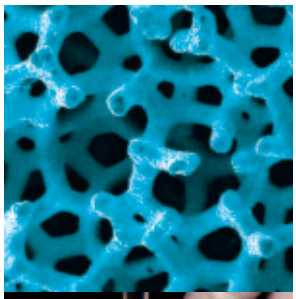
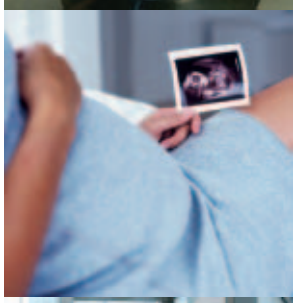
CyGenics Ltd

ABN 48 108 051 529

ANNUAL REPORT 2005





Today's ***Technology***

Tomorrow's ***Therapy***

cygenics

CyGenics

A world leader in stem cell biotechnology

Providing the highest quality tissue banking services, research products and therapeutics.

Contents

Company Information

Directors

Mr Chris Fullerton - Chairman
Mr Steven Fang - Executive Director
Mr Ian Brown - Executive Director
Dr Mark Pykett - Non Executive Director
Dr Anthony Soh - Non Executive Director
Mrs Eileen Tay - Non Executive Director

Chief Financial Officer

Mr Jeremy Yee

Company Secretary

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Campbell Lord, Commercial Lawyers
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Positioning Statement

CyGenics focuses on cell therapy products and services in three ways:

- Umbilical cord blood stem cell tissue banking services
- Consumable devices for research and biomanufacturing
- Cell Therapeutics:
  - Human T-cell production
  - Human stem cell expansion
  - Cell based theranostics
  - Value added clinical services

The business addresses demand in significantly growing global stem cell therapy markets with multiple on-going revenue streams.

We have a strong international patent and intellectual property position.

We have an experienced Board and Management team.

The Company conducts operations in Australia, Asia, United States and United Kingdom.

Chairman's Review

CyGenics' first year as a listed company was, predictably, frenetic but I'm pleased to advise that this period closes with the Group having established firm priorities, with each business division moving forward with clear goals and financial targets.

During the period, the key focus of management has been:

- a strategic review of group activities to ensure divisions were correctly focused and adequately resourced;
- creating a CyGenics group culture and structure, to ensure that all business divisions within the geographically spread group were working in harmony and with shared goals;
- implementing our new global SAP accounting and management control system, which will be completed by the end of 2005.

For our clinical trials programme, the emphasis was on recruitment and technology training of key personnel, together with establishing a sound working relationship with our collaboration partners. We have now filled all necessary positions, in both Australia and the United States, with outstanding executives, so that the design and management of the clinical trials, and the approval process with the FDA, are in very sound and experienced hands. We now have the team in place to move forward in a structured and professional manner on these exciting programmes. More specifically, the further studies requested by the FDA following our IND filing late in 2004 for our Phase I/II clinical trial of our T-cell production technology, are soon to be completed and submitted to the FDA.

The Cordlife tissue banking business had an outstanding year. Our Singapore laboratory received an AABB accreditation, one of only 8 facilities outside the US (and the only one in South East Asia) to receive this "gold standard" rating. This independent acknowledgement of the high quality of our tissue banking service will underpin our leading position in the region. Secondly, we opened a new facility in Hong Kong early this year, which gives us an operating base for Hong Kong, China and North Asia. Finally, Cordlife achieved excellent growth in numbers of new clients and revenue. The final quarter of the 2005 financial year saw new client sign ups of 476, as against 371 new clients for the first quarter of that financial year, an increase of 28%. The first quarter of the current financial year saw 560 new clients sign up, an increase of 18% over the previous quarter. The figures speak for themselves.

Our Cell Sciences product distribution business performed ahead of our expectations, and Cytomatrix's contracted assay services to the US Department of Defense continued satisfactorily.

The energy and dedication of our management team over this period has been second to none. The high level of commitment to the various business divisions by respective executives and staff was the key to the sound progress made across the Group. Further, the non-executive directors made a valuable contribution to the establishment of a cohesive, listed group of companies.

Despite the significant progress made in all areas, our share price performed disappointingly. It was not aided by the generally negative market view of the biotech sector which prevailed for most of 2005. I thank our shareholders for their continuing support and wish to confirm CyGenics' stated intention of implementing a well managed, professional clinical trials programme, and continuing to build our various businesses.

The current financial year has started well. Consolidated revenue for the first 2 months was up more than 50% compared to the same period last year and cash reserves at the end of August exceeded $13 million.

Your Board's expectations for this year include:

- continuing sound progress on our clinical trials programme, including further collaboration with respected institutions;
- substantial growth in Cordlife revenue, and geographic expansion of our tissue banking business; and
- sound growth in our other business activities.

Chris Fullerton
Chairman

Board of Directors

Mr Christopher Fullerton
Chairman, CyGenics
BEc

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

Mr Ian Brown
Chief Operating Officer,
CyGenics
GDip. BA, FAICD, FAIM

Dr Mark J. Pykett
Non-Executive Director,
CyGenics
VMD, PhD, MBA

Dr Anthony Soh
(Soh, Guan Cheow)
Non-Executive Director,
CyGenics
MBBS (Singapore),
PG Dip. Aud. (Australia)

Mrs Eileen Tay
(Tan, Bee Kiew)
Non-Executive Director,
CyGenics
BAcc. (Hons), FCPA (Australia),
FCPA (Singapore), ACIMA(UK)

Review of Operations

CyGenics' operations achieved significant market development and financial growth for the period under review. The Group's Clinical Trial Programme made solid progress, focusing on technology training for key personnel and the process of lodging our Investigational New Drug ("IND") with US Food and Drug Administration ("FDA"). The Group's Cordlife tissue banking business continued its strong growth in the number of new clients and in revenue. This growth was based on increased business activities in Singapore, Hong Kong and Indonesia. The Group's Cell Sciences product distribution business also showed strong growth, driven by the expanding list of third party principle lines of biotech products, devices and equipment, as well as its Corning OEM supply business. The Group's Cytomatrix support services business focused on providing technical and scientific support towards the Group's human clinical trial programme, providing contracted assay services to the US Department of Defense ("DOD"), and development of a vaccine and cell based screening service. A new wholly owned subsidiary, Cytovations Inc., was incorporated to focus on providing consulting services to the biopharma industry, and developing clinical and industrial versions of the Group's platform technologies for the biopharma industry.

Clinical Trial Programme Update

T-cell Production (Artificial Thymus)

This is a patented innovative cell production technology that generates new T-cells from stem cells, resulting in a broad spectrum of T-cells that may be able to reconstitute the immune system of immuno-compromised patients.

The company is working towards commencing clinical trials in Australia in early 2006 to demonstrate the safety and efficacy of the technology.

Technology training of personnel and the implementation of processes at the Peter MacCallum Cancer Centre is well underway. The Company filed an Investigational New Drug ("IND") application with the US Food and Drug Administration ("FDA"). This IND filing is for a Phase I/II clinical trial of the T-cell production technology, to restore the damaged immune systems of patients. Further studies, being managed by the Group's US-based subsidiary, Cytomatrix LLC, are currently underway to develop the additional pre-clinical information requested by the US FDA. These studies are anticipated to be completed in the last quarter of calendar year 2005 and submitted to the FDA shortly thereafter.

Ex-vivo Stem Cell Expansion (Artificial Bone Marrow)

This is a patented innovative cell growth technology that allows for rapid multiplication of stem cells without the use of exogenous cytokines (cell growth hormones) or animal-derived reagents, resulting in whole population growth that yields both high quality and a high quantity of cells for clinical transplantation.

The Company is working towards commencing clinical trials in Australia in early 2006 to demonstrate the safety and efficacy of the technology.

Technology training of personnel and the implementation of processes at the Murdoch Childrens Research Institute ("MCRI") is well underway. Studies have commenced to optimise the stem cell expansion technology and validate the processes such that it meets all regulatory obligations required for clinical trials. These studies are anticipated to be completed by December 2005. Preliminary work on the clinical study design and drafting of the documents is underway and is expected to be completed in time for submission for review by the FDA in support of opening an IND for stem cell expansion.

Review of Operations

Government Grants

The team is working with various government groups to secure grants to support the development of next generation products and devices based on the Group's core technologies in stem cell expansion and T-cell production.

Management / Personnel

The clinical trials team, under the executive responsibility of the Group's Chief Operating Officer, Mr Ian Brown, has been strengthened by the appointment of Dr Anne Altmann as Medical Director. Dr Altmann, who holds a first class honours degree in medicine from Monash University and is a Fellow of the Royal Australian Public Health Physicians, has been involved in medicine and medical research since 1992 and will lead the clinical trials team. Assisting as Medical Consultant will be Dr Katie Allen, who performed Australia's first clinical liver cell transplant in 2004. She has been a Fellow of the Royal Australian College of Physicians since 1998 and received her PhD in cell therapy in 2002. She is the Principal Research Fellow of the Liver cell/ Stem cell Research group at the MCRI and is a Paediatric Gastroenterologist at the Royal Children's Hospital. In addition, Ms Cynthia Elliot, Director of Quality Assurance & Regulatory Affairs, will guide the team through regulatory and quality issues and requirements from her base in New Jersey, USA. Ms Elliot has worked in various US hospitals and research institutions. She has also served on a number of committees for AABB and the International Society for Cellular Therapy ("ISCT").

The building of an experienced clinical trials team is seen as an important step in the clinical programme for the Company.

Business Update

Tissue Banking Business (Cordlife)

Cordlife is a fee-for-service tissue banking service provider. Its core businesses have continued their strong growth. For the year under review, much of the growth has continued to come from its Singapore operations. This growth has been driven in part by the growing awareness and acceptance of umbilical cord blood ("UCB") tissue banking services in Singapore and the region. Cordlife recognises the opportunity to replicate this successful business model across relevant key markets in Australia and Asia, yielding multiple lines of revenue from its core know-how in UCB banking.

- Cordlife has put in place a dedicated management team led by Ms Susan Kheng. Ms Kheng has 15 years experience in the healthcare sector with multinational corporations and was instrumental in Cell Sciences start-up. Her mandate is to continue to contain costs and achieve strong revenue growth. Furthermore, Cordlife management increased its regional business and market development teams, and in-country direct sales teams.

- Cordlife achieved a major milestone when its Singapore laboratory successfully completed an AABB (formerly known as American Association of Blood Banks) audit and was awarded full accreditation. This is a highly regarded global gold standard in cord blood banking where currently only 35 such facilities worldwide have been awarded this prestigious accreditation. Only 8 such facilities are located outside the US and Cordlife Singapore is the only facility in South East Asia.

- The business currently operates two cord blood banking facilities; one in Singapore and one in Hong Kong. Cordlife successfully launched its second UCB processing and banking laboratory in Hong Kong during the year under review. The business is focused on building strong revenue streams within Hong Kong, as well as exploring opportunities in southern China.

- In addition to its two established UCB laboratories in Singapore and Hong Kong, Cordlife also operates sales and marketing offices in Indonesia, Thailand and the Philippines, and business development offices in Australia and the UK.

- The cord blood banking business model is currently being replicated in multiple markets to recognise higher client sign up volumes and revenue contribution.

- Cordlife has a number of strategic opportunities to significantly increase its revenue and margins in new markets and to add complimentary supporting businesses to its portfolio. A regional business development team has been created to focus on these opportunities.

- The tissue banking business anticipates strong revenue growth that is consistent with its past three years' experience.

Product Sales & Distribution Business (Cell Sciences)

Cell Sciences business commenced in late 2003 for the purpose of developing, commercialising, and marketing its range of disposable cell growth devices. Since its first two products' launch in March 2004, the business has grown its revenue base substantially.

- The Cell Sciences product sales and distribution business is led by Dr John Khong who brings to the Group over 25 years of experience in the sector. Dr Khong was appointed to build the business team as well as to broaden the product portfolio under its distribution mandate. He brings significant experience in the biotech product and service distribution business.

- Cell Sciences revenue grew significantly for the financial year under review. The operating division is currently generating revenue through more than 15 principle lines and a major OEM supply deal with Corning Inc. for its in-house cell growth products. Much of Cell Sciences' revenue growth for the year under review is attributable to its OEM product sales to Corning Inc. New efforts have been initiated to identify similar opportunities with other biotech device companies to include current or new generation cell growth devices.

- Cell Sciences currently distributes more than 15 third party principle lines across South East Asia. It also maintains its own network of international distributors for its own range of cell growth products in the USA, Canada, the EU, South Korea, Singapore, Thailand, China and Australia.

- Cell Sciences is exploring the development of its own range of OEM products for distribution to meet niche market needs and achieve higher gross margins consistent with the Group's other businesses.

- In September 2005, Cell Sciences incorporated a wholly-owned subsidiary, CLS Services, to develop and tap into the clinical referral market. Key activities include a full suite of services that is crucial to this market, ranging from travel related support services such as ticketing and accommodation, to medical ground support to cover a variety of health therapies and cell transplantations for patients in the region.

- The Cell Sciences business anticipates strong revenue growth that is consistent with its current growth rate.

Support Services - Vaccine Screening and Clinical Trials (Cytomatrix)

Cytomatrix is focused on providing technical and scientific support towards the Group's human clinical trial programmes, providing contracted assay services to the US DOD, and the development of a vaccine and cell based screening service.

- Dr Michael Michalek was appointed to drive the Group's scientific and technical development of its key technology platforms. Dr Michalek brings more than 17 years of immunology and cell assaying experience to the Group. He was previously the Principle Scientist with Genomic Profiling Systems, Project Manager with CompuCyte Corporation, Scientist with Alpha-Beta Technology Inc., and Postdoctoral fellow with Harvard Medical School and Dana-Farber Cancer Institute.

- Cytomatrix is expected to complete and fulfil its contractual obligations for the US DOD contract. Extension of this project is currently under discussion and is dependant on the US DOD budgetary cycle and prioritisation of its numerous projects. Cytomatrix has benefited significantly from the project by way of revenue and in the validation of the technology which may lead to the development of the next generation of highly advanced cell based screening products and services.

- The cell based screening programmes are being pushed on two key fronts:

    - o A proprietary cell based assaying device for use by pharmaceutical, drug discovery and biotechnology companies; and

    - o A proprietary cell based theranostic (therapy-diagnostic) device that offers rapid testing for a variety of cellular targets and conditions.

The two key platform technologies that Cytomatrix has been developing since 1996 hold significant revenue potential for the Group. The management has undertaken a high level review of the market potential of the two respective technology platforms. This model utilises current published data on relevant indicative rates and current management estimates on market penetration rates.

T-Cell production kits

Immunodeficiency	**Incidence in Developed Regions (New Cases Annually)**
Primary Immunodeficiency	51,000
Secondary Immunodeficiency	
Non-HIV Severe Immunodeficiency	360,000
Non-HIV Viral Infection (HBV)	300,000
HIV	70,000
Total	**781,000**

Source: Data derived from GLOBOCAN 2002 database: summary table (abstracts), International Agency for Research on Cancer (IARC) and CANCERMondial, Descriptive Epidemiology Group (DEP) of IARC

Cytomatrix's patented T-cell production technology provides a platform to produce new human T-cells to be used as a clinical immunotherapy. Primary and secondary immunodeficiencies are the main incident targets with estimated annual new cases of 781,000.

With an assumed market penetration of 19% of just these new cases, the potential unit sales per annum is 150,000 kits. Each kit is estimated to sell at US$10,000, which translates to an estimated potential annual sales of US$1.5 billion.

Stem Cell Expansion kits

Cancers	Incidence in Developed Regions (New Cases Annually)
Leukaemia	124,202
Multiple Myeloma	55,166
Hodgkin's Lymphoma	28,033
Non-Hodgkin's Lymphoma	151,096
Total	**358,497**

Source: Data derived from GLOBOCAN 2002 database: summary table (abstracts), International Agency for Research on Cancer (IARC) and CANCERMondial, Descriptive Epidemiology Group (DEP) of IARC

Cytomatrix's patented stem cell expansion technology has been put to use in its disposable cell growth products. The next generation of this product will be a clinical version to provide a platform to multiply and expand blood stem cells for the purpose of adjunct cellular transplantation. The relevant indications include Leukaemia, Multiple Myeloma, Hodgkin's Lymphoma and Non-Hodgkin's Lymphoma. The number of new cases diagnosed every year in developed markets is estimated to be 358,497.

Taking an assumed market penetration of 14% in these new cases, the potential unit sales per annum equates to 50,000 kits. With an anticipated selling price of US$10,000 per kit, the estimated potential annual sales could be as high as US$500 million.

Consulting and Product Development Business (Cytovations)

A new wholly-owned subsidiary, Cytovations Inc., was formed during the year to focus on the need to undertake product development for the Group.

- The business is led by our senior US executive Dr John Flickinger. The business is based in the state of New Jersey, within easy reach of many of America's top biotech and biopharmaceutical companies, as well as several major state and national research and regulatory bodies.

- Cytovations undertakes product development for the Group, to include but not be limited to, developing the next generation clinical device platforms to support Phase III clinical trial work for both our expansion and T-cell platform technologies.

- This product development work also underpins the design and supply of therapy kits to support our proposed licensing programmes for these therapy platforms.

- Cytovations will also assess intellectual property for the Group and assist in the subsequent development of new products.

Review of Operations

Corporate Focus (CyGenics)

The CyGenics management focused on the following areas during the year:

- Leveraging existing business infrastructure to strengthen existing revenue streams.
- Establishing a strong clinical trials team.
- Strengthening its scientific and product development team.
- Identifying opportunities for existing business models in new markets.
- Identifying opportunities in new complementary businesses in current markets.
- Establishing a proactive and aggressive management team, and structures to support rapid growth.
- Identifying and attracting talented people into middle management, regional business development and country general management positions.

Key Scientific Advisors

The mission of the Advisory Board is to harness both clinical and commercial expertise to assist in the growth and development of CyGenics. The Advisory Board makes recommendations to the CyGenics Board in the following areas:

- quality standards and accreditation requirements with regard to its cord blood banking services;
- ethical practice and self-regulatory requirements in offering its cold blood banking services, and any future related services;
- advise and make recommendations with regard to governmental institutions, ministries and other such bodies in the areas of technical, medical, scientific and regulatory matters;
- provide expert information and opinions to the Company; and
- to offer views on research and clinical trials activities.

The key scientific advisors are as follows:

- Professor Bob Williamson
  AO, BSc (Hon), PhD, FAA, FRS
- Professor John Mackenzie
  AO, BSc (Hon), PhD, FASM, FACTM
- Professor Ian McNiece
  BSc (Hon), MSc, PhD
- Professor Cees Th. Smit Sibinga
  MD, PhD, FRCP Edin, FRCPath
- Professor Ng Soon Chye
  MBBS, MMed, FRCOG, FAMS, MD
- Professor Low Cheng Hock
  MBBS, MMED, FRACS, FRCS(E), FAMS, PPA(E), PPA(P)
- Associate Professor Craig Jordan
  BA, PhD
- Associate Professor Hanry Yu
  BSc, MSc, PhD
- Assistant Professor Dietmar Hutmacher
  M.Biomed.Eng, PhD, MBA

Intellectual Property Report

Status Summary

A. Patents and patent applications in the name of Cytomatrix LLC

1. International Patent Application No. PCT/US98/20123

Title : Methods and Devices for the Long-Term Culture of Hematopoietic Progenitor Cells

Filed : 25 September 1998

Priority : US 60/059,954 dated 25 September 1997

Applicant : Cytomatrix LLC

Inventors : Mark J. Pykett, Michael Rosenzweig and Richard B. Kaplan

Status : Entered the National Phase in Canada, China, Europe, Japan, and the United States

Country	Application No.	Status
International	PCT/US98/20123	Entered National Stage
Canada	2304650	Pending; Request for examination lodged 24 September 2003
China	98809535.1	Pending
Europe	98949516.3	Pending; First examination report issued 18 September 2003; extension of time obtained for response. Designates Belgium, Denmark, Finland, France, Germany, Italy, Liechtenstein, Netherlands, Spain, Sweden, Switzerland and United Kingdom. Oral proceedings on 27 September 2005
Japan	2000-512923	Pending; Request for examination sent
United States	09/509,379	Granted as US 6,440,734 on 27 August 2002
United States	10/143,540	Granted as US 6,645,489 on 11 November 2003
United States	10/705,720	Continuation application; Pending; Awaiting first Office Action

This invention relates to a culture system, culture method, and apparatus for culture of haematopoietic cells in the absence of growth factors (other than those present in serum), stromal cells, or stromal cell-conditioned medium. The invention also provides methods for genetic transduction of long-term culture initiating cells, and methods for *in vivo* expansion for haematopoietic cells, using the culture system of the invention.

All claims as originally filed have now been granted in the United States. The continuation application was lodged as a precautionary measure, in case protection was desired in respect of subject matter disclosed but not yet claimed.

2. International Patent Application No. PCT/US99/26795

Title : Lymphoid Tissue-Specific Cell Production from Hematopoietic Progenitor Cells in Three-Dimensional Devices

Filed : 12 November 1999

Priority : US 60/107,972 dated 12 November 1998

Applicant : Cytomatrix LLC and The General Hospital Corporation

Inventors : Michael Rosenzweig, Mark J. Pykett, David T. Scadden and Mark. C. Poznansky

Status : Entered the National Phase in Canada, China, Europe, Japan and the United States

Country	Application No.	Status
International	PCT/US99/26795	Entered National Stage
Canada	2351889	Pending; Examination requested
China	99813230.6	Granted - ZL 99813230.6
Europe	99960304.6	Pending; First examination report issued 9 September 2003; extension of time obtained for response. Designates Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy,Liechtenstein, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, Switzerland and United Kingdom
Japan	2000-581166	Pending; Request for examination due by 12 November 2006
United States	09/574,749	Granted as US 6,548,299 on 15 April 2003
United States	10/161,097	Office Action response due on 7 October 2005

This invention relates to a method for expansion and differentiation of haematopoietic progenitor cells in co-culture with lymphoreticular stromal cells, in the absence of growth factors, other than those present in serum. The method can be used with totipotent, pluripotent, multipotent or committed haematopoietic cells, including cells of a variety of haematopoietic lineages. It is envisaged that the method will be useful for providing cells for treatment of immune deficiencies, including congenital immune deficiencies, AIDS and the like.

The application is in the joint names of Cytomatrix and The General Hospital Corporation ("GHC"). Cytomatrix has a licence agreement dated 1 December 1998 with GHC which confers an exclusive world-wide royalty-bearing licence to make, use and sell products within the scope of this invention.

3. International Patent Application No. PCT/US00/26122

Title : Cell Culture Spinner Flasks

Filed : 22 September 2000

Priority : US 09/405,477 dated 24 September 1999

Applicant : Cytomatrix LLC

Inventors : Todd M. Upton and John Flickinger

Status : Express Abandonment

Country	Application No.	Status
International	PCT/US00/26122	Entered National Stage
Europe	00963738.0	Pending; First examination report issued 18 July; 2003; extension of time obtained for response. Designates Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, Switzerland and United Kingdom. Response to OX due on 1 December 2005
United States	10/088,825	Allowed. Issue fee paid on 11 March 2005

This invention relates to an apparatus and method for cell culture in which an open-pore three-dimensional matrix is used to provide increased access of cells to nutrients. The invention is stated to be particularly useful for cells which are difficult to culture, such as those which lose desired attributes such as pluripotentiality in culture or which are difficult to establish in culture. While the invention is applicable to a wide variety of different cell types, it is particularly useful for the culture of haematopoietic cells.

4. International Patent Application No. PCT/US00/26020

Title : Methods and Devices for Obtaining Non-Hematopoietic Lineage Cells from Hematopoietic Progenitor Cells

Filed : 22 September 2000

Priority : US 60/156,031 dated 23 September 1999 and US 60/217,438 dated 10 July 2000

Applicant : Cytomatrix LLC

Inventors : Mark J. Pykett, Michael Rosenzweig and Naheed Banu

Status : Entered the National Phase in Europe and the United States

Country	Application No.	Status
International	PCT/US00/26020	Entered National Stage
Europe	00965306.4	Pending; First examination report issued 20 August 2003; Response lodged 17 December 2003; A second examination report issued on 26th March 2004; Designates Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, Switzerland and United Kingdom. Response to Office Action due on 20 October 2005
United States	10/088,826	Pending; Awaiting first Office Action

This invention provides methods and devices for obtaining cells of non-haematopoietic lineages from haematopoietic progenitor cells. The system can be manipulated to provide mesenchymal, epithelial, parenchymal, neuronal, or endothelial cells, depending on which growth factors are used in the culture medium.

5. International Patent Application No. PCT/US03/16419

Title : Cytokine-Free Growth and Maintenance of Progenitor Cells

Filed : 23 May 2002

Priority : US 60/383,239 dated 24 May 2001

Applicant : Cytomatrix LLC

Inventors : Mark J. Pykett, Michael Rosenzweig and Todd M.Upton

Status : Entered National Phase

This invention relates to methods and devices for in vitro expansion of haematopoietic cell populations in the absence of exogenous growth factors or cytokines (other than those present in serum), stromal cells or stromal cell-conditioned medium. The application designates all available states, including Australia, Canada, China, Europe (potentially 26 countries), Japan, Singapore and the United States.

6. US provisional application (Filing number not yet available)

Title : Methods for Production of Regulatory T Cells and Uses Thereof

Filed : 29 March 2004

Priority : US 60/557,669

Applicant : Cytomatric LLC

Inventors : Mark J. Pykett and Michael Rosenzweig

Status : Pending

This invention relates to in vitro culture, of regulatory T cells, including maintenance and proliferation, followed by their isolation from such cultures.

Pursuant to a joint venture and shareholder agreement dated 13 December 2000 between Cytomatrix LLC and Select Therapeutics, Inc., a joint venture corporation named Cell Science Therapeutics, Inc. was established. The patent applications in families 2-4 were either assigned to, or were originally lodged in the name of, Cell Science Therapeutics, Inc. Pursuant to a termination agreement dated 3 December 2001, Cell Science Therapeutics, Inc. was dissolved, and all of its patents and applications were reacquired by Cytomatrix. The assignment agreement relating to this reacquisition has been recorded. No new intellectual property was developed under the Joint Venture Agreement between Cytomatrix and Select Therapeutics.

Intellectual Property Report

B. Patent in the name of CordLife Pte Ltd

Singapore Patent No. 102044 (Application No. 20202359-6)

Title : "Cell Culture System"

Filed : 22 April 2002

Applicant : CordLife Pte Ltd

Inventors : Hanry Yu, Soren Muller Bested, Steven Fang and Cheng Eng Ang

The invention relates to a cell culture system and culture method for culture of cells such as stem cells and, in particular, cells obtained from umbilical cord blood. The invention also relates to a process for producing a population of expanded cells and/or bio-pharma products. The invention also relates to use of a cell culture system and a population of expanded cells and/or a bio-pharma product.

C. Patents and applications licensed to Cytomatrix LLC

1. National applications were lodged in the United States, Europe and Japan. The European application was granted, and has been validated in France, Germany, Italy, Spain and the United Kingdom.

Title : "Open Cell Tantalum Structures for Cancellous Bone Implants and Cell and Tissue Receptors"

Priority : US patent application No. 850118 dated 11 March 1992

Patentee : Ultramet

Inventor : Richard B. Kaplan

Country	Application No.	Status
Europe	560279	Granted 14 June 2000
France	560279	Validation of European patent
Germany	69328843	Validation of European patent
Italy	560279	Validation of European patent
Japan	3445301	Granted 27 June 2003
Spain	2148191	Validation of European patent
United Kingdom	560279	Validation of European patent
United States	5282861	Granted 1 February 1994

This discloses and claims the three-dimensional tantalum-coated carbon mesh material which is used in the Cytomatrix cell culture system and method of the patent families summarised in Section A. These patents have been assigned to Tantalum Cellular Products LLC.

2. US provisional application (60/528,796)

Title : Process for Producing T Lymphocytes

Filed : 12 December 2003

Applicant : Brigham and Women's Hospital

Inventors : Rachel Clarke and Thomas Kupper

Status : Provisional application filed in the United States

This invention relates to an in vitro method for producing T lymphocytes that can be administered to patients for the treatment of a variety of diseases and conditions. The method involves growing bone marrow cells on a three-dimensional matrix under conditions promoting lymphocyte growth.

The provisional application is in the name of Brigham and Women's Hospital. Cytomatrix has a license agreement dated 21 September 2004 with Brigham and Women's Hospital which confers an exclusive royalty-bearing license to make, use and sell products within the scope of this invention and patent application, including any division, continuation or foreign patent application or the equivalent thereof.

D. Trade mark registrations and applications in the name of Cytomatrix LLC

MARK	*CYTOMATRIX*	*TRANSCORD*	*TRANSTEM*	*REGENIMMUNE*	*CYTOMATRIX*
NO	75137018	76251782	76252084	76251518	76252089
CLASS	10	5	5	5	5
FILING DATE	25 July 1997	4 May 2001	4 May 2001	4 May 2001	4 May 2001
STATUS	Registered 3 June 1997 No.2067260	Allowed the statement of use to be lodged	Registered 7 October 2003 No. 2772191	Pending	Registered 24 August 2004 No.2875984
GOODS	Foam material for culturing and manipulation of hematopoietic stem *in vitro*.	Cells for medical or clinical use	Cells for medical or clinical use in human medical treatment	Clinical preparations, namely, cultured cells for use in the treatment of cancers and infectious diseases	Reagents and devices for ex-vivo cell processing in particular media suitable for the expansion of cells.

Trade mark application no. 75137018 was originally filed in the name of Tantalum Cellular Products. Trade mark application nos. 76251782 and 76251518 were originally filed in the name of Select Therapeutics, Inc. Trade mark application nos. 7652084 and 76252089 were originally filed in the name of Cell Science Therapeutics, Inc. According to the US Patent and Trade Marks Office database, the assignment of each of these marks to Cytomatrix LLC has been recorded.

Intellectual Property Report

E. Trade mark registrations and applications in the name of CordLife Pte Ltd

MARK	COUNTRY	NO	FILING DATE	STATUS	GOODS
CORDLIFE	Australia	941077	28 January 2003 Priority: 16 September 2002	Registered	**Class 39:** Storage of biological tissue and blood; collection of biological tissue and blood; cryogenic storage; cryogenic storage of biological tissue and blood; providing advice relating to the aforesaid. **Class 44**: Blood bank services; blood testing, processing, typing and analysis; providing advice relating to the aforesaid.
"Blood cell" device ("bubbles in rectangle in black and white")	Australia	941179	28 January 2003 Priority: 18 September 2002	Registered	**Class 39:** Storage of biological tissue and blood; collection of biological tissue and blood; cryogenic storage; cryogenic storage of biological tissue and blood; providing advice relating to the aforesaid. **Class 44**: Blood bank services; blood testing, processing, typing and analysis; providing advice relating to the aforesaid.
"Blood cell" device ("discs form bubble, grotesque") in colour	Australia	942294	4 February 2003 Priority: 18 September 2002	Registered	**Class 39:** Storage of biological tissue and blood; collection of biological tissue and blood; cryogenic storage; cryogenic storage of biological tissue and blood; providing advice relating to the aforesaid. **Class 44**: Blood bank services; blood testing, processing, typing and analysis; providing advice relating to the aforesaid.

Intellectual Property Report

MARK	COUNTRY	NO	FILING DATE	STATUS	GOODS
CORDLIFE (word script)	China	3477480	7 March 2003	Registered	**Class 39**
CORDLIFE (script and blood cell device)	China	3477481	7 March 2003	Registered	**Class 44**
CORDLIFE (script and blood cell device)	China	3277482	7 March 2003	Registered	**Class 39**
CORDLIFE and blood cell device	Indonesia	D00-2003-28195-28471	8 October 2003	Pending	**Class 5**
CORDLIFE and device	Malaysia	2003-11026	28 August 2003	Accepted	**Class 39:** Storage of biological tissue and blood; collection of biological tissue and blood; cryogenic storage; cryogenic storage of biological tissue and blood; providing advice relating to the aforesaid.
CORDLIFE	Singapore	T02/ 14265F	16 September 2002	Registered	**Class 39**
CORDLIFE (Stylised)	Singapore	T02/ 14266D	16 September 2003	Registered	**Class 44:** Blood bank services; blood testing, processing; typing and analysis; providing advice relating to the aforesaid.
CORDLIFE	Singapore	T02/ 17911D	22 November 2001	Registered	**Class 42:** Medical services, namely tissue banking, umbilical cord banking, cell/ tissue amplification services, collection of tissue, long term storage of tissue, accreditation of tissue facility, lab/facility operator, stem cell application/ therapy, advanced diagnostics, non-controversial sources of stem cells.
CORDLIFE	Singapore	T02/ 14334B	18 September 2002	Registered	**Class 39:** Storage of biological tissue and blood; collection of biological tissue and blood; cryogenic storage; cryogenic storage of biological tissue and blood; providing advice relating to the aforesaid.

Intellectual Property Report

F. Trade mark applications in the name of CyGenics Limited

MARK:	CYGENICS
COUNTRY:	AUSTRALIA
NO:	992057
FILING DATE:	5 March 2004
STATUS:	Pending
GOODS:	**Class 5:** Pharmaceutical, veterinary biotechnology and medical preparations and substances; diagnostic preparations and reagents for medical purposes; culture fluids, including cultures of micro-organisms for medical purposes; human tissue; animal tissue; human tissue and animal tissue for transplantation, medical and surgical purposes; human cells including stem cells, animal cells including stem cells; preparations for the treatment, reconstruction and repair of tissue; Vitamins, minerals, nutritional supplements and foodstuffs in this class are excluded. **Class 10:** Surgical and medical apparatus and instruments; surgical and medical implants; implants comprising tissue materials; cell culture devices. **Class 42:** Scientific, research, clinical research, development, advisory and consultancy services in relation to T-cell production, T-cell immunotherapy, cell culture devices, tissue engineering for cellular applications for humans and animals, stem cell banking, tissue banking, drug discovery, vaccine screening, cell culture methods, cell expansion technology including stem cell expansion technology, cellular therapies including stem cell therapies and cellular transplants. **Class 44:** Medical, surgical, clinical and veterinary services in relation to T-cell production, T-cell immunotherapy, cell culture devices, tissue engineering for cellular applications for humans and animals stem cell banking, tissue banking, drug discovery, vaccine screening, cell culture methods, cell expansion technology including stem cell expansion technology, cellular therapies including stem cell therapies and cellular transplants.

G. *Trade mark applications in the name of Cell Sciences Pte Ltd*

MARK	STARWHEEL	DYNAMATRIX	STATAMATRIX
COUNTRY	Australia	Australia	Australia
NO	988995	999079	998953
FILING DATE	22 April 2004	22 April 2004	22 April 2004
STATUS	Pending	Pending	Pending
GOODS	**Class 10:** Cell culture devices for scientific and medical applications	**Class 10:** Cell culture devices for scientific and medical applications	**Class 10:** Cell culture medical apparatus and medical applications

Corporate Governance Statement

The CyGenics 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.

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 CyGenics. This role encompasses the determination of CyGenics' 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 is continuing to develop management policies and procedures addressing statutory financial reporting, Board and management financial reporting and controls, information technology security, contract management, management and staff performance reviews and remuneration, internal controls for business risk management, ethical standards and occupational health and safety practices. 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. CyGenics' Constitution specifies that the number of directors shall not be less than three. At present the Board consists of:

Mr Christopher Maxwell Fullerton	Chairman (Non-executive)
Mr Steven Fang (Boon Sing Fang)	Executive Director (Chief Executive Officer)
Mr Ian David Brown	Executive Director (Chief Operating Officer)
Dr Mark Jerome Pykett	Non-executive Director
Dr Anthony Soh (Guan Cheow Soh)	Non-executive Director
Mrs Eileen Tay (Bee Kiew Tan)	Non-executive Director

CyGenics' 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 report the Board has determined that all CyGenics directors are independent, other than Mr Steven Fang, Dr Mark Pykett and Mr Ian Brown. The Board strives to ensure its composition includes an appropriate mix of expertise and experience relevant to CyGenics' 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 2005 were Mrs Eileen Tay (Chairperson) and Dr Anthony Soh. The AC had two members during the year, which the Board considered appropriate for the size and complexity of the Group. Should the size of the Group and complexities of its corporate governance issues increase, the Board would consider increasing the AC to three members.

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.

Five 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 2005 were Mr Chris Fullerton (Chairman), Dr Anthony Soh and Mrs Eileen Tay.

The primary purpose of the NC is to support and advise the Board in fulfilling its responsibilities 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 2005 were Dr Anthony Soh (Chairman), Mr Chris Fullerton and Mr Steven Fang.

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.

Two RC meetings were 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

CyGenics 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 CyGenics, 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.

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

- 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 CyGenics securities; and
- the process for buying or selling CyGenics securities.

ASX Principle 4: Safeguard integrity in financial reporting

In addition to the established function 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.

Corporate Governance Statement

ASX Principle 5: Make timely and balanced disclosure

As a public listed company, CyGenics is required to comply with ASX Listing Rules continuous disclosure obligations, as complemented by the Corporations Act disclosure requirements. CyGenics has established a written policy relating to continuous disclosure. The policy establishes CyGenics' 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's 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 in the process of being reviewed and updated, having regard to the ASX Guidelines to promote communications with shareholders.

Company Auditor

Ernst and Young ("EY") has been appointed as CyGenics' external auditor for the reporting period from 1 July 2004 to 30 June 2005. EY has regular interface with the Audit Committee and is given the opportunity to meet with CyGenics directors without management in attendance. A representative from EY will attend CyGenics' AGM.

ASX Principle 7: Recognise and manage risk

Risk Management

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

- long lead times and high costs involved in Research & Development, with no guarantee of success;
- complex government and health regulations which are subject to change;
- the high level of funding required over a long period of time; and
- securing rights to technology and patents as an integral part of obtaining potential product value.

The consideration and approval by the Board each year of the Group's strategy, business plans and financial budgets involve 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, R&D programmes and business development activities.

Corporate Governance Statement

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, which is in the process of being developed, would encompass 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 Performance Share Plan. During and since the end of the financial period, no shares have been issued under the Plan and the performance hurdles have yet to be established.

Particulars of remuneration of the directors and each of the five highest paid executives of the Group for the year ended 30 June 2005, 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 CyGenics Non-executive director for the year ended 30 June 2005, including all monetary and non-monetary components, are set out in the Directors' Report.

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 CyGenics Ltd (the "Company") submit herewith the annual financial report of the Company for the financial year ended 30 June 2005. 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:

Name	Particulars
Christopher Maxwell Fullerton BEc	Chairman (non-executive), appointed on 16 April 2004. 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, Health Communication Network Ltd represented the only other listed company directorship held by Mr Fullerton.
Steven Fang (Boon Sing Fang) CIM (UK), MBA	Executive Director, appointed on 19 February 2004. Mr Fang founded Cordlife Pte Ltd in Singapore in 2001 and negotiated the merger with Cytomatrix LLC, leading to the establishment of CyGenics 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 is also the Chairman of Bio Singapore and the President of Spirit of Enterprise (Singapore).

Name	Particulars
Ian David Brown GDip.BA, FAICD, FAIM	Executive Director, appointed on 19 February 2004. Mr Brown has 20 years experience in health sciences business development both nationally and internationally. His career commenced with Helena Laboratories in Australia. Later, he joined Chromogenix AB (previously Kabi Pharmacia) as the Asia Pacific Regional Manager. He was subsequently seconded to Sweden to take up the position of Marketing Manager - Chromogenix AB, and was later appointed Director - Chromogenix Strategic Business Unit at Instrumentation Laboratory SpA in Milan, Italy. He has a Graduate Diploma of Business Administration and has completed the International Executive Programme at INSEAD (Fontainebleau, France), and is currently working to complete an MBA at Melbourne Business School – Mt Eliza. He is a Fellow of the Australian Institute of Company Directors (FAICD) and the Australian Institute of Management (FAIM).
Dr Mark Jerome Pykett VMD, PhD, MBA	Non-Executive Director. He was appointed as Executive Director on 24 February 2004 and transited to a non-executive role on 1 February 2005. Dr. Pykett currently also serves as Chairman of CyGenics' Scientific Advisory Board and consults with the Company on matters related to technology, intellectual property, grants and contracts, pre-clinical studies and clinical trials. Dr. Pykett is President and Chief Operating Officer of Boston Life Sciences, Inc., a public company listed in the US focused on neurological diseases. He also serves as a director of ADVENTRX Pharmaceuticals, Inc., and Oramax, LLC. Dr Pykett graduated Phi Beta Kappa, Summa Cum Laude from Amherst College, holds a veterinary degree (Phi Zeta, Summa Cum Laude) and a doctorate in molecular biology from the University of Pennsylvania and received an MBA degree Beta Gamma Sigma from Northeastern University. He completed post-doctoral fellowships at the University of Pennsylvania and Harvard University. In his basic science research, Dr Pykett focused on understanding the molecular basis of cancer. Dr Pykett held an adjunct faculty position at the Harvard School of Public Health from 1997 to 2002. He is also on the board of advisors for the Center for Enterprise Growth at Northeastern University. During the past three years, ADVENTRX Inc represented the only other listed company directorship held by Dr Pykett (he is currently a director).

Name	Particulars
Dr Anthony Soh (Guan Cheow Soh) MBBS (Singapore), PG Dip. Aud (Australia)	Non-executive Director, appointed on 24 February 2004. Prior to founding and leading Asia Pacific Venture Capital in several high profile investment transactions, Dr Soh was a Director of UOB BioVentures, responsible for some key life science investments and the setting up of a new fund and a Joint Venture fund with a China venture capitalist company. Previously, he was the Senior VP of a Hong Kong listed healthcare company responsible for evaluation of acquisition/ investment in the Greater China region. Prior to his Hong Kong experience, he was the Regional General Manager of Havas Medimedia, a global medical communication company. He had earlier founded a medical device company and a medical portal which he sold to the Havas Medimedia group. He has been a successful western-trained physician, an entrepreneur and a senior manager with multinationals and brings with him extensive experience and know-how in the healthcare, pharmaceutical and life sciences sector in the Asia Pacific and Greater China markets.
Eileen Tay (Bee Kiew Tan) BAcc (Hons), FCPA (Australia), FCPA (Singapore), ACIMA (UK)	Non-executive Director, appointed on 24 February 2004. Mrs Tay has 29 years experience in the public accounting field. She was a Partner of KPMG Singapore. Her professional work has included audit, tax, due diligence, public listing, business advisory, mergers and acquisitions as well as share valuation and receivership. Significant clients included listed companies, banks, financial institutions, shipping, trading, manufacturing and property companies as well as life and general insurance companies. She is also an Independent Director and the Chairperson of the Audit Committee of a listed company in the telecommunications industry. She holds an Honours Degree in Accountancy from the University of Singapore. She is also a Fellow of the Institute of Certified Public Accountants of Australia, a Fellow of the Institute of Certified Public Accountants of Singapore and an Associate of the Chartered Institute of Management Accountants, UK. During the past three years, Mediaring Ltd represented the only other listed company directorship held by Mrs Tay (she is currently a director).

The above named directors held office during and since the end of the financial year.

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 has been the principal of Campbell Lord, Commercial Lawyers, for 7 years. He is an independent contractor of the Company and invoices the Company from time to time based on hours worked on an hourly rate.

Corporate information

Corporate structure and principal activities

The Company and its controlled entities' ("consolidated entity") principal activities in the course of the financial year were providing services, devices and facilities for storing, replicating, cataloguing, harvesting, researching and developing applications for adult stem cell, stem cell-related derivatives and their related therapies. The consolidated entity was also engaged in the manufacture, distribution and trading of research products and medical equipment. There have been no significant changes in the nature of those activities during the year. Details of corporate structure and entities controlled by the Company are set out in note 22 to the financial statements.

Employees

The consolidated entity employed 61 employees as at 30 June 2005 (2004: 43 employees).

Operating and financial review

The year ended 30 June 2005 is the first full year of operations for the Company and its controlled entities. CyGenics Ltd was incorporated on 19 February 2004 and acquired the businesses of Cordlife Pte Ltd and its controlled entities on 15 June 2004 as a part of the restructuring of the Group's businesses.

During the year ended 30 June 2005, the Group 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 core businesses, expanding into new geographical markets, expanding into new services and seeking out-licensing of our innovative cellular technologies.

Revenue from ordinary activities comprised cord blood banking services of $1,601,000, sales of goods of $558,000, government grants and contracts of $1,194,000, interest income of $707,000 and other miscellaneous revenue of $62,000.

The loss for the year of $7,801,000 arose mainly from amortisation of intangible assets of $3,071,000, costs associated with the Group's expansion in all areas of business and preliminary costs associated with the commencement of preparations for the two clinical trials. Details of significant items of costs are set out in note 3 to the financial statements. Information on revenue and results of the different business segments are further set out in note 24 to the financial statements.

Revenue from ordinary activities for the half-year ended 30 June 2005 increased to $2,171,000 from $1,951,000 for the half-year ended 31 December 2004. The increase is in line with the consolidated entity's internal projections. Revenue from cord blood banking services was $840,000 for the half-year ended 30 June 2005 as compared to $761,000 for the half-year ended 31 December 2004. Revenue from sales of goods was $287,000 for the half-year ended 30 June 2005 as compared to $271,000 for the half-year ended 31 December 2004. Revenue from government grants and contracts was $655,000 for the half-year ended 30 June 2005 as compared to $539,000 for the half-year ended 31 December 2004. Interest income from banks and other miscellaneous revenue was $389,000 for the half-year ended 30 June 2005 as compared to $380,000 for the half-year ended 31 December 2004.

While no actual comparisons can be drawn with previous year amounts for the revenue of the consolidated entity, it is to be noted that total revenue from ordinary activities increased by approximately 40% to $4,122,000 during the year ended 30 June 2005, from the proforma revenue from ordinary activities of the consolidated entity for the previous year ended 30 June 2004 of $2,942,000.

Cash at 30 June 2005 was $13,724,000. Net cash outflows from operating and investing activities during the year of $4,903,000 and $897,000 respectively were largely due to expansion activities involving investment in manpower and capital expenditure. Cash inflows from operating activities during the year of $3,836,000 comprised receipts from customers of $3,125,000, interest income of $633,000 and grants and other miscellaneous receipts of $78,000. Cash outflows from operating activities during the year of $8,739,000 comprised payments for staff of $3,275,000, advertising and marketing of $260,000, research and development of $858,000, interest expense of $3,000 and other working capital of $4,343,000. 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 finalising key contracts, travel costs incurred on business development in Asia and the UK and property lease rental costs in Asia, Australia, US and the UK.

The Company has established a treasury function, co-ordinated within the finance department, responsible for managing the Group's currency risks and finance facilities. The treasury function operates within policies set by the Board, which ensures that management's actions are in line with group policy.

The Group has an overdraft facility of $390,000, all of which was unused at 30 June 2005. The Group has sufficient funds to finance its operations and maintains the overdraft facility primarily to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

Cell therapeutics business

Clinical trials

Preparation for the two clinical trials of the Company's patented cell therapy technologies started in the first half of the financial year with investment in manpower, including training, as well as finalisation of contracts with partners in Australia to carry out the trials. During this period, the Company commenced the technology training for its T-cell production technology to Cell Therapies Pty Ltd at the Melbourne-based Peter MacCallum Cancer Centre ("Peter Mac"). "Technology training", in this case, means the training of personnel and the implementation of processes at the candidate clinical sites. The Company also commenced technology training for its stem cell expansion technology at the Melbourne-based Murdoch Childrens Research Institute ("MCRI").

The Company filed an Investigational New Drug ("IND") application with the US Food and Drug Administration ("FDA"). This IND filing is for a Phase I/II clinical trial of the T-cell production technology, to restore the damaged immune systems of patients. The IND underwent customary initial review by the FDA. In addition to the information provided, the FDA requested further information be included for review. Further studies, being managed by the Group's US-based subsidiary, Cytomatrix LLC, are currently underway to develop the additional pre-clinical information requested by the US FDA. These studies are anticipated to be completed in the last quarter of calender year 2005 and submitted to the FDA shortly thereafter.

Studies are currently underway to optimise the stem cell expansion technology and validate the processes such that it meets all regulatory obligations required for clinical trials. These studies are anticipated to be completed by December 2005. Preliminary work on the clinical study design and drafting of the documents is underway and is expected to be completed in time for submission for review by the FDA in support of opening an IND for stem cell expansion.

The Melbourne-based clinical trials operations, under the executive responsibility of the Group's Chief Operating Officer, Mr Ian Brown, were strengthened by the appointment of Dr Anne Altmann as Medical Director. Dr Altmann, who holds a first class honours degree in medicine from Monash University and is a Fellow of the Royal Australian Public Health Physicians, has been involved in medicine and medical research since 1992 and will lead the clinical trials team. Assisting as Medical Consultant will be Dr Katie Allen, who performed Australia's first clinical liver cell transplant in 2004. She has been a Fellow of the Royal Australian College of Physicians since 1998 and received her PhD in cell therapy in 2002. She is the Principal Research Fellow of the Liver cell/ Stem cell Research group at the MCRI and is a Paediatric Gastroenterologist at the Royal Children's Hospital. In addition, Ms Cynthia Elliot, Director of Quality Assurance & Regulatory Affairs, will guide the team through regulatory and quality issues and requirements from her base in New Jersey, USA. Ms Elliot has worked in various US hospitals and research institutions. She has also served on a number of committees for AABB (formerly known as the American Association of Blood Banks) and the International Society for Cellular Therapy ("ISCT").

The building of an experienced clinical trials team is seen as an important step in the clinical programme for the Company.

Vaccine screening

The vaccine screening business operated out of the Cytomatrix LLC facility in Boston, Massachusetts, USA, continues to focus on two areas; first, its important technical contribution to the cell production processes and systems underlying our clinical trials programme, and second on its advanced cell-based screening ("vaccine screening") services. These services leverage on our proprietary T-cell technology and know-how derived, in part, from our contract with the US Department of Defense. During the year, the US Department of Defense exercised its option to renew its contract with Cytomatrix LLC as part of a two year screening service programme. To spearhead these efforts, Dr Michael Michalek joined Cytomatrix LLC as Director of Cellular Screening Services; Dr Michalek brings 17 years of immunology, cell assay and commercial biotechnology experience to the Group.

Cell therapy products and services

A new subsidiary, Cytovations Inc, was formed during the last quarter to focus on the need to undertake product development for the Group, to include but not be limited to a clinical device platform to support Phase III clinical trial work for our two key expansion and T-cell platform technologies. This product development work also underpins the design and supply of therapy kits to support our proposed licensing programmes for these therapy platforms. Cytovations will also assess intellectual property for the Group and assist in the subsequent development of new products, while allowing Cytomatrix to focus fully on fulfilling its current contracts and to support the Group's clinical trial programmes. The Company, under the leadership of our senior US executive Dr John Flickinger, has based its operations in the state of New Jersey, within easy reach of many of America's top biotech and biopharmaceutical companies, as well as several major state and national research and regulatory bodies.

Tissue banking business

The tissue banking business (Cordlife) expanded in the Asian region with investment in laboratory fit-outs and equipment, manpower and business development. During the first half of the financial year, the company invested to upgrade its processing laboratory in Singapore to be compliant with the standards set by AABB (representing the "global gold standard" for cord blood banking), in readiness for an independent audit by experts from AABB. In the latter half of the financial year, a new processing laboratory was completed in Hong Kong. This facility is the cornerstone of Cordlife's efforts in North Asia. There were increased business development and marketing activities in Indonesia, Thailand and the Philippines leading to increase in volume of sales in those markets.

In September 2005, Cordlife's processing laboratory in Singapore was granted the prestigious AABB accreditation, making it the first such tissue bank in Southeast Asia to achieve this status. This accreditation was granted following an intensive on-site assessment by specially trained AABB assessors and three years of preparatory work. During the audit, it was determined that Cordlife's level of medical, technical and administrative performance met, and in some areas exceeded, the standards described by AABB. Cordlife is only the 8th private bank outside the United States to be accredited. The accreditation process also extended to non-laboratory functions such as sales, marketing and human resources.

The number of new clients signed-up for umbilical cord blood banking services for the half-year ended 30 June 2005 was 856, as compared to 333 for the corresponding half-year ended 30 June 2004. 785 new clients were sign-up for the half-year ended 31 December 2004. The increase in clients is a result of the company's increased marketing efforts in Singapore as well as investment in new markets.

The company has also commenced business development activities, including tissue banking, in the UK, in preparation for entry into European markets. Dr Gary Rubin, doctorate in molecular endocrinology with more than 10 years experience in biotech research and commercialisation, was appointed as Business Development Director for Europe.

Product sales and distribution business

The product sales and distribution business, operated by our Cell Sciences division under the leadership of its General Manager, Dr John Khong (who has over 25 years experience specific to this business), expanded significantly during the financial year.

Cell Sciences has secured new product lines for distribution as well as project management contracts awarded by medical institutions, including Singapore Cord Blood Bank (SCBB). A significant Memorandum of Understanding was entered into with Corning Life Sciences Inc. ("CLS") in the US which will result in an OEM distribution agreement allowing CLS to sell disposable spinner flasks designed and manufactured by Cell Sciences. This has resulted in total orders to date from CLS of approximately $354,000.

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, this information has not been disclosed in this report.

Environmental regulations

The Company's controlled entities are involved in scientific research and development and the activities do not create any significant environmental impact to any material extent. The scientific research activities are in full compliance with all prescribed environmental regulations.

Loss per share

Basic and diluted loss per share was 11.5 cents (2004: 5.7 cents). For details refer to note 19 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.

Performance share plan

A Performance Share Plan ("Plan") was introduced on 5 May 2004 to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. The Plan is administered by the Remuneration Committee. The directors and selected employees of CyGenics Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Remuneration Committee.

The aggregate number of shares which may be issued pursuant to Awards granted under the Plan shall not exceed 6,500,000 shares.

During and since the end of the financial year, no shares have been issued under the Plan and the performance hurdles are yet to be established.

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 $5,000,000 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 $71,500.

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, 11 Board meetings, 5 Audit Committee meetings, 1 Nomination Committee meeting and 2 Remuneration Committee meetings were held.

	Board of Directors		Audit Committee		Nomination Committee		Remuneration Committee	
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chris Fullerton	11	11	–	–	1	1	2	2
Steven Fang	11	11	–	–	–	–	2	2
Ian Brown	11	11	–	–	–	–	–	–
Mark Pykett	11	11	–	–	–	–	–	–
Anthony Soh	11	10	5	5	1	1	2	2
Eileen Tay	11	11	5	5	1	1	–	–

Directors' shareholdings

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

Directors	Fully paid ordinary shares	Partly paid ordinary shares	Fully paid converting preference shares	Executive share options	Convertible notes
CyGenics Ltd					
Chris Fullerton	3,000,000	–	–	–	–
Steven Fang	8,729,960	–	–	–	–
Ian Brown	339,890	–	–	–	–
Mark Pykett	1,947,266	–	–	–	–
Anthony Soh	2,481,028	–	–	–	–
Eileen Tay	–	–	–	–	–

Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of the Company.

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 committee

The Remuneration Committee reviews the remuneration packages of all executive directors and senior executives on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages contain the following key elements:

- Primary benefits salary/fees, bonuses and non monetary benefits including health benefits;
- Post-employment benefits – including superannuation and prescribed retirement benefits; and
- Equity performance share plan.

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.

Employment contracts

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:

- 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.

Details of director and executive remuneration

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

Director	Primary			Post Employment			Equity Options $	Other benefits $	Total $
	Salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Prescribed benefits $	Other $			
Executive directors									
Steven Fang	258,060	–	–	6,936	–	–	–	–	264,996
Ian Brown	138,348	–	–	12,456	–	–	–	–	150,804
Non-executive directors									
Chris Fullerton	60,000	–	–	5,400	–	–	–	–	65,400
Anthony Soh	45,000	–	–	–	–	–	–	–	45,000
Eileen Tay	45,000	–	–	–	–	–	–	–	45,000
Mark Pykett	165,166*	–	–	–	–	–	–	–	165,166

* Mark Pykett's remuneration includes executive director remuneration of $114,278, non-executive director fees of $18,750 and consultant fees of $32,138. He transited from an executive to a non-executive role on 1 February 2005.

The following table discloses the remuneration of the 5 highest remunerated executives of the Company and of the consolidated entity:

Executives	Primary			Post Employment			Equity Options $	Other benefits $	Total $
	Salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Prescribed benefits $	Other $			
Company									
Jeremy Yee	143,868	–	–	6,936	–	–	–	–	150,804
Consolidated entity									
Michael Michalek	91,645	–	–	1,547	–	–	–	–	93,192
Jennifer Fraser	78,455	–	–	343	–	–	–	–	78,798
Soren Bested	68,542	–	–	4,678	–	–	–	–	73,220
Simon Lee	60,731	–	–	6,527	–	–	–	–	67,258

Directors' Report

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 and Young, a copy of which appears on page 78.

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:

Due diligence services	$19,475
Accounting advice	$21,000
Tax compliance services	$6,250

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
30 September 2005

Independent Audit Report

ERNST & YOUNG

Â 120 Collins Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Â Tel 61 3 9288 8000
Fax 61 3 9654 6166
DX 293 Melbourne

Independent audit 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, accompanying notes to the financial statements, and the directors' declaration for CyGenics Ltd (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

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 company and the consolidated entity, and that complies with Accounting Standards in Australia, 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.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independent Audit Report

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.

Audit opinion
In our opinion, the financial report of CyGenics Ltd is in accordance with:

(a) the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the financial position of CyGenics Ltd and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
  (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Don Brumley
Partner
Melbourne 30 September 2005

Directors' Declaration

In accordance with a resolution of the directors of CyGenics 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 2005 and of their performance for the year ended on that date; and

(ii) complying with 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 2005.

On behalf of the Board

Steven Fang

30 September 2005

Statement of Financial Performance

for the financial year ended 30 June 2005

	Note	Consolidated Year ended 30.6.2005 $'000	Consolidated 19.2.2004 to 30.6.2004 $'000	Company Year ended 30.6.2005 $'000	Company 19.2.2004 to 30.6.2004 $'000
Revenue from the sale of goods and rendering of services	3	2,159	46	–	–
Cost of sales		(1,378)	(44)	–	–
Gross profit		781	2	–	–
Other revenue from ordinary activities	3	1,963	164	736	63
Distribution and marketing expenses		(1,715)	(105)	(420)	(76)
Research and development costs		(1,134)	–	–	–
Administration expenses		(7,491)	(504)	(1,607)	(272)
Other operating expenses		(69)	–	(57)	–
Borrowing costs	3	(136)	(6)	–	–
Loss from ordinary activities before income tax expense	3	(7,801)	(449)	(1,348)	(285)
Income tax expense relating to ordinary activities	4	–	–	–	–
Net loss for the period		(7,801)	(449)	(1,348)	(285)
Net loss attributable to outside equity interest		151	–	–	–
Net loss for the period attributable to members		(7,650)	(449)	(1,348)	(285)
Net exchange differences recognised in equity – foreign currency translation reserve	16	(127)	(397)	–	–
Share issue costs recognised in equity	15	(200)	(2,652)	(200)	(2,652)
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of CyGenics Ltd		(7,977)	(3,498)	(1,548)	(2,937)
Earnings per share:					
Basic and diluted (cents per share)	19	(11.5)	(5.7)		

Statement of Financial Position

as at 30 June 2005

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Current assets					
Cash assets		13,724	20,184	10,939	16,390
Receivables	7	1,105	849	1,803	295
Inventories	8	257	125	–	–
Total current assets		15,086	21,158	12,742	16,685
Non-current assets					
Other financial assets	9	–	–	51,828	50,000
Property, plant and equipment	10	1,058	538	17	–
Intangibles	11	44,445	47,566	–	–
Total non-current assets		45,503	48,104	51,845	50,000
Total assets		60,589	69,262	64,587	66,685
Current liabilities					
Payables and accruals	12	3,623	2,058	1,072	1,622
Total current liabilities		3,623	2,058	1,072	1,622
Non-current liabilities					
Payables and accruals	13	–	2,702	–	–
Total non-current liabilities		–	2,702	–	–
Total liabilities		3,623	4,760	1,072	1,622
Net assets		56,966	64,502	63,515	65,063
Equity					
Contributed equity	15	65,148	65,348	65,148	65,348
Reserves	16	(524)	(397)	–	–
Accumulated losses	17	(8,099)	(449)	(1,633)	(285)
Parent entity interest		56,525	64,502	63,515	65,063
Outside equity interest	18	441	–	–	–
Total equity		56,966	64,502	63,515	65,063

Statement of Cash Flows

for the financial year ended 30 June 2005

	Note	Consolidated Year ended 30.6.2005 $'000	Consolidated 19.2.2004 to 30.6.2004 $'000	Company Year ended 30.6.2005 $'000	Company 19.2.2004 to 30.6.2004 $'000
Cash flows from operating activities					
Receipts from customers and grants		3,203	382	–	–
Payments to suppliers and employees		(8,736)	(485)	(1,827)	–
Interest received		633	2	623	1
Interest and other costs of finance paid		(3)	–	–	–
Net cash (used in)/flows from operating activities	27(d)	(4,903)	(101)	(1,204)	1
Cash flows from investing activities					
Purchase of physical non-current assets		(877)	–	(15)	–
Purchase of other non-current assets		(20)	–	–	–
Purchase of equity investment		–	–	(1,824)	–
Net cash inflow on acquisition of businesses	27(b)	–	3,905	–	–
Net cash (used in)/flows from investing activities		(897)	3,905	(1,839)	–
Cash flows from financing activities					
Proceeds from issues of equity securities		–	18,000	–	18,000
Proceeds from issue of equity securities in a controlled entity to minority shareholder		580	–	–	–
Payment for share issue costs		(1,056)	(1,611)	(1,056)	(1,611)
Advances to related parties		–	–	(1,352)	–
Net cash (used in)/provided by financing activities		(476)	16,389	(2,408)	16,389
Net (decrease)/increase in cash held		(6,276)	20,193	(5,451)	16,390
Cash at the beginning of the financial period		20,184	–	16,390	–
Effects of exchange rate changes on the balance of cash held in foreign currencies		(184)	(9)	–	–
Cash at the end of the financial period	27(a)	13,724	20,184	10,939	16,390

1. Corporate information

CyGenics Ltd (the "Company") is a listed public company, incorporated in Australia and operating in Australia, North America, Asia and Europe.

The Company's registered office and principal place of business is located at Level 4, 414 Lonsdale Street, Melbourne, Victoria 3000, Australia.

2. Summary of 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 Urgent Issues Group Consensus Views, and complies with other requirements of the law. The 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 amounts contained in the 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 98/100. The Company is an entity to which the Class Order applies.

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.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(b) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(c) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(d) Depreciation

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation:

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

2. Summary of accounting policies (cont'd)

(e) Employee benefits

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

Provision made in respect of wages and salaries, annual leave, sick leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long service leave which are not expected to be settled within 12 months are 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.

(f) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(g) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are recognised in net profit or loss in the period in which they arise.

2. Summary of accounting policies (cont'd)

(g) Foreign currency (cont'd)

Foreign operations

Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation are transferred on consolidation to the foreign currency translation reserve.

Financial statements of self-sustaining foreign controlled entities are translated at reporting date using the current rate method and exchange differences are taken directly to the foreign currency translation reserve.

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

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

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

(i) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is amortised on a straight line basis over a period of 20 years.

(j) Income tax

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets and deferred tax liabilities, as applicable.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis.

2. Summary of accounting policies (cont'd)

(l) Investments

Investments in controlled entities are recorded at cost. Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(m) Leased assets

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

(n) Patents and licenses

Patents and licenses are initially recorded at cost and are amortised on a straight line basis over the period of expected benefit, which is 5 years in the case of licenses and 14 to 16 years in case of patents.

(o) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 1024 "Consolidated Accounts". A list of controlled entities appears in note 22 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Minority interests represent the interests in Cordlife (Hong Kong) Ltd, not held by the Group.

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2. Summary of accounting policies (cont'd)

(p) Provisions (cont'd)

Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the directors on or before the reporting date.

(q) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(r) Recoverable amount of non-current assets

Non-current assets are written down to recoverable amount when the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value using market determined risk adjusted discount rates.

(s) Research and development costs

Research and development costs are recognised as an expense when incurred, except to the extent that such costs, together with unamortised deferred costs in relation to that project, are expected, beyond any reasonable doubt, to be recoverable.

Any deferred research and development costs are amortised over the period in which the corresponding benefits are expected to arise, commencing with the commercial production of the product.

The unamortised balance of research and development costs deferred in previous periods is reviewed regularly and at each reporting date, to ensure the criterion for deferral continues to be met. Where such costs are no longer considered recoverable, they are written-off as an expense in net profit or loss.

Government grants received or receivable in relation to research and development costs, which are deferred, are deducted from the carrying amount. Grants received or receivable in relation to research and development costs, which are recognised as an expense during the current or previous periods, are recognised as revenue in net profit or loss.

(t) Revenue recognition

Sales of goods and disposal of assets

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Interest

Interest is recognised when the consolidated entity has control of the right to receive the interest payment.

3. Loss from ordinary activities before income tax expense

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

	Consolidated		Company	
	Year ended 30.6.2005 $'000	19.2.2004 to 30.6.2004 $'000	Year ended 30.6.2005 $'000	19.2.2004 to 30.6.2004 $'000
(a) ***Revenue***				
Revenue from the sale of goods	558	4	–	–
Revenue from the rendering of services	1,601	42	–	–
	2,159	46	–	–
Other revenue from ordinary activities				
Government grants and contracts	1,194	99	–	–
Interest income from banks	707	61	694	61
Foreign exchange gain	20	4	31	2
Others	42	–	11	–
	1,963	164	736	63
Total revenue from ordinary activities	4,122	210	736	63
(b) ***Expenses***				
Cost of sales	1,378	44	–	–
Borrowing costs:				
- Interest - other entities	136	6	–	–
Depreciation of non-current assets:				
- Property, plant and equipment	241	11	2	–
Amortisation of intangible assets:*				
- Goodwill on acquisition of subsidiary companies	1,400	–	–	–
- Patents	1,270	17	–	–
- Licenses	401	18	–	–
	3,071	35	–	–
Operating lease rental expenses:				
- Minimum lease payments	368	17	23	–
Staff costs	3,146	191	967	140
Other administration, distribution and marketing expenses:				
- Legal and professional	475	1	178	–
- Business travel	445	53	294	53
- Consultancy	365	20	88	–
- Advertising and promotion	301	22	48	12
- Government stamp duty	4	49	–	–

* Amortisation of intangible assets is included in administration expenses in the Statement of Financial Performance.

4. Income tax

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

	Consolidated		Company	
	Year ended 30.6.2005 $'000	19.2.2004 to 30.6.2004 $'000	Year ended 30.6.2005 $'000	19.2.2004 to 30.6.2004 $'000
Loss from ordinary activities	(7,801)	(449)	(1,348)	(285)
Income tax expense calculated at 30%	(2,340)	(135)	(404)	(85)
Permanent differences:				
Tax losses and timing differences not brought to account as future income tax benefits	2,340	135	404	85
Income tax expense relating to ordinary activities	–	–	–	–

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

Future income tax benefits arising from revenue tax losses of the controlled entities not brought to account are in the amount of approximately $3,183,252.

Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and the directors of these entities consider it likely that they will elect to implement the tax consolidation system in due course.

However, at the date of this report the directors have not yet finalised an assessment of the financial effect that implementation may have on the Company and the consolidated entity. Accordingly, the directors have not made a final formal decision whether or not to implement the tax consolidation system, and if so, from which date implementation would occur.

As a result, only the financial effects of the mandatory aspects of the enabling legislation has been recognised in the financial statements and no adjustment has been made to recognise the financial effects that may result from the implementation of the tax consolidation system.

In the event that the tax consolidation system is implemented, the Company is likely to become the "head entity" of the tax-consolidated group.

5. Directors' and executives' remuneration

The specified directors of CyGenics Ltd during the period were:

Chris Fullerton	(Chairman, non-executive)
Steven Fang	(Director, executive)
Ian Brown	(Director, executive)
Mark Pykett	(Director, non-executive)*
Anthony Soh	(Director, non-executive)
Eileen Tay	(Director, non-executive)

* Transited from an executive to a non-executive role on 1 February 2005.

The specified executives of CyGenics Ltd during the period were:

Jeremy Yee
John Khong
Michael Michalek
Soren Bested
Simon Lee
Susan Kheng

Specified directors' and specified executives' remuneration

The remuneration committee reviews the remuneration packages of all specified directors and specified executives on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of the Company.

	Primary			Post Employment			Equity		
	Salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Prescribed benefits $	Other $	Options $	Other benefits $	Total $
Specified Directors									
Chris Fullerton									
2005	60,000	–	–	5,400	–	–	–	–	65,400
2004	9,516	–	–	856	–	–	–	–	10,372
Steven Fang									
2005	258,060	–	–	6,936	–	–	–	–	264,996
2004	44,167	–	–	1,198	–	–	–	–	45,365
Ian Brown									
2005	138,348	–	–	12,456	–	–	–	–	150,804
2004	23,058	–	–	2,076	–	–	–	–	25,134
Mark Pykett									
2005	165,166	–	–	–	–	–	–	–	165,166
2004	43,329	–	–	–	–	–	–	–	43,329
Anthony Soh									
2005	45,000	–	–	–	–	–	–	–	45,000
2004	7,137	–	–	–	–	–	–	–	7,137
Eileen Tay									
2005	45,000	–	–	–	–	–	–	–	45,000
2004	7,137	–	–	–	–	–	–	–	7,137
Total remuneration: Specified Directors									
Total									
2005	711,574	–	–	24,792	–	–	–	–	736,366
2004*	134,344	–	–	4,130	–	–	–	–	138,474

5. Directors' and executives' remuneration (cont'd)

	Primary			Post Employment			Equity		
	Salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Prescribed benefits $	Other $	Options $	Other benefits $	Total $
Specified Executives									
Jeremy Yee									
2005	143,868	–	–	6,936	–	–	–	–	150,804
2004	25,134	–	–	1,198	–	–	–	–	26,332
John Khong									
2005	23,910	–	–	418	–	–	–	–	24,328
Michael Michalek									
2005	91,645	–	–	1,547	–	–	–	–	93,192
Soren Bested									
2005	68,542	–	–	4,678	–	–	–	–	73,220
2004	2,504	–	–	92	–	–	–	–	2,596
Simon Lee									
2005	60,731	–	–	6,527	–	–	–	–	67,258
2004	1,920	–	–	250	–	–	–	–	2,170
Susan Kheng									
2005	53,798	–	–	6,268	–	–	–	–	60,066
2004	1,878	–	–	245	–	–	–	–	2,123
Total remuneration: Specified Executives									
Total									
2005	442,494	–	–	26,374	–	–	–	–	468,868
2004*	31,436	–	–	1,785	–	–	–	–	33,221

* Group totals in respect of the financial period ended 2004 do not necessarily equal the sums of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

6. Remuneration of auditors

	Consolidated		Company	
	Year ended 30.6.2005 $'000	19.2.2004 to 30.6.2004 $'000	Year ended 30.6.2005 $'000	19.2.2004 to 30.6.2004 $'000
Auditor of the parent entity				
Assurance based services	100,000	40,000	78,800	40,000
Other services:				
Initial Public Offering related	–	324,138	–	324,138
Corporate finance – due diligence	19,475	–	19,475	–
Accounting advice - AIFRS	21,000	–	21,000	–
Tax compliance services	6,250	–	–	–
	146,725	364,138	119,275	364,138
Other auditors				
Assurance based services	349	3,943	–	–
Other services – Initial Public Offering related	–	4,225	–	4,225
	349	8,168	–	4,225
	147,074	372,306	119,275	368,363

7. Current receivables

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Trade receivables	703	534	–	–
Allowance for doubtful debts	(5)	(6)	–	–
	698	528	–	–
Goods and services tax (GST) recoverable	65	242	11	234
Other – Interest receivables and other miscellaneous	342	79	195	61
Amount owing from controlled entities	–	–	1,597	–
	1,105	849	1,803	295

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.

(ii) Interest receivables are due on maturity of fixed deposits.

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

(iv) Amounts owing from controlled entities are interest-free and have no fixed terms of repayment.

8. Current inventories

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Raw materials :				
At cost	15	4	–	–
Finished goods :				
At cost	242	121	–	–
	257	125	–	–

9. Other non-current financial assets

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Share in controlled entities - at cost	–	–	51,828	50,000

10. Property, plant and equipment

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Leasehold improvements				
At cost	142	43	–	–
Accumulated depreciation	(23)	–	–	–
	119	43	–	–
Office equipment				
At cost	551	148	19	–
Accumulated depreciation	(98)	(3)	(2)	–
	453	145	17	–
Plant and equipment				
At cost	536	358	–	–
Accumulated depreciation	(50)	(8)	–	–
	486	350	–	–
Total property, plant and equipment				
At cost	1,229	549	19	–
Accumulated depreciation	(171)	(11)	(2)	–
Total written down amount	1,058	538	17	–

Reconciliation

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:

	Consolidated $'000	Company $'000
Leasehold improvements		
Carrying amount at beginning	43	–
Additions	104	–
Depreciation expense	(23)	–
Exchange rate adjustment	(5)	–
	119	–

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

	Consolidated $'000	Company $'000
Office equipment		
Carrying amount at beginning	145	–
Additions	437	21
Disposals	–	(2)
Depreciation expense	(110)	(2)
Exchange rate adjustment	(19)	–
	453	17
Plant and equipment		
Carrying amount at beginning	350	–
Additions	278	–
Depreciation expense	(108)	–
Exchange rate adjustment	(34)	–
	486	–

11. Intangibles

	Consolidated 2005 $'000	Consolidated 2004 $'000
Goodwill	27,998	27,998
Accumulated amortisation	(1,400)	–
	26,598	27,998
Patents	18,928	18,933
Accumulated amortisation	(1,287)	(17)
Exchange rate adjustment	(9)	–
	17,632	18,916
Licenses	692	670
Accumulated amortisation	(419)	(18)
Exchange rate adjustment	(58)	–
	215	652
	44,445	47,566

The aggregate amortisation for the year was $3,070,953.

12. Current payables and accruals

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Trade payables	392	570	–	–
Goods and services tax (GST) payable	8	13	–	–
Other – non-trade payables and accruals	662	1,475	197	1,095
Accrued interest	591	–	–	–
License fee payable	1,970	–	–	–
Amount due to controlled entities	–	–	875	527
	3,623	2,058	1,072	1,622

On 1 January 2000, Cytomatrix LLC, a wholly-owned and controlled entity of CyGenics Ltd, entered into a license agreement with Tantalum Cellular Products LLC pursuant to which Tantalum, as licensor, granted to Cytomatrix LLC a non-royalty bearing exclusive license to use a patent. The license fee payable was originally denominated in US$ and is unhedged. The license fee, together with accrued interest thereon, is payable on 1 January 2006.

13. Non-current payables and accruals

	Consolidated	
	2005 $'000	2004 $'000
License fee payable	–	2,175
Accrued interest	–	527
	–	2,702

14. Employee benefits

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
The aggregate employee benefit liability recognised and included in the financial statements is as follows:				
Accrued wages and salaries *	–	52	–	39
Annual leave entitlements *	148	49	67	–
	148	101	67	39

* Accrued wages and salaries and annual leave entitlements are included in the current non-trade payables balance as disclosed in note 12 to the financial statements.

	Consolidated		Company	
	2005	2004	2005	2004
Number of employees at end of financial period	61	43	3	4

15. Contributed equity

Consolidated and Company

	Consolidated and Company	
	2005 $'000	2004 $'000
68,000,000 fully paid ordinary shares	65,148	65,348
Fully paid ordinary shares :		
Balance at beginning of financial period	65,348	–
Issue of shares nil (2004 : 50,000,000) to existing shareholders of Cordlife Pte Ltd prior to Initial Public Offering	–	50,000
Issue of shares nil (2004 : 18,000,000) on Initial Public Offering	–	18,000
Transaction costs related to issue of shares	(200)	(2,652)
Balance at end of financial period	65,148	65,348

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

Transaction costs relate to issue of shares on Initial Public Offering in June 2004.

16. Reserves

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Foreign currency translation	(524)	(397)	–	–
Foreign currency translation reserve				
Balance at beginning of financial period	(397)	–	–	–
Translation of foreign operations	(127)	(397)	–	–
Balance at end of financial period	(524)	(397)	–	–

Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation and the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency translation reserve, as described in note 2(g).

17. Accumulated losses

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Balance at beginning of financial period	(449)	–	(285)	–
Net loss for the period	(7,801)	(449)	(1,348)	(285)
Net loss attributable to outside equity interest	151	–	–	–
Balance at end of financial period	(8,099)	(449)	(1,633)	(285)

18. Outside equity interest

	Consolidated 2005 $'000	Consolidated 2004 $'000
Reconciliation of outside equity interest:		
Opening balance	–	–
Add: Share of contributed equity	572	–
Less: Share of operating loss	(151)	–
Add: Exchange rate adjustment	20	–
Closing balance	441	–

Outside equity interest represents the interest in Cordlife (Hong Kong) Ltd, not held by the Group.

19. Earnings per share

	Consolidated 2005 Cents	Consolidated 2004 Cents
Basic and diluted earnings per share	(11.5)	(5.7)

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:

	Consolidated 2005 $'000	Consolidated 2004 $'000
Net loss	7,801	449
	'000	'000
Weighted average number of ordinary shares	68,000	7,833

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.

20. Commitments for expenditure

Lease commitments

Non-cancellable operating lease commitments are disclosed in note 21 to the financial statements.

There are no other commitments for expenditure at the balance sheet date.

21. Leases

Leasing arrangements

Operating leases relate to office premises with lease terms of between 3 to 4 years, with an option to extend for a further 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.

	Consolidated	
	2005	**2004**
	$'000	$'000
Non-cancellable operating leases		
Within one year	407	333
After one year and not more than 5 years	535	798
	942	1,131

22. Controlled entities

Name of company	Country of incorporation	Cost of investment 2005 $'000	Cost of investment 2004 $'000	Percentage of equity held by the Group 2005 %	Percentage of equity held by the Group 2004 %
Parent entity					
CyGenics Ltd	Australia				
Controlled entities					
Cordlife Pte Ltd	Singapore	50,000	50,000	100	100
Cell Sciences Pte Ltd	Singapore	1,114	*	100	100
Cordlife International Pte Ltd^	Singapore	*	–	100	–
Cytomatrix LLC	USA	*	*	100	100
Cytovations Inc	USA	1	–	100	–
Cell Sciences Therapeutics Inc	USA	*	*	100	100
CPL Acquisition Inc^	USA	*	*	100	100
Cordlife (M) Sdn Bhd^	Malaysia	*	*	100	100
Cordlife Pty Ltd^	Australia	*	*	100	100
Cytomatrix Pty Ltd	Australia	*	–	100	–
Shanghai Cordlife Stem Cell Research Co. Ltd^	People's Republic of China	239	239	100	100
Yue Kang Biotechnology Development Co. Ltd (liquidated)	People's Republic of China	–	*	–	70
Cordlife (Hong Kong) Ltd^^	Hong Kong	611	2	51	100
Cordlife Sciences Ltd	Thailand	101	–	100	–
CyGenics UK Ltd	United Kingdom	3	–	100	–
		52,069	50,241		

^ Investments are held by Cordlife Pte Ltd.
^^ In financial year ended 2005, investment in Cordlife (Hong Kong) Ltd is held by both CyGenics Ltd (50.86%) and Cordlife Pte Ltd (0.14%). In the previous financial year, Cordlife (Hong Kong) Ltd was wholly owned by Cordlife Pte Ltd.
* Amount less than $1,000.

23. Acquisition of businesses

There was no acquisition of any business during the financial year. Details of acquisitions in the previous financial period are as follows:

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired %	Cost of acquisition $'000
Controlled entities				
Cordlife Pte Ltd and its controlled entities	Providing services, devices and facilities for storing, replicating, cataloguing, harvesting, researching and developing applications for adult stem cell, stem cell-related derivatives and their related therapies.	15 June 2004	100	50,000

Further details of the acquisition of businesses are disclosed in note 27(b) to the financial statements.

24. Segment information

	External sales $'000	Inter-segment $'000	Other $'000	Total $'000
Segment revenues				
Year ended 30.6.2005				
Cord blood banking	1,601	–	70	1,671
Cell therapeutics	1,124	–	–	1,124
Research and other products	558	59	–	617
Total of all segments				3,412
Eliminations				(59)
Unallocated				769
Consolidated				4,122
19.2.2004 to 30.6.2004				
Cord blood banking	42	–	41	83
Cell therapeutics	58	–	–	58
Research and other products	4	–	–	4
Total of all segments				145
Eliminations				–
Unallocated				65
Consolidated				210

24. Segment information (cont'd)

Segment results

Year ended 30.6.2005

	Total $'000
Cord blood banking	(1,642)
Cell therapeutics:	
Vaccine screening	(830)
Clinical trials	(755)
Cell therapy products and services	(49)
Research and other products	(586)
Total of all segments	(3,862)
Eliminations	21
Unallocated	(3,960)
Loss from ordinary activities before income tax expense	(7,801)
Income tax expense relating to ordinary activities	–
Net loss for the year	(7,801)

19.2.2004 to 30.6.2004

Cord blood banking	(127)
Cell therapeutics (vaccine screening)	(32)
Research and other products	(5)
Total of all segments	(164)
Eliminations	–
Unallocated	(285)
Loss from ordinary activities before income tax expense	(449)
Income tax expense relating to ordinary activities	–
Net loss for the period	(449)

The unallocated amounts include amortisation of intangible assets that arose on acquisition.

24. Segment information (cont'd)

	Assets $'000	Liabilities $'000
Segment assets and liabilities		
30.6.2005		
Cord blood banking	31,926	1,287
Cell therapeutics	18,812	5,678
Research and other products	2,707	1,072
Total of all segments	53,445	8,037
Eliminations	(4,019)	(4,611)
Unallocated	11,163	197
Consolidated	60,589	3,623
30.6.2004		
Cord blood banking	32,899	366
Cell therapeutics	19,894	4,497
Research and other products	1,644	475
Total of all segments	54,437	5,338
Eliminations	(1,860)	(1,673)
Unallocated	16,685	1,095
Consolidated	69,262	4,760

Intangible assets have been allocated to respective business segments.

	Cord blood banking $'000	Cell therapeutics $'000	Research products $'000	Unallocated $'000	Total $'000
Other segment information					
Year ended 30.6.2005					
Depreciation and amortisation of segment assets	1,496	1,714	100	2	3,312
Acquisition of property, plant and equipment and intangible assets	644	134	228	19	1,025
19.2.2004 to 30.6.2004					
Depreciation and amortisation of segment assets	5	41	–	–	46
Acquisition of property, plant and equipment and intangible assets	26,796	19,882	1,472	–	48,150

24. 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 and 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 and clinical trials on patented technologies.
Research and other products	Manufacture of stem-cell related products (eg. paddle, statamatrix, starwheel) and distribution of medical equipment (eg. RITA, Magellan).

Geographical segments

	Revenue from external customers Year ended 30.6.2005 $'000	Segment assets 30.6.2005 $'000
Asia	2,260	30,350
North America	1,108	18,708
Australia	754	11,419
Europe	–	112
	4,122	60,589

	Revenue from external customers 19.2.2004 to 30.6.2004 $'000	Segment assets 30.6.2004 $'000
Asia	46	32,443
North America	62	20,134
Australia	102	16,685
Europe	–	–
	210	69,262

24. Segment information (cont'd)

	Asia $'000	North America $'000	Australia $'000	Europe $'000	Total $'000
Other segment information					
Year ended 30.6.2005					
Acquisition of property, plant and equipment and intangible assets	870	110	43	2	1,025
19.2.2004 to 30.6.2004					
Acquisition of property, plant and equipment and intangible assets	28,268	19,882	–	–	48,150

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

- Australia — CyGenics group holding company is based in Australia and directs the growth in the business 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 and Hong Kong with sales office in Indonesia. It also deals in research and other products.
- Europe — CyGenics group commenced business development activities in the United Kingdom during the financial year in the areas of cord blood banking and therapeutics.

25. Related party and specified executive disclosures (disclosing entities)

(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 22 to the financial statements.

(b) ***Specified directors' and specified executives' remuneration***

Details of specified directors' and specified executives' remuneration are disclosed in note 5 to the financial statements.

25. Related party and specified executive disclosures (disclosing entities) (cont'd)

(c) ***Specified directors' and specified executives' equity holdings***

Fully paid ordinary shares of CyGenics Ltd

	Balance at 1.7.04 No.	Granted as remuneration No.	Received on exercise of options No.	Net other change No.	Balance at 30.6.05 No.	Balance held nominally No.
Specified directors						
Chris Fullerton	1,116,463	–	–	1,683,537	2,800,000	–
Steven Fang	8,709,960	–	–	20,000	8,729,960	–
Ian Brown	209,864	–	–	130,026	339,890	–
Mark Pykett	2,142,933	–	–	(195,667)	1,947,266	–
Eileen Tay	–	–	–	–	–	–
Anthony Soh	5,448,499	–	–	(2,967,471)	2,481,028	–
Specified executives						
Jeremy Yee	321,034	–	–	5,000	326,034	–
John Khong	–	–	–	–	–	–
Michael Michalek	–	–	–	–	–	–
Soren Bested	347,766	–	–	–	347,766	–
Susan Kheng	426,970	–	–	–	426,970	–
Simon Lee	425,263	–	–	–	425,263	–
	19,148,752	–	–	(1,324,575)	17,824,177	–

26. 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.

27. Notes to the statement of cash flows

		Consolidated		Company	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
(a)	Reconciliation of cash For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
	Cash assets – cash at bank	13,724	20,184	10,939	16,390
		13,724	20,184	10,939	16,390
(b)	Businesses acquired Details of acquisitions during the financial year are as follows:				
	Consideration:				
	Ordinary shares	–	50,000	–	–
		–	50,000	–	–
	***Fair value of net assets acquired*:**				
	Current assets:				
	Cash	–	3,905	–	–
	Receivables	–	998	–	–
	Inventories	–	140	–	–
	Non-current assets:				
	Patents	–	18,933	–	–
	Licenses	–	670	–	–
	Property, plant and equipment	–	549	–	–
	Current liabilities:				
	Payables	–	(1,070)	–	–
	Non-current liabilities:				
	Payables	–	(2,123)	–	–
	Net assets acquired	–	22,002	–	–
	Goodwill on acquisition	–	27,998	–	–
		–	50,000	–	–
	Net cash inflow on acquisition:				
	Cash consideration	–	–	–	–
	Less: cash balances acquired	–	(3,905)	–	–
		–	(3,905)	–	–

27. Notes to the statement of cash flows (cont'd)

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(c) Financing facilities				
Unsecured bank overdraft facility, reviewed annually and payable at call:				
- Amount used	–	–	–	–
- Amount unused	390	423	–	–
	390	423	–	–
Credit standby arrangement - LC and credit card facilities:				
- Amount used	3	–	–	–
- Amount unused	207	–	–	–
	210	–	–	–

(d) Reconciliation of loss from ordinary activities after related income tax to net cash flows from operating activities:

Net loss for the period	(7,801)	(449)	(1,348)	(285)
Depreciation and amortisation of non-current assets	3,312	46	2	–
Interest received	633	2	623	1
Interest and other costs of finance paid	(3)	–	–	–
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Receivables	(891)	147	(440)	(61)
Inventories	(132)	15	–	–
(Decrease)/increase in liabilities:				
Payables	(21)	138	(41)	346
Net cash from operating activities	(4,903)	(101)	(1,204)	1

28. Financial instruments

(a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

28. Financial instruments (cont'd)

(b) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(c) *Interest rate risk*

The consolidated entity had a cash balance of $13,723,697 at 30 June 2005 (2004 : $20,183,652) earning a variable annual interest rate of approximately 4% (2004 : 4%). The consolidated entity had no other significant variable interest-bearing financial assets or liabilities.

(d) *Net fair value*

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

29. Contingent liabilities

On 1 December 1998, Cytomatrix LLC entered into a license agreement with the General Hospital Corporation ("GHC") under which royalties would be payable to GHC at rates ranging between 0.2% and 0.75% on revenues earned in respect of certain inventions related to International Patent Application with the title of "Lymphoid Tissue-Specific Cell Production from Hematopoietic Progenitor Cells in Three-Dimensional Devices".

30. 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.

31. Performance share plan

A Performance Share Plan ("Plan") was introduced on 5 May 2004 to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. The Plan is administered by the Remuneration Committee. The directors and selected employees of CyGenics Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Remuneration Committee.

The aggregate number of shares which may be issued pursuant to Awards granted under the Plan shall not exceed 6,500,000 shares.

During and since the end of the financial year, no shares have been issued under the Plan and the performance hurdles have yet to be established.

32. Impact of adopting Australian Equivalents to IFRS

CyGenics Ltd is in the process of transitioning its accounting policies and financial reporting from the current Australian Accounting Standards ("AGAAP") to Australian equivalents of International Financial Reporting Standards ("AIFRS") which will be applicable for the financial year ended 30 June 2006. In 2005, the Company allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. As a result, CyGenics established project teams to address each of the areas in order of priority. An AIFRS steering committee was established to oversee the progress of each of the project teams and make necessary decisions. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, CyGenics' transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when CyGenics prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at 30 June 2004, the date of transition, and at 30 June 2005; and on net loss for the year ended 30 June 2005.

(i) Under AASB 3 *Business Combinations* goodwill would not be permitted to be amortised but instead is subject to impairment testing on an annual basis or upon the occurrence of triggers which may indicate a potential impairment. Currently, the Group amortises goodwill over 20 years. The effect of the above results in an increase of total equity as at 30 June 2005 and a reduction in net loss for the year ended 30 June 2005 of approximately $1,400,000. There is no effect on the total equity as at 1 July 2004.

(ii) Under AASB 112 *Income Taxes* the Group would be required to recognise deferred tax assets (including carry forward tax losses) when it is probable that the benefit can be realised. Deferred tax asset arising from post-acquisition tax losses of operating entities Cordlife Pte Ltd and Cell Sciences Pte Ltd will be recognised as it is probable that future assessable income would be derived of a nature and amount sufficient to enable the benefit to be realised. The effect of the above results in an increase of equity as at 30 June 2005 and a reduction in net loss for the year ended 30 June 2005 of approximately $264,000. There is no effect on the total equity as at 1 July 2004.

32. Impact of adopting Australian Equivalents to IFRS (cont'd)

(iii) Management has decided to apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 3 *Business Combinations* for all past business combinations prior to 1 July 2004, CyGenics' transition date to AIFRS. Accordingly, no adjustments were necessitated for CyGenics' acquisition of Cordlife Pte Ltd and its controlled entities on 15 June 2004.

(iv) Management has decided to apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 2 *Share Based Payments* for grants made on or before 7 November 2002 and for grants made after that date that have vested before 1 January 2005. Accordingly, no adjustments were necessitated for equity instruments granted in Cordlife Pte Ltd under the Employee Stock Option Scheme as those vested before 1 January 2005.

(v) Under AASB 112 *Income Taxes* the Group would be required to use a balance sheet liability method, rather than the current income statement method, which recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. This may result in the recognition of further deferred tax assets and liabilities. CyGenics is in the process of determining the impact (if any) that adopting this standard would have on the financial statements of the Group.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing this report.

The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

(a) ongoing work being undertaken by the AIFRS project teams;

(b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and

(c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

33. Comparative figures

The financial statements for the year ended 30 June 2004 were audited by another firm. Certain comparative figures have been reclassified to conform to the current year's presentation.

Additional Stock Exchange Information

as at 20 September 2005

Number of holders of equity securities

Ordinary share capital

68,000,000 fully paid ordinary shares are held by 518 individual shareholders.

All issued ordinary shares carry one vote per share.

Distribution of holders of equity securities

	Fully paid ordinary shares
1 - 1,000	36
1,001 - 5,000	201
5,001 - 10,000	63
10,001 - 100,000	156
100,001 and over	62
	518
Holding less than a marketable parcel	40

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
16,763,256	18 June 2006
16,763,256	

Additional Stock Exchange Information

as at 20 September 2005

Substantial shareholders

	Fully paid	
Ordinary shareholders	**Number**	**Percentage**
Steven Fang (Boon Sing Fang)	8,729,960	12.84%
National Nominees Limited	7,567,849	11.13%
NEFCO Nominees Pty Ltd	5,432,000	7.99%
Tar Choon Aw	3,721,542	5.47%
	25,451,351	**37.43%**

Twenty largest holders of quoted equity securities

		Fully paid	
Ordinary shareholders		**Number**	**Percentage**
1)	Steven Fang (Boon Sing Fang)	8,729,960	12.84%
2)	National Nominees Limited	7,567,849	11.13%
3)	NEFCO Nominees Pty Ltd	5,432,000	7.99%
4)	Tar Choon Aw	3,721,542	5.47%
5)	Queensland Investment Corporation	3,323,856	4.89%
6)	Mandalay Capital Pty Ltd	3,000,000	4.41%
7)	Tantalum Cellular Products LLC	2,566,972	3.77%
8)	Asia Pacific Links Ltd	2,481,028	3.65%
9)	UOB Capital Investments Pte Ltd	1,924,365	2.83%
10)	HSBC Custody Nominees (Australia) Limited – GSI ECSA	1,596,000	2.35%
11)	ANZ Nominees Limited	1,373,931	2.02%
12)	Citicorp Nominees Pty Ltd	1,351,055	1.99%
13)	Arrow Asia Opportunity Fund Ltd	1,232,164	1.81%
14)	Tiong Aik Corporation Pte Ltd	1,230,514	1.81%
15)	CIMB-GK Securities Pte Ltd	1,036,193	1.52%
16)	Ben Kee Cheong Chng	868,000	1.28%
17)	Michael Rosenzweig	833,357	1.23%
18)	UOB JAIC Bio Investments Ltd	796,000	1.17%
19)	Mark J Pykett	751,023	1.10%
20)	Christopher Han Siong Ho	682,283	1.00%

Additional Stock Exchange Information

as at 20 September 2005

Company secretary

Mr Andrew Lord
Campbell Lord
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Share registry

ASX Perpetual Registrars Ltd
Level 4, 333 Collins Street
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Tel: +61 (0) 3 9615 9932

Other ASX information for recently listed entities

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

Auditor's Independence Declaration

ERNST & YOUNG

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Australia

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Auditor's Independence Declaration to the Directors of CyGenics Ltd

In relation to our audit of the financial report of CyGenics Ltd for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions to the auditor independence requirements of the Corporations Act 2001 or any other applicable code of professional conduct.

Don Brumley
Partner
Melbourne
30 September 2005

Ernst & Young

Today's ***Technology***
Tomorrow's ***Therapy***

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