

**CyGenics Ltd** (ACN 108 051 529)

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23 February 2005

Manager of Company Announcements  
Australian Stock Exchange

**By e-lodgement**

**Number of pages: 24 inclusive**

**Half Year Report and Financial Report for the period ending  
31 December 2004**

In accordance with the listing rules please find attached Cygenics Ltd's reports for the six months ending 31 December 2004:

1. Appendix 4D;
2. Financial Report.

Yours faithfully

A handwritten signature in black ink, consisting of a stylized, cursive 'A' followed by a diagonal stroke.

**Andrew Lord**  
**Company Secretary**

# Appendix 4D

## Half Year Report

### 1. Company details

Name of entity

**CyGenics Ltd**

ABN

**48 108 051 529**

Half year ended

**31 December 2004**

The company was incorporated on 19 February 2004 and hence there are no previous corresponding period comparative amounts for the half-year report for the period ended 31 December 2004.

### 2. Results for announcement to the market

|   | <b>A\$'000</b>          |
|---|-------------------------|
| <b>2.1 Revenue from ordinary activities</b>                                     | <b>: 1,951</b>          |
| <b>2.2 Loss from ordinary activities after taxation attributable to members</b> | <b>: 3,707</b>          |
| <b>2.3 Net Loss for the period attributable to members</b>                      | <b>: 3,707</b>          |
| <b>2.4 Dividends</b>  | <b>: Nil</b>            |
| <b>2.5 Record date for determining entitlements to the final dividend</b>       | <b>: Not applicable</b> |

The consolidated revenue, loss from ordinary activities after taxation attributable to members and net loss for the period attributable to members represents the results of operations of CyGenics Ltd and its controlled entities for the period from 1 July 2004 to 31 December 2004. Details of controlled entities are set out in Note 9 of the Half-year financial report for the period ended 31 December 2004.

During the half-year period ended 31 December 2004, the company expanded its operations in all areas of business, involving investment in manpower and capital expenditure. This is in line with the group's objective of realising sound growth through investment in existing businesses, expanding into new geographical markets, expanding into new cell-based assaying services and seeking out-licensing of our innovative cellular technologies.

Revenue from ordinary activities comprised cord blood banking services of A\$761,000, sales of goods of A\$271,000, government grants and contracts of A\$539,000 and interest income of A\$379,000. The loss for the period of A\$3,707,000 arose mainly from amortisation of intangible assets of A\$ 1,549,000 and costs associated with the group's expansion, as highlighted below.

While no comparisons can be drawn with actual previous half-year amounts for the revenue of the consolidated entity, it is to be noted that total revenue from ordinary activities increased by approximately 44% to A\$1,951,000 during the half-year ended 31 December 2004, from the proforma revenue of the consolidated entity for the previous six-month period ended

## Appendix 4D

### Half Year Report

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31 December 2003 of A\$1,357,000. The revenue from sale of goods and rendering of services for the six-month period ended 31 December 2004 was \$1,032,000 as compared to the proforma revenue of \$718,000 (after adjustment for trade discounts given on rendering of services of \$156,000) for the previous six-month period ended 31 December 2003. The revenue from Government grants and contracts for the six-month period ended 31 December 2004 was \$539,000 as compared to the proforma revenue of \$609,000 for the previous six-month period ended 31 December 2003. Interest income from banks and other miscellaneous revenue for the six-month period ended 31 December 2004 was \$380,000 as compared to the proforma revenue of \$30,000 for the previous six-month period ended 31 December 2003.

The tissue banking business (Cordlife) expanded in the Asian region with a new processing laboratory in Hong Kong, as well as increased business development and marketing activities in Thailand, Indonesia and the Philippines. A second processing laboratory, which is AABB compliant (representing the “global gold standard” for cord blood banking), was completed in Singapore. The number of new clients signed-up for umbilical cord blood banking (UCB) services in Singapore for the quarter ended 31 December 2004 was 414, as compared to 371 for the quarter ended 30 September 2004, 159 for the quarter ended 30 June 2004 and 174 for the quarter ended 31 March 2004.

The product sales and distribution business (Cell Sciences) secured new product lines for distribution as well as project management contracts awarded by medical institutions, including Singapore Cord Blood Bank (SCBB). Expansion involved investment in additional manpower and working capital. This includes the appointment of Dr John Khong as its Vice-President and General Manager. Dr Khong has over 25 years experience in commercial environment. A significant Memorandum of Understanding was entered into with Corning Life Sciences in the US which will result in an OEM distribution agreement allowing Corning Life Sciences to sell disposable spinner flasks designed and manufactured by Cell Sciences.

The cell therapy business (Cytomatrix) launched its advanced cell-based screening (vaccine screening) services, leveraging its proprietary T-cell technology and know-how from its US Department of Defense experience. These services aim to target pharmaceutical and other drug discovery companies in the US and Europe.

The company also commenced business development activities in the UK, in preparation for entry into European markets. Dr Gary Rubin, doctorate in molecular endocrinology with over 10 years experience in biotech research and commercialisation, has been appointed as Business Development Director for Europe. In addition, Piper Jaffray Ltd has been appointed as the company’s financial advisor in the UK.

Preliminary stages of preparation for the two clinical trial programmes in Australia in respect of the company’s patented technologies started with investment in manpower, including training, as well as finalisation of contracts with partners in Australia to carry out the trials. The company commenced the technology transfer of its stem cell expansion technology to the Murdoch Childrens Research Institute (MCRI). The preliminary steps included payments related to contract legal fees, planning and a training programme that included intensive onsite training at the company’s Boston facility. The company also commenced technology transfer of its T-cell production technology to Cell Therapies Pty Ltd and the Peter MacCallum Cancer Centre (Peter Mac). The company filed an Investigational New Drug Application (IND) with the US Food and Drug Administration (FDA). This IND filing is for its Phase I/II clinical trials, using T-cells produced in its T-cell growth platform, to restore the damaged immune systems of patients. The IND underwent customary initial review by the FDA. In addition to the information provided to date, the FDA has requested further information be included for review. The company expects that it will require 6-8 months to furnish this information. In addition, a review of the trial design for the Phase I/II study has led to a proposed reduction in the

number of patients required for the study. This reduction in the number of patients required may reduce the necessary duration of the trial by 3-6 months.

**3. Net tangible assets backing per ordinary security**

|                                     |
|-------------------------------------|
| As at 31 December 2004 : 21.5 cents |
| As at 30 June 2004 : 24.9 cents     |

**4. Control gained or lost over entities**

| <i><b>Names of businesses acquired</b></i> | <i><b>Principal activity</b></i> | <i><b>Date of acquisition</b></i> | <i><b>Proportion of shares acquired %</b></i> | <i><b>Cost of acquisition \$</b></i> |
|--|----------------------------------|-----------------------------------|---|--------------------------------------|
| None                                       |                                  |                                   |   |                                      |

**5. Dividends**

|  |
|--|
| No dividend was paid during the half year period. The Directors do not recommend the payment of a dividend in respect of the half year period. |
|--|

**6. Dividend reinvestment plans**

|                |
|----------------|
| Not applicable |
|----------------|

**7. Details of associates and joint venture entities**

|      |
|------|
| None |
|------|

**8. Foreign entities**

|                |
|----------------|
| Not applicable |
|----------------|

**9. Audit of the half year financial report**

This report is based on accounts which have being reviewed. The accounts are not subject to any dispute or qualification.

Sign here:



(Director)

**Steven Fang**  
**Melbourne, 22 February 2005**

# **CyGenics Ltd**

ABN 48 108 051 529

Financial Report for half-year ended  
31 December 2004

# CyGenics Ltd

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## Half-year Financial Report for the period ended 31 December 2004

|  | <i>Page Number</i> |
|--|--------------------|
| <i>Directors' report</i>   | <b>2</b>           |
| <i>Independent review report to Members</i>                      | <b>4</b>           |
| <i>Directors' declaration</i>                                    | <b>6</b>           |
| <i>Condensed Consolidated Statement of Financial Performance</i> | <b>7</b>           |
| <i>Condensed Consolidated Statement of Financial Position</i>    | <b>8</b>           |
| <i>Condensed Consolidated Statement of Cash Flows</i>            | <b>9</b>           |
| <i>Notes to the financial statements</i>                         | <b>10</b>          |
| <i>Auditors' Independence Declaration</i>                        | <b>17</b>          |





# CyGenics Ltd

## Directors' report

The directors of CyGenics Ltd submit herewith the financial report of the Company for the half-year ended 31 December 2004.

The names and particulars of the directors of the Company during the half-year and until the date of this report are:

| Name  | Particulars  |
|---|--|
| Christopher Maxwell Fullerton<br>BEc                                      | Chairman (non-executive), appointed on 16 April 2004.  |
| Steven Fang (Boon Sing Fang)<br>CIM (UK), MBA                             | Executive Director, appointed on 19 February 2004.     |
| Ian David Brown<br>GDip.BA, GAICD, FAIM                                   | Executive Director, appointed on 19 February 2004.     |
| Dr Mark Jerome Pykett<br>VMD, PhD, MBA                                    | Non-executive Director, appointed on 24 February 2004. |
| Dr Anthony Guan Cheow Soh<br>MBBS (Singapore), PG Dip. Aud<br>(Australia) | Non-executive Director, appointed on 24 February 2004. |
| Eileen Tay (Bee Kiew Tan)<br>BAcc (Hons), FCPA (Australia)                | Non-executive Director, appointed on 24 February 2004. |

The Company Secretary, Andrew Lord (BSc, LLB), was appointed on 16 April 2004.

### Review of operations

During the half-year period ended 31 December 2004, the company expanded its operations in all areas of business, involving investment in manpower and capital expenditure. This is in line with the group's objective of realising sound growth through investment in existing businesses, expanding into new geographical markets, expanding into new cell-based assaying services and seeking out-licensing of our innovative cellular technologies.

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The loss for the period of A\$3,707,000 arose mainly from amortisation of intangible assets of A\$1,549,000 and costs associated with the group's expansion, as highlighted below.

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# CyGenics Ltd

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## Directors' report

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### **Auditors' independence declaration**


In accordance with section 307C of the Corporations Act 2001, we have obtained a declaration of independence from our auditors Ernst and Young, a copy of which appears on page 17.

### **Rounding of amounts to nearest thousand dollars**

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

This report is made in accordance with a resolution of the directors.

On behalf of the Directors



(Director)

*Steven Fang*

*Melbourne, 22 February 2005*

## Independent review report to members of CyGenics Ltd

### Scope

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both CyGenics Ltd ("the Company") and the entities it controlled during the half year ended 31 December 2004, and the directors' declaration for the Company, for the half year ended 31 December 2004.

The directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Review approach*

We conducted an independent review of the financial report in order to make a statement about it to the members of the Company and in order for the Company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of Company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

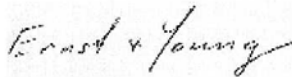
### Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

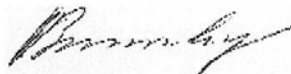
### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising CyGenics Ltd and the entities it controlled during half year ended 31 December 2004 is not in accordance with:

- (a) The *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the financial position of the consolidated entity at 31 December 2004 and of its performance for the half year ended on that date; and
  - (ii) Complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) Other mandatory financial reporting requirements in Australia.



Ernst & Young



Don Brumley  
Partner  
Ernst & Young, Melbourne  
22 February 2005

# CyGenics Ltd

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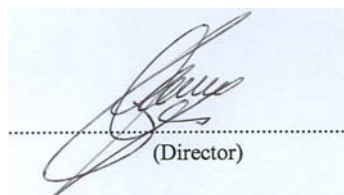
## Directors' declaration

The directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance for the half-year ended on that date;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including Accounting Standards and Corporations Regulations 2001; and
- d) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



(Director)

*Steven Fang*

*Melbourne*

*22 February 2005*

# CyGenics Ltd

## Condensed Consolidated Statement of Financial Performance for the half-year ended 31 December 2004

|   | <u>Note</u> | Half-year ended<br>31 December<br>2004<br>\$'000 |
|---|-------------|--|
| Revenue from sale of goods and rendering of Services  | 2.1(a)      | 1,032  |
| Cost of sales   |             | (682)  |
| <b>Gross profit</b>   |             | <b>350</b>                                       |
| Other revenue from ordinary activities  | 2.1(b)      | 919  |
| Distribution and marketing expenses   |             | (794)  |
| Research and development costs  |             | (437)  |
| Administration and other operating expenses   |             | (2,128)  |
| Amortisation of non-current assets  |             | (1,549)  |
| Borrowing costs   |             | (68)   |
| <b>Loss from ordinary activities before income tax expense</b>                                    | 2.2         | <b>(3,707)</b>                                   |
| Income tax expense relating to ordinary activities  |             | -  |
| <b>Net loss for the period attributable to members</b>  |             | <b>(3,707)</b>                                   |
| Net exchange differences recognised in equity – foreign currency translation reserve              |             | (22)   |
| <b>Total changes in equity other than those resulting from transactions with owners as owners</b> |             | <b>(3,729)</b>                                   |
| <b>Earnings per share:</b>  |             |  |
| Basic and diluted (cents per share)   | 8           | (5.5)  |

The above statement should be read in conjunction with the accompanying notes.

# CyGenics Ltd

## Condensed Consolidated Statement of Financial Position as at 31 December 2004

|                                      | Note | 31 December<br>2004<br>\$'000 | 30 June 2004<br>\$'000 |
|--------------------------------------|------|-------------------------------|------------------------|
| <b>Current assets</b>                |      |                               |                        |
| Cash assets                          |      | 16,003                        | 20,184                 |
| Receivables                          | 3    | 1,203                         | 849                    |
| Inventories                          |      | 188                           | 125                    |
| <b>Total current assets</b>          |      | <b>17,394</b>                 | <b>21,158</b>          |
| <b>Non-current assets</b>            |      |                               |                        |
| Property, plant and equipment        |      | 797                           | 537                    |
| Intangibles                          | 4    | 45,960                        | 47,567                 |
| <b>Total non-current assets</b>      |      | <b>46,757</b>                 | <b>48,104</b>          |
| <b>Total assets</b>                  |      | <b>64,151</b>                 | <b>69,262</b>          |
| <b>Current liabilities</b>           |      |                               |                        |
| Payables and accruals                |      | 1,113                         | 2,058                  |
| <b>Total current liabilities</b>     |      | <b>1,113</b>                  | <b>2,058</b>           |
| <b>Non-current liabilities</b>       |      |                               |                        |
| Payables and accruals                | 5    | 2,438                         | 2,702                  |
| <b>Total non-current liabilities</b> |      | <b>2,438</b>                  | <b>2,702</b>           |
| <b>Total liabilities</b>             |      | <b>3,551</b>                  | <b>4,760</b>           |
| <b>Net assets</b>                    |      | <b>60,600</b>                 | <b>64,502</b>          |
| <b>Equity</b>                        |      |                               |                        |
| Contributed equity                   | 6    | 65,175                        | 65,348                 |
| Currency translation reserve         |      | (419)                         | (397)                  |
| Accumulated losses                   | 7    | (4,156)                       | (449)                  |
| <b>Total equity</b>                  |      | <b>60,600 -</b>               | <b>64,502 -</b>        |

The above statement should be read in conjunction with the accompanying notes.

# CyGenics Ltd

## Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2004

|   | Half-year<br>ended<br>31 December<br>2004<br>\$'000 |
|---|---|
| <b><i>Cash flows from operating activities</i></b>                                    |   |
| Receipts from customers   | 1,267   |
| Payments to suppliers and employees   | (3,905)   |
| Interest received   | 225   |
| Other   | 62  |
| Net cash used in operating activities   | <b>(2,351)</b>                                      |
| <b><i>Cash flows from investing activities</i></b>                                    |   |
| Payment for acquisition of physical non-current assets                                | (575)   |
| Payment for acquisition of other non-current assets                                   | (20)  |
| Net cash used in investing activities   | <b>(595)</b>  |
| <b><i>Cash flows from financing activities</i></b>                                    |   |
| Payment for share issue costs   | (1,027)   |
| Net cash used in financing activities   | <b>(1,027)</b>                                      |
| <b><i>Net decrease in cash held</i></b>   | <b>(3,973)</b>                                      |
| <b><i>Cash at the beginning of the financial period</i></b>                           | 20,184  |
| Effects of exchange rate changes on the balance of<br>cash held in foreign currencies | (208)   |
| <b><i>Cash at the end of the financial period</i></b>                                 | <b>16,003</b>                                       |

The above statement should be read in conjunction with the accompanying notes.



# CyGenics Limited

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## Notes to the financial statements

### **1. Basis of preparation of the half-year financial report**

The half-year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, applicable Accounting Standards including AASB 1029 “Interim Financial Reporting” and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2004 and any public announcements made by the company and its controlled entities during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies adopted are consistent with those of the previous financial period.

The company was incorporated on 19 February 2004. Accordingly, no comparative amounts have been stated for the consolidated statements of financial performance and cash flows for the half-year ended 31 December 2004.

# CyGenics Limited

## Notes to the financial statements

|            |   | Half-year<br>ended<br>31 December<br>2004<br>\$'000 |
|------------|---|---|
| <b>2.1</b> | <b>Revenue from ordinary activities</b>           |   |
|            | <b>(a) Revenue</b>                                |   |
|            | Revenue from the sale of goods                    | 271   |
|            | Revenue from the rendering of services            | 761   |
|            |   | <b>1,032</b>  |
|            | <b>(b) Other revenue from ordinary activities</b> |   |
|            | Government grants and contracts                   | 539   |
|            | Interest income from banks                        | 379   |
|            | Other income                                      | 1   |
|            |   | <b>919</b>  |
|            | <b>Total revenue from ordinary activities</b>     | <b>1,951</b>  |

## 2.2 Loss from ordinary activities before income tax expense

Loss from ordinary activities before income tax includes the following items of expense:

|  |              |
|--|--------------|
| a) Cost of sales                       | 682          |
| b) Borrowing costs:                    |              |
| Interest on long-term payables         | 68           |
| c) Depreciation of non-current assets: |              |
| Property, plant and equipment          | 114          |
| d) Amortisation of non-current assets: |              |
| Patents                                | 645          |
| Goodwill                               | 700          |
| Licenses                               | 204          |
|  | <b>1,549</b> |
| e) Operating lease expenses:           |              |
| Rental expenses                        | 159          |
| f) Other expenses:                     |              |
| Auditors' remuneration                 | 44           |
| Business travel                        | 264          |
| Advertising and promotion              | 140          |
| Legal and professional fees            | 206          |
| Staff costs                            | 1,417        |

# CyGenics Limited

## Notes to the financial statements

|   | 31 December<br>2004<br>\$'000 | 30 June 2004<br>\$'000 |
|---|-------------------------------|------------------------|
| <b>3 Current receivables</b>                          |                               |                        |
| Trade receivables                                     | 707                           | 528                    |
| GST recoverable                                       | 107                           | 242                    |
| Interest receivable                                   | 213                           | 59                     |
| Other receivables, deposits and prepayments           | 176                           | 20                     |
|   | <b>1,203</b>                  | <b>849</b>             |
| <b>4 Intangibles</b>                                  |                               |                        |
| Goodwill  | 27,298                        | 27,998                 |
| Patents   | 18,257                        | 18,917                 |
| Licenses  | 405                           | 652                    |
|   | <b>45,960</b>                 | <b>47,567</b>          |
| <b>5 Non-current payables and accruals</b>            |                               |                        |
| License fee payable                                   | 1,925                         | 2,175                  |
| Accrued interest                                      | 513                           | 527                    |
|   | <b>2,438</b>                  | <b>2,702</b>           |
| <b>6 Contributed equity</b>                           |                               |                        |
| 68,000,000 fully paid ordinary shares                 | 68,000                        | 68,000                 |
| Transactions costs related to issue of shares         | (2,825)                       | (2,652)                |
|   | <b>65,175</b>                 | <b>65,348</b>          |
| <b>7 Accumulated losses</b>                           |                               |                        |
| Balance at beginning of financial period              | (449)                         | -                      |
| Net loss attributable to members of the parent entity | (3,707)                       | (449)                  |
| Balance at end of financial period                    | <b>(4,156)</b>                | <b>(449)</b>           |

# CyGenics Limited

## Notes to the financial statements

### 8 Earnings per share

|                                      | Half-year<br>ended<br>31 December<br>2004<br>\$'000 |
|--------------------------------------|---|
| Basic and diluted earnings per share | (5.5)   |

#### Basic and diluted earnings per share

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

Net loss

Weighted average number of ordinary shares

|                   |
|-------------------|
| (3,707)           |
| No.<br>68,000,000 |

There is no difference between the basic and diluted earnings per share because there were no potential ordinary shares which could be considered dilutive during the financial period. Further, there are no potential ordinary shares which are not considered dilutive.

### 9 Controlled entities

| Name of entity                               | Country of<br>incorporation  | Ownership<br>interest |
|--|------------------------------|-----------------------|
|  |                              | 2004<br>%             |
| <b>Parent entity</b>                         |                              |                       |
| CyGenics Ltd                                 | Australia                    |                       |
| <b>Controlled entities</b>                   |                              |                       |
| Cordlife Pte Ltd                             | Singapore                    | 100                   |
| Cell Sciences Pte Ltd                        | Singapore                    | 100                   |
| Cordlife International Pte Ltd               | Singapore                    | 100                   |
| Cytomatrix LLC                               | USA                          | 100                   |
| Cell Sciences Therapeutics Inc               | USA                          | 100                   |
| Cordlife (M) Sdn Bhd                         | Malaysia                     | 100                   |
| Cordlife Pty Ltd                             | Australia                    | 100                   |
| Cytomatrix Pty Ltd                           | Australia                    | 100                   |
| Cygenics (UK) Ltd                            | United Kingdom               | 100                   |
| Shanghai Cordlife Stem Cell Research Co. Ltd | Peoples Republic<br>of China | 100                   |
| Cordlife (Hong Kong) Ltd                     | Hong Kong                    | 100                   |

# CyGenics Limited

## Notes to the financial statements

### 10 Acquisition of businesses

| Names of businesses acquired | Principal activity | Date of acquisition | Proportion of shares acquired % | Cost of acquisition \$ |
|------------------------------|--------------------|---------------------|---------------------------------|------------------------|
| None                         |                    |                     |                                 |                        |

### 11 Segment information

#### Segment revenues

|                           | External sales                          | Inter-segment                           | Other                                   | Total                                   |
|---------------------------|---|---|---|---|
|                           | Half-year ended 31 December 2004 \$'000 | Half-year ended 31 December 2004 \$'000 | Half-year ended 31 December 2004 \$'000 | Half-year ended 31 December 2004 \$'000 |
| Cord blood banking        | 817                                     | -                                       | -                                       | 817                                     |
| Cell therapeutics         | 483                                     | -                                       | -                                       | 483                                     |
| Research & other products | 271                                     | 9                                       | -                                       | 280                                     |
| Total of all segments     |   |   |   | 1,580                                   |
| Eliminations              |   |   |   | (9)                                     |
| Unallocated               |   |   |   | 380                                     |
| Consolidated              |   |   |   | <b>1,951</b>                            |

#### Segment results

|   | Half-year ended 31 December 2004 \$'000 |
|---|---|
| Cord blood banking                                      | (758)                                   |
| Cell therapeutics                                       | (480)                                   |
| Research & other products                               | (241)                                   |
| Total of all segments                                   | (1,479)                                 |
| Eliminations  | -                                       |
| Unallocated   | (2,228)                                 |
| Loss from ordinary activities before income tax expense | (3,707)                                 |
| Income tax expense relating to ordinary activities      | -                                       |
| Net loss  | <b>(3,707)</b>                          |

# CyGenics Limited

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## Notes to the financial statements

### 11 Segment information (cont'd)

#### *Products and services within each business segment*

For management purposes, the consolidated entity is organised into three major operating divisions – cord blood banking, cell therapeutics and research & other products. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Cord blood banking                      Storing of umbilical cord blood samples
- Cell therapeutics                          Vaccine screening
- Research & other products              Stem-cell related products (eg. statamatrix, starwheel) and medical equipment products (eg. RITA, Magellan)

| Geographical segments | Revenue from external customers            |
|-----------------------|--|
|                       | Half-year ended 31 December 2004<br>\$'000 |
| Asia                  | 1,095                                      |
| North America         | 484  |
| Australia             | 372  |
|                       | <b>1,951</b>                               |

The consolidated entity's three divisions operate in three principal geographical areas – Australia, North America and Asia. The composition of each geographical segment is as follows:

- Australia                                      CyGenics group holding company is based in Australia and directs the growth of the group around the world as well as carries out technological development.
- North America                                CyGenics group deals in research products, cell therapeutics and technology development in the US.
- Asia    CyGenics group operates cord blood banking in Singapore with sales office in Indonesia and engages in product distribution in Singapore.

### 12 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-year period 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 periods.

### 13 Contingent liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities.

### **14 Impact of adoption of Australian equivalents to International Financial Reporting Standards**

In accordance with the Financial Reporting Council's strategic directive, CyGenics Ltd will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, CyGenics Ltd's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

At the date of this report, the directors of CyGenics Ltd are in the process of finalising a high-level assessment of the impact of A-IFRS on the consolidated entity. The directors are monitoring the developments in A-IFRS and the potential impact it will have on the consolidated entity, and expect to complete an impact study and commence a plan to prepare the consolidated entity to be A-IFRS compliant.

While no decision has yet been made as to the policy alternatives to be applied or the extent to which it will affect the consolidated entity, the directors of CyGenics Ltd have identified, based on existing differences between Australian GAAP and A-IFRS, that CyGenics Ltd expects that the introduction of A-IFRS will have an impact on its financial statements. CyGenics Ltd currently expects that the most significant impact of A-IFRS will be in relation to the accounting treatments of business combinations, taxation and intangibles.

CyGenics Ltd has identified the above as being the significant areas of differences affecting the consolidated entity on adoption of A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change the consolidated entity's assessment of the importance or otherwise of the various differences.

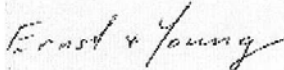
### **15 Dividends**

The company did not pay any dividends during the half-year period. The Directors do not recommend the payment of a dividend in respect of the half-year period.

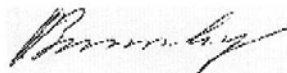
Adjusted franking account balance (tax paid basis) is Nil.

### **Auditor's Independence Declaration to the Directors of CyGenics Ltd**

In relation to our review of the financial report of CyGenics Ltd for the half-year ended 31 December 2004, 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  
22 February 2005