

## **For Immediate Release**

# **Cordlife to rationalise technology and product development activities, to further focus on cord blood banking business**

### **Key Points:**

- Company to partner its patented technologies (held by Cytomatrix) with strategic technology partners, to bring in complementary innovative technologies to drive pathway to clinical products.
- Cordlife's interest in this technology venture targeted to be diluted to less than 20%.
- Book value of Cytomatrix's patents to be written down, with no further expenses relating to technology development being incurred by Cordlife.
- Product development subsidiary, Cytovations, to be closed.
- Management to focus on significant opportunities in cord blood banking businesses.

18<sup>th</sup> May 2007 – Leading Cord Blood Banking company Cordlife Ltd (ASX: CBB) today announced that it plans to introduce new shareholders to its wholly owned Cytomatrix Group, which holds its patented cell expansion (Transtem) and T-cell production (Regenimmune) technologies.

Recent results with Transtem and Regenimmune suggest that more work is required before embarking on clinical applications, which will require significantly more financial resources over the next 3 years. Furthermore, other complementary technologies are required to realise its full commercial value.

The Company is in the final stages of negotiation with new shareholders to bring in a series of complementary and innovative technologies and working capital. The restructured technology venture will develop the combined technologies with an independent management team and funding opportunities.

The accounts of Cordlife Group currently carry Cytomatrix's patents at a book value of A\$15.4 million, with an associated deferred tax liability of A\$3.9 million. In accordance with AASB 136, Cordlife will write down the book value of its patents and consequently reverse the deferred tax liability in the current financial year ending 30 June 2007. The amount reflecting the fair value of its investment in the restructured venture is currently being determined and will be recorded in the Company's balance sheet.



It is anticipated that the dilution of Cordlife's interests in the Cytomatrix Group and the write-down of patents will reduce annual expenses in future financial years by approximately A\$2.3 million. This includes non-cash expenses of A\$1.2 million representing amortisation of patents, and cash expenses of A\$200,000 for maintenance of patents and A\$900,000 for developmental work on the technologies. This restructuring will also substantially reduce the Cordlife Group's cash expenditure on technologies.

Furthermore, the Company will discontinue the product development and consulting services of its wholly owned subsidiary, Cytoventions Inc. These activities are non-core and the restructuring will further reduce the Cordlife Group's annual expenses and cash outflows in future financial years by approximately A\$800,000. The closure of Cytoventions will result in a one-off charge of approximately A\$1 million, including impairment of goodwill related to the spinners business of A\$498,000.

"I am pleased with Cordlife's continuing strong growth in its cord blood banking business and have high hopes for our regional expansion into the two lucrative markets of India and Indonesia. The rationalisation described above represents the final step in ensuring Cordlife has a single business focus. This strategy places Cordlife on a firm footing towards profitability and the maximisation of shareholder value." said Mr Chris Fullerton, Chairman of Cordlife.

**About Cordlife**

Cordlife is a leading tissue and cord blood banking company, with operations in Singapore, Australia, Hong Kong, India, Indonesia, Philippines and Thailand, and a representative office in China. Cordlife holds patents in the fields of stem cell expansion and differentiation. Cordlife is listed on the Australian Stock Exchange, under the symbol CBB. For more information, please visit [www.cygenics.com](http://www.cygenics.com).

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