

# **Cordlife Ltd**

ABN 48 108 051 529

Condensed Half-Year Financial Report

Period Ended 31 December 2010



# **Cordlife Ltd**

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## **Half-year Financial Report** **for the period ended 31 December 2010**

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# Cordlife Ltd

## Directors' Report

The directors of Cordlife Ltd submit herewith their report and the consolidated financial report of the Company for the half-year ended 31 December 2010.

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
Kam Yuen	Chairman (non-executive)
Steven Fang (Boon Sing Fang) CIM (UK), MBA	Executive Director and Chief Executive Officer
Jeremy Yee BA (Econ) (Hons), M Com, B Com ( Prof Acct)	Executive Director and Chief Financial Officer
Samuel Kong ACA	Non-executive Director
Mark Benedict Ryan CA, B Com	Non-executive Director
Voiron Chor	Non-executive Director

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

### Review and results of operations

The consolidated revenue and net profit for the period attributable to members represents the results of operations of Cordlife Ltd and its controlled entities for the period from 1 July 2010 to 31 December 2010. Details of controlled entities are set out in note 9 to the half-year financial statements for the period ended 31 December 2010.

Consolidated revenue and other income for the half-year ended 31 December 2010 decreased by approximately 3% to \$12,258,000 from \$12,601,000 for the half-year ended 31 December 2009.

- Revenue from cord blood banking services was \$11,704,000 for the half-year ended 31 December 2010 as compared to \$12,159,000 for the half-year ended 31 December 2009 (a decrease of 4%).
- The Group's revenue was negatively impacted by the strengthening of the AUD against the various functional currencies of the subsidiaries for the half-year ended 31 December 2010 as compared to the half-year ended 31 December 2009. The presentation currency of the Group is AUD, as opposed to the affected functional currencies of the Group's subsidiaries, being, SGD, HKD and INR. Hence, an appreciation of AUD against the aforementioned functional currencies, especially SGD and HKD, has created an opposing effect against the growth of revenue. If the strengthening of the AUD was disregarded, revenue from cord blood banking services would have decreased by only 0.4%.
- The decrease in revenue was mainly due to a decline in client acquisitions in Hong Kong caused by negative publicity surrounding the private cord blood banking industry. This decline in revenue attributed to the Hong Kong operations was largely offset by growth in other markets. The Company took proactive steps to address these issues and is seeing moderate recovery in client acquisitions in its Hong Kong operations, towards the end of the second quarter.
- Interest and other sundry income was \$660,000 for the half-year ended 31 December 2010 as compared to \$442,000 for the half-year ended 31 December 2009 (an increase of 49%). This is largely due to increase in interest income generated from term deposits with banks and government grants.

# Cordlife Ltd

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## Directors' Report

- Distribution and marketing expenses were \$2,769,000 for the half-year ended 31 December 2010 as compared to \$2,730,000 for the half-year ended 31 December 2009 (an increase of 1%).
- Administration expenses were \$6,271,000 for the half-year ended 31 December 2010 as compared to \$4,134,000 for the half-year ended 31 December 2009 (an increase of 52%). The increase is mainly driven by market expansion and development activities in India, Indonesia and the Philippines. These countries have great growth potential, given the potential market and current low penetration rates.

Net loss attributable to members for the half-year ended 31 December 2010 was \$170,000, a decrease of 112% over the net profit attributable to members of \$1,389,000 for the half-year ended 31 December 2009.

Information on revenue and results of the different operating segments are set out in note 10 to the half-year financial statements. Details of significant costs are set out in note 2.2.

- Cash and cash equivalents, net of bank overdrafts, as at 31 December 2010 was \$12,600,000.
- Trade and other receivables at 31 December 2010 was \$6,630,000, as compared to \$8,601,000 at 30 June 2010. This was due to a decrease in both trade receivables and other receivables by 23%. The drop in trade receivables was due to efficiency improvements made in collections from customers. Credit control teams and protocols were formally established in the Group's major markets such as Singapore, Hong Kong and Indonesia, which resulted in the drop in current trade receivables. The decrease in other receivables was primarily due to expensing of prepaid event rental in Hong Kong.
- Plant and equipment at 31 December 2010 was \$2,135,000, as compared to \$2,499,000 at 30 June 2010. The decrease was due to the depreciation of fixed asset, partially offset by new acquisitions of equipment.
- During the financial year ended 30 June 2010, the Group acquired a 10% stake in China Stem Cell (South) Company Limited for US\$10 million. This investment provides Cordlife a foothold in China, one of the largest and fastest growing cord blood banking markets in the world. As at 30 June 2010, an amount of US\$6 million had been paid, with the remaining US\$4 million being recorded in other payables. This has been fully paid as at 31 December 2010 as reflected in the corresponding decrease in other payables.
- On 19 May 2010, Cordlife Limited has acquired the remaining 49% stake in its subsidiary, Cordlife (Hong Kong) Limited for SGD 2.7 million cash and 1.5 million Cordlife shares from BS Fund Management Pte Ltd. As at 31 December 2010, SGD 1.6 million had been paid and 1.5 million Cordlife shares issued, with the remaining SGD 1.1 million being recorded in other payables.
- Income tax payable at 31 December 2010 was \$1,493,000, as compared to \$1,803,000 at 30 June 2010. The decrease is due to payment of tax to the respective authorities, offset by additional tax provision relating to taxable income for the half-year period for the Singapore and Hong Kong entities.

For further information on the activities and developments of the Group, please refer to previously released market announcements of the Company during the half-year ended 31 December 2010 and until the date of this report.

### **Auditor's 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 follows this Report.

# **Cordlife Ltd**

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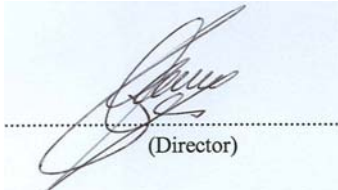
## **Directors' Report**

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

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) 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



(Director)

**Steven Fang**

**Singapore**

**28 February 2011**



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## Auditor's Independence Declaration to the Directors of Cordlife Limited

In relation to our review of the financial report of Cordlife Limited for the half-year ended 31 December 2010, 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.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "G H Meyerowitz".

G H Meyerowitz  
Partner  
Perth  
28 February 2011



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To the members of Cordlife Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cordlife Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory information, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Cordlife Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of 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.





## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cordlife Limited is not in accordance with:

- a. the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
  - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. the ASX Listing Rules as they relate to Appendix 4D.

Ernst & Young

G H Meyerowitz  
Partner  
Perth  
28 February 2011

# Cordlife Ltd

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## Directors' Declaration

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

In the opinion of the directors:

- a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Australian 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



(Director)

**Steven Fang**

**Singapore**

**28 February 2011**

# Cordlife Ltd

## Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2010

	<u>Note</u>	Half-year ended 31 December 2010 \$'000	Half-year ended 31 December 2009 \$'000
Revenue	2.1(a)	12,258	12,601
Cost of sales		(3,513)	(3,370)
<b>Gross profit</b>		<b>8,745</b>	<b>9,231</b>
Other income			
- Sundry income	2.1(b)	106	-
Distribution and marketing expenses		(2,769)	(2,730)
Share of results of associates		571	-
Administration expenses		(6,271)	(4,134)
Borrowing costs		(31)	(18)
<b>Profit before income tax</b>		<b>351</b>	<b>2,349</b>
Income tax expense		(580)	(758)
<b>(Loss) / profit after income tax</b>		<b>(229)</b>	<b>1,591</b>
<b>Other comprehensive (losses) / income</b>			
Foreign currency translation losses		(2,835)	(1,414)
<b>Total comprehensive (losses) / income for the period, net of tax</b>		<b>(3,064)</b>	<b>177</b>
<b>(Loss) / profit after income tax attributable to:</b>			
Non-controlling interests		(59)	202
Members of parent		(170)	1,389
		<b>(229)</b>	<b>1,591</b>
<b>Total comprehensive (losses) / income attributable to:</b>			
Non-controlling interests		(51)	83
Members of parent		(3,013)	94
		<b>(3,064)</b>	<b>177</b>
<b>(Loss) / earnings per share attributable to the ordinary share equity holders of the company:</b>			
Basic (loss) / earnings per share (cents per share)	8	(0.1)	1.4
Diluted (loss) / earnings per share (cents per share)	8	(0.1)	1.4

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

# Cordlife Ltd

## Consolidated Statement of Financial Position for the half-year ended 31 December 2010

	Note	31 December 2010 \$'000	30 June 2010 \$'000
<b>Current assets</b>			
Cash and cash equivalents		12,600	8,541
Trade and other receivables	3	6,630	8,601
Inventories		319	324
<b>Total current assets</b>		<b>19,549</b>	<b>17,466</b>
<b>Non-current assets</b>			
Investments in associates	6	11,369	12,060
Plant and equipment		2,135	2,499
Trade and other receivables	3	17,932	18,631
Intangible assets and goodwill	4	27,515	27,524
Deferred tax assets		1	-
<b>Total non-current assets</b>		<b>58,952</b>	<b>60,714</b>
<b>Total assets</b>		<b>78,501</b>	<b>78,180</b>
<b>Current liabilities</b>			
Trade and other payables		3,212	9,427
Provisions		284	280
Deferred revenue		1,907	3,016
Income tax payable		1,493	1,803
Interest-bearing borrowings		-	699
Finance lease liabilities		12	14
<b>Total current liabilities</b>		<b>6,908</b>	<b>15,239</b>
<b>Non-current liabilities</b>			
Deferred revenue		4,232	3,873
Finance lease liabilities		11	20
Deferred tax liabilities		38	41
<b>Total non-current liabilities</b>		<b>4,281</b>	<b>3,934</b>
<b>Total liabilities</b>		<b>11,189</b>	<b>19,173</b>
<b>Net assets</b>		<b>67,312</b>	<b>59,007</b>
<b>Equity</b>			
Contributed equity	7	94,336	82,967
Foreign currency translation reserve		(3,215)	(372)
Other reserve		(1,878)	(1,878)
Employee equity benefits reserve		1,773	1,773
Accumulated losses		(23,541)	(23,371)
<b>Attributable to equity holders of the parent</b>		<b>67,475</b>	<b>59,119</b>
Non-controlling interests		(163)	(112)
<b>Total equity</b>		<b>67,312</b>	<b>59,007</b>

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

# Cordlife Ltd

## Consolidated Statement of Cash Flows for the half-year ended 31 December 2010

	Half-year ended 31 December 2010 \$'000	Half-year ended 31 December 2009 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	12,321	12,029
Payments to suppliers and employees	(12,521)	(10,585)
Interest received	107	167
Interest paid	(33)	(17)
Tax paid	(653)	(895)
Net cash flows (used in)/from operating activities	<b>(779)</b>	<b>699</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of non-controlling interests	(857)	-
Payment for purchase of interest in associate	(4,228)	(2,762)
Purchase of plant and equipment	(327)	(757)
Proceeds from disposal of plant and equipment	1	-
Redemption of term deposits	-	2,371
Net cash flows used in investing activities	<b>(5,411)</b>	<b>(1,148)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	11,619	6,024
Payment for transaction costs on issue of shares	(162)	(100)
Net cash flows from financing activities	<b>11,457</b>	<b>5,924</b>
<b>Net increase in cash and cash equivalents held</b>	<b>5,267</b>	<b>5,475</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>7,842</b>	<b>7,059</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	(509)	(504)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>12,600</b>	<b>12,030</b>

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

# Cordlife Ltd

## Consolidated Statement of Changes in Equity for the half-year ended 31 December 2010

	Attributable to equity holders of the parent					Non-controlling interests	Total Equity	
	Contributed equity \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Employee equity benefits reserve \$'000	Other reserves \$'000	Total \$'000	\$'000	
<b>At 1 July 2010</b>	<b>82,967</b>	<b>(372)</b>	<b>(23,371)</b>	<b>1,773</b>	<b>(1,878)</b>	<b>59,119</b>	<b>(112)</b>	<b>59,007</b>
Loss for the period	-	-	(170)	-	-	(170)	(59)	(229)
Other comprehensive (losses) / income	-	(2,843)	-	-	-	(2,843)	8	(2,835)
Total comprehensive losses for the half-year, net of tax	-	(2,843)	(170)	-	-	(3,013)	(51)	(3,064)
<b>Transactions with owners in their capacity as owners</b>								
Issuance of shares	11,619	-	-	-	-	11,619	-	11,619
Transaction costs on issue of shares	(250)	-	-	-	-	(250)	-	(250)
<b>At 31 December 2010</b>	<b>94,336</b>	<b>(3,215)</b>	<b>(23,541)</b>	<b>1,773</b>	<b>(1,878)</b>	<b>67,475</b>	<b>(163)</b>	<b>67,312</b>

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

# Cordlife Ltd

## Consolidated Statement of Changes in Equity for the half-year ended 31 December 2009

	Attributable to equity holders of the parent					Non- controlling interests	Total Equity	
	Contributed equity \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Employee equity benefits reserve \$'000	Other reserves \$'000	Total \$'000	\$'000	\$'000
<b>At 1 July 2009</b>	76,357	21	(25,733)	1,773	-	52,418	1,117	53,535
Profit for the period	-	-	1,389	-	-	1,389	202	1,591
Other comprehensive losses	-	(1,295)	-	-	-	(1,295)	(119)	(1,414)
Total comprehensive income / (losses) for the half-year, net of tax	-	(1,295)	1,389	-	-	94	83	177
<b>Transactions with owners in their capacity as owners</b>								
Acquisition of non-controlling interests	-	-	-	-	(76)	(76)	-	(76)
Issuance of shares	6,024	-	-	-	-	6,024	-	6,024
Transaction costs on issue of shares	(100)	-	-	-	-	(100)	-	(100)
<b>At 31 December 2009</b>	<b>82,281</b>	<b>(1,274)</b>	<b>(24,344)</b>	<b>1,773</b>	<b>(76)</b>	<b>58,360</b>	<b>1,200</b>	<b>59,560</b>

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

# Cordlife Ltd

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## Notes to the Financial Statements for the half-year ended 31 December 2010

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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.

It is recommended that the half-year financial report should be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Cordlife Ltd and its controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

#### Significant Accounting Policies

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements.

#### Changes in accounting policy

From 1 July 2010, the Group has adopted all Australian Accounting Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Adoption of these standards and interpretations did not have an effect on the financial position or performance of the Group.

The Group has elected not to early adopt any new standards or amendments that are issued but not yet effective.



# Cordlife Ltd

## Notes to the Financial Statements for the half-year ended 31 December 2010

	Half-year ended 31 December 2010 \$'000	Half-year ended 31 December 2009 \$'000
<b>2.1 Revenue</b>		
<b>(a) Revenue</b>		
Revenue from the rendering of services	11,704	12,159
	<b>11,704</b>	<b>12,159</b>
<b>Other revenue</b>		
Interest income	145	86
Interest income on long-term trade receivables	409	356
	<b>554</b>	<b>442</b>
<b>Total revenue</b>	<b>12,258</b>	<b>12,601</b>
<b>(b) Other income</b>		
Grants	100	-
Sundry income	6	-
	<b>106</b>	<b>-</b>
<b>Total revenue and other income</b>	<b>12,364</b>	<b>12,601</b>

## 2.2 Profit before income tax

Profit before income tax includes the following items of expense:

	Half-year ended 31 December 2010 \$'000	Half-year ended 31 December 2009 \$'000
Depreciation of property, plant and equipment	416	283
Amortisation of intangibles:		
Software	7	20
Operating lease expenses – rental expenses	441	253
Foreign exchange loss	139	57
Staff costs	4,604	3,279
Other expenses:		
Legal and professional fees	305	102
Business travel	573	482
Consultancy	127	119
Advertising and promotion	1,202	1,270

# Cordlife Ltd

## Notes to the Financial Statements for the half-year ended 31 December 2010

	31 December 2010 \$'000	30 June 2010 \$'000
<b>3 Trade and other receivables</b>		
<i>Current</i>		
Trade receivables	5,265	6,813
Goods and services tax recoverable	258	298
Interest and other receivables	993	1,293
Tax recoverable	68	151
Amount owing from associates	46	46
	<b>6,630</b>	<b>8,601</b>
Non-current trade receivables	17,767	18,435
Deposits	165	196
	<b>17,932</b>	<b>18,631</b>
<b>Total trade and other receivables</b>	<b>24,562</b>	<b>27,232</b>
<b>4 Intangible assets and goodwill</b>		
Goodwill	27,500	27,500
Software	15	24
	<b>27,515</b>	<b>27,524</b>
<b>5 Notes to statement of cash flows</b>		
For the purpose of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank and in hand	6,219	5,452
Term deposits with banks	6,381	3,089
Bank overdraft	-	(699)
	<b>12,600</b>	<b>7,842</b>
<b>6 Investments in associates</b>		
Investments in associates – at 1 July	12,060	-
Additions – China Stem Cell (South) investment	-	11,594
Add: Share of profits after income tax	571	466
Exchange rate adjustment	(1,262)	-
	<b>11,369</b>	<b>12,060</b>

# Cordlife Ltd

## Notes to the Financial Statements for the half-year ended 31 December 2010

	31 December 2010 \$'000	30 June 2010 \$'000
<b>7 Contributed equity</b>		
Balance at beginning of the period	82,967	76,357
Issue of shares during the period	11,619	6,714
Transaction costs related to issue of shares	(250)	(104)
Balance at end of the period	<b>94,336</b>	<b>82,967</b>

On 19 July 2010, the Company completed its rights issue offer and raised a total of A\$ 6,016,146. Shareholders subscribed for 18,800,458 ordinary shares at \$0.32 per share under the offer. The new shares have been allotted and issued on 26 July 2010.

During the period, the Company issued a total of 17,510,534 ordinary shares at \$0.32 per share upon successful completion of 3 share placement agreements entered into on 30 September 2010, 6 October 2010 and 15 November 2010.

Lastly, the Company issued 76,665 ordinary shares at the exercise price of \$0.00 per share upon the exercise of 76,665 share options by employees pursuant to the Options and Performance Rights Plan.

	Half-year ended 31 December 2010	Half-year ended 31 December 2009
<b>8 (Loss) / earnings per share</b>		
Net (loss) / profit for the period attributable to members	\$(170,000)	\$1,389,000
Weighted average number of ordinary shares for basic (loss) / earnings per share	120,949,562	98,635,632
Weighted average number of ordinary shares for diluted (loss) / earnings per share	121,419,558	98,635,632
Basic (loss) / earnings per share (cents)	<b>(0.1)</b>	<b>1.4</b>
Diluted (loss) / earnings per share (cents)	<b>(0.1)</b>	<b>1.4</b>

# Cordlife Ltd

## Notes to the Financial Statements for the half-year ended 31 December 2010

### 9 Controlled entities

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

Name of entity	Country of incorporation	Ownership interest	Ownership interest
		31/12/2010 %	30/6/2010 %
<b>Parent entity</b>			
Cordlife Ltd	Australia		
<b>Controlled entities</b>			
Cordlife Pte Ltd	Singapore	100	100
CLS Services Pte Ltd	Singapore	100	100
Cordlife International Pte Ltd	Singapore	100	100
Cordlife Services (S) Pte Ltd	Singapore	100	100
Cordlife (M) Sdn Bhd	Malaysia	100	100
Cordlife Pty Ltd	Australia	100	100
Cordlife (Hong Kong) Ltd	Hong Kong	100	100
Shanghai Cordlife Stem Cell Research Co. Ltd	Peoples' Republic of China	100	100
Cordlife Sciences Ltd	Thailand	100	100
Cygenics (Thailand) Ltd*	Thailand	49	49
Cordlife Sciences (India) Pvt Ltd	India	85	85
PT Cordlife Indonesia	Indonesia	65	65
Cordlife Medical Phils Inc	Philippines	100	100
CLS Services B.V.	Netherlands	100	100

\* Cygenics (Thailand) Ltd is considered a controlled entity as Cordlife Ltd has 99% of the voting rights and share of profits.

# Cordlife Ltd

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## Notes to the Financial Statements for the half-year ended 31 December 2010

### 10 Segment information

The Group has identified its operating segments based on the internal management reporting that is used by the executive management team (the chief operating decision maker) in assessing performance and allocating resources. Cordlife's operating segments have been identified based on how the financial and operating results of the Group are monitored and presented internally to the executive management team.

The following reportable segments are identified by management based on the nature of the business and the similarity of services provided, method of service delivery, gross margin, types of customers and risks associated with the geographical market, as these are the sources of the Group's major risks and has the most effect on the rates of return.

- **Stabilised Markets**  
Stabilised markets include Cordlife's cord blood banking operations in Singapore and Hong Kong, as these geographical operations involve similar types of customers, gross margins on services provided and risks associated with the geographical market. The reporting segment provide cord blood extraction and storage services in the stabilised markets.
- **Developing Markets**  
Developing markets include Cordlife's cord blood banking operations in Indonesia, Philippines and India, as these cord blood banking markets have a similar level of maturity, customer type, gross margin and associated market risks. The reporting segment provide cord blood extraction and storage services in the developing markets.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the financial statements.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Corporate costs
- Share of losses and impairment losses of associates
- Interest income excluding interest income on long-term trade receivables
- Net gains and losses on disposal of subsidiary

# Cordlife Ltd

## Notes to the Financial Statements for the half-year ended 31 December 2010

### 10 Segment information (continued)

#### (a) Segment revenue

Half year ended 31 December 2010	Stabilised markets	Developing markets	Total
	\$'000	\$'000	\$'000
	Revenue from external customers for cord blood banking services:	9,946	1,758
Interest income on long-term trade receivables	387	22	409
Unallocated revenue:			
- Interest income			145
- Other income			106
<b>Total consolidated revenue</b>			<b>12,364</b>

Half year ended 31 December 2009	Stabilised markets	Developing markets	Total
	\$'000	\$'000	\$'000
	Revenue from external customers for cord blood banking services:	11,387	772
Interest income on long-term trade receivables	347	9	356
Unallocated revenue:			
- Interest income			86
<b>Total consolidated revenue</b>			<b>12,601</b>

# Cordlife Ltd

## Notes to the Financial Statements for the half-year ended 31 December 2010

### 10 Segment information (continued)

#### (b) Segment results

##### Half-year ended 31 December 2010

	\$'000
Segment profit from cord blood banking services:	
- Stabilised markets	3,355
- Developing markets	(1,436)
	1,919
<i>Unallocated income/ (expenses):</i>	
Share of results of associates	571
Interest income	145
Corporate costs	(2,286)
Other unallocated	2
Profit before income tax expense	351

##### Half-year ended 31 December 2009

	\$'000
Segment profit from cord blood banking services:	
- Stabilised markets	4,193
- Developing markets	(914)
	3,279
<i>Unallocated income/ (expenses):</i>	
Interest income	86
Corporate costs	(982)
Other unallocated	(34)
Profit before income tax expense	2,349

# Cordlife Ltd

## Notes to the Financial Statements for the half-year ended 31 December 2010

### 10 Segment information (continued)

#### (c) Segment assets

	31 December 2010 \$'000	30 June 2010 \$'000
Segment assets:		
- Stabilised markets	73,220	84,835
- Developing markets	4,396	5,726
	77,616	90,561
Eliminations	(8,587)	(26,165)
Corporate assets	9,003	13,254
Others	469	530
Consolidated	<b>78,501</b>	<b>78,180</b>

### 11 Subsequent events

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

### 12 Contingent liabilities and contingent assets

Since the last annual reporting date, there have been no material changes in contingent assets or liabilities.

### 13 Options and Performance Rights Plan

During the financial period no options were granted. A total of 76,665 share options were exercised at \$0.00.

### 14 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.



## Appendix 4D

### Half Year Report

#### 1. Company details

Name of entity

**Cordlife Ltd**

ABN

**48 108 051 529**

Half year ended

**31 December 2010**

The previous corresponding period refers to the comparative amounts for the half-year period ended 31 December 2009.

#### 2. Results for announcement to the market

	A\$'000
<b>2.1 Total revenues</b>	<b>12,258</b>
	: down 3% to
<b>2.2 Net (loss)/profit for the period attributable to members</b>	<b>(170)</b>
	: down 112% to
<b>2.3 Dividends</b>	: Nil

Refer to the Review and results of operations in the Directors Report

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

As at 31 December 2010 : 27.4 cents

As at 31 December 2009 : 29.8 cents

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

Not applicable

#### 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

The Company had two associates during the period:

- |                                |   |
|--------------------------------|---|
| 1) Name of associate           | : Cytomatrix Pty Ltd                      |
| Place of incorporation         | : Australia                               |
| Percentage holding             | : 25.6%                                   |
| Date of investment             | : 29 June 2007                            |
| Share of result for the period | : Nil                                     |
| 2) Name of associate           | : China Stem Cell (South) Company Limited |
| Place of incorporation         | : British Virgin Islands                  |
| Percentage holding             | : 10%                                     |
| Date of investment             | : 1 January 2010                          |
| Share of result for the period | : \$571,000                               |

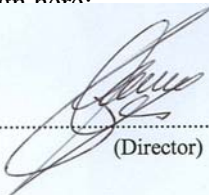
## 8. Foreign entities

Please refer to note 9 of the Condensed Half-Year Financial Report.

**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:



(Director)

**Steven Fang**  
**Singapore**

**28 February 2011**