

CyGenics to focus on cord blood banking

Australia-listed firm seeks to divest tech development businesses

By CHEN HUIFEN

HOME GROWN stem cell therapy firm CyGenics said it will now focus its business on cord blood banking and is seeking to divest its non-core divisions related to technology development.

The Australia-listed firm decided on the move after taking into account feedback from potential investors and analysts.

"While our core business of tissue banking has been growing very well year-on-year, the market has discounted us or marked us down because of the expectations or anticipation that we will be spending a lot on technology development," said CyGenics chief executive Steven Fang.

"And likewise when I do my roadshow and talk to people who are keen to invest in us because of our technology, they do not quite understand why the company devote such a large bandwidth and management time on growing a revenue-generating business of tissue banking. So either way, we are kind of a misunderstood animal."

CyGenics started out as CordLife, a cord blood banking business in Singapore, but ventured into cell therapeutics research fol-

lowing an acquisition of Boston-based Cytomatrix in 2003. Cytomatrix holds a patented technology to grow T-cells (a component of the immune system) outside the human body.

CyGenics also owns Cytovations, which provides regulatory and accreditation consulting services.

But instead of a total sell-off, the group is looking at partnerships and out-licensing opportunities for its non-core businesses, much like the recent disposal of Cell Sciences, once its wholly owned subsidiary.

Cell Sciences was sold to Malaysia's DNAPro (M) Sdn Bhd for a 19.7 per cent equity stake in the latter. CyGenics also has the option to acquire up to 39 per cent of DNAPro after two years.

"We have realised that by combining our platform technologies, with some of the newer stem cell technologies that have been developed out there, the net result is a whole new range of exciting stem cell related technology platform," explained Mr Fang.

"But to pursue that strategy, it needs separate funding, focus and attention. It's our intent to pursue such partnerships, either by way of merger or by way of dilution, but we will still hold a significant chunk of equities to allow us to have access and control to those technologies without us having to fund it from a working capital standpoint."

The refocus will also allow CyGenics to accelerate its growth in the tissue



Mr Fang: CyGenics' cord blood banking business has grown by more than 50% in the last two years

banking business, which has been the company's main revenue driver.

According to its half year results, revenue for the six months ended December went up 30.6 per cent to A\$3.97 million. Of that, tissue banking contributed A\$2.32 million, or a 60.5 per cent jump from the year-ago period.

During the period, the company narrowed its loss to A\$3.28 million, from A\$3.48 million.

The group is expecting to see the same level of growth in its tissue banking business for the rest of its financial year. It is on track to open new cord blood banking facilities in Indonesia and India this year, ad-

ding on to existing sites in Singapore, Hong Kong, and Australia.

Mr Fang revealed that the company has initiated entry into the Middle East market and is exploring partnerships in Taiwan.

"In the last two years, we've almost grown by more than 50 per cent for cord blood banking busi-

ness, year-on-year," he said. "And I think for this year, we should see somewhere in the order of 30-35 per cent growth in both clients and revenue terms."

Last week, the company obtained approval from shareholders to change its name to CordLife Ltd to reflect the change in business focus.

Article Highlights:

- Stem cell therapy firm Cygenics renamed as CordLife Limited to reflect new focus on its core business of cord blood banking.
- Non-core divisions related to technology development re-aligned to focus on revenue generating cord blood banking.
- Instead of total sell-off, CordLife is looking at partnerships and out-licensing.

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