



**29 April 2005**

**Manager of Company Announcements  
Australian Stock Exchange Ltd**

**Appendix 4C – Quarterly report for entities admitted on the basis of commitments**

Please find attached CyGenics Ltd's Quarterly report for the period ended 31 March 2005.

In line with the group's objective of realising sound growth through investment in existing businesses and expanding into new geographical markets, the company continued to expand its operations during the quarter in all areas of business. This involved investment in manpower and capital expenditure.

**Cashflow Analysis**

The net outflow of cash for the quarter ended 31 March 2005 of A\$619,000 (previous quarter - A\$1,762,000) is in line with the Company's internal cash flow projections.

The net cash flows include cash outflows from investing activities of A\$129,000 (previous quarter - A\$292,000) and cash inflows from financing activities of A\$551,000 (previous quarter - outflows A\$44,000) respectively. Cash outflows from investing activities mainly comprised payments for the establishment of the processing laboratory in Hong Kong. Cash inflows from financing activities comprised A\$580,000 from issue of shares in Cordlife (HK) Limited to BS Fund Management Pte Ltd. Cordlife (HK) Limited is a 51% owned controlled entity of Cygenics Ltd incorporated in Hong Kong SAR. These inflows were offset by payments of final IPO expenses of A\$29,000 which were incurred in the quarter ended 30 June 2004.

Cash inflows from operating activities during the quarter comprised receipts from customers of A\$866,000 (previous quarter - A\$660,000) and interest income of A\$191,000 (previous quarter - A\$75,000). This is in line with the company's expectations. Receipt from customers mainly comprised receipts from the Umbilical Cord Blood ("UCB") banking business of A\$411,000 (previous quarter - A\$362,000), product sales and distribution of A\$187,000 (previous quarter - A\$82,000) and receipts from Government contracts of A\$268,000 (previous quarter - A\$216,000). Interest income during the quarter is higher than the previous quarter since fixed deposits of approximately A\$6,000,000 matured in this quarter and the interest income was reflected in this quarters' cash flow.



Cash outflows from operating activities during the quarter comprised staff costs of A\$796,000 (previous quarter - A\$827,000), advertising and marketing of A\$63,000 (previous quarter - A\$68,000), research and development of A\$214,000 (previous quarter - A\$196,000) and other working capital of A\$1,022,000 (previous quarter - A\$1,070,000). This is in line with the company's expectations, considering the continued expansion in operations of all its business units. Payments for research and development include costs for the preparation of clinical trials in Australia. Payments for other working capital mainly include direct costs of rendering tissue banking services and production and distribution of goods; it also includes legal and professional fees incurred on business expansions into new markets and the finalisation of key contracts, travel costs incurred on business development in Asia and the UK and property rental costs.

### **Tissue Banking Business**

The tissue banking business (Cordlife) continued to expand in the Asian region with the opening of a new processing and storage facility in Hong Kong. The new facility is the cornerstone of Cordlife's efforts in North Asia, in collaboration with leading venture capital firm, BS Fund Management Pte Ltd. There were increased business development and marketing activities in Thailand and Indonesia. The number of new clients signed-up for UCB banking services for the quarter ended 31 March 2005 was 380 compared to 173 for the quarter ended 31 March 2004, an increase of 120% over the corresponding quarter in the previous year. The number of new clients signed-up were 414 for the quarter ended 31 December 2004, 371 for the quarter ended 30 September 2004 and 159 for the quarter ended 30 June 2004.

### **Product Sales and Distribution Business**

The product sales and distribution business (Cell Sciences) expanded with 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.

### **Cell Therapy Business**

The cell therapy business (Cytomatrix) continued to focus on 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. Moreover, the US Department of Defense exercised its option to renew its contract with Cytomatrix. Cytomatrix originally received a contract valued at US\$1,684,000 for a two year screening service programme. This



amount was partially funded for the first year at US\$618,000. The US Government has now fully funded the original award amount to be able to complete the second year of the contract.

Preparation for the two clinical trial programmes of the company's patented technologies is continuing with technology transfer of its T-cell production technology to Cell Therapies Pty Ltd and the Peter MacCallum Cancer Centre (Peter Mac) and its stem cell expansion technology to the Murdoch Childrens Research Institute (MCRI) on track.

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.

For further information on the activities and developments of the Company, please refer to the previously released market announcements of the Company during the quarter ended 31 March 2005.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'Andrew Lord', written over a diagonal line.

**Andrew Lord**  
**Company Secretary**  
**CyGenics Ltd**

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Name of entity

**CyGenics Ltd**

ABN

**48 108 051 529**

Quarter ended ("current quarter")

**31 March 2005**

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	<b>866</b>	<b>2,133</b>
1.2 Payments for		
(a) staff costs	<b>(796)</b>	<b>(2,373)</b>
(b) advertising and marketing	<b>(63)</b>	<b>(196)</b>
(c) research and development	<b>(214)</b>	<b>(476)</b>
(d) leased assets	-	-
(e) other working capital	<b>(1,022)</b>	<b>(2,955)</b>
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	<b>191</b>	<b>416</b>
1.5 Interest and other costs of finance paid	<b>(3)</b>	<b>(3)</b>
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	<b>62</b>
<b>Net operating cash flows</b>	<b>(1,041)</b>	<b>(3,392)</b>

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	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(1,041)</b>	<b>(3,392)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	<b>(129)</b>	<b>(704)</b>
(e) other non-current assets	-	<b>(20)</b>
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(129)</b>	<b>(724)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,170)</b>	<b>(4,116)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares in a subsidiary to minority shareholder	<b>580</b>	<b>580</b>
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – Expenses related to the Initial Public Offer (IPO)	<b>(29)</b>	<b>(1,056)</b>
<b>Net financing cash flows</b>	<b>551</b>	<b>(476)</b>
<b>Net increase (decrease) in cash held</b>	<b>(619)</b>	<b>(4,592)</b>
1.21 Cash at beginning of quarter/year to date	<b>16,003</b>	<b>20,184</b>
1.22 Exchange rate adjustments	<b>25</b>	<b>(183)</b>
1.23 <b>Cash at end of quarter</b>	<b>15,409</b>	<b>15,409</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	<b>154</b>
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

**The aggregate payment comprises remuneration paid to the directors of Cygenics Ltd.**

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**BS Fund Management Pte Ltd, a venture capital firm, invested A\$580,000 in equity shares of Cordlife (HK) Limited. Cordlife (HK) Limited, incorporated in Hong Kong SAR, is a 51% owned controlled entity of Cygenics Ltd.**

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities (overdraft)	<b>393</b>	-
3.2	Credit standby arrangements	-	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	<b>5,409</b>	<b>1,437</b>
4.2 Deposits at call	<b>10,000</b>	<b>14,566</b>
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>15,409</b>	<b>16,003</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



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 (Director)

**Steven Fang**  
**29 April 2005**

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* applies to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.