

## **Appendix 4E**

### **Preliminary Final Report**

#### **1. Company details**

Name of entity

**Cordlife Limited**

ABN

**48 108 051 529**

Financial year ended

**30 June 2012**

The previous corresponding period refers to the comparative amounts for the year ended 30 June 2011.

All values contained in this report have been rounded to the nearest thousand Australian dollars unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100.

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

				<b>\$'000</b>
<b>2.1</b>	<b>Total revenue from ordinary activities of continuing operations</b>	<b>: up</b>	<b>53%</b>	<b>to 7,271</b>
<b>2.2</b>	<b>Loss from ordinary activities after tax attributable to members</b>	<b>: down</b>	<b>78%</b>	<b>to (7,620)</b>
<b>2.3</b>	<b>Net loss for the year attributable to members</b>	<b>: down</b>	<b>78%</b>	<b>to (7,620)</b>
<b>2.4</b>	<b>Dividends</b>	<b>: Nil</b>		
<b>2.5</b>	<b>Record date for determining entitlements to the final dividend</b>	<b>: Not applicable</b>		

#### **2.6 Commentary on operations and results**

Cordlife Limited and its consolidated entities (“the Group”) continued to grow in its core business of cord blood and cord tissue banking in the year ended 30 June 2012. The Group’s operations are in India, Indonesia and Phillipines.

Revenue from cord blood banking services was \$6,925,000 as compared to \$4,409,000, an increase of approximately 57%. The increase is largely due to higher client sign ups in India and Phillipines.

Interest revenue (other than derived from long term receivables) this year was \$220,000 compared to \$289,000. This is due to the reduction of placement of fixed deposits in Australia during the year.

Distribution and marketing expenses were \$3,010,000 as compared to \$1,564,000 in FY2011. The increase is attributable to additional advertising, promotion and marketing related costs, driven by market expansion and business development activities in India, Indonesia and Phillipines. These countries have low penetration rates and continue to face high marketing and distribution costs to bring about higher level of awareness of cord blood and cord tissue banking.

## **Appendix 4E**

### **Preliminary Final Report**

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Administrative expenses were \$6,731,000 as compared to \$10,436,000 in FY2011. The significantly lower administrative costs is attributable to the following:

- A decrease in staff cost and related expenses by \$1,036,000 which is mainly due to reduction in headcount from the corporate office compared to prior year.
- Decrease in share-based payment expense of \$1,433,000. There were no share options granted in current year.
- A decrease in legal, professional and audit fees by \$353,000. There was no major capital reduction exercise and corporate activities when compared to prior year.

The Group views the continual investment in its people and service quality as key drivers for growth.

### **Cord blood banking business**

#### **India:**

The Group's India operations grew by 106% over the previous year in terms of new client signups. This growth was fueled by the establishment of more sales offices and coverage in India with new metro cities added in the Northern, Southern and Western regions of India. In addition there was an increase in the level of awareness of cord blood and cord tissue banking within in the current FY.

The company in India has a license to operate a full umbilical cord blood and cord tissue processing and storage facility in Kolkata and offer its services throughout all Indian cities.

#### **Philippines:**

The Group's Philippines operations grew by 49% over the previous year in terms of new client sign ups. The Group's business operations in the Philippines is still considered in its nascent stage with its main sales focus in Manila and Cebu. The company in Philippines remains the only cord blood bank with processing and storage facility in the country.

#### **Indonesia:**

Growth of Cordlife's Indonesia operations remains challenging for the group as awareness of cord blood banking service continues to propagate poorly.

**Consolidated statement of comprehensive income  
For the year ended 30 June 2012**

	Note	Year ended 30.06.2012 \$'000	Year ended 30.06.2011 \$'000
<b>Continuing Operations</b>			
Revenue	1(a)	7,271	4,768
Cost of sales		(3,377)	(1,867)
<b>Gross profit</b>		<b>3,894</b>	<b>2,901</b>
Other income			
- Sundry income	1(b)	23	8
Distribution and marketing expenses		(3,010)	(1,564)
Administration expenses		(6,731)	(10,436)
Borrowing costs		(2,400)	(246)
<b>Loss from continuing operations before income tax</b>	2	<b>(8,224)</b>	<b>(9,337)</b>
Income tax income/(expense)		442	(10)
<b>Loss from continuing operations after income tax</b>		<b>(7,782)</b>	<b>(9,347)</b>
<b>Discontinued operations</b>			
Loss from discontinued operations after income tax		-	(25,845)
<b>Net loss for the year</b>		<b>(7,782)</b>	<b>(35,192)</b>
<b>Other comprehensive losses</b>			
Foreign currency translation losses		(53)	(3,131)
Translation reserve transferred to loss on disposal of subsidiary		-	3,452
<b>Total comprehensive losses for the year, net of tax</b>		<b>(7,835)</b>	<b>(34,871)</b>
<b>Loss after income tax attributable to:</b>			
Non-controlling interests		(162)	(135)
Members of parent		(7,620)	(35,057)
		<b>(7,782)</b>	<b>(35,192)</b>
<b>Total comprehensive losses attributable to:</b>			
Non-controlling interests		89	(125)
Members of parent		(7,924)	(34,746)
		<b>(7,835)</b>	<b>(34,871)</b>

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

**Consolidated statement of comprehensive income (cont'd)**  
**For the year ended 30 June 2012**

**Loss per share for profits**  
**attributable to the ordinary share equity holders of the**  
**Company:**

Basic and diluted loss per share (cents per share)	(4.97)	(6.61)
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The above statement should be read in conjunction with the accompanying notes.

**Consolidated statement of financial position  
As at 30 June 2012**

	Note	30.06.2012 \$'000	30.06.2011 \$'000
<b>Current assets</b>			
Cash and cash equivalents	3	1,441	5,322
Other financial assets	6	-	7,412
Trade and other receivables		2,416	2,540
Amount due from associate company		-	44
Inventories		136	74
<b>Total current assets</b>		<b>3,993</b>	<b>15,392</b>
<b>Non-current assets</b>			
Property, plant and equipment		548	662
Trade receivables		2,562	1,334
Financial assets	7	7,812	-
Deferred tax asset		12	2
<b>Total non-current assets</b>		<b>10,934</b>	<b>1,998</b>
<b>Total assets</b>		<b>14,927</b>	<b>17,390</b>
<b>Current liabilities</b>			
Trade and other payables		2,747	1,808
Provisions		287	159
Deferred revenue		322	142
Income tax payables		10	-
<b>Total current liabilities</b>		<b>3,366</b>	<b>2,109</b>
<b>Non-current liabilities</b>			
Deferred revenue		1,145	670
Deferred tax liability		6	1,152
Convertible bond	6	1,140	3,499
<b>Total non-current liabilities</b>		<b>2,291</b>	<b>5,321</b>
<b>Total liabilities</b>		<b>5,657</b>	<b>7,430</b>
<b>Net assets</b>		<b>9,270</b>	<b>9,960</b>
<b>Equity</b>			
Contributed equity	4	71,177	64,707
Foreign currency translation reserve		(203)	(61)
Other reserves		(1,878)	(1,878)
Employee equity benefits reserve		3,206	3,206
Convertible bond reserve		3,326	2,651
Accumulated losses	11	(66,048)	(58,428)
<b>Attributable to equity holders of the parent</b>		<b>9,580</b>	<b>10,197</b>
Non-controlling interests	5	(310)	(237)
<b>Total equity</b>		<b>9,270</b>	<b>9,960</b>

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

**Consolidated statement of cash flows**  
**For the year ended 30 June 2012**

	Note	Year ended 30.06.2012 \$'000	Year ended 30.06.2011 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		6,911	25,358
Payments to suppliers and employees		(11,839)	(26,422)
Interest received		249	323
Interest and other costs of finance paid		(27)	(64)
Income taxes paid		-	(1,071)
<b>Net cash used in operating activities</b>		<b>(4,706)</b>	<b>(1,876)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(200)	(1,844)
Payment for purchase of non-controlling interests		-	(1,751)
Payment for acquisition of associate		-	(4,228)
Net cash disposed off from disposal of subsidiary		-	(4,049)
Investment in other financial assets		(7,197)	(7,412)
Transfer from cash and cash equivalent		7,412	-
<b>Net cash generated from/(used in) investing activities</b>		<b>15</b>	<b>(19,284)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of convertible bond		1,149	7,412
Proceeds from issue of shares		474	11,619
Repayments of borrowings		(744)	-
<b>Net cash generated from financing activities</b>		<b>879</b>	<b>19,031</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(3,812)</b>	<b>(2,129)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>		<b>5,322</b>	<b>7,842</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies		(69)	(391)
<b>Cash and cash equivalents at the end of the financial period</b>	3	<b>1,441</b>	<b>5,322</b>

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

**Consolidated statement of changes in equity**  
**For the year ended 30 June 2012**

	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	Convertible bond reserves \$'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	-	-	(35,057)	-	-	-	(35,057)	(135)	(35,192)
Other comprehensive income	-	311	-	-	-	-	311	10	321
Total comprehensive income for the year, net of tax	-	311	(35,057)	-	-	-	(34,746)	(125)	(34,871)
<b>Transactions with owners in their capacity as owners</b>									
Share-based payment	-	-	-	1,433	-	-	1,433	-	1,433
Issuance of shares	11,619	-	-	-	-	-	11,619	-	11,619
Transaction costs on issue of shares	(406)	-	-	-	-	-	(406)	-	(406)
Share capital reduction	(29,473)	-	-	-	-	-	(29,473)	-	(29,473)
Issuance of convertible bond, net of tax and transaction costs	-	-	-	-	2,651	-	2,651	-	2,651
<b>At 30 June 2011</b>	<b>64,707</b>	<b>(61)</b>	<b>(58,428)</b>	<b>3,206</b>	<b>2,651</b>	<b>(1,878)</b>	<b>10,197</b>	<b>(237)</b>	<b>9,960</b>

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

**Consolidated statement of changes in equity (cont'd)**  
**For the year ended 30 June 2012**

	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	Convertible bond reserves \$'000	Other reserves \$'000	Total \$'000	\$'000	
<b>At 1 July 2011</b>	<b>64,707</b>	<b>(61)</b>	<b>(58,428)</b>	<b>3,206</b>	<b>2,651</b>	<b>(1,878)</b>	<b>10,197</b>	<b>(237)</b>	<b>9,960</b>
Loss for the period	-	-	(7,620)	-	-	-	(7,620)	(162)	(7,782)
Other comprehensive income	-	(142)	-	-	-	-	(142)	89	(53)
Total comprehensive income for the year, net of tax	-	(142)	(7,620)	-	-	-	(7,762)	(73)	(7,835)
<b>Transactions with owners in their capacity as owners</b>									
Issuance of shares	6,470	-	-	-	-	-	6,470	-	6,470
Derecognition of deferred tax liability arising from early redemption	-	-	-	-	675	-	675	-	675
<b>At 30 June 2012</b>	<b>71,177</b>	<b>(203)</b>	<b>(66,048)</b>	<b>3,206</b>	<b>3,326</b>	<b>(1,878)</b>	<b>9,580</b>	<b>(310)</b>	<b>9,270</b>

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



## Notes to the preliminary financial report

	Year ended 30.06.2012 \$'000	Year ended 30.06.2011 \$'000
<b>1. Revenue</b>		
<b>(a) Revenue</b>		
Revenue from the rendering of services	6,925	4,409
	<b>6,925</b>	<b>4,409</b>
<b>Other revenue</b>		
Interest revenue	220	289
Interest revenue on long-term trade receivables	126	70
	<b>346</b>	<b>359</b>
<b>Total revenue</b>	<b>7,271</b>	<b>4,768</b>
<b>(b) Other income</b>		
Sundry income	23	8
	<b>23</b>	<b>8</b>
<b>Total revenue and other income</b>	<b>7,294</b>	<b>4,776</b>

## 2. Loss from continuing operations before income tax

Loss from continuing operations before income tax includes the following items of expense:

Depreciation of property, plant and equipment	348	444
Operating lease expenses – rental expenses	380	386
Staff costs:		
Share based payments expense	-	1,433
Other staff costs	4,043	4,251
	<b>4,043</b>	<b>5,684</b>
Other expenses:		
Legal and professional fees	612	835
Business travel	924	1,275
Consultancy	741	344
Advertising and promotion	717	626

## Notes to the preliminary financial report (cont'd)

### 3. Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	<b>30.06.2012</b> <b>\$'000</b>	<b>30.06.2011</b> <b>\$'000</b>
Cash at bank and in hand	1,371	1,203
Deposits at call (with banks)	70	4,119
Bank overdraft	-	-
Balance at end of financial year	<b>1,441</b>	<b>5,322</b>

Cash at bank and in hand includes A\$168,000 placed as short term funds.

On 27 April 2012, Cordlife Limited has secured a S\$6,000,000 (equivalent to A\$4,644,000) loan facility from investment company City Challenge Global Limited for working capital purposes.

### 4. Contributed equity

Balance at beginning of financial year  
- 150,887,354 (2011:108,973,263) fully paid ordinary shares

Issue of shares during the year  
- 21,800,000 (2011: 41,914,091) fully paid ordinary shares

Transaction costs related to issue of shares

Share capital reduction

	<b>30.06.2012</b> <b>\$'000</b>	<b>30.06.2011</b> <b>\$'000</b>
	64,707	82,967
	6,470	11,619
	-	(406)
	-	(29,473)
	<b>71,177</b>	<b>64,707</b>

Pursuant to the Bond Agreement dated 14 May 2011 entered into between Cordlife Limited and City Challenge Global Limited, Cordlife Limited issued 21,800,000 ordinary shares to City Challenge Global Limited at the exercise price of \$0.40 per share upon the exercise of share options granted during the year.

### 5. Non-controlling interests

Non-controlling interests represent the interests in Cordlife Sciences (India) Pvt Ltd and PT Cordlife Indonesia not held by the Group.

## Notes to the preliminary financial report (cont'd)

### 6. Convertible bonds

#### 2011 Bond Agreement

On 14 May 2011, Cordlife Limited issued Bonds to City Challenge Global Limited (“the bond holder”) to secure additional funding of A\$7,412,000 under a Bond Agreement, which is intended to be used for the continued development of the developing businesses of the Group. Under the terms of the Bond Agreement, Cordlife Limited granted the bond holder options to subscribe to 21,800,000 shares with an exercise price of A\$0.40 per share.

During the year, pursuant to the Bond Agreement, a trigger event, being the admission of Cordlife Singapore Pte Ltd to the Singapore Stock Exchange, has occurred resulting in the compulsory exercise of the share options by the bond holder. The bond holder has subsequently exercised their option to acquire 21,800,000 ordinary shares at an exercise price of A\$0.40 per share.

Under the Bond Agreement, the exercise of the options by the bond holder was deemed to be a redemption notice by the bond holder. As a result, the Bonds were redeemed at the issue price of A\$7,412,000 plus a yield of 15% per annum up to the redemption notice date.

The proceeds from the exercise of the options (\$8,720,000) by the bond holder was applied against the payments on redemption of the Bonds (\$8,245,850), resulting in a net receipt of A\$474,150 by Cordlife Limited.

#### 2012 CS Cell Technologies Pte Ltd Convertible Bond

In March 2012, Cordlife Limited’s wholly owned subsidiary, CS Cell Technologies Pte Ltd issued convertible bonds of S\$1,500,000 (equivalent to A\$1,161,000) to Cordlife Group Limited, an unrelated entity listed on the Singapore Stock Exchange, to fund the Group’s expansion of the Indian operations.

The bond has a redemption value of S\$2,160,000 (equivalent to A\$1,671,840), a yield of 20% per annum with a maturity period of 2 years. The bonds issued are convertible into fully-paid ordinary shares of CS Cell Technologies Pte Ltd pursuant to the conversion formula stipulated in the agreement.

### 7. Financial assets

On 31 March 2012, Cordlife Limited’s wholly owned subsidiary, Cordlife Services (S) Pte Ltd acquired 17% stake in Favorable Fort Limited, which owns a 24% equity stake in Shandong Qilu. This gives Cordlife an effective 4.08% interest in Shandong Qilu. The purchase consideration is US\$8,160,000 (equivalent to A\$7,812,000).

Shandong Qilu is the only cord blood banking operator authorised to conduct business in Shandong province by China’s Ministry of Health.

This investment has been classified as an available-for-sale financial asset.

### 8. Commentary on the results for the period

Refer to the consolidated statement of comprehensive income and note 2.6 of this report.
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## Notes to the preliminary financial report (cont'd)

### 9. Dividends

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

### 10. Dividend reinvestment plans

Not applicable.

### 11. Accumulated losses

	<b>30.06.2012</b> <b>\$'000</b>	<b>30.06.2011</b> <b>\$'000</b>
Balance at beginning of financial year	(58,428)	(23,371)
Net loss for the year	(7,782)	(35,192)
Net loss attributable to non-controlling interests	162	135
Balance at end of financial year	<b>(66,048)</b>	<b>(58,428)</b>

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

As at 30 June 2012 : 5.9 cents  
As at 30 June 2011 : 6.6 cents

### 13. Control gained or lost over entities

Refer to Note 15.2.

### 14. Details of associates

#### **Cytomatrix Pty Ltd and Cytomatrix LLC**

The Company has a 25.6% interest in Cytomatrix Pty Ltd and Cytomatrix LLC. The Cytomatrix group is involved in the research and development of stem cell therapies. The contribution of losses of these associated companies to the net loss of the Group for the year ended 30 June 2012 is nil (2011: nil) as the share of losses has been capped to the cost of investment.

## Notes to the preliminary financial report (cont'd)

### 15. Other significant information needed by an investor to make an informed assessment of the consolidated entity's financial performance and financial position

<b>15.1</b>	<b>Subsequent event</b>
	Subsequent to year end, Cordlife Limited has made a first drawn down of S\$1,000,000 (equivalent to A\$770,960) from the loan facility secured from City Challenge Global Limited for working capital purposes.

### 15.2 Details of controlled entities

Name of entity	Country of incorporation	Ownership interest 2012 %	Ownership interest 2011 %
<b>Parent entity</b>			
Cordlife Limited	Australia		
<b>Controlled entities</b>			
Cordlife International Pte Ltd	Singapore	100	100
Cordlife Services (S) Pte Ltd	Singapore	100	100
Cordlife Pty Ltd	Australia	100	100
Cordlife Stem Cell Technology Limited	Hong Kong	100	100
Cordlife Sciences Limited	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
CS Cell Technologies Pte Ltd+	Singapore	100 <sup>^</sup>	-

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

+ Investment held by Cordlife Services (S) Pte Ltd

<sup>^</sup> The entity was incorporated during the year for investment holding purposes.

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**Notes to the preliminary financial report (cont'd)**

**15.3 Segment information**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is sold, the nature and similarity of services provided, the 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. Discrete financial information of each of these operating segments is reported to the executive management team on at least a monthly basis.

Based on the above, management has identified Indonesia, India, Philippines and others as reportable segments for FY12. The comparative information has been revised to reflect the changes to the operating segments of the Group.

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 revenue excluding interest revenue on long-term trade receivables
- Net gains and losses on disposal of subsidiary

**(a) Segment revenues**

Year ended 30 June 2012

	<b>Indonesia</b> <b>\$'000</b>	<b>India</b> <b>\$'000</b>	<b>Philippines</b> <b>\$'000</b>	<b>Others</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Revenue from external customers	1,040	3,405	1,434	490	6,369
Commission revenue	535	-	21	-	556
Interest revenue on long-term trade receivables	83	30	13	-	126
Unallocated revenue: Interest revenue					220
Total consolidated revenue					7,271

**Notes to the preliminary financial report (cont'd)**

Year ended 30 June 2011

	Indonesia \$'000	India \$'000	Philippines \$'000	Others \$'000	Total \$'000
Revenue from external customers	989	1,705	1,232	120	4,046
Commission revenue	349	–	12	2	363
Interest revenue on long-term trade receivables	45	22	3	–	70
Unallocated revenue: Interest revenue					289
Total consolidated revenue					4,768

**(b) Segment results**

	30 June 2012 \$'000	30 June 2011 \$'000
Segment losses:		
- India	(762)	(896)
- Philippines	(362)	(614)
- Indonesia	(1,018)	(1,515)
	<hr/>	<hr/>
	(2,142)	(3,025)
<i>Unallocated income/expenses:</i>		
Share-based payment	-	(1,433)
Interest revenue	220	289
Interest expense	(2,400)	(246)
Corporate costs	(3,271)	(4,887)
Other unallocated	(631)	(35)
	<hr/>	<hr/>
Loss from continuing operations before income tax expense	(8,224)	(9,337)
Income tax income/ (expense)	442	(10)
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Loss from continuing operations after income tax expenses	(7,782)	(9,347)
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Discontinued operations	-	6,604
Loss on disposal of subsidiary	-	(32,449)
	<hr/>	<hr/>
Total net loss for the year	(7,782)	(35,192)

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**Notes to the preliminary financial report (cont'd)**

**(c) Segment assets and liabilities**

30 June 2012	<b>Assets</b> \$'000	<b>Liabilities</b> \$'000
Segment assets and liabilities:		
- India	2,513	3,563
- Philippines	1,616	3,278
- Indonesia	2,180	5,834
Eliminations	(268)	(10,180)
Corporate assets	8,201	992
Others	685	2,170
Consolidated	14,927	5,657

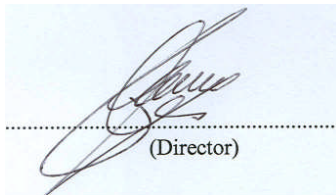
30 June 2011	<b>Assets</b> \$'000	<b>Liabilities</b> \$'000
Segment assets and liabilities:		
- India	1,448	2,165
- Philippines	1,288	2,584
- Indonesia	2,376	5,062
Eliminations	(478)	(9,575)
Corporate assets	12,050	5,750
Others	706	1,444
Consolidated	17,390	7,430



**16. Audit of this report**

This report is based on accounts which are in the process of being audited.

Sign here:



(Director)

**Steven Fang**

**30 August 2012**