CyGenics Ltd (ACN 108 051 529)
Australia · Level 4 · 414 Lonsdale Street · Melbourne · Victoria 3000 · Australia
Phone 1800 333 050 · Facsimile (61) 03 9445 9224
Singapore · 600 North Bridge Road · Parkview Square · #12-09/10 · Singapore 188776
Phone (65) 6238 0808 · Facsimile (65) 6295 1108 · www.cygenics.com

9 March 2006

Manager of Company Announcements
Australian Stock Exchange

By e-lodgement **Number of pages: 36 inclusive**

Half Year Report and Financial Report for the period ending 31 December 2005

In accordance with the listing rules please find attached Cygenics Ltd's reports for the six months ending 31 December 2005:

1. Appendix 4D;
2. Financial Report.

Yours faithfully

Andrew Lord
Company Secretary

Appendix 4D

Half Year Report

1. Company details

Name of entity

CyGenics Ltd

ABN	Half year ended
48 108 051 529	**31 December 2005**

The previous corresponding period refers to the comparative amounts for the half-year period ended 31 December 2004.

2. Results for announcement to the market

					A$'000
2.1 Total revenues	:	**up**	**89%**	**to**	**3,697**
2.2 Net loss for the period attributable to members	:	**up**	**30%**	**to**	**3,478**
2.3 Dividends	:	**Nil**			
2.4 Record date for determining entitlements to the final dividend	:	**Not applicable**			

The consolidated revenue and net loss for the period attributable to members represents the results of operations of CyGenics Ltd and its controlled entities for the period from 1 July 2005 to 31 December 2005. Details of controlled entities are set out in note 9 of the Half-year Financial Report for the period ended 31 December 2005.

During the half-year period ended 31 December 2005, the company continued to expand its operations in all areas of business, involving acquisition of a tissue banking business and investment in manpower. This is in line with the group's objective of realising sound growth through investment in existing businesses, expanding into new geographical markets and seeking out-licensing of our innovative cellular technologies.

Revenue for the half-year ended 31 December 2005 increased by 89% to A$3,697,000 from A$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 A$1,447,000 for the half-year ended 31 December 2005 as compared to A$761,000 for the half-year ended 31 December 2004 (an increase of 90%). Revenue from sales of products was A$435,000 for the half-year ended 31 December 2005 as compared to A$271,000 for the half-year ended 31 December 2004 (an increase of 61%). Revenue from Government grants and contracts was A$594,000 for the half-year ended 31 December 2005 as compared to A$539,000 for the half-year ended 31 December 2004 (an increase of 10%). Revenue from clinical and travel related support services was A$854,000 for the half-year ended 31 December 2005 (no revenue in previous corresponding period). Revenue from consultancy fee for clinical therapy products and services was A$15,000 (no revenue in previous corresponding period). Interest income from banks and other miscellaneous revenue was A$352,000 for the half-year ended 31

December 2005 as compared to A$380,000 for the half-year ended 31 December 2004 (a decrease of 7%).

Net loss attributable to members for the half-year ended 31 December 2005 of A$3,478,000 arose mainly from amortisation of intangible assets of A$825,000, costs associated with the Group's expansion in all areas of business and costs associated with the preparations for the two clinical trials. This is an increase of 30% over the net loss attributable to members of A$2,671,000 for the half-year ended 31 December 2004. The increase is largely due to costs associated with the cell therapeutics business. Information on revenue and results of the different business segments are set out in note 11 to the Half-year Financial Report for the period ended 31 December 2005. Details of significant items of costs are further set out in note 2.2 to the Half-year Financial Report for the period ended 31 December 2005.

The Half-year Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 have been restated accordingly. Reconciliations of AIFRS equity and profit to the balances reported in the 31 December 2004 half-year report prepared under AGAAP are set out in note 1(e) to the Half-Year Financial Report for the period ended 31 December 2005.

For further information on the activities and developments of the Company, please refer to the previously released market announcements of the Company during the half-year ended 31 December 2005 and until the date of this report.

3. Net tangible assets backing per ordinary security

As at 31 December 2005 : 8.3 cents
As at 31 December 2004 : 14.9 cents

4. Control gained or lost over entities

Names of businesses acquired	***Principal activity***	***Date of acquisition***	***Proportion of shares acquired %***	***Cost of acquisition A$***
Biocell Pty Ltd	Tissue banking	1 November 2005	51	529,880

Further details are set out in note 10 to the Half-year Financial Report for the period ended 31 December 2005

5. Dividends

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

6. Dividend reinvestment plans

Not applicable

7. Details of associates and joint venture entities

None

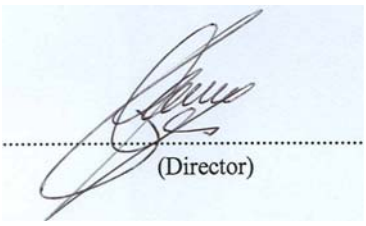
8. Foreign entities

Not applicable

9. Review of the half year financial report

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

Sign here:



Steven Fang
Director

Melbourne, 9 March 2006

CyGenics Ltd

ABN 48 108 051 529

Financial Report for half-year ended
31 December 2005

CyGenics Ltd

Half-year Financial Report
for the period ended 31 December 2005

The directors of CyGenics Ltd submit herewith the financial report of the Company for the half-year ended 31 December 2005.

The names and particulars of the directors of the Company during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Christopher Maxwell Fullerton BEc	Chairman (non-executive)
Steven Fang (Boon Sing Fang) CIM (UK), MBA	Executive Director and Chief Executive Officer
Ian David Brown GDip.BA, FAICD, FAIM	Executive Director and Chief Operating Officer
Eileen Tay (Bee Kiew Tan) BAcc (Hons), FCPA (Australia), FCPA (Singapore), ACIMA (UK)	Non-executive Director
Christopher Ho Han Siong BSEE	Non-executive Director (appointed on 23 November 2005)
Alberto J. Bautista BSIE, MBA (MIT)	Non-executive Director (appointed on 15 February 2006)
Dr Mark Jerome Pykett VMD, PhD, MBA	Non-executive Director (resigned on 23 November 2005)
Dr Anthony (Guan Cheow Soh) MBBS (Singapore), PG Dip. Aud (Australia)	Non-executive Director (resigned on 23 November 2005)

The Company Secretary is Andrew Lord (BSc, LLB).

Review and results of operations

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 have been restated accordingly. Reconciliations of AIFRS equity and profit to the balances reported in the 31 December 2004 half-year report prepared under AGAAP are set out in note 1(e) to the financial report.

During the half-year period ended 31 December 2005, the company continued to expand its operations in all areas of business, involving acquisition of a tissue banking business and investment in manpower. This is in line with the group's objective of realising sound growth through investment in existing businesses, expanding into new geographical markets and seeking out-licensing of our innovative cellular technologies.

Revenue for the half-year ended 31 December 2005 increased by 89% to $3,697,000 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 $1,447,000 for the half-year ended 31 December 2005 as compared to $761,000 for the half-year ended 31 December 2004, an increase of 90%. Revenue from sales of products was $435,000 for the half-year ended 31 December 2005 as compared to $271,000 for the half-year ended 31 December 2004, an increase of 61%. Revenue from Government grants and contracts was $594,000 for the half-year ended 31 December 2005 as compared to $539,000 for the half-year ended 31 December 2004, an increase of 10%. Revenue from clinical and travel related support services was $854,000 for the half-year ended 31 December 2005 (there was no revenue in the previous corresponding half-year period). Revenue from consultancy fee for clinical therapy products and services was $15,000 (there was no revenue in the previous corresponding half-year period). Interest income from banks and other miscellaneous revenue was $352,000 for the half-year ended 31 December 2005 as compared to $380,000 for the half-year ended 31 December 2004, a decrease of 7%.

Net loss attributable to members for the half-year ended 31 December 2005 of $3,478,000 arose mainly from amortisation of intangible assets of $825,000, costs associated with the Group's expansion in all areas of business and costs associated with the preparations for the two clinical trials. This is an increase of 30% over the net loss attributable to members of $2,671,000 for the half-year ended 31 December 2004. The increase is largely due to costs associated with the cell therapeutics business. Information on revenue and results of the different business segments are set out in note 11 to the financial report. Details of significant items of costs are further set out in note 2.2 to the financial report.

For further information on the activities and developments of the Company, please refer to the previously released market announcements of the Company during the half-year ended 31 December 2005 and until the date of this report.

Auditors' independence declaration

In accordance with section 307C of the Corporations Act 2001, we have obtained a declaration of independence from our auditors Ernst and Young, a copy of which appears on page 30.

Rounding of amounts to nearest thousand dollars

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

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

On behalf of the Board

Steven Fang

9 March 2006

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Tel 61 3 9288 8000
Fax 61 3 8650 7777
DX 293 Melbourne

Independent review report to members of CyGenics Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both CyGenics Limited (the company) and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

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

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

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

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. The Auditors' Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed.

ERNST & YOUNG

Statement

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

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the period ended on that date; and

(ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Don Brumley
Partner
Melbourne
9 March 2006

Directors' Declaration

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

In the opinion of the directors:

a) The financial statements and notes of the consolidated entity:

   (i) give a true and fair view of the financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

   (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the 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.

On behalf of the Board

Steven Fang

9 March 2006

Condensed Consolidated Income Statement
for the half-year ended 31 December 2005

	Note	Half-year ended 31 December 2005 $'000	Half-year ended 31 December 2004 $'000
Revenue from the sale of goods and rendering of services	2.1(a)	2,751	1,032
Cost of sales		(1,871)	(682)
Gross profit		**880**	**350**
Other revenue	2.1(b)	946	919
Distribution and marketing expenses		(1,013)	(794)
Research and development costs		(769)	(437)
Administration expenses		(3,927)	(2,977)
Borrowing costs		(68)	(68)
Loss before income tax expense	2.2	**(3,951)**	**(3,007)**
Income tax expense – deferred tax		301	336
Net loss for the period		**(3,650)**	**(2,671)**
Net loss attributable to minority interests		172	-
Net loss for the period attributable to members		**(3,478)**	**(2,671)**
Earnings per share:			
Basic and diluted (cents per share)	8	**(5.1)**	**(3.9)**

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

CyGenics Ltd

Condensed Consolidated Balance Sheet
as at 31 December 2005

	Note	31 December 2005 $'000	30 June 2005 $'000
Current assets			
Cash and cash equivalents		11,334	13,724
Receivables	3	1,442	1,105
Inventories		451	257
Total current assets		**13,227**	**15,086**
Non-current assets			
Property, plant and equipment		1,030	1,058
Deferred income tax assets		365	265
Intangibles	4	45,268	45,845
Total non-current assets		**46,663**	**47,168**
Total assets		**59,890**	**62,254**
Current liabilities			
Payables and accruals		4,620	3,623
Total current liabilities		**4,620**	**3,623**
Non-current liabilities			
Payables and accruals		112	-
Deferred income tax liabilities		4,262	4,463
Total non-current liabilities		**4,374**	**4,463**
Total liabilities		**8,994**	**8,086**
Net assets		**50,896**	**54,168**
Equity			
Contributed equity	5	65,148	65,148
Currency translation reserve		(445)	(524)
Accumulated losses	6	(14,375)	(10,897)
Parent entity interest		**50,328**	**53,727**
Minority interests	7	568	441
Total equity		**50,896**	**54,168**

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

Condensed Consolidated Cash Flow Statement
for the half-year ended 31 December 2005

	Half-year ended 31 December 2005 $'000	Half-year ended 31 December 2004 $'000
Cash flows from operating activities		
Receipts from customers	3,429	1,267
Payments to suppliers and employees	(6,238)	(3,905)
Interest received	312	225
Interest and other costs of finance paid	(2)	-
Other	7	62
Net cash used in operating activities	**(2,492)**	**(2,351)**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	7	-
Payment for acquisition of physical non-current assets	(83)	(575)
Payment for acquisition of other non-current assets	-	(20)
Net cash used in investing activities	**(76)**	**(595)**
Cash flows from financing activities		
Proceeds from issues of shares in a subsidiary to minority shareholders	71	-
Payment for share issue costs	-	(1,027)
Net cash from/ (used in) financing activities	**71**	**(1,027)**
Net decrease in cash and cash equivalents held	**(2,497)**	**(3,973)**
Cash and cash equivalents at the beginning of the financial period	13,724	20,184
Effects of exchange rate changes on the balance of cash held in foreign currencies	107	(208)
Cash and cash equivalents at the end of the financial period	**11,334**	**16,003**

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

Condensed Consolidated Statement of Changes in Equity for the half-year ended 31 December 2005

	Attributable to equity holders of the parent				Minority Interests	Total equity
	Contributed equity $'000	Currency translation reserve $'000	Accumulated losses $'000	Total $'000	$'000	$'000
At 1 July 2004	**65,348**	**(397)**	**(5,316)**	**59,635**	**-**	**59,635**
Currency translation differences	-	(22)	-	(22)	-	(22)
Share issue costs recognised in equity	(173)	-	-	(173)	-	(173)
Total income and expense for the period recognised directly in equity	65,175	(419)	(5,316)	59,440	-	59,440
Net loss for the period	-	-	(2,671)	(2,671)	-	(2,671)
At 31 December 2004	**65,175**	**(419)**	**(7,987)**	**56,769**	**-**	**56,769**

	Attributable to equity holders of the parent				Minority Interests	Total equity
	Contributed equity $'000	Currency translation reserve $'000	Accumulated losses $'000	Total $'000	$'000	$'000
At 1 July 2005	**65,148**	**(524)**	**(10,897)**	**53,727**	**441**	**54,168**
Currency translation differences	-	79	-	79	23	102
Total income and expense for the period recognised directly in equity	65,148	(445)	(10,897)	53,806	464	54,270
Net loss for the period	-	-	(3,478)	(3,478)	(172)	(3,650)
Share of equity	-	-	-	-	276	276
At 31 December 2005	**65,148**	**(445)**	**(14,375)**	**50,328**	**568**	**50,896**

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

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

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of CyGenics Ltd as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by CyGenics Ltd and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and

- AIFRS loss for the half-year ended 31 December 2004 and full year ended 30 June 2005,

to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1(e) below.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of CyGenics Ltd and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

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

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which CyGenics Ltd has control.

Biocell Pty Ltd has been included in the consolidated financial statements using the purchase method of accounting, which measures the acquiree's assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial statements include the results of Biocell Pty Limited for the two-month period from its acquisition on 1 November 2005. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

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

(ii) Foreign currency translation

Both the functional and presentation currency of CyGenics Ltd and its Australian subsidiaries is Australian dollars (A$).

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

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are the respective local currencies of such countries.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of CyGenics Ltd at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(iii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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

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

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

(iv) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(v) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

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

Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination’s synergies.

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

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(vi) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'administrative expenses' line item. Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Patents	-	14 to 16 years
Licences	-	5 years

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

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

(vii) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(viii) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(ix) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(x) Cash and cash equivalents

Cash and term deposits in the balance sheet comprise cash at bank and in hand and term deposits with an original maturity of three months or less.

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

(xi) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(xii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xiii) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

Currently the company has an Options and Performance Rights Plan in place to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of CyGenics Ltd (‘market conditions’).

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(xiv) Leases

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

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

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

(xv) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

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

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(xvi) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(xvii) Income tax

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

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(xviii) Other taxes

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

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

(xix) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(xx) Trade and other payables

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

(d) AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS). Accordingly, no adjustment was necessitated for CyGenics Ltd's acquisition of Cordlife Pte Ltd and its subsidiaries on 15 June 2004.

Share-based payment transactions

AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005. Accordingly, no adjustment was necessitated for equity instruments granted in Cordlife Pte Ltd under the Employee Stock Option Scheme as those vested before 1 January 2005.

Foreign currency translation reserve

The Group has decided not to take advantage of the exemption in AASB 1 and transfer the balance of the foreign currency reserve to retained earnings on transition date.

Financial instruments

The Group has decided not to take advantage of the exemption in AASB 1 on account of financial instruments. There were no differences required to be recorded.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

	CONSOLIDATED		
	30 June 2005 $'000	31 December 2004 $'000	1 July 2004 $'000
Total equity under AGAAP	**56,966**	**60,600**	**64,502**
Adjustments to equity:			
Write-back of goodwill amortisation (A)	1,400	700	-
Recognition of deferred tax asset (B)	265	133	-
Recognition of deferred tax liability (C)	(4,867)	(4,867)	(4,867)
Reversal of deferred tax liability (C)	404	203	-
Total equity under AIFRS	**54,168**	**56,769**	**59,635**

(A) Under AASB 3 *Business Combinations* goodwill is not 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. Under AGAAP, the Group amortised goodwill over 20 years.

(B) Under AASB 112 *Income Taxes* the Group is 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 has been 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.

(C) A deferred tax liability has arisen due to the application of AASB 112 *Income Taxes*, whereby the tax effect of temporary differences must be recorded. The deferred tax liability relates to the Group's patents and licenses. As the Group has taken advantage of the exemption allowed under AASB 1 and not applied AASB 3 *Business Combinations* to acquisitions prior to transition date, the adjustment is made against retained earnings. The deferred tax liability is reversed in each subsequent period to the extent of the reduction in the net book value of the patents and licenses for the period.

(ii) Reconciliation of loss after tax under AGAAP to that under AIFRS

	CONSOLIDATED	
	Year ended 30 June 2005 $'000	Half-Year ended 31 December 2004 $'000
Loss after tax as previously reported	**(7,801)**	**(3,707)**
Write-back of goodwill amortisation (A)	1,400	700
Recognition of deferred tax asset (B)	265	133
Reversal of deferred tax liability (C)	404	203
Loss after tax under AIFRS	**(5,732)**	**(2,671)**

(A) Under AASB 3 *Business Combinations* goodwill is not 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. Under AGAAP, the Group amortised goodwill over 20 years.

(B) Under AASB 112 *Income Taxes* the Group is 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 has been 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.

(C) A deferred tax liability has arisen due to the application of AASB 112 *Income Taxes*, whereby the tax effect of temporary differences must be recorded. The deferred tax liability relates to the Group's patents and licenses. As the Group has taken advantage of the exemption allowed under AASB 1 and not applied AASB 3 *Business Combinations* to acquisitions prior to transition date, the adjustment is made against retained earnings. The deferred tax liability is reversed in each subsequent period to the extent of the reduction in the net book value of the patents and licenses for the period.

(iii) Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

	Half-year ended 31 December 2005 $'000	Half-year ended 31 December 2004 $'000
2.1 Revenue		
(a) Revenue		
Revenue from the sale of goods	435	271
Revenue from the rendering of services	2,316	761
	2,751	**1,032**
(b) Other revenue		
Government grants and contracts	594	539
Interest income from banks	287	379
Other income	65	1
	946	**919**
Total revenue	**3,697**	**1,951**

(c) Seasonality of operations

The Company does not typically experience seasonality in relation to demand for its products. Subject to revenue growth attributable to new customers, revenues tend to average out on a productive day basis throughout the year, with a similar number of productive days in both halves of the year.

2.2 Loss before income tax expense

Loss before income tax expense includes the following items of expense:

	2005	2004
a) Cost of sales	1,871	682
b) Borrowing costs:		
Interest on license fee payables	67	68
Interest on bank overdraft	1	-
	68	68
c) Depreciation of non-current assets:		
Property, plant and equipment	168	114
d) Amortisation of non-current assets:*		
Patents	622	645
Licenses	203	204
	825	849
e) Operating lease expenses:		
Rental expenses	248	159
f) Staff costs	2,232	1,417
g) Other expenses:		
Business travel	231	264
Advertising and promotion	177	140
Legal and professional fees	128	206

* Amortisation of intangible assets in included in administration expenses in the Condensed Income Statement

		31 December 2005 $'000	30 June 2005 $'000
3	**Receivables**		
	Trade receivables	998	698
	GST recoverable	75	65
	Interest receivable	106	131
	Other receivables, deposits and prepayments	263	211
		1,442	**1,105**
4	**Intangibles**		
	Goodwill	28,241	27,998
	Patents	17,011	17,632
	Licenses	16	215
		45,268	**45,845**
5	**Contributed equity**		
	68,000,000 fully paid ordinary shares	68,000	68,000
	Transactions costs related to issue of shares	(2,852)	(2,852)
		65,148	**65,148**
6	**Accumulated losses**		
	Balance at beginning of financial period	(8,099)	(449)
	AIFRS adjustments	(2,798)	(2,798)
	Net loss for the period	(3,650)	(7,801)
	Net loss attributable to outside equity interest	172	151
	Balance at end of financial period	**(14,375)**	**(10,897)**
7	**Minority interests**		
	Balance at beginning of financial period	441	-
	Share of equity	276	572
	Share of operating loss	(172)	(151)
	Currency translation difference	23	20
	Balance at end of financial period	**568**	**441**

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

8 Earnings per share

	Half-year ended 31 December 2005	Half-year ended 31 December 2004
Basic and diluted earnings per share (cents per share)	(5.1)	(3.9)

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:	**$'000**	**$'000**
Net loss for the period attributable to members	**(3,478)**	**(2,671)**
	No.	**No.**
Weighted average number of ordinary shares	**68,000,000**	**68,000,000**

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

9 Controlled entities

The consolidated financial statements include the financial statements of CyGenics Ltd and the subsidiaries listed in the following table.

Name of entity	Country of incorporation	Ownership interest 31/12/2005 %
Parent entity		
CyGenics Ltd	Australia	
Controlled entities		
Cordlife Pte Ltd	Singapore	100
Cell Sciences Pte Ltd	Singapore	100
CLS Services Pte Ltd	Singapore	100
Cordlife International Pte Ltd	Singapore	100
Cygenics (Singapore) Pte Ltd	Singapore	100
Cytomatrix LLC	USA	100
Cytovations Inc	USA	100
Cell Sciences Therapeutics Inc	USA	100
Cordlife (M) Sdn Bhd	Malaysia	100
Cordlife Pty Ltd	Australia	100
Cytomatrix Pty Ltd	Australia	100
Biocell Pty Ltd	Australia	51
Cygenics UK Ltd	United Kingdom	100

9 Controlled entities (continued)

Name of entity	Country of incorporation	Ownership interest 31/12/2005 %
Cordlife (Hong Kong) Ltd	Hong Kong	51
Shanghai Cordlife Stem Cell Research Co. Ltd	Peoples Republic of China	100
Cordlife Sciences Ltd	Thailand	100
Cordlife Sciences (India) Pvt Ltd	India	100

10 Acquisition of businesses

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired %	Cost of acquisition $
Biocell Pty Ltd	Tissue banking	1 November 2005	51	529,880

On 1 November 2005, CyGenics Ltd acquired 51% interest in Biocell Pty Ltd, a company incorporated in Australia, with the consideration of acquisition being $529,880, for new shares in the company. This did not involve cash flows at the consolidated level. The net cash acquired from Biocell Pty Ltd on the acquisition was $7,000.

From the date of acquisition, Biocell Pty Ltd has contributed $129,000 to the net loss of the Group.

If the combination had taken place at the beginning of the financial period, the net loss for the Group would have been $3,788,000 and revenue would have been $3,845,000.

The fair value of the identifiable assets and liabilities of Biocell Pty Ltd as at the date of acquisition are:

	Carrying value and fair value recognised on acquisition $'000
Property, plant and equipment	7
Cash and cash equivalents	7
Trade and other receivables	826
	840
Trade and other payables	(278)
Fair value of net assets	562
CyGenics Ltd's interest in the fair value of net assets	287
Goodwill arising on acquisition	243
Consideration	**530**

11 Segment information

(a) Segment revenues

Half-year ended 31 December 2005

	External sales $'000	Inter-segment $'000	Other $'000	Total $'000
Cord blood banking	1,447	-	-	1,447
Cell therapeutics	609	3	-	612
Clinical and travel related support services	854	85	-	939
Research & other products	435	93	-	528
Total of all segments				3,526
Eliminations				(181)
Unallocated				352
Consolidated				**3,697**

Half-year ended 31 December 2004

	External sales $'000	Inter-segment $'000	Other $'000	Total $'000
Cord blood banking	817	-	-	817
Cell therapeutics	483	-	-	483
Clinical and travel related support services	-	-	-	-
Research & other products	271	9	-	280
Total of all segments				1,580
Eliminations				(9)
Unallocated				380
Consolidated				**1,951**

11 Segment information (cont'd)

(b) Segment results

Half-year ended 31 December 2005

	$'000	$'000
Cord blood banking:		
- Singapore	(361)	
- Hong Kong	(220)	
- Australia	(146)	
- Other markets	(79)	
		(806)
Cell therapeutics:		
- Vaccine screening	(376)	
- Clinical trials	(647)	
- Cell therapy products and services	(356)	
		(1,379)
Clinical and travel related support services		(99)
Research & other products		(223)
Total of all segments		(2,507)
Eliminations		(27)
Unallocated		(1,417)
Loss before income tax expense		(3,951)
Income tax expense – deferred tax		301
Net loss		**(3,650)**

11 Segment information (cont'd)

(b) Segment results (cont'd)

Half-year ended 31 December 2004

	$'000	$'000
Cord blood banking		
- Singapore	(696)	
- Hong Kong	(39)	
- Australia	-	
- Other markets	(23)	
		(758)
Cell therapeutics		
- Vaccine screening	(480)	
- Clinical trials	(347)	
- Cell therapy products and services	(24)	
		(851)
Clinical and travel related support services		-
Research & other products		(241)
Total of all segments		(1,850)
Eliminations		-
Unallocated		(1,157)
Loss before income tax expense		(3,007)
Income tax expense – deferred tax		336
Net loss		**(2,671)**

11 Segment information (cont'd)

Products and services within each business segment

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

- Cord blood banking — Storing of umbilical cord blood samples
- Cell therapeutics — Cell therapy products and services, vaccine screening and clinical trials
- Clinical and travel related support services — Medical ground support to cover a variety of health therapies and cell transplantations for patients, ticketing and accommodation, including corporate travel
- Research & other products — Manufacture of stem-cell related products (eg. paddle, statamatrix, starwheel) and distribution of medical equipment (eg. RITA, Zonare)

Geographical segments	Revenue from external customers	
	Half-year ended 31 December 2005 $'000	Half-year ended 31 December 2004 $'000
Asia	2,684	1,095
North America	616	484
Australia	397	372
Europe	-	-
	3,697	**1,951**

The consolidated entity's four 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 businesses 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 carries out business development activities in the United Kingdom in the areas of cord blood banking and cell therapeutics.

12 Subsequent events

License fee together with accrued interest thereon of $2,736,000 (equivalent to US$2,000,000) was paid on 9 January 2006 to Tantalum Cellular Products LLC ("TCP"). On 1 January 2000, Cytomatrix LLC, a wholly-owned and controlled entity of CyGenics Ltd, had entered into a license agreement with TCP pursuant to which TCP, as licensor, granted to Cytomatrix LLC a non-royalty bearing exclusive license to use a patent. The license fee payable was originally denominated in US$ and was unhedged.

On 1 January 2006 the Company entered in an equity partnership venture with Strassenburg Pharmaceuticals Ltd through its subsidiary Cordlife Sciences (India) Pvt Ltd. The share of equity between the Company and Strassenburg Pharmaceuticals Ltd is 85% and 15% respectively. CyGenics plans to build and operate a full umbilical cord blood tissue processing and storage facility in India.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the half-year period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

13 Contingent liabilities

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

14 Options and Performance Rights Plan

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

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

During and since the end of the financial period, no rights or options have been granted under the Plan and the performance hurdles are in the process of being established.

15 Dividends

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

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

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Tel 61 3 9288 8000
Fax 61 3 8650 7777
DX 293 Melbourne

Auditor's Independence Declaration to the Directors of CyGenics Limited

In relation to our review of the financial report of CyGenics Limited for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Don Brumley
Partner
9 March 2006