needs basis from time to time to monitor specific transactions and projects of the Group.

ASX Principle 3: Promote ethical and responsible decision-making

Ethical Standards and Compliance

Cordlife prescribes ethical standards for employees for professional conduct, dealings with the business community, the public and with other employees. The Group has adopted policies and guidelines in the context of both the applicable legislation and accepted community standards. The Board has determined not to implement a separate code of conduct in respect of these matters, but rather to articulate the Group's requirements for standards of conduct in individual policies dealing with relevant issues including confidentiality, conflicts of interest, fraud risks, employee discrimination and harassment and trading in Company securities.

Trading of Company Securities by Directors and Employees

The Board considers that if directors, employees and their associates acquire shares in Cordlife, these shares should be held for longer term investment and not for speculative or trading purposes. Group policy prohibits the trading of Company securities by directors and employees whilst in possession of price sensitive information.

Cordlife has developed guidelines for directors and employees which provide a basic explanation of what constitutes insider trading and Cordlife's policy to prevent it, including:

Corporate Governance Statement

- a description of what conduct may constitute insider trading;
- a description of the times when it may be appropriate, as a general rule, to refrain from buying or selling Cordlife securities; and
- the process for buying or selling Cordlife securities.

ASX Principle 4: Safeguard integrity in financial reporting

In addition to the established functions of the Audit Committee described above, the Board has implemented management financial reporting requirements. The Board requires the provision of written assurances in respect of the accuracy and compliance of Group's financial reports by the Chief Executive Officer and the Chief Financial Officer as part of the management sign-off process for the half year and full year Group financial statements.

ASX Principle 5: Make timely and balanced disclosure

As a public listed company, Cordlife is required to comply with ASX Listing Rules continuous disclosure obligations, as complemented by the Corporations Act disclosure requirements. Cordlife has established a written policy relating to continuous disclosure. The policy establishes Cordlife's principal disclosure obligations and the consequences of failure to disclose information, provides practical assistance in assessing when matters may require disclosure by using qualitative and quantitative tests of materiality and describes the process to be followed in identifying potentially discloseable information, reporting it internally and, if required, disclosing it to the ASX.

ASX Principle 6: Respect the rights of shareholders

Role of Shareholders

The Board aims to ensure that all shareholders are informed of all major developments affecting the Company and seeks to maintain a strong and participatory framework for shareholder relations.

The principal method of communicating to shareholders is through the Company's Annual Report, which is issued to all shareholders and posted on the Company website. Company announcements are posted on the Company website and shareholders can register through the website to receive notification of all announcements. In addition, through the Company's AGM, shareholders can participate by attending the meeting.

The Company's website is continuously reviewed and updated, having regard to the ASX Guidelines to promote communications with shareholders.

Company Auditor

Ernst & Young was re-appointed as Cordlife's external auditor for the reporting period from 1 July 2007 to 30 June 2008. Ernst & Young has regular interface with the Audit Committee and is given the opportunity to meet with Cordlife directors without management in attendance. The Company's audit partner will attend Cordlife's AGM.

Corporate Governance Statement

ASX Principle 7: Recognise and manage risk

Risk Management

The risks associated with Cordlife's business are wide ranging and include the following:

- complex government and health regulations which are subject to change; and
- significant level of funding required over a long period of time.

The consideration and approval by the Board each year of the Group's strategy, business plans and financial budgets involves identification of significant risks and the implementation of appropriate strategies to deal with them. The Board also requires management reporting against projected results. The Board receives monthly reports by management on the Group's financial performance and business development activities.

The Board has delegated responsibility for the maintenance and review of policies and procedures on risk oversight and management to the Chief Executive Officer. The Board has developed a policy which requires written assurances from the Chief Executive Officer and the Chief Financial Officer to the effect that:

- statements in accordance with the ASX Guidelines, given in respect of the integrity of financial statements, are founded on sound systems of risk management and internal compliance and control which implement the policies adopted by the Board; and
- the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

ASX Principle 8: Encourage enhanced performance

The Board has committed to future annual reviews of its performance, both individually and collectively, as well as annual reviews of key Group management against both measurable and qualitative indicators.

The Group's Human Resources Management Plan encompasses a structured training and development program for all employees including management, which is directly aligned to achieving the Group's business objectives.

ASX Principle 9: Remunerate fairly and responsibly

The Board has set-up a Remuneration Committee to support it in fulfilling its responsibilities on matters pertaining to the remuneration of the Board, management and employees as described under Principle 2 above. Remuneration for Group employees, including management, is determined by reference to market rates and includes performance-based incentives. All employees are eligible to participate in the Group Options and Performance Rights Plan.

Particulars of remuneration of the directors and each of the five highest paid executives of the Group for the year ended 30 June 2008, including all monetary and non-monetary components, are set out in the Directors' Report.

Remuneration of Non-executive Directors

Remuneration of Non-executive directors is determined in aggregate by shareholders in general meeting. The Board of Directors determines individual fees within the aggregate level, having regard to the number of directors and their respective roles and responsibilities. Particulars of the remuneration of each Cordlife Non-executive director for the year ended 30 June 2008, including all monetary and non-monetary components, are set out in the Directors' Report.

Corporate Governance Statement

ASX Principle 10: Recognise the legal rights of stakeholders

The Board is committed to delivering maximum share value to the Company's shareholders while maintaining high standards of employment, full compliance with relevant legislation, actively contributing to the betterment of the community, and meeting the Company's responsibilities to all stakeholders. The Board and management recognise the importance of acting promptly to correct any deficiencies that may be identified before such deficiencies adversely impact upon the performance of the Group.

Directors' Report

The directors of Cordlife Ltd (the "Company") submit herewith the annual financial report of the Company for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names and particulars of the directors of the Company during or since the end of the financial year are as below. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Christopher Maxwell Fullerton BEc	Chairman (Non-executive). Mr Fullerton is the Managing Director of Mandalay Capital Pty Ltd, an investor in listed securities and private equity. He has extensive experience in investment, management and investment banking and worked in Hong Kong and Singapore for 15 years before returning to Australia in 1992. He holds a Bachelor of Economics degree from Sydney University and qualified as a Chartered Accountant. His previous chairmanships include Health Communication Network Ltd (a developer and distributor of healthcare software applications), Crossfield InTech (a development capital investor focusing on the IT sector) and Standard Chartered Australia. His previous directorships include the Federal Airports Corporation. During the past three years, Mr Fullerton held/ holds directorships in the following other listed companies - Health Communication Network Ltd, The Environmental Group Ltd and Working Systems Solutions Ltd.
Steven Fang (Fang Boon Sing) CIM (UK), MBA	Executive Director and Chief Executive Officer. Mr Fang founded Cordlife Pte Ltd in Singapore in 2001 and negotiated the merger with Cytomatrix LLC, leading to the establishment of Cordlife Ltd. He has great depth of knowledge of the healthcare provider business, with over 15 years of sales and business development experience in the USA and Asia Pacific region. He previously worked for Sterling Withthrop, Baxter and Becton Dickinson, having undertaken business development assignments in Malaysia, Korea, Taiwan and the Philippines, including the establishment of private dialysis centers. At Becton Dickinson he was the General Manager for Singapore, Malaysia and Vietnam. He has a degree in Computer Engineering and completed his MBA with the University of Hull (UK) in business strategy. He is currently a council member of the Singapore British Business Council and International Enterprise Singapore's Action Community for Entrepreneurship – Internationalisation Action Crucible (IAC). He was previously also the Chairman of Bio Singapore and the President of Spirit of Enterprise (Singapore).

Directors' Report

Name	Particulars
Christopher Ho (Ho Han Siong) BSEE	Non-executive Director resigned on 7 November 2007. Mr Ho is Vice-President for Investments in his family investment companies (the Tai Tak Group), namely Providence Investments Pte Ltd and Tai Tak Securities Pte Ltd for the last 10 years. The investments include both Private Equities and Public Equities. In 1989, he graduated from the University of Wisconsin at Madison, USA with a double degree in Computer Engineering and Computer Science. He has since co-founded two IT companies, which are spin-offs from a Singapore Government R&D research institute.
Alberto J. Bautista BSIE, MBA (MIT)	Non-executive Director resigned on 7 November 2007. Mr Bautista has over 30 years experience in the healthcare field. For 27 of those years, he was a senior executive with Baxter International, a global leader in medical devices and biopharmaceuticals. From 1997 to 2001, he was President of Baxter Healthcare Asia based out of Singapore and from 2001 until his retirement in 2003 he was based in Tokyo, Japan where he shared responsibility for Baxter's largest revenue (over US$300 Million) and most profitable Renal business in the world. Currently, Mr. Bautista is a Healthcare sector partner for 3i, a leading London-based private equity firm. Prior to his appointment as 3i's Asia-based Healthcare partner, Mr. Bautista founded and ran a healthcare consulting practice in Singapore that focused on small to medium sized companies in the life science, medical device and biotech space. Mr. Bautista graduated with a Bachelors degree in Industrial Engineering ('magna cum laude') and holds a Masters in Management degree from the Sloan School of the Massachusetts Institute of Technology.
Seow Bao Shuen BA (Econ)	Non-executive Director. Ms Seow has more than 10 years of management experience in strategic formulation, business development and the implementation of management policies. She was previously a director in Citiraya Industries Ltd, before forming a venture capital fund, BS Fund Management, and property investments group, BS Capital. She is currently Managing Director of Cimelia Resource Recovery Pte Ltd, an electronic waste recycling and precious metals refinery leader. She also sits on the board of Singapore stock exchange listed company Enviro-Hub Holdings Ltd. During the past three years, Ms Seow held/ holds directorships in the following listed companies - Citiraya Industries Ltd and Enviro-Hub Holdings Ltd.

Directors' Report

Name	Particulars
Peter Evan Roberts BEc, FCA	Non-executive Director. Mr Roberts has more than 35 years experience in business. Currently, he is the Managing Director of Jennmar Australia Pty Ltd, a privately owned manufacturing enterprise, and a non-executive director of IMD Group Ltd, a company listed on the ASX. His previous experience includes 21 years with PricewaterhouseCoopers, Chartered Accountants, 12 years as a partner. He holds a Bachelor of Economics degree from Sydney University and is a Fellow of the Institute of Chartered Accountants of Australia. During the past three years, IMD Group Ltd represented the other listed company directorship held by Mr Roberts (he retired as director on 28 April 2008).
Samuel Kong (Kong Kam Yu) ACA	Non-executive Director appointed on 10 July 2007. Mr Kong graduated from the Imperial College of London in 1992 and qualified as a Chartered Accountant from the Institute of Chartered Accountants of England and Wales in 1995. He has worked for a number of accounting firms, including a leading international accounting firm before joining a listed healthcare group in Hong Kong 2001. He is currently responsible for the listed group's finances, corporate projects and company secretarial matters.
Jeremy Yee (Yee Pinh) BA (Econ) (Hons), M Com	Executive Director and Chief Financial Officer appointed on 14 December 2007. Mr Yee joined Cordlife in 2002 and has been a key executive in its establishment. Previously he worked full time as a consultant with one of the "Big 4" accounting firms where he provided professional advice and consultation to a wide spectrum of businesses including e-commerce, consumer products and service, finance, media and healthcare. In addition, he has provided advice to companies and financial institutions on risk management and worked on IPOs for medium sized companies in Singapore. He graduated from the University of Manchester (UK) with an honours degree in Economics and was awarded a Master of Commerce in Finance, Banking and Management from the University of Sydney (Australia). He is also a member of the Australian Institute of Banking and Finance (AAIBF) and the Global Association of Risk Professionals (GARP – US).

Company Secretary

The Company Secretary, Mr Andrew Lord (BSc, LLB), was appointed on 16 April 2004. He is a member of the Law Institute of Victoria and is admitted as a Barrister and Solicitor to the High Court of Australia and the Supreme Court of Victoria. He is a principal of Lovegrove and Lord, Commercial & Construction Lawyers. He is an independent contractor of the Company and invoices the Company from time to time based on hours worked on a hourly rate.

Directors' Report

Corporate information

Corporate structure and principal activities

Cordlife Ltd is a company limited by shares, incorporated in Australia and operating in Australia and Asia. Cordlife Ltd is the ultimate holding company of the Group. The shares of the Company are publicly traded on the Australian Stock Exchange.

The Company and its controlled entities' ("consolidated entity") principal activities in the course of the financial year were the provision of cord blood banking services, which involves the processing and storage of stem cells.

Operating and financial review

The Group continued to grow significantly in its core business of cord blood banking in the year ended 30 June 2008. The Group's operations in both Singapore and Hong Kong were profitable, helping to reduce the FY 2008 net loss from continuing operations to $125,000, as compared to FY 2007 loss of $2,838,000. The current year's loss from continuing operations was largely due to higher corporate development costs, particularly in the emerging markets of India and Indonesia, where costs were incurred to build up laboratories and to provide marketing services into such territories. Further, costs were incurred in a bid to secure a licence in China. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") is approximately $536,000. The Group has recorded an income tax expense of $826,000, which therefore resulted in an overall loss from operations of $125,000.

In the current year, the Group has changed its accounting policy with respect to the measurement of the stage of completion when recognising revenue. The reasons for changing the policy are:

- Growing and reliable empirical evidence showing that the method adopted better reflects the current status of the business and better reflects and more reliably measures the services provided;
- Comparable public companies reporting under International Financial Reporting Standards have adopted this approach.

Further details regarding the change in accounting policy are provided in Note 4.

Revenue from cord blood banking services was $14,078,000 as compared to $9,184,000 in the prior year, an increase of approximately 53%. This substantial growth took place predominantly across Cordlife's mature but smaller markets of Singapore and Hong Kong.

Interest income from banks was $730,000 as compared to $280,000 in the prior year, an increase of approximately 161%. The increase was largely due to higher cash balances held during the year as compared to the previous year following a placement of shares raising $7.9 million. The placement was to China Stem Cells (East) Company Limited ("CSC"). CSC and its affiliated companies operate two of the currently six licensed cord blood banking businesses in the People's Republic of China.

Administrative costs were higher in the current year as compared to the previous year due to expansion and growth of the cord blood banking business regionally. This mainly resulted in higher staff costs as well as increases in legal, rental and utilities expenses.

Cord blood banking business

The cord blood banking business grew substantially during the year, with revenue from services rendered increasing by 53% over the previous year. The number of clients signed-up during the year increased by over 48% compared to the previous year. As at 30 June 2008, total client numbers exceeded 16,000 and the Group expects this level of growth to continue in the following financial year.

Directors' Report

Singapore:

The Singapore facility is the first and currently still the only AABB accredited cord blood bank in South east Asia. It was again re-accredited by AABB in May 2008. Cordlife Singapore operations were profitable for the entire financial year. This was mainly due to an increase in the number of new client sign-ups, delivery and storage of cord blood. Based on its current client base and expected new client sign-ups in FY 2009, Cordlife Singapore operations is expected to be even more profitable. The company is now the market leader in Singapore.

Hong Kong:

Cordlife Hong Kong operations grew by 104% over the previous year in terms of new clients signed up. The company continues to invest in marketing activities in Hong Kong in an effort to grow its market size. Advertising and promotion costs as well as costs associated with the ISO audit contributed to the higher costs of the company but also led to more client sign-ups and hence, increased revenue in the financial year. This year saw the company expanding into Macau and it established a second sales office in Hong Kong.

Indonesia:

In June 2007, Cordlife Jakarta facility secured a licence from the Indonesian Government and its Ministry of Health as the only approved facility to offer umbilical cord blood banking services in the country. With the launch of the facility in September 2007 by the Health Minister of Indonesia, the Group expects its Indonesian market to grow considerably in FY 2009, with continual and growing efforts to consolidate the market space in Jakarta. It will also begin its expansion into the regional metropolitan cities of the country. Cordlife now offers options to clients in Indonesia to either store locally in Jakarta or in Singapore. It remains the only licensed cord blood bank in Indonesia today.

The grant of the licence to offer cord blood storage services locally in Jakarta is expected to grow the Indonesia market for the Group significantly. While the licence was formally granted in June 2007, Cordlife's Indonesia operations were ramped up only in late 2007 with manpower resources put in place as well as marketing activities being carried out in preparation for the launch of the service. This resulted in pre-startup costs being incurred in the financial year without corresponding revenues. The company believes that the centralisation of sales efforts in Jakarta and expansion into other metropolitan cities will significantly increase revenue.

India:

The Group expects client numbers and revenues to be boosted further when Cordlife India becomes fully operational in the last quarter of calendar year 2008. The Group currently has a licence to operate a full umbilical cord blood processing and storage facility in Kolkata after attaining relevant regulatory approvals from both the State and Central Health Authorities. India promises to be a key market for Cordlife in the coming years. Cordlife as of today, remains the only majority foreign held company with an All-India licence to operate a cord blood bank in India.

Australia:

Cordlife Australia operations, Biocell, grew by approximately 21% over the previous year in terms of new clients signed up. However, the operations continued to incur losses in the financial year due to high operating costs in Australia. The Group has taken steps to review its business model as well as areas to control costs.

Directors' Report

Other Regions:

The Company incurred costs on promotion of its services in Thailand and the Philippines, where it operates through sales offices. However, the Group will be scaling down its activities in these two markets in the second quarter of the new financial year and therefore does not expect to incur similar costs in following financial years.

Changes in state of affairs

During the financial year, there was no significant change in the state of affairs of the consolidated entity other than that referred to above or in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, other than as stated elsewhere in this report, this information has not been disclosed further.

Environmental regulations

The principal activities of the Company's controlled entities did not create any significant environmental impact to any material extent.

Loss per share

Basic and diluted loss per share was 0.3 cents (2007: loss per share of 24 cents). For details refer to Note 17 to the financial statements.

Dividends

The Company did not pay any dividends during the financial year. The directors do not recommend the payment of a dividend in respect of the financial year.

Share options

During and since the end of the financial year no share options were granted to the directors and executives of the Company, other than those detailed in the Remuneration Report.

As at 30 June 2008, there are 1,696,661 unissued shares under options. These shares will be issued by Cordlife Limited upon exercise of the options and 1,696,661 ordinary shares will be issued. The issue price of these shares will be the share price as at the exercise date. 1,153,327 options expire on 1 July 2013 and 543,334 options expire on 1 July 2011.

Directors' Report

Indemnification of directors and officers

During the financial year, the Company has made an agreement with an insurer to indemnify all the directors and officers for an aggregate limit of liability of $10,000,000 for all insuring clauses, for all claims for the period of insurance as per the agreement.

The total amount of insurance contract premiums paid during the financial year was $44,438 (2007: $38,250).

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 9 Board meetings, 2 Audit Committee meetings, 1 Nomination Committee meeting and 1 Remuneration Committee meeting were held.

	Board of Directors		Audit Committee		Nomination Committee		Remuneration Committee	
Directors	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Christopher Fullerton	9	9	–	–	1	1	1	1
Steven Fang	9	9	–	–	–	–	1	1
Christopher Ho	4	4	1	1	1	1	–	–
Alberto Bautista	4	4	–	–	1	1	1	1
Seow Bao Shuen	9	9	2	2	1	1	–	–
Peter Roberts	9	9	2	2	1	1	–	–
Samuel Kong	8	8	–	–	–	–	–	–
Jeremy Yee	4	4	–	–	–	–	–	–

Directors' shareholdings

The following table sets out each director's relevant interest in equity instruments comprising shares and options in shares of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares	Partly paid ordinary shares	Executive share options
Cordlife Ltd			
Christopher Fullerton	3,000,000	–	–
Steven Fang	6,354,960	–	375,000
Jeremy Yee	459,368	–	366,665
Seow Bao Shuen	11,819,448	–	–
Peter Roberts	60,000	–	–
Samuel Kong	–	–	–

Directors' Report

Remuneration report (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the main activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

Details of key management personnel (including the five highest executives of the Company and the Group)

***Directors*:**

Christopher Fullerton	(Chairman, non-executive)
Steven Fang	(Director, executive)
Christopher Ho	(Director, non-executive, resigned on 7 November 2007)
Alberto J. Bautista	(Director, non-executive, resigned on 7 November 2007)
Seow Bao Shuen	(Director, non-executive)
Peter E. Roberts	(Director, non-executive)
Jeremy Yee	(Director, executive, appointed on 14 December 2007)
Samuel Kong	(Director, non-executive, appointed on 31 July 2007)

***Executives*:**

Simon Lee	(Corporate Development Officer)
Susan Kheng	(Group General Manager)
Sher Min Gaspar	(Senior Business Development Manager)
Simon Hoo	(Senior Finance and Investments Manager)
Gwendolene Yeo	(Group Business Development Director)

There were no changes of the CEO or key management personnel after reporting date and before the date the financial report was authorised for issue.

Remuneration philosophy

The performance of the Company and its controlled entities depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives. To this end, the Company's remuneration framework is embodied with the principles of providing competitive rewards to attract high calibre executives and link executive rewards to shareholder value.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive director and executive director/ senior executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. Under the Company's constitution, the directors are to be paid such remuneration not exceeding an amount that is authorised by an ordinary resolution of the Company approved in general meeting. The Non-executive directors are currently entitled to receive up to an aggregate of $250,000, to be divided between them as directors' fees.

Directors' Report

Remuneration report (Audited) (cont'd)

Executive remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks
- Align the interests of executives with those of shareholders
- Ensure total remuneration is competitive by market standards

Structure

The Remuneration Committee has entered into a detailed contract of employment with the Chief Executive Officer and a standard contract with other executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits)
- Variable remuneration - Options and Performance Rights Plan

Fixed remuneration

Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of Group, business unit and individual performance and relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure

Executives receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Variable remuneration – long term incentive (LTI)

Objective

The objective of the LTI plan is to reward key management personnel in a manner that aligns remuneration with the creation of shareholder wealth.

Structure

LTI grants to key management personnel are delivered in the form of share options under the Options and Performance Rights Plan. The details of the plan are stated below.

Directors' Report

Remuneration report (Audited) (cont'd)

Options and Performance Rights Plan

An equity incentive plan, the Options and Performance Rights Plan ("Plan") was introduced on 23 November 2005 at the Company's Annual General Meeting to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. It replaced the earlier Performance Share Plan which was introduced on 5 May 2004. The Plan is administered by the Remuneration Committee. The directors and employees of Cordlife Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Board of Directors.

The number of ordinary shares in the Company acquired or subscribed for or issued upon exercise of a performance right or option under the Plan must not, when aggregated with any other ordinary shares issued under the Plan in the Company held by the participating directors or executives, exceed 10% of the total ordinary shares in the Company issued at the time of issue of the performance rights or options.

In 2007, Performance rights allocations were made to key management personnel. Each allocation comprises three tranches that proportionately cover three financial years and the vesting of each tranche is dependent on the meeting of KRAs of each individual. The KRAs relate to financial and non-financial corporate and individual measures of performance. Typically included are measures such as contribution to revenue based on client sign-ups, customer service, risk management, product management and leadership contributions. These measures were chosen as they represent the key drivers for success of the business and provide a framework for delivering long-term value.

On an annual basis, the Remuneration Committee, in line with their responsibilities, determine for each key management personnel whether they have met their performance vesting conditions. This process usually occurs within 3 months after the reporting date.

In September 2007, performance hurdles for the third tranche were established and approved by the Remuneration Committee and communicated to key management personnel. The valuation of those options occurred at this point.

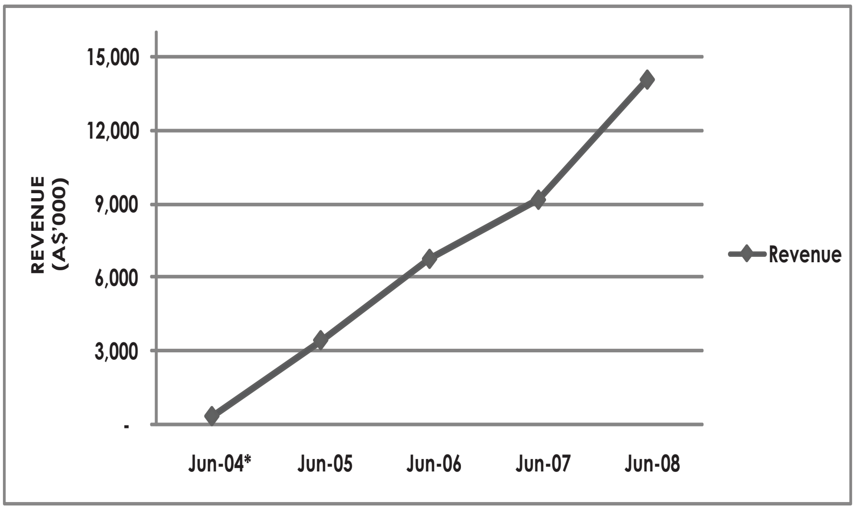
The vesting period of the options is over 2 years and the exercise price of all options granted is $0.00 per option. There are no cash settlement alternatives.

Group performance

Group performance is reflected in the movement of the Group's revenue over time. Revenue reflects the growth and performance of the Group and revenue is largely based on the number of client sign-ups. The graph below shows the Group's revenue history over the past four years (including the current period).

Directors' Report

Remuneration report (Audited) (cont'd)



* From 19 February 2004 being the date of listing on the ASX to 30 June 2004

Employment contracts

The Remuneration Committee has entered into a detailed contract of employment with the Chief Executive Officer.

The Chief Executive Officer, Mr Steven Fang, is employed under contract. On 1 May 2004, the Company entered into a contract of employment with Mr Fang (the "employee"), appointing him as its Group CEO. The key features of the contract may be summarised as follows:

- Mr Steven Fang receives fixed remuneration of $278,244 per annum.

- The Company may terminate the employee's employment by giving 3 months' written notice to the employee and may make payment to the him in a sum equal to the base salary he would have earned if he had been given the relevant period of notice;

- The Company may terminate the employee's appointment immediately without notice (or payment in lieu of notice) if the employee:

  - fails or refuses to comply with a reasonable and lawful direction given to him by the Company;
  - is, in the reasonable opinion of the Company, guilty of serious and wilful neglect or misconduct in the discharge of his duties;
  - has committed a serious breach, or is persistently in breach of any term of the contract and has failed to remedy such breach within 14 days of being requested by the Company in writing to do so;
  - becomes mentally incapable;
  - is made bankrupt;
  - is charged with any criminal offence which may bring the Company into disrepute;
  - breaches any material provision of the contract.

- The employee may terminate the employment by giving a period of notice of 3 months in writing. Failure to give such notice entitles the Company to deduct from any monies owing to the employee an amount representing the number of weeks or days of the notice period the employee did not work.

Directors' Report

Remuneration report (Audited) (cont'd)

The other key executives are also under employment contracts, the key features of which are as follows:

- Payment of fixed remuneration (base salary, superannuation and non-monetary benefits);

- The Company may terminate the employee's employment by giving 2 to 3 months' written notice to the employee and may make payment to the him in a sum equal to the base salary he would have earned if he had been given the relevant period of notice;

- The Company may terminate the employee's appointment immediately without notice (or payment in lieu of notice) if the employee:
  - fails or refuses to comply with a reasonable and lawful direction given to him by the Company;
  - is, in the reasonable opinion of the Company, guilty of serious and wilful neglect or misconduct in the discharge of his duties;
  - has committed a serious breach, or is persistently in breach of any term of the contract and has failed to remedy such breach within 14 days of being requested by the Company in writing to do so;
  - becomes mentally incapable;
  - is made bankrupt;
  - is charged with any criminal offence which may bring the Company into disrepute;
  - breaches any material provision of the contract.

- The employee may terminate the employment by giving a period of notice of 2 to 3 months in writing. Failure to give such notice entitles the Company to deduct from any monies owing to the employee an amount representing the number of weeks or days of the notice period the employee did not work.

Directors' Report

Remuneration report (Audited) (cont'd)

Remuneration of Key Management Personnel and the five highest paid executives of the Company and the Group

Remuneration for the year ended 30 June 2008

The following table discloses the remuneration of the directors of the Company:

Director	Short-Term			Post Employment		Share-based Payment $	Other benefits $	Total $	Performance related %
	Salary and fees $	Bonus $	Others^ $	Super-annuation $	Other $				
Executive directors									
Steven Fang	278,244	–	9,761	8,943	–	174,675	–	471,623	37.0
Jeremy Yee*	172,860	–	9,761	8,943	–	107,167	–	298,731	35.9
Non-executive directors									
Christopher Fullerton	60,000	–	–	5,400	–	–	–	65,400	–
Christopher Ho#	15,000	–	–	–	–	–	–	15,000	–
Alberto Bautista#	15,000	–	–	–	–	–	–	15,000	–
Seow Bao Shuen	45,000	–	–	–	–	–	–	45,000	–
Peter Roberts	45,000	–	–	–	–	–	–	45,000	–
Samuel Kong@	43,911	–	–	–	–	–	–	43,911	–

* Jeremy Yee's remuneration includes $86,764 as company executive prior to his appointment as Director on 14 December 2007.
^ Other short-term remuneration relates to payment for transport allowances.
# Resigned 7 November 2007.
@ Appointed 10 July 2007.

Remuneration for the year ended 30 June 2007

The following table discloses the remuneration of the directors of the Company:

Director	Short-Term			Post Employment		Share-based Payment $	Other benefits $	Total $	Performance related %
	Salary and fees $	Bonus $	Others^ $	Super-annuation $	Other $				
Executive directors									
Steven Fang	285,785	–	26,463	8,933	–	109,375	–	430,556	25.4
Ian Brown*	138,348	–	–	12,456	–	87,500	–	238,304	36.7
Non-executive directors									
Christopher Fullerton	60,000	–	–	5,400	–	–	–	65,400	–
Christopher Ho	45,000	–	–	–	–	–	–	45,000	–
Alberto Bautista	45,000	–	–	–	–	–	–	45,000	–
Seow Bao Shuen	18,750	–	–	–	–	–	–	18,750	–
Peter Roberts	18,750	–	–	–	–	–	–	18,750	–
Eileen Tay #	18,750	–	–	–	–	–	–	18,750	–

* Ian Brown's remuneration includes $62,835 as company executive after he resigned as Director on 1 February 2007.
^ Other short-term remuneration relates to payment for club membership.
# Resigned 20 November 2006.

Directors' Report

Remuneration report (Audited) (cont'd)

The following table discloses the remuneration of the 5 highest remunerated executives and other key executives including the Company Secretary (excluding executive directors of Cordlife Ltd) of the Company and of the consolidated entity:

Remuneration for the year ended 30 June 2008

	Short-Term			Post Employment					
Executive	**Salary and fees** $	**Bonus** $	**Others^** $	**Super-annuation** $	**Other** $	**Share-based Payment** $	**Other benefits** $	**Total** $	**Performance related** %
Consolidated entity									
Simon Lee	88,416	–	9,441	6,089	–	40,227	–	144,173	27.9
Susan Kheng	73,846	–	9,441	6,089	–	40,227	–	129,603	31.0
Sher Min Gaspar*	61,072	–	8,392	6,089	–	8,920	–	84,473	10.6
Simon Hoo*	50,194	–	6,993	6,089	–	17,841	–	81,117	22.0
Gwendolene Yeo*	53,613	–	6,993	6,089	–	17,841	–	84,536	21.1
Andrew Lord	48,969	–	–	–	–	–	–	48,969	–

^ Other short-term remuneration relates to payment for transport allowances.
* Sher Min Gaspar, Simon Hoo and Gwendolene Yeo met the definition of key management person on 1 July 2007.

Remuneration for the year ended 30 June 2007

	Short-Term			Post Employment					
Executive	**Salary and fees** $	**Bonus** $	**Others^** $	**Super-annuation** $	**Other** $	**Share-based Payment** $	**Other benefits** $	**Total** $	**Performance related** %
Company									
Jeremy Yee	169,213	–	26,463	8,933	–	116,167	–	320,776	36.2
Consolidated entity									
Simon Lee	82,393	–	–	5,749	–	61,000	–	149,142	40.9
Arijit Mookerjee #	80,090	–	–	5,749	–	61,000	–	146,839	41.5
Susan Kheng	73,710	–	–	5,749	–	61,000	–	140,459	43.4
John T. Flickinger *	127,292	–	–	4,277	–	–	–	131,569	–
Andrew Lord	54,360	–	–	–	–	–	–	54,360	–

Arijit Mookerjee met the definition of a key management person on 1 July 2006.
^ Other short-term remuneration relates to payment for club membership.
* John T. Flickinger ceased to be a key management person with effect from 1 July 2006. However, he was one of the 5 highest remunerated executives during the year.

Directors' Report

Remuneration report (Audited) (cont'd)

Compensation options: Granted and vested for year ended 30 June 2008

	Granted		Terms & Conditions for each Grant					Vested	
	No.	Grant date	Fair value per option on grant date ($)	Exercise price per option ($)	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Executive Directors									
Steven Fang	187,500	1-Sep-07	0.60	0.00	1-Jul-13	1-Jul-09	1-Jul-13	210,000	–
Jeremy Yee	183,333	1-Sep-07	0.60	0.00	1-Jul-13	1-Jul-09	1-Jul-13	199,999	–
Other key management personnel									
Simon Lee	83,334	1-Sep-07	0.60	0.00	1-Jul-13	1-Jul-09	1-Jul-13	83,334	–
Susan Kheng	83,334	1-Sep-07	0.60	0.00	1-Jul-13	1-Jul-09	1-Jul-13	83,334	–
Sher Min Gaspar	16,667	1-Sep-07	0.60	0.00	1-Jul-13	1-Jul-09	1-Jul-13	16,667	–
Simon Hoo	33,333	1-Sep-07	0.60	0.00	1-Jul-13	1-Jul-09	1-Jul-13	33,333	–
Gwendolene Yeo	33,333	1-Sep-07	0.60	0.00	1-Jul-13	1-Jul-09	1-Jul-13	33,333	–
Total	620,834							660,000	

Compensation options: Granted and vested for year ended 30 June 2007

	Granted		Terms & Conditions for each Grant					Vested	
	No.	Grant date	Fair value per option on grant date ($)	Exercise price per option ($)	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Executive Directors									
Steven Fang	312,500	28-Feb-07	0.35	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
Ian Brown	250,000	28-Feb-07	0.35	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
Other key management personnel									
Jeremy Yee	250,000	28-Feb-07	0.35	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	66,666	1-Jun-07	0.43	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	316,666								
Simon Lee	133,334	28-Feb-07	0.35	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	33,334	1-Jun-07	0.43	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	166,668								
Arijit Mookerjee	133,334	28-Feb-07	0.35	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	33,334	1-Jun-07	0.43	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	166,668								
Susan Kheng	133,334	28-Feb-07	0.35	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	33,334	1-Jun-07	0.43	0.00	1-Jul-11	1-Jul-07	1-Jul-11	–	–
	166,668								
Total	1,379,170							–	

Directors' Report

Remuneration report (Audited) (cont'd)

Options granted as part of remuneration for year ended 30 June 2008

Directors	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Total value of options granted, exercised and lapsed during the year	% Remuneration consisting of options for the year
Executive directors					
Steven Fang	174,675	93,750	–	268,425	56.9
Jeremy Yee	107,167	100,000	–	207,167	69.3
Other key management personnel					
Simon Lee	40,227	62,500	–	102,727	71.3
Susan Kheng	40,227	62,500	–	102,727	79.3
Sher Min Gaspar	8,920	7,000	–	15,920	18.8
Simon Hoo	17,841	25,000	–	42,841	52.8
Gwendolene Yeo	17,841	25,000	–	42,841	50.7

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

There were no forfeitures during the period

Options granted as part of remuneration for year ended 30 June 2007

Directors	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Total value of options granted, exercised and lapsed during the year	% Remuneration consisting of options for the year
Executive directors					
Steven Fang	109,375	–	–	109,375	25.4
Ian Brown	87,500	–	–	87,500	36.7
Other key management personnel					
Jeremy Yee	116,167	–	–	116,167	36.2
Simon Lee	61,000	–	–	61,000	40.9
Arijit Mookerjee	61,000	–	–	61,000	41.5
Susan Kheng	61,000	–	–	61,000	43.4

Directors' Report

Remuneration report (Audited) (cont'd)

Shares issued on exercise of share options

30 June 2008

Directors	Shares issued No.	Paid per share $	Unpaid per share $
Executive directors			
Steven Fang	125,000	–	–
Jeremy Yee	133,334	–	–
Other key management personnel			
Simon Lee	83,333	–	–
Susan Kheng	83,334	–	–
Sher Min Gaspar	16,667	–	–
Simon Hoo	33,334	–	–
Gwendolene Yeo	33,334	–	–

No share options were exercised during the year 30 June 2007. Hence, no shares were issued.

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company during or since the end of the financial year.

Auditor independence and non-audit services

Independence declaration

The directors obtained a declaration of independence from the auditors, Ernst & Young, a copy of which follows the Audit Opinion.

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services $12,224

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Board

Steven Fang
Director

29 September 2008

Independent Audit Report
to the Members of Cordlife Ltd

ERNST & YOUNG

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Independent auditor's report to the members of Cordlife Limited

Report on the Financial Report

We have audited the accompanying financial report of Cordlife Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 (c), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which follows the audit opinion. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Independent Audit Report

to the Members of Cordlife Ltd

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Cordlife Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the financial position of Cordlife Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and

    ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 39 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Cordlife Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

D Brumley

Don Brumley
Partner
Melbourne
29 September 2008

Auditor's Independence Declaration

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Cordlife Limited

In relation to our audit of the financial report of Cordlife Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Don Brumley
Partner
29 September 2008

Liability limited by a scheme approved
under Professional Standards Legislation

Directors' Declaration

In accordance with a resolution of the directors of Cordlife Ltd, I state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

On behalf of the Board

Steven Fang
Director

29 September 2008

Income Statement

For the financial year ended 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Continuing operations					
Revenue	6(a)	14,808	9,464	382	85
Cost of sales		(4,761)	(3,434)	–	–
Gross profit		10,047	6,030	382	85
Other income	6(a)	71	85	–	–
Selling and marketing expenses		(2,602)	(2,531)	(439)	(684)
Share of results of associates	10	(110)	(292)	–	–
Administration expenses		(6,688)	(5,465)	(2,083)	(31,391)
Finance costs	6(b)	(17)	(7)	–	–
Profit/(loss) from continuing operations before income tax		701	(2,180)	(2,140)	(31,990)
Income tax expense	7	(826)	(658)	–	–
Net loss from continuing operations after income tax		(125)	(2,838)	(2,140)	(31,990)
Discontinued operations					
Loss from discontinued operations after income tax	26(b)	–	(15,173)	–	–
Net loss for the year		(125)	(18,011)	(2,140)	(31,990)
Net loss/(profit) attributable to minority interests		(134)	67	–	–
Net loss for the year attributable to members		(259)	(17,944)	(2,140)	(31,990)
Earnings per share for losses from continuing operations attributable to the ordinary equity holders of the Company:					
Basic and diluted (cents per share)	17	(0.3)	(3.7)		
Earnings per share for losses attributable to the ordinary equity holders of the Company:					
Basic and diluted (cents per share)	17	(0.3)	(24.0)		

Balance Sheet

As at 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current assets					
Cash and cash equivalents	25	8,364	4,420	4,331	1,275
Trade and other receivables	8	3,735	1,764	2,678	1,650
Inventories	9	132	50	–	–
Total current assets		12,231	6,234	7,009	2,925
Non-current assets					
Investments in subsidiaries	19	–	–	33,818	33,387
Investments in associates	10	231	341	723	723
Property, plant and equipment	11	1,241	584	29	10
Trade receivables	8	11,253	7,913	–	–
Intangible assets and goodwill	12	27,803	27,805	–	–
Total non-current assets		40,528	36,643	34,570	34,120
Total assets		52,759	42,877	41,579	37,045
Current liabilities					
Trade and other payables	13	2,084	2,173	1,594	3,723
Deferred revenue	14	486	419	–	–
Income tax payable		1,500	687	–	–
Finance lease liability	18	11	13	–	–
Total current liabilities		4,081	3,292	1,594	3,723
Non-current liabilities					
Deferred revenue	14	1,689	850	–	–
Finance lease liability	18	9	23	–	–
Deferred tax liabilities	7	20	–	–	–
Total non-current liabilities		1,718	873	–	–
Total liabilities		5,799	4,165	1,594	3,723
Net assets		46,960	38,712	39,985	33,322
Equity					
Contributed equity	15	76,361	68,412	76,361	68,412
Currency translation reserve	16	(1,640)	(1,170)	–	–
Employee equity benefits reserve	16	1,431	577	1,431	577
Accumulated losses		(29,957)	(29,698)	(37,807)	(35,667)
Parent entity interest		46,195	38,121	39,985	33,322
Minority interests		765	591	–	–
Total equity		46,960	38,712	39,985	33,322

Cash Flow Statement

For the financial year ended 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Cash flows from operating activities					
Receipts from customers		10,213	9,531	–	–
Payments to suppliers and employees		(13,819)	(13,870)	(1,070)	(862)
Interest received		737	281	387	91
Interest and other costs of finance paid		(7)	(6)	–	–
Net cash used in operating activities	25(c)	(2,876)	(4,064)	(683)	(771)
Cash flows from investing activities					
Purchase of property, plant and equipment		(885)	(333)	–	–
Purchase of intangible assets		–	(59)	–	–
Purchase of equity investment		–	–	(86)	(153)
Proceeds from disposal of businesses (net cash not consolidated upon disposal)		–	(120)	–	–
Net cash used in investing activities		(885)	(512)	(86)	(153)
Cash flows from financing activities					
Proceeds from issue of shares in a subsidiary to minority shareholders		118	264	–	–
Proceeds from issue of shares		7,976	3,264	7,976	3,264
Advances to related parties		–	–	(4,124)	(3,569)
Payment for transaction costs on issue of shares		(27)	–	(27)	–
Net cash from/(used in) financing activities		8,067	3,528	3,825	(305)
Net increase/(decrease) in cash and cash equivalents held		4,306	(1,048)	3,056	(1,229)
Cash and cash equivalents at the beginning of the financial year		4,420	5,694	1,275	2,504
Effects of exchange rate changes on the balance of cash held in foreign currencies		(362)	(226)	–	–
Cash and cash equivalents at the end of the financial year	25(a)	8,364	4,420	4,331	1,275

Statement of Changes in Equity

For the financial year ended 30 June 2008

Consolidated

	Attributable to equity holders of the parent						
	Contributed equity $'000	Currency translation reserve $'000	Accumulated losses $'000	Employee equity benefits reserve $'000	Total $'000	Minority Interests $'000	Total Equity $'000
At 1 July 2006 – restated *	**65,148**	**27**	**(11,754)**	**–**	**53,421**	**420**	**53,841**
Currency translation differences - restated	–	(1,197)	–	–	(1,197)	5	(1,192)
Net income and expense recognised directly in equity	–	(1,197)	–	–	(1,197)	5	(1,192)
Net loss for the year – restated*	–	–	(17,944)	–	(17,944)	(67)	(18,011)
Total recognised income and expense for the year	–	(1,197)	(17,944)	–	(19,141)	(62)	(19,203)
Issuance of shares	3,264	–	–	–	3,264	–	3,264
Grant of share options	–	–	–	577	577	–	577
Share of equity	–	–	–	–	–	233	233
At 30 June 2007 – restated*	**68,412**	**(1,170)**	**(29,698)**	**577**	**38,121**	**591**	**38,712**

* Refer to Note 4 for details of the change in accounting policy.

Statement of Changes in Equity

For the financial year ended 30 June 2008

Consolidated

	Attributable to equity holders of the parent						
	Contributed equity $'000	Currency translation reserve $'000	Accumulated losses $'000	Employee equity benefits reserve $'000	Total $'000	Minority Interests $'000	Total Equity $'000
At 1 July 2007 – restated*	**68,412**	**(1,170)**	**(29,698)**	**577**	**38,121**	**591**	**38,712**
Currency translation differences - restated	–	(470)	–	–	(470)	(84)	(554)
Net income and expense recognised directly in equity	–	(470)	–	–	(470)	(84)	(554)
Net loss for the year – restated*	–	–	(259)	–	(259)	134	(125)
Total recognised income and expense for the year	–	(470)	(259)	–	(729)	50	(679)
Issuance of shares	7,976	–	–	–	7,976	–	7,976
Transaction costs on issue of shares	(27)	–	–	–	(27)	–	(27)
Grant of share options	–	–	–	854	854	–	854
Share of equity	–	–	–	–	–	124	124
At 30 June 2008 – restated	**76,361**	**(1,640)**	**(29,957)**	**1,431**	**46,195**	**765**	**46,960**

Statement of Changes in Equity

For the financial year ended 30 June 2008

Company

	Contributed equity $'000	Accumulated losses $'000	Employee equity benefits reserve $'000	Total equity $'000
At 1 July 2006	65,148	(3,677)	–	61,471
Net loss for the year	–	(31,990)	–	(31,990)
Total recognised income and expense for the year	–	(31,990)	–	(31,990)
Issuance of shares	3,264	–	–	3,264
Grant of share options	–	–	577	577
At 30 June 2007	68,412	(35,667)	577	33,322

	Contributed equity $'000	Accumulated losses $'000	Employee equity benefits reserve $'000	Total equity $'000
At 1 July 2007	68,412	(35,667)	577	33,322
Net loss for the year	–	(2,140)	–	(2,140)
Total recognised income and expense for the year	–	(2,140)	–	(2,140)
Issuance of shares	7,976	–	–	7,976
Transaction costs on issue of shares	(27)	–	–	(27)
Grant of share options	–	–	854	854
At 30 June 2008	76,361	(37,807)	1,431	39,985

Notes to the Financial Statements

30 June 2008

1. Corporate information

The financial report of Cordlife Ltd (the "Company") for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 29 September 2008.

Cordlife Ltd (the parent) is a company limited by shares, incorporated in Australia and currently operating in Australia and Asia. Cordlife Ltd is the ultimate holding company of the Group. The shares of the Company are publicly traded on the Australian Stock Exchange.

The Company's registered office and principal place of business is located at Level 2, 405 Little Bourke Street, Melbourne, Victoria 3000, Australia.

The Company and its controlled entities' ("consolidated entity") principal activities in the course of the financial year were the provision of cord blood banking services, which involves the processing and storage of stem cells.

2. Summary of significant accounting policies

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on the basis of historical cost except as disclosed in the accounting policies below.

All values contained in this financial report have been rounded to the nearest thousand Australian dollars unless otherwise stated under the option available to the Company under ASIC Class Order 98/100.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(b) Change in accounting policy

During the year, the Group changed its revenue recognition policy with respect to the determination of the stage of completion of the cord blood banking services performed. The Group previously recognised revenue from the cord blood banking services without any reference to the related costs incurred at each stage of the service.

With the change in measurement, revenue from the entire cord blood banking service contract is recognised by reference to the stage of completion of the contract which is measured by reference to the proportion of costs incurred to date compared to the estimated total costs of the transaction. Please refer to Note 4 for further details.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(d) **Australian Accounting Standards not yet effective**

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009

** Designates the beginning of the annual reporting period*

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 101 (Revised) and AASB 2007-8	*Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards*	*Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements*	*1 January 2009*	*These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.*	*1 July 2009*
AASB 2008-1	*Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*	*The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.*	*1 January 2009*	*The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any*	*1 July 2009*

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 3 (Revised)	*Business Combinations*	*The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.*	*1 July 2009*	*The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.*	*1 July 2009*
AASB 127 (Revised)	*Consolidated and Separate Financial Statements*	*Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.*	*1 July 2009*	*If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.*	*1 July 2009*

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-3	*Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*	*Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.*	*1 July 2009*	*Refer to AASB 3 (Revised) and AASB 127 (Revised) above*	*1 July 2009*
AASB 2008-7	*Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	*The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.*	*1 January 2009*	*Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.*	*1 July 2009*

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-5 and 2008-6	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	*The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.*	*1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.*	*The Group has not yet determined the extent of the impact of the amendments, if any.*	*1 July 2009*

Adoption of new accounting standard

The Group has adopted AASB 7 Financial Instruments; Disclosures and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no effect on profit and loss or the financial position of the entity.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(e) **Subsidiaries and basis of consolidation**

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

In the company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

The consolidated financial statements comprise the financial statements of Cordlife Ltd and its subsidiaries as at 30 June each year. Interests in associates are equity accounted and are not part of the consolidated Group. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit/(loss) after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

(f) **Foreign currency translation**

(i) Functional and presentation currency

Both the functional and presentation currency of Cordlife Ltd and its Australian subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(f) **Foreign currency translation (cont'd)**

(iii) Translation of Group Companies functional currency to presentation currency

The results of the subsidiaries are translated into Australian Dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance sheet date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in subsidiaries are taken to the foreign currency translation reserve. If a subsidiary was sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the income statement.

(g) **Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office equipment	-	*3 to 5 years*
Plant and equipment	-	*3 to 10 years*
Leasehold improvements	-	*3 years*
Motor vehicles	-	*3 years*

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the asset is derecognised.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(g) **Property, plant and equipment (cont'd)**

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) **Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

(i) **Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units. Each unit to which the goodwill is so allocated includes (see Note 12):

- *Cord blood banking business in Singapore;*
- *Cord blood banking business in Hong Kong; and*
- *Cord blood banking business in Australia*

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

Cordlife Limited performs its impairment testing as at 31 May each year using a value in use, discounted cash flow methodology for all the cash generating units to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in Note 12.

When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(j) **Intangible assets - software**

Software acquired is initially measured at cost. Following initial recognition, software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Software is amortised on a straight line basis over 3 years. The amortisation period and the amortisation method is reviewed at each financial year-end.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(j) **Intangible assets - software (cont'd)**

Derecognition and disposal

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(k) **Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) **Revenue recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from cord blood banking contracts is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the percentage of costs incurred to estimated total costs to complete the contracts.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(l) **Revenue recognition (cont'd)**

Where services are being provided under cord blood banking contracts, revenue is only recognised to the extent that services are being rendered, with the remaining being accounted for as deferred revenue on the balance sheet.

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest revenue over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(m) **Trade and other receivables**

Current and non-current trade receivables are accounted for in accordance with the revenue recognition policy outlined in Note 2(l) above.

Current trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or long overdue debts are considered objective evidence of impairment. The amount of impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Non-current trade receivables are carried at amortised cost. The expected net cash flows have been discounted to their present value using market determined risk adjusted discount rates for respective entities in the Group.

Non-current trade receivables represents cord blood banking service revenues receivable under annual, five year and ten year plans that have yet to be billed to the customer. Upon billing, the billed amount will be receivable under the same terms as current trade receivables.

Intercompany receivables are accounted for using the same accounting policy as above except that intercompany receivables are repayable upon demand.

(n) **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with banks with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(o) Share-based payment transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Currently the company has an Options and Performance Rights Plan in place to provide these benefits. Further details of the Plan are set out in Note 20.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes Pricing Model, further details of which are given in Note 20.

In valuing equity-settled transactions, account is taken of any vesting conditions and there are no conditions linked to the price of the shares of Cordlife Ltd (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Equity-settled awards granted by Cordlife Ltd to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated on consolidation. As a result, the expense recognised by Cordlife Ltd in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(p) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(q) Inventories

Inventories of the Group are carried at cost and consist of collection kit boxes used in the provision of a service.

(r) Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost less any accumulated impairment losses in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, the investment in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(r) **Investment in associates (cont'd)**

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Where the reporting dates of the associates and the Group are not identical, the details are taken from the latest available financial statements of the companies concerned, made up to the financial year of the Group. The associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(s) **Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- *where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or*

- *where the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.*

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- *when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or*

- *when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case, a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.*

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(s) **Income tax (cont'd)**

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(t) **Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- *where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and*

- *receivables and payables are stated with the amount of GST included.*

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(u) **Derecognition of financial instruments**

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(v) **Trade and other payables**

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(w) **Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities in respect of employee service up to the reporting date for wages and salaries and annual leave expected to be settled within 12 months of the reporting date, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Any provision made in respect of long service leave which is not expected to be settled within 12 months is measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

(x) **Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) **Loss per share**

Basic loss per share is calculated as net loss attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted loss per share is the same as basic loss per share because potential ordinary shares are anti-dilutive.

(z) **Segment reporting**

A business segment is a distinguishable component of the group that is engaged in providing services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the group that is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(aa) **Non-current assets and disposal groups held for sale and discontinued operations**

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

Notes to the Financial Statements

30 June 2008

2. Summary of significant accounting policies (cont'd)

(aa) **Non-current assets and disposal groups held for sale and discontinued operations (cont'd)**

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business and is part of a single coordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately on the face of the income statement.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in Note 12.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes Pricing model, with the assumptions detailed in Note 20. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Notes to the Financial Statements

30 June 2008

3. Significant accounting judgements, estimates and assumptions (cont'd)

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts. Details of the impairment loss allowance is outlined in Note 8.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for equipment). In addition, the condition of the assets are assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 11.

Revenue recognition

The Group recognises revenue from cord blood banking service contracts based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(l). Significant assumptions and estimates are required in determining the stage of completion, total estimated costs, revenue and deferred revenue. In making the assumptions, the Group evaluates them by relying on past experience and evidence.

4. Effect of change in accounting policy

During the year, the Group changed its revenue recognition policy with respect to the determination of the stage of completion of the services performed.

The Group previously recognised revenue from cord blood banking services without any reference to the related costs incurred at each stage of the service.

With the change in measurement, revenue from the entire cord blood banking service contract is recognised by reference to the stage of completion of the contract which is measured by reference to the proportion of costs incurred to date compared to the estimated total costs of the transaction. Management believes that the cost proportion method better reflects and more reliably measures the services provided.

As required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the change in policy has been accounted for retrospectively.

The financial impact on the Group's financial statements arising from the change in policy in the current and prior years is detailed below. The original balances at 1 July 2006 reflect the balances reported in the 30 June 2006 audited financial statements presented. The 30 June 2007 balances are those reported in the 2007 audited financial statements. There was no impact on the Parent entity financial statements.

Notes to the Financial Statements

30 June 2008

4. Effect of change in accounting policy (cont'd)

	Original opening balance 01-Jul-06	Restatement	Restated opening balance 01-Jul-06
	$'000	$'000	$'000
Consolidated Statement of Changes in Equity			
Accumulated losses	(17,500)	5,746	(11,754)
Currency Translation Reserve	(283)	310	27
Minority Interests	277	143	420

	Original balance 30-June-07	Restatement	Restated balance 30-June-07	Original balance 30-June-08	Restatement	Restated balance 30-June-08
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Income Statement						
Continuing operations						
Revenue	5,651	3,813	9,464	8,869	5,939	14,808
Gross profit	2,844	3,186	6,030	4,108	5,939	10,047
(Loss)/ profit before income tax	(5,994)	3,814	(2,180)	(5,238)	5,939	701
Income tax benefit/ (expense)	200	(858)	(658)	46	(872)	(826)
Net loss after income tax	(5,794)	2,956	(2,838)	(5,192)	5,067	(125)
Net loss for the year attributable to members	(20,600)	2,656	(17,944)	(4,940)	4,681	(259)
Basic and diluted loss per share for losses from continuing operations	(7.3)	3.6	(3.7)	(5.4)	5.1	(0.3)
Basic and diluted loss per share attributable to ordinary equity holders of the company	(27.6)	3.6	(24.0)	(5.4)	5.1	(0.3)
Consolidated Balance Sheet						
Current						
Deferred tax asset	572	(572)	–	631	(631)	–
Deferred revenue	(869)	450	(419)	(1,418)	932	(486)
Income tax payable	–	(687)	(687)	–	(1,500)	(1,500)
Non Current						
Trade receivables	–	7,913	7,913	–	11,253	11,253
Deferred revenue	(1,974)	1,124	(850)	(4,614)	2,925	(1,689)

	Original balance 30-Jun-07	Restatements 1-Jul-06	Restatements 30-Jun-07	Restated balance 30-Jun-07
	$'000	$'000	$'000	$'000
Consolidated Statement of Changes in Equity				
Accumulated losses	(38,100)	5,746	2,656	(29,698)
Currency Translation Reserve	(591)	310	(889)	(1,170)
Minority Interests	186	143	262	591

Notes to the Financial Statements

30 June 2008

5. Financial risk management objectives and policies

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management processes and initiatives. The Group is in the process of formalising these processes and initiatives into a formal policy. The Group manages its financial risks to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees management's processes for managing each of these risks as summarised below. The Company believes that it is crucial for all Board members to be a part of this process.

(a) Interest rate risk

The Group's key exposure to cash flow market interest rate risk is from the Group's cash balances. The details of cash balances is disclosed in Note 25.

The Group has cash balances placed with reputable banks and financial institutions. The Group manages its interest rate risks on its interest income by placing cash balances in varying maturities and interest rate terms.

The Group will also be subject to fair value risk on its long-term receivables in future. This is a direct result of carrying them at amortised cost using an effective interest rate that is likely to differ from market interest rates during the term of the cord blood banking service plans in place.

Movements in interest rates will therefore have an impact on the Group.

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Net Loss Higher/ (Lower)		Equity Higher/ (Lower)	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Consolidated				
+ 1% (100 basis points)	(84)	(44)	(84)	(44)
- 1% (100 basis points)	84	44	84	44
Parent				
+ 1% (100 basis points)	(43)	(13)	(43)	(13)
- 1% (100 basis points)	43	13	43	13

(b) Foreign currency risk

As a result of significant operations in Singapore, Hong Kong, Indonesia and India the Group's balance sheet can be affected by movements in the S$/A$, HKS$/A$, IDR/A$ and INR/A$ exchange rates. The Group did not seek to hedge this exposure as the currency positions in S$, HK$, IDR and INR are considered to be long-term in nature .

Notes to the Financial Statements

30 June 2008

5. Financial risk management objectives and policies (cont'd)

(c) **Credit risk**

Credit risk arises from the financial assets of the Group, which comprise mainly of cash and cash equivalents, and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Trade receivables comprise amounts due from parents and therefore the individuals cannot be subject to the types of credit assessments that could be otherwise undertaken if dealing with a corporate entity. As such, the Group can potentially be subject to credit risks. To mitigate such risks, receivable balances are monitored on a regular basis with the result that the Group's exposure to bad debts to date has not been significant.

The nature of the cord blood banking business whereby the child's umbilical cord stem cells are stored with the Group reduces the likelihood of default in payment.

There are no significant concentrations of credit risk within the Group.

(d) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain adequate funding to meet the operating requirements of the business and to facilitate the Group's ongoing growth plans.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets.

At balance sheet date, the Group has cash and cash equivalents of $8,364,000 and unused credit facilities for its immediate use of $382,000. Hence, the Group's exposure to liquidity risk is minimal.

Notes to the Financial Statements

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6. Revenue and expenses

		Consolidated		Company	
		2008	**2007**	**2008**	**2007**
		$'000	*$'000*	*$'000*	*$'000*
(a)	**Revenue**				
	Revenue from the sale of goods	–	16	–	–
	Revenue from the rendering of services	14,078	9,168	–	–
		14,078	9,184	–	–
	Other revenue				
	Interest revenue	730	280	382	85
	Total revenue	14,808	9,464	382	85
	Other income				
	Government grants and contracts	61	24	–	–
	Other	10	61	–	–
		71	85	–	–
	Total revenue and other income	14,879	9,549	382	85
(b)	**Expenses from continuing operations**				
	Finance costs:				
	- Interest expense	17	7	–	–
	Depreciation of property, plant and equipment	524	376	12	8
	Amortisation of intangible assets:				
	- Software	25	11	–	–
	Operating lease rental expenses:				
	- Minimum lease payments	451	376	12	23
	Employee benefits expense:				
	- Wages and salaries	4,217	3,576	891	868
	- Defined contribution plan expense	353	214	23	12
	- Share-based payment expense	854	577	387	234
		5,424	4,367	1,301	1,114
	Allowance for impairment in controlled entities	–	–	36	19,695
	Allowance for impairment in amount owing from controlled entities	–	–	12	2,104
	Allowance for impairment in amount owing from associates	–	513	–	513
	Loss on disposal of subsidiaries	–	–	–	7,316
	Other expenses:				
	- Legal and professional	100	225	38	108
	- Travel	776	854	420	587
	- Consultancy	327	183	80	40
	- Advertising and promotion	673	605	1	37

Notes to the Financial Statements

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7. Income tax

(a) Numerical reconciliation between aggregate tax expense/ (benefit) recognised in the income statement and tax expense/ (benefit) calculated per the statutory income tax rate

A reconciliation between tax expense/ (benefit) and the product of accounting profit/ (loss) before tax multiplied by the Group's applicable income tax rate is as follows :

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	*$'000*	*$'000*	*$'000*
Profit/ (loss) from continuing operations before income tax	701	(2,180)	(2,140)	(31,990)
Loss from discontinued operations before income tax	–	(19,283)	–	–
Total profit/ (loss) before income tax	701	(21,463)	(2,140)	(31,990)
Income tax expense/ (benefit) calculated at the Group's statutory income tax rate of 30% (2007: 30%)	210	(6,439)	(642)	(9,597)
Expenses not deductible for tax purposes	–	–	131	8,888
Income not subject to tax	(31)	–	–	–
Tax losses and temporary differences not brought to account as deferred tax asset	1,301	7,097	511	709
Utilisation of tax benefits not recognised in prior years	(170)	–	–	–
Differences in tax rates	(484)	–	–	–
Patents and licenses	–	(4,110)	–	–
Income tax expense/ (benefit)	826	(3,452)	–	–
Income tax expense/(benefit) is attributable to :				
- Continuing operations	826	658	–	–
- Discontinued operations	–	(4,110)	–	–
Income tax expense/ (benefit)	826	(3,452)	–	–

(b) Income tax expense/ (benefit)

The components of income tax expense/ (benefit) in the income statement are :

Current income tax	806	658	–	–
Deferred income tax:				
- Relating to origination and reversal of temporary differences	20	(4,110)	–	–
	826	(3,452)	–	–

Notes to the Financial Statements

30 June 2008

7. Income tax (cont'd)

(c) **Recognised deferred tax assets and liabilities**

Consolidated

	Balance sheet		Income statement	
	2008	**2007**	**2008**	**2007**
	$'000	*$'000*	*$'000*	*$'000*
Deferred tax liabilities				
Accelerated depreciation: property, plant and equipment	20	–	20	–
Deferred income tax expense	20	–	20	–

The taxation benefits of certain tax losses and temporary differences have not been brought to account since it is not probable whether future assessable income would be derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised.

The deferred tax assets arising from revenue tax losses of the controlled entities not brought to account is $1,358,619 (2007: $1,181,597).

8. Trade and other receivables

	Consolidated		Company	
Current	**2008**	**2007**	**2008**	**2007**
	$'000	*$'000*	*$'000*	*$'000*
Trade receivables	3,307	1,306	–	–
Allowance for impairment loss	(78)	(51)	–	–
	3,229	1,255	–	–
Goods and services tax (GST) receivable	104	80	10	25
Interest and other receivables	357	429	77	39
*Amounts owing from associates **	45	–	44	–
*Amounts owing from controlled entities **	–	–	2,547	1,586
	3,735	1,764	2,678	1,650

* *Amounts owing from associates are stated after deducting allowance for impairment of nil (2007: $512,819).*
Amounts owing from controlled entities are stated after deducting allowance for impairment of $156,273 (2007: $2,319,403).

Notes to the Financial Statements

30 June 2008

8. Trade and other receivables (cont'd)

Terms and conditions

Terms and conditions relating to the above financial instruments are as follows:

(i) Trade receivables are non-interest bearing and generally on 30 to 60 day terms. An allowance for impairment loss is recognised when there is objective evidence that a trade receivable is impaired.

(ii) Interest receivables are due on maturity of fixed deposits. These fixed deposits have a maturity of three months or less.

(iii) Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

(iv) Amounts owing from controlled entities are unsecured, interest-free and are repayable upon demand.

Allowance for impairment loss

Trade and other receivables are non-interest bearing. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. An impairment loss of $27,000 (2007: $45,000) has been recognised by the Group and nil (2007: $2,617,000) by the Company in the current year. These amounts have been included in the administration expense item.

Movements in the provision for impairment loss were as follows:

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	*$'000*	*$'000*	*$'000*
At 1 July	51	6	2,832	215
Charge for the year	27	45	–	2,617
Amounts written off against provision	–	–	(2,676)	–
At 30 June	78	51	156	2,832

At 30 June 2008, the ageing analysis of current trade receivables is as follows:

		Total	**0 – 30 days**	**31 – 60 days**	**61 – 90 days**	**>90 days CI***	**>90 days PDNI***
2008	*Consolidated*	3,307	722	325	425	78	1,757
2007	*Consolidated*	1,306	690	117	32	51	416

* *Past due not impaired ('PDNI')*
Considered impaired ('CI')

Notes to the Financial Statements

30 June 2008

8. Trade and other receivables (cont'd)

Receivables past due but not impaired are $1,757,000 (2007: $416,000). All of the customers are parents. Given the nature of cord blood banking business whereby the child's umbilical cord stem cells are stored with the Company, the likelihood of default in payment is considered minimal. Each operating unit has been in direct contact with the relevant customer and is satisfied that payment will be received in full.

Other balances within trade and other receivables, other than those stated above, do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

	Consolidated		Company	
Non-current	**2008**	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Trade receivables	11,253	7,913	–	–

Non-current trade receivables represent cord blood banking service revenues receivable under annual, five year and ten year plans that have yet to be billed to the customer. Upon billing, the billed amount will be receivable under the same terms as current trade receivables.

Non-current trade receivables are carried at amortised cost and are not yet due. The expected net cash flows have been discounted to their present value using market determined risk adjusted discount rates for the following entities in the Group:

- *Cordlife Pte Ltd – 10% (2007: 10%)*
- *Cordlife (Hong Kong) Ltd – 14% (2007: 14%)*
- *PT Cordlife Indonesia – 14% (2007: 14%)*

Fair value

Due to the short-term nature of current receivables, their carrying value is assumed to approximate their fair value. The fair value of the non-current trade receivables is equivalent to its carrying value.

Foreign exchange and credit risk

Refer to Note 5 for details regarding the risk exposures arising on financial assets.

9. Inventories

Inventories of the Group consist of consumables carried at cost that are used when rendering the cord blood processing and storage service.

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10. Investments in associates

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	*$'000*	*$'000*	*$'000*
Movement in carrying amount:				
Investments in associates - at 1 July	341	298	723	723
Additions	–	11,495	–	–
Less : Share of loss after income tax	(110)	(292)	–	–
Less : Impairment losses	–	(11,160)	–	–
At 30 June	231	341	723	723

The Group has a 10% interest in Pharmacell B.V., a company incorporated in the Netherlands. Pharmacell B.V. is a life sciences company providing know-how and resources for product and process design combined with GMP manufacturing in its own facility. The company is located in Maastricht, the Netherlands. The contribution of losses of this associate company to the net loss of the Group for the year ended 30 June 2008 is nil (2007: $298,000). The share of losses has been capped to the cost of the investment since 2007.

The Group also has a 19.7% equity stake in DNAPro Sdn Bhd, a company incorporated in Malaysia. The Company has been granted call options whereby it can acquire up to 39% of all shares of DNAPro Sdn Bhd. The call options can be exercised after two years but not later than five years from the date of acquisition of the initial interest. Additionally, the Company may also exercise these options prior to an Initial Public Offering of DNAPro Sdn Bhd. If and when the Company exercises the call options, the purchase price for the shares will be the fair market value thereof, as independently assessed by an internationally recognised accounting firm, or if preferred and agreed by all shareholders, an alternate valuation method.

DNAPro is engaged in manufacturing and trading of biopharmaceutical products. These include hepatitis B vaccine (recombinant) and anti-cancer and anti-AIDS vaccines. It supplies various medical products to the Malaysian government and the private sector. The Company's investment in DNAPro Sdn Bhd is $335,000 (2007: $335,000). The contribution of losses of these associates to the net loss of the Group for the year ended 30 June 2008 is $110,000 (2007: $6,000).

At 30 June 2008, the Group has a 33% equity stake in Cytomatrix Pty Ltd and its subsidiaries. The Company's investment in this has been fully impaired.

Notes to the Financial Statements

30 June 2008

10. Investments in associates (cont'd)

The following table illustrates summarised financial information relating to the Group's investments in associates:

	Consolidated	
	2008	**2007**
	$'000	*$'000*
Share of associates' balance sheet:		
Current assets	*406*	*440*
Non-current assets	*906*	*316*
Current liabilities	*(448)*	*(332)*
Non-current liabilities	*(335)*	*(421)*
Net assets	*529*	*3*
Share of associates' profit or loss:		
Loss before income tax	*(110)*	*(290)*
Income tax expense	*–*	*(2)*
Loss after income tax	*(110)*	*(292)*

The Group has not recognised losses relating to an associate where its share of losses exceeds the Group's carrying amount of its investment in the associate. The Group's cumulative share of the unrecognised losses is $437,000 (2007: $206,000). The Group has no obligation in respect of these losses.

Notes to the Financial Statements

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11. Property, plant and equipment

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Leasehold improvements				
At cost	162	95	–	–
Accumulated depreciation	(53)	(41)	–	–
	109	54	–	–
Office equipment				
At cost	1,046	813	53	24
Accumulated depreciation	(471)	(573)	(24)	(14)
	575	240	29	10
Plant and equipment				
At cost	1,027	572	–	–
Accumulated depreciation	(490)	(319)	–	–
	537	253	–	–
Motor vehicles				
At cost	32	38	–	–
Accumulated depreciation	(12)	(1)	–	–
	20	37	–	–
Total property, plant and equipment				
At cost	2,267	1,518	53	24
Accumulated depreciation	(1,026)	(934)	(24)	(14)
Total written down amount	1,241	584	29	10

Notes to the Financial Statements

30 June 2008

11. Property, plant and equipment (cont'd)

Reconciliation of carrying amounts at the beginning and end of period

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Leasehold improvements				
Cost	95	154	–	–
Accumulated depreciation	(41)	(61)	–	–
Net carrying amount at beginning	54	93	–	–
Additions	88	3	–	–
Disposals	–	(11)	–	–
Depreciation expense	(18)	(20)	–	–
Exchange rate adjustment	(15)	(11)	–	–
	109	54	–	–
Office equipment				
Cost	813	875	24	24
Accumulated depreciation	(573)	(459)	(14)	(7)
Net carrying amount at beginning	240	416	10	17
Additions	690	166	32	2
Disposals	(54)	(38)	(1)	(1)
Depreciation expense	(274)	(275)	(12)	(8)
Exchange rate adjustment	(27)	(29)	–	–
	575	240	29	10
Plant and equipment				
Cost	572	1,101	–	–
Accumulated depreciation	(319)	(643)	–	–
Net carrying amount at beginning	253	458	–	–
Additions	544	259	–	–
Disposals	(36)	(316)	–	–
Depreciation expense	(220)	(98)	–	–
Exchange rate adjustment	(4)	(50)	–	–
	537	253	–	–
Motor vehicles				
Cost	38	–	–	–
Accumulated depreciation	(1)	–	–	–
Net carrying amount at beginning	37	–	–	–
Additions	–	41	–	–
Depreciation expense	(12)	(1)	–	–
Exchange rate adjustment	(5)	(3)	–	–
	20	37	–	–

Motor vehicle is pledged as security for the related finance lease liabilities.

Notes to the Financial Statements

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12. Intangible assets and goodwill

	Consolidated 2008 $'000	Consolidated 2007 $'000
Goodwill	27,743	28,241
Write-off of goodwill	–	(498)
	27,743	27,743
Patents	–	18,928
Accumulated amortisation	–	(3,650)
Disposals - discontinued operations	–	(15,270)
Exchange rate adjustment	–	(8)
	–	–
Licenses	–	692
Accumulated amortisation	–	(629)
Disposals - discontinued operations	–	(10)
Exchange rate adjustment	–	(53)
	–	–
Software	96	73
Accumulated amortisation	(36)	(11)
	60	62
	27,803	27,805

The aggregate amortisation for the year was $24,891 (2007: $1,140,582). There are no intangible assets held by the Company.

Notes to the Financial Statements

30 June 2008

12. Intangible assets and goodwill (cont'd)

Reconciliation

Reconciliation of the carrying amounts net of accumulated amortisation of intangible assets and goodwill at the beginning and end of the current financial year.

	Consolidated	
	2008	2007
	$'000	$'000
Goodwill		
Cost	27,743	28,241
Accumulated amortisation	–	–
Net carrying amount at beginning	27,743	28,241
Write-off of goodwill	–	(498)
	27,743	27,743
Patents		
Cost	–	18,920
Accumulated amortisation	–	(2,524)
Net carrying amount at beginning	–	16,396
Disposals	–	(15,270)
Amortisation expense	–	(1,126)
	–	–
Licenses		
Cost	–	639
Accumulated amortisation	–	(625)
Net carrying amount at beginning	–	14
Disposals	–	(10)
Amortisation expense	–	(4)
	–	–
Software		
Cost	73	–
Accumulated amortisation	(11)	–
Net carrying amount at beginning	62	–
Additions	23	78
Amortisation expense	(25)	(11)
Exchange rate adjustment	–	(5)
	60	62

Notes to the Financial Statements

30 June 2008

12. Intangible assets and goodwill (cont'd)

(a) **Description of the Group's intangible assets and goodwill**

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Software is carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 3 years.

The amortisation of software has been recognised in the income statement in the line item "administration expenses".

(b) **Impairment test for goodwill**

Goodwill acquired through business combinations have been allocated to three individual cash generating units for impairment testing as follows:

- *Cord blood banking business in Singapore;*
- *Cord blood banking business in Hong Kong; and*
- *Cord blood banking business in Australia*

Cord blood banking business in Singapore

The recoverable amount of the cord blood banking business has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management and the Board of Directors covering a 5-year period. The pre-tax discount rate applied to cash flow projections is 11% (2007: 15%). Cash flows used beyond five years to determine terminal value until perpetuity is projected using a growth rate of 1% which is lower than the long-term average growth rate for the industry.

Cord blood banking business in Hong Kong

The recoverable amount of the cord blood banking business has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management and the Board of Directors covering a 5-year period. The pre-tax discount rate applied to cash flow projections is 16% (2007: 15%). Cash flows beyond five years to determine terminal value until perpetuity is projected using a growth rate of 1% which is lower than the long-term average growth rate for the industry.

Cord blood banking business in Australia

The recoverable amount of the cord blood banking business has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a three-year period. The discount rate applied to cash flow projections is 15% (2007: 15%) and cash flows beyond the three-year period are extrapolated using a 4% average growth rate (2007: 4%), which is the expected long-term average growth rate for the cord blood banking business in this market.

Notes to the Financial Statements

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12. Intangible assets and goodwill (cont'd)

Carrying amount of goodwill allocated to each of the cash generating units

	Consolidated	
	2008	**2007**
	$'000	*$'000*
Cash generating unit		
Cord blood banking business in Singapore	22,980	22,980
Cord blood banking business in Hong Kong	4,520	4,520
Cord blood banking business in Australia	243	243
Carrying amount of goodwill	27,743	27,743

Key assumptions used in the value in use calculations for the cash generating units for 30 June 2008 and 30 June 2007

The following describes the key assumptions on which management has based its cash flow projections when determining the value in use of the cash generating units.

- *Budgeted gross margins – the basis used to determine the value assigned to the budgeted gross margins is the gross margin achieved in the year immediately before the budgeted year. Thus, values assigned to gross margins reflect past experience.*

- *Cash flows for the first five years are projected using a growth rate of 5%. These projections are based on financial forecasts approved by senior management and the Board of Directors.*

- *Cash flow projections include expected growth in new customers and expected cash flows from annual storage fees receivable.*

13. Trade and other payables

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	*$'000*	*$'000*	*$'000*
Trade payables	689	611	–	–
Goods and services tax (GST) payable	156	106	–	–
Other – non-trade payables and accruals	888	1,271	116	554
Annual leave entitlements	351	185	145	56
Amounts due to controlled entities	–	–	1,333	3,113
	2,084	2,173	1,594	3,723

Terms and conditions

(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.

(ii) Amounts due to controlled entities are interest-free and are repayable upon demand.

Notes to the Financial Statements

30 June 2008

13. Trade and other payables (cont'd)

Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Refer to Note 5 for details regarding risk exposures arising on financial liabilities.

14. Deferred revenue

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Deferred revenue (current)	486	419	–	–
Deferred revenue (non-current)	1,689	850	–	–

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

15. Contributed equity

	Consolidated and Company	
	2008	**2007**
	$'000	$'000
91,103,344 (2007: 78,200,000) fully paid ordinary shares	76,361	68,412
Fully paid ordinary shares :		
Balance at beginning of financial year		
- 78,200,000 (2007: 68,000,000) fully paid ordinary shares	68,412	65,148
Issue of shares during the year		
- 12,903,344 (2007: 10,200,000) fully paid ordinary shares	7,976	3,264
Transaction costs related to issue of shares	(27)	–
Balance at end of financial year	76,361	68,412

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the year, the Company issued 11,730,000 ordinary shares at an issue price of $0.68 per share to China Stem Cells (East) Company Limited.

The Company also issued 1,173,344 ordinary shares at the exercise price of $0.00 per share upon the exercise of 1,173,344 share options by employees pursuant to the Options and Performance Rights Plan.

Notes to the Financial Statements

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15. Contributed equity (cont'd)

Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to its shareholders and to maintain an optimal capital structure to allow the Group to expand and pursue future investment activities.

The Group is primarily equity-funded and raises capital from the market.

The Group is currently in a net cash position.

16. Reserves

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 20 for further details of this Plan.

17. Loss per share

Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

		Consolidated	
		2008	**2007**
		$'000	$'000
(a)	Loss used in calculating earnings per share		
	Net loss from continuing operations attributable to ordinary equity holders of the parent	(259)	(2,771)
	Loss attributable to discontinued operations	–	(15,173)
	Net loss attributable to ordinary equity holders of the parent	(259)	(17,944)
(b)	Weighted average number of shares		
	Weighted average number of ordinary shares for basic and diluted earnings per share	91,069	74,763

There are no instruments (eg share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic loss per share in the future because they are anti-dilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

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18. Commitments

Operating lease commitments

Operating leases relate to office premises with lease terms of between 2 to 21 years, with an option to extend for a further 1 to 3 years. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	2008	**2007**
	$'000	$'000
Within one year	370	406
After one year and not more than 5 years	806	864
More than 5 years	1,237	–
	2,413	1,270

Finance lease commitments

Commitments under finance leases as at 30 June are as follows:

	Consolidated			
	Minimum lease payments 2008	**Present value of payments 2008**	**Minimum lease payments 2007**	**Present value of payments 2007**
	$'000	$'000	$'000	$'000
Within one year	13	11	15	13
After one year but not more than five years	10	9	27	23
Total minimum lease payments	23	20	42	36
Less: Amounts representing finance charges	(3)	–	(6)	–
Present value of minimum lease payments	20	20	36	36

The weighted average interest rate implicit in the lease is 7% (2007: 7%).

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19. Investments in subsidiaries

	Consolidated		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Investment in controlled entities - at cost	–	–	52,736	52,739
Allocation of share-based payment expense	–	–	810	343
Less : Allowance for impairment in controlled entities	–	–	(19,728)	(19,695)
	–	–	33,818	33,387

Controlled entities

Name of company	Country of incorporation	Cost of investment		Percentage of equity held by the Parent	
		2008	2007	2008	2007
		$'000	$'000	%	%
Parent entity					
Cordlife Ltd	Australia				
Controlled entities					
Cordlife Pte Ltd	Singapore	50,000	50,000	100	100
CLS Services Pte Ltd	Singapore	753	753	100	100
Cordlife International Pte Ltd^	Singapore	–	–	100	100
Cordlife Services (S) Pte Ltd (previously known as CyGenics (Singapore) Pte Ltd)	Singapore	83	83	100	100
Cell Sciences Therapeutics Inc	USA	*	*	100	100
Cordlife (M) Sdn Bhd^	Malaysia	–	–	100	100
Cordlife Pty Ltd^	Australia	–	–	100	100
Biocell Pty Ltd	Australia	874	874	57	57
CyGenics UK Ltd @	United Kingdom	–	3	–	100
Cordlife (Hong Kong) Ltd	Hong Kong	609	609	51	51
Shanghai Cordlife Stem Cell Research Co. Ltd^	Peoples' Republic of China	–	–	100	100
Cordlife Sciences Ltd	Thailand	101	101	100	100

Notes to the Financial Statements

30 June 2008

19. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Cost of investment 2008 $'000	Cost of investment 2007 $'000	Percentage of equity held by the Parent 2008 %	Percentage of equity held by the Parent 2007 %
CyGenics (Thailand) Ltd#	Thailand	15	15	49	49
Cordlife Sciences (India) Pvt Ltd +	India	–	–	85	85
PT Cordlife Indonesia ^	Indonesia	–	–	51	51
Cordlife Medical Phils Inc.	Philippines	269	269	100	100
CLS Services B.V.	Europe	32	32	100	100
		52,736	52,739		

^ Investments held by Cordlife Pte Ltd
+ Investments held by Cordlife Services (S) Pte Ltd
@ Disposed during the year
* Amount less than $1,000
# Cygenics (Thailand) Ltd is considered a controlled entity as Cordlife Ltd has 99% of the voting rights and share of profits

20. Share-based payment plan

(a) ***Recognised share-based payment expense***

The expense recognised during the year is as follows :

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Expense arising from equity-settled share-based payment transactions	854	577	387	234

Notes to the Financial Statements

30 June 2008

20. Share-based payment plan (cont'd)

(b) ***Type of share-based payment plan***

An equity incentive plan, the Options and Performance Rights Plan ("Plan") was introduced on 23 November 2005 at the Company's Annual General Meeting to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. It replaced the earlier Performance Share Plan which was introduced on 5 May 2004. The Plan is administered by the Remuneration Committee. The directors and employees of Cordlife Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Board of Directors.

The number of ordinary shares in the Company acquired or subscribed for or issued upon exercise of a performance right or option under the Plan must not, when aggregated with any other ordinary shares issued under the Plan in the Company held by the participating directors or executives, exceed 10% of the total ordinary shares in the Company issued at the time of issue of the performance rights or options.

In 2007, Performance rights allocations were made to employees. Each allocation comprises three tranches that proportionately cover three financial years and the vesting of each tranche is dependent on the meeting of KRAs of each individual. The KRAs relate to financial and non-financial corporate and individual measures of performance. Typically included are measures such as contribution to revenue based on client sign-ups, customer service, risk management, product management and leadership contributions. These measures were chosen as they represent the key drivers for success of the business and provide a framework for delivering long-term value.

On an annual basis, the Remuneration Committee, in line with their responsibilities, determine for each employee whether they have met their performance vesting conditions. This process usually occurs within 3 months after the reporting date.

In September 2007, performance hurdles for the third tranche were established and approved by the Remuneration Committee and communicated to employees. The valuation of those options occurred at this point.

The vesting period of the options is over 2 years and the exercise price of all options granted is $0.00 per option. There are no cash settlement alternatives.

Notes to the Financial Statements

30 June 2008

20. Share-based payment plan (cont'd)

(c) ***Summary of options granted under the Plan***

The following table illustrates the number of and movements in share options issued during the year:

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Outstanding at the beginning of the year	2,832,507	–	2,832,507	–
Granted during the year	1,442,494	2,832,507	1,442,494	2,832,507
Exercised during the year *	(1,173,344)	–	(1,173,344)	–
Lapsed/ forfeited	(34,999)	–	(34,999)	–
Outstanding at the end of the year	3,066,658	2,832,507	3,066,658	2,832,507
Exercisable at the end of the year	1,948,330	–	1,948,330	–

* The weighted average share price at the date of exercise is $0.72.

(d) ***Weighted average exercise price***

The weighted average exercise price is $0.00 as stipulated in the Options and Performance Rights Plan.

(e) ***Weighted average fair value***

The weighted average fair value of options granted during the year was $0.60 (2007: $0.35).

(f) ***Weighted average remaining contractual life***

The weighted average remaining contractual life for the share options outstanding as at 30 June 2008 is 3.9 years. (2007: 4 years).

(g) ***Option pricing model***

Inputs for 2007:

The fair value of the share options granted under the Plan is estimated as at the date of grant using a Black-Scholes Pricing Model, taking into account the terms and conditions upon which the options were granted.

Dividend yield (%)	0.00
Expected volatility (%)	103.00
Risk-free interest rate (%)	5.85
Expected life of option (years)	5.00
Weighted average share price at measurement date ($)	0.35

Notes to the Financial Statements

30 June 2008

20. Share-based payment plan (cont'd)

(g) ***Option pricing model (cont'd)***

The expected volatility was determined using historical volatility observed over the 24 months share price movement. It reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

For 2008, since there are no market based performance hurdles attached to the share options issued, the exercise price is $0.00 and there is no dilutionary impact as with the prior year issue, the value of each share option issued is equivalent to the share price on day of grant.

21. Segment information

The Group's primary segment reporting format is geographical segments as the Group's risk and rates of return are affected predominantly based on the location of the Group's assets.

The Group operates in two principal geographical areas – Australia and Asia. The composition of each geographical segment is as follows:

- Australia — The Group's holding company is based in Australia and directs the growth in the business of the Group around the world as well as carries out cord blood banking services.
- Asia — The Group operates cord blood banking services in Singapore, Hong Kong, Indonesia and India with sales offices in Thailand and the Philippines.

Transfer prices between geographical segments are set at an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between geographical segments. Those transfers are eliminated on consolidation.

Geographical segments – continuing operations

	External sales $'000	Inter-segment $'000	Other $'000	Total $'000
Segment revenues				
Year ended 30.6.2008				
Cord blood banking:				
- Asia	12,727	–	–	12,727
- Australia	1,351	–	–	1,351
Total segment revenue				14,078
Unallocated revenue:				
- Interest				730
- Other				71
Consolidated				14,879

Notes to the Financial Statements

30 June 2008

21. Segment information (cont'd)

	External sales $'000	Inter-segment $'000	Other $'000	Total $'000
Segment revenues				
Year ended 30.6.2007				
Cord blood banking:				
- Asia	7,974	–	16	7,990
- Australia	1,194	–	–	1,194
Total segment revenue				9,184
Unallocated revenue:				
- Interest				280
- Other				85
Consolidated				9,549

Segment results

	2008 $'000	2007 $'000
Continuing operations:		
Cord blood banking:		
- Asia	4,600	2,093
- Australia	(826)	(854)
	3,774	1,239
Eliminations	8	155
Unallocated:		
Share of loss of associates	(110)	(292)
Share-based payment expense	(854)	(577)
Other unallocated	(2,117)	(2,705)
Profit/ (Loss) before income tax expense	701	(2,180)
Income tax expense – current tax	(826)	(658)
Net loss from continuing operations after income tax	(125)	(2,838)
Discontinued operations:		
Research and other products	–	(67)
Cell therapeutics	–	(18,811)
Clinical and travel related support services	–	(405)
	–	(19,283)
Income tax benefit – deferred tax	–	4,110
	–	(15,173)
Total net loss for the year	(125)	(18,011)

Notes to the Financial Statements

30 June 2008

21. Segment information (cont'd)

	Assets $'000	Liabilities $'000
Segment assets and liabilities		
30.6.2008		
Cord blood banking:		
- Asia	53,162	8,914
- Australia	704	1,823
Total of all segments	53,866	10,737
Eliminations	(5,959)	(5,433)
Unallocated	4,852	495
Consolidated	52,759	5,799

	Assets $'000	Liabilities $'000
Segment assets and liabilities		
30.6.2007		
Cord blood banking:		
- Asia	45,420	6,075
- Australia	882	1,175
Clinical and travel related support services	290	262
Total of all segments	46,592	7,512
Eliminations	(5,482)	(4,191)
Unallocated	1,767	844
Consolidated	42,877	4,165

	Asia $'000	Australia $'000	Clinical and travel related support services $'000	Discontinued operations $'000	Unallocated $'000	Total $'000
Other segment information						
Year ended 30.6.2008						
Depreciation and amortisation of segment assets	360	64	–	–	125	549
Year ended 30.6.2007						
Depreciation and amortisation of segment assets	306	20	20	1,225	41	1,612

Notes to the Financial Statements

30 June 2008

22. Related party disclosures

(a) ***Equity interests in related parties***

Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 19.

(b) ***Transactions between subsidiaries***

During the financial year, sales and purchase transactions between subsidiaries amounted to $119,000 (2007: $140,000). These transactions are made in arm's length transactions on standard commercial terms. The Company made advances to its subsidiaries amounting to $4,122,000 (2007: $2,024,000) for operational requirements. There were no other transactions between the Company and its subsidiaries or between subsidiaries during the current or the previous financial year.

(c) ***Transactions with associate***

During the financial year, purchase transactions between a subsidiary and an associated company amounted to $371,000 (2007: $265,000). Purchases are made in arm's length transactions both at standard market prices and on standard commercial terms. There were no other transactions between the Company or any of its subsidiaries and the associated companies during the current or the previous financial year.

(d) ***Related party balances***

Refer to Notes 8 and 13 for information regarding outstanding related party balances at year end.

(e) ***Guarantee***

Cordlife Ltd has guaranteed the bank overdraft facility of its subsidiary Cordlife Pte Ltd up to a maximum amount of $382,000 (2007: $385,000). At 30 June 2008, the facility amount was unused.

(f) **Key management personnel**

Details relating to KMP, including remuneration paid, are included in Note 23.

Notes to the Financial Statements

30 June 2008

23. Key management personnel disclosures

Details of key management personnel

Directors:

Christopher Fullerton	(Chairman, non-executive)
Steven Fang	(Director, executive)
Christopher Ho	(Director, non-executive, resigned on 7 November 2007)
Alberto J. Bautista	(Director, non-executive, resigned on 7 November 2007)
Seow Bao Shuen	(Director, non-executive)
Peter Roberts	(Director, non-executive)
Jeremy Yee	(Director, executive, appointed on 14 December 2007)
Samuel Kong	(Director, non-executive, appointed on 31 July 2007)

Executives:

Simon Lee	(Corporate Development Officer)
Susan Kheng	(Group General Manager)
Sher Min Gaspar	(Senior Business Development Manager)
Simon Hoo	(Senior Finance and Investments Manager)
Gwendolene Yeo	(Group Business Development Director)

Compensation of key management personnel

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
Short-term employee benefits	1,062,938	1,088,715	694,537	852,522
Post employment benefits	53,731	52,969	23,286	35,722
Share-based payment	406,898	496,042	281,842	313,042
	1,523,567	1,637,726	999,665	1,201,286

Shareholdings of key management personnel

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Notes to the Financial Statements

30 June 2008

23. Key management personnel disclosures (cont'd)

Fully paid ordinary shares of Cordlife Ltd:

	Balance at 1/7/07 No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 30/6/08 No.
Directors:					
Christopher Fullerton	3,000,000	–	–	–	3,000,000
Steven Fang	6,229,960	–	125,000	–	6,354,960
Jeremy Yee	326,034	–	133,334	–	459,368
Samuel Kong	–	–	–	–	–
Peter Roberts	40,000	–	–	20,000	60,000
Seow Bao Shuen	11,819,448	–	–	–	11,819,448
Executives:					
Simon Lee	487,288	–	83,333	–	570,621
Susan Kheng	406,970	–	83,334	–	490,304
Sher Min Gaspar	218,584	–	16,667	–	235,251
Simon Hoo	–	–	33,334	–	33,334
Gwendolene Yeo	11,264	–	33,334	–	44,598
	22,539,548	–	508,336	20,000	23,067,884

Option holdings of key management personnel

30 June 2008	Balance at beginning of period 1 Jul 07	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30 Jun 08	Vested at 30 June 2008 Total	Exercisable	Not exercisable
Executive Directors								
Steven Fang	312,500	187,500	(125,000)	–	375,000	375,000	210,000	165,000
Jeremy Yee	316,666	183,333	(133,334)	–	366,665	366,665	199,999	166,666
Other key management personnel								
Simon Lee	166,668	83,334	(83,333)	–	166,669	166,669	83,335	83,334
Susan Kheng	166,668	83,334	(83,334)	–	166,668	166,668	83,334	83,334
Sher Min Gaspar	33,334	16,667	(16,667)	–	33,334	33,334	16,667	16,667
Simon Hoo	66,667	33,333	(33,334)	–	66,666	66,666	33,333	33,333
Gwendolene Yeo	66,667	33,333	(33,334)	–	66,666	66,666	33,333	33,333
Total	1,129,170	620,834	(508,336)	–	1,241,668	1,241,668	660,001	581,667

Notes to the Financial Statements

30 June 2008

23. Key management personnel disclosures (cont'd)

30 June 2007	Balance at beginning of period 1 Jul 06	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30 Jun 07	Vested at 30 June 2007 Total	Exercisable	Not exercisable
Executive Directors								
Steven Fang	–	312,500	–	–	312,500	312,500	–	312,500
Ian Brown	–	250,000	–	–	250,000	250,000	–	250,000
Other key management personnel								
Jeremy Yee	–	316,666	–	–	316,666	316,666	–	316,666
Simon Lee	–	166,668	–	–	166,668	166,668	–	166,668
Arijit Mookerjee	–	166,668	–	–	166,668	166,668	–	166,668
Susan Kheng	–	166,668	–	–	166,668	166,668	–	166,668
John T. Flickinger	–	–	–	–	–	–	–	–
Total	–	1,379,170	–	–	1,379,170	1,379,170	–	1,379,170

24. Events after the balance sheet date

There has not been any matter or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

25. Notes to the cash flow statement

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
(a) Reconciliation of cash				
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:				
- Cash at bank and in hand	2,744	3,901	52	1,275
- Term deposits with banks	5,620	519	4,279	–
Cash and cash equivalents	8,364	4,420	4,331	1,275

Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Notes to the Financial Statements

30 June 2008

25. Notes to the cash flow statement (cont'd)

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
(b) Financing facilities				
Unsecured bank overdraft facility, reviewed annually and payable at call:				
- Amount used	–	–	–	–
- Amount unused	382	385	–	–
	382	385	–	–

(c) Reconciliation of net loss for the year after related income tax to net cash flows from operating activities:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Net loss for the year	(125)	(18,011)	(2,140)	(31,990)
Depreciation and amortisation of non-current assets	549	1,657	12	8
Allowance for impairment of subsidiary	–	–	36	19,695
Interest received	–	–	387	91
Share of loss of associate company	110	292	–	–
Income tax expense/ (benefit)	826	(3,452)	–	–
Write-off of goodwill	–	498	–	–
Write-down of investment in associates	–	15,270	–	–
Share-based payment expense	854	577	387	234
Loss on disposal of subsidiaries	–	–	–	7,316
Exchange differences	(505)	(854)	–	–
Allowance for impairment in amount owing from associated company	–	–	–	513
Allowance for impairment in amount owing from subsidiaries	–	–	–	2,104
(Increase)/decrease in assets:				
Receivables	(5,311)	(1,940)	(67)	1,445
Inventories	(82)	522		–
Increase/(decrease) in liabilities:				
Payables	808	1,377	702	(187)
Net cash used in operating activities	(2,876)	(4,064)	(683)	(771)

Notes to the Financial Statements

30 June 2008

26. Discontinued operations

(a) *Details of operations disposed*

In 2007, the Company disposed of its wholly-owned subsidiary, Cell Sciences Pte Ltd, a company engaged in the manufacture of stem-cell related products and distribution of medical equipment. This company formed a part of the research and other products business segment of the Group's operations.

The Company also restructured its interest in Cytomatrix Pty Ltd and Cytomatrix LLC, its technology venture, and commenced liquidation of Cytovations Inc, its cell therapy products and services venture. These companies made up the cell therapeutics and the remaining part of the research and other products business segment of the Group's operations.

During 2007, the Company also ceased operations of CLS Services Pte Ltd and CLS Services B.V. These companies made up the clinical and travel related support services business segment of the Group's operations previously. During the current financial year, management made the decision to not pursue a plan to sell these two entities, but instead liquidate them in FY 2009. The result of this change in plan does not impact the disclosures regarding financial performance. The assets and liabilities previously classified as held for sale however have been reclassified.

(b) *Financial performance of operations disposed*

The results of the discontinued operations for the prior year are presented below:

	2007						
	Cell Sciences $ '000	**Cytomatrix Pty Ltd $ '000**	**Cytomatrix LLC $ '000**	**Cytovations Inc $ '000**	**CLS Services Pte Ltd $ '000**	**CLS Services BV $ '000**	**Total $ '000**
Revenue	585	6	1	397	1,315	–	2,304
Expenses	(652)	(412)	(16,859)	(1,944)	(1,714)	(6)	(21,587)
Gross loss	(67)	(406)	(16,858)	(1,547)	(399)	(6)	(19,283)
Finance costs	–	–	–	–	–	–	–
Loss before tax from discontinued operations	(67)	(406)	(16,858)	(1,547)	(399)	(6)	(19,283)
Tax	–	–	4,110	–	–	–	4,110
Loss for the year from discontinued operations	(67)	(406)	(12,748)	(1,547)	(399)	(6)	(15,173)

Notes to the Financial Statements

30 June 2008

26. Discontinued operations (cont'd)

(c) *Assets and liabilities of disposed entities*

The major classes of assets and liabilities of the group of companies disposed of last year are as follows:

	2007				
	Cell Sciences $ '000	**Cytomatrix Pty Ltd $ '000**	**Cytomatrix LLC $ '000**	**Cytovations Inc $ '000**	**Total $ '000**
Assets:					
Plant and equipment	14	4	1	355	374
Intangibles	–	10	2	–	12
Inventory	377	–	–	83	460
Trade and other receivables	138	36	172	134	480
Cash and cash equivalents	90	4	14	12	120
	619	54	189	584	1,446
Liabilities:					
Trade and other payables	(733)	(56)	(20)	(131)	(940)
Net assets	(114)	(2)	169	453	506

Notes to the Financial Statements

30 June 2008

27. Remuneration of auditors

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
The auditor of Cordlife Limited is Ernst and Young				
Amounts received or due and receivable by Ernst & Young (Australia) for:				
Audit or review of the financial report of the entity and any other entity in the consolidated group	63,200	65,125	63,200	65,125
	63,200	65,125	63,200	65,125
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:				
Audit or review of the financial report of the entity and any other entity in the consolidated group	110,000	96,000	85,350	74,500
Tax compliance services	12,224	8,844	–	–
	122,224	104,844	85,350	74,500
	185,424	169,969	148,550	139,625
Amounts received or due and receivable by non Ernst & Young audit firms for:				
Review of the financial report	4,005	3,690	–	–
	4,005	3,690	–	–

28. Dividends

The Company did not pay any dividends during the financial year. The directors do not recommend the payment of a dividend in respect of the financial year.

Adjusted franking account balance (tax paid basis) is Nil (2007: nil).

Additional Stock Exchange Information

as at 20 September 2008

Number of holders of equity securities

Ordinary share capital

92,491,678 fully paid ordinary shares are held by 527 individual shareholders.
All issued ordinary shares carry one vote per share.

Distribution of holders of equity securities

	Fully paid ordinary shares
1 – 1,000	37
1,001 – 5,000	182
5,001 – 10,000	81
10,001 – 100,000	169
100,001 and over	58
	527
Holding less than a marketable parcel	46

Securities subject to escrow

Details of number and class of securities subject to escrow that are on issue and the dates that the escrow periods end are set out below:

Fully paid ordinary shares	Date that the escrow period ends
–	Not applicable
–	

Additional Stock Exchange Information

as at 20 September 2008

Substantial shareholders		
	Fully paid	
Ordinary shareholders	Number	Percentage
ANZ Nominees Limited	19,418,272	20.99%
Citicorp Nominees Pty Ltd	14,262,769	15.42%
BS Fund Management Pte Ltd	11,819,448	12.78%
	45,500,489	49.19%

Twenty largest holders of quoted equity securities			
		Fully paid	
Ordinary shareholders		Number	Percentage
1)	ANZ Nominees Limited	19,418,272	20.99%
2)	Citicorp Nominees Pty Ltd	14,262,769	15.42%
3)	BS Fund Management Pte Ltd	11,819,448	12.78%
4)	Ms Lai Na Chiu	3,707,900	4.01%
5)	CIMB-GK Securities Pte Ltd	3,447,138	3.73%
6)	HSBC Custody Nominees (Australia) Ltd	3,343,629	3.62%
7)	Mandalay Capital Pty Ltd	3,000,000	3.24%
8)	Tantalum Cellular Products LLC	2,566,972	2.78%
9)	HSBC Custody Nominees (Australia) Ltd	2,532,961	2.74%
10)	Ms Betty Hui	2,500,000	2.70%
11)	NEFCO Nominees Pty Ltd	1,880,407	2.03%
12)	Tiong Aik Corporation Pte Ltd	1,230,514	1.33%
13)	National Nominees Limited	1,061,257	1.15%
14)	Merrill Lynch (Australia) Nominees Pty Ltd	994,623	1.08%
15)	Mr Ben Kee Cheong Chng	868,000	0.94%
16)	Arrow Asia Opportunity Fund Ltd	863,039	0.93%
17)	UOB Kay Hian Private Limited	862,086	0.93%
18)	Christopher Han Siong Ho	682,283	0.74%
19)	PBC Investments Pty Limited	660,000	0.71%
20)	Mr Ian David Brown	520,286	0.56%

Company secretary

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Other ASX information for recently listed entities

The Group used the cash that it had at the time of admission to the ASX in a way which is consistent with its business objectives.

cordlife
one chance, one choice.

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