NOTICE OF ANNUAL GENERAL MEETING

CORDLIFE LIMITED
ABN 48 108 051 529

Notice is hereby given that the Annual General Meeting of the Shareholders of CordLife Limited (the Company or CordLife) will be held on 23 November 2012 simultaneously via video conference at the offices of:

- **Ernst & Young, Video Conferencing Room 5.014, Level 5 Ernst & Young Building, 11 Mounts Bay Road, Perth at 12pm (Western Standard Time); and**
- **CordLife, 61 Science Park Road, #05-16/17/18, The Galen, Singapore Science Park II Singapore 117525 at 12pm (Singapore time).**

BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Financial Report of the Company and the Directors' Report and the Auditor's Report for the financial year ended 30 June 2012 as set out in the Annual Report.

2. Resolution 1 - Adoption of Remuneration Report (Non Binding Resolution)

To consider, and if thought fit, to pass the following resolution as a non binding **ordinary resolution**:

"That the Remuneration Report for the year ended 30 June 2012 as set out in the Annual Report 2012 be adopted".

3. Resolution 2 – Re-election of Mark Ryan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to Article 13.3(a)(ii) of the Company's Constitution, the members of the Company approve the re-election of Mr Mark Ryan as a director of the Company, who, pursuant to Article 13.3 of the Company's Constitution is retiring by rotation and being eligible, offers himself for re-election."

4. Resolution 3 – Re-election of Steven Fang

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to Article 13.3(a)(i) of the Company's Constitution, the members of the Company approve the re-election of Dr Steven Fang as a director of the Company, who, pursuant to Article 13.3 of the Company's Constitution is retiring and being eligible, offers himself for re-election."

5. Resolution 4 – Election of Simon Lee

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the members of the Company approve the election of Mr Simon Lee as a director of the Company who pursuant to Listing Rule 14.4 of the Australian Securities Exchange Listing Rules was appointed as an addition to the board on 23 January 2012 and being eligible offers himself for election."

Voting Exclusion Statement in relation to Resolution 1

In regard to Resolution 1 the *Corporations Act 2001 (Cth)* (*Corporations Act*) prohibits key management personnel (KMP) and closely related parties of KMP from voting.

A Closely related party is described in the *Corporations Act* and includes a spouse, dependent and certain other close family members, as well as any companies controlled by the KMP.

The Company is required under the *Corporations Act* to disregard any votes cast (in any capacity) in relation to Resolution 1 by or on behalf of:

- A member of the KMP (details of whose remuneration are included in the Remuneration Report); and

- a closely related party of a KMP.

However this restriction will not prevent such a person casting a vote on proposed Resolution 1 if the person does so as a proxy appointed in writing where that person specifies how the proxy is to vote on the proposed resolution (and the vote is being cast on behalf of a person who would not themselves be precluded from voting on the resolution).

By Order of the Board

Andrew Lord
Company Secretary
21 October 2012

ADMISSION TO MEETING

Shareholders who will be attending the Annual General Meeting ("AGM"), and who will not be appointing a proxy, are asked to bring the proxy form to the AGM to help speed admissions.

Shareholders who do not plan to attend the AGM are encouraged to complete and return the proxy form for each of their holdings of CordLife shares.

A replacement proxy form may be obtained from CordLife's external share registrar.

Link Market Services Limited –

Telephone	1300 554 474 +61 (03) 9615 9947

SCRUTINEER

CordLife's external auditor, Ernst & Young, will act as scrutineer for any poll that may be required at the meeting.

VOTING ELIGIBILITY

For the purpose of the AGM, shares will be taken to be held by the persons who are registered as shareholders as at 12pm Eastern Standard Time on 21 November 2012.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporation Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and

- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

- If the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and

- the appointed proxy is not the chair of the meeting; and

- at the meeting, a poll is duly demanded on the resolution; and

- either of the following applies:

    - The proxy is not recorded as attending the meeting;
    - The proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposed of voting on the resolution at the meeting.

EXPLANATORY MEMORANDUM

The purpose of this Explanatory Memorandum (which is included in and forms part of the Notice of Annual General Meeting dated 21 October 2012 is to provide shareholders with an explanation of the resolutions to be proposed and considered at the AGM and to allow shareholders to determine how they wish to vote on those resolutions.

1. Receipt and Consideration of Financial Statements and Reports

This item is intended to provide shareholders with an opportunity to raise questions on the reports themselves and on the performance of the Company generally.

2. Resolution 1 – Adoption of Remuneration Report (Non-binding Resolution)

The board submits its Remuneration Report to shareholders for consideration and adoption.

This resolution is advisory only and does not bind the Directors of the Company. However, under changes to the *Corporations Act* which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the AGM, and then again at the 2013 AGM, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (spill resolution).

If more than 50% of shareholders vote in favour of the spill resolution, the Company must convene the extraordinary general meeting (spill meeting) within 90 days of the 2013 AGM. All of the directors who were in office when the 2013 Directors' Report was approved, other than the Managing Director, will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting those persons whose election or re-election as Directors is approved will be the directors of the Company.

The Remuneration Report is set out in the Directors' Report in the 2012 Annual Report. The Report:

- Explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company.

- Discusses the relationship between the Board's remuneration policy and the Company's performance.

- Sets out the actual remuneration for the financial year ended 30 June 2012 for each director and each member of the company's senior executive management team; and

- details and explains any performance hurdles applicable to the remuneration of executive directors and senior executives of the Company.

Shareholders will be provided an opportunity to discuss the Remuneration Report at the AGM.

The Board recommends that shareholders vote in favour of Resolution 1.

3. Resolution 2 – Re-election of Mark Ryan

Mr Ryan was first elected to the board in 2009 he retires by rotation and being eligible offers himself for re-election. Since being elected to the board Mr Ryan has also been Chairman of the Audit Committee.

Mr Ryan is the Accounting and Finance Director of the Kellogg Joint Venture Gorgon, a multinational consortium engaged to engineer, procure and construct a LNG processing facility in the north-west of Australia. The project has a capital expenditure budget in excess of $30 billion.

Mr Ryan’s previous corporate experience has included roles as Financial Director and Company Secretary.

The directors (other than Mr Ryan) recommend that shareholders vote in favour of Resolution 2.

4. Resolution 3 - Election of Steven Fang

Dr Fang became a non-executive member of the board on 3 October 2012. Until 3 October 2012 he served as the Managing Director of the Company. Dr Fang retired as the Managing Director on 3 October 2012.

Dr Fang founded Cordlife Pte Ltd in Singapore in 2001 and negotiated the merger with Cytomatrix LLC, leading to the establishment of Cordlife Ltd. He has a great depth of knowledge of the healthcare provider sector, with over 15 years of sales and business development experience in the USA and Asia Pacific region. He previously worked for Sterling Withthrop, Baxter and Becton Dickinson, having undertaken business development assignments in Malaysia, Korea, Taiwan and the Philippines, including the establishment of private dialysis centres. At Becton Dickinson he was the General Manager for Singapore, Malaysia and Vietnam. He has a degree in Computer Engineering and completed his MBA with the University of Hull (UK) in business strategy. He is currently a council member of the Singapore British Business Council and International Enterprise Singapore's Action Community for Entrepreneurship – Internationalisation Action Crucible (IAC). He was previously also the Chairman of Bio Singapore and the President of Spirit of Enterprise (Singapore).

The directors (other than Dr Fang) recommend that shareholders vote in favour of Resolution 3.

5. Resolution 4 – Election of Simon Lee

Mr Lee was appointed to the Board on 23 January 2012.

Mr Lee is responsible for CordLife's expansion into North Asia, especially in China. His deep understanding of the North Asian market has helped in the establishment of CordLife's business in China. Prior to joining the company in 2002, he was the Regional Sales Director for an ASX-listed networking company, which had sales revenue of US$250 million in year 2000. Mr Lee holds a B.Sc in Aerospace Engineering from Northrop University, USA and has accumulated over 14 years of vast working experience in IT and education industries, ranging from sales and marketing, regional business development, project management to management consultancy.

The directors (other than Mr Lee) recommend that shareholders vote in favour of Resolution 4.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the *Corporations Act 2001,* a reasonable opportunity will be given to shareholders – as a whole – to ask questions about or make comments on the management of CordLife at the meeting.

Similarly, a reasonable opportunity will be given to shareholders – as a whole – to ask CordLife external auditor, Ernst & Young, questions relevant to:

(a) the conduct of the audit;
(b) the preparation and content of the Auditor's Report;
(c) the accounting policies adopted by CordLife in relation to the preparation of its financial statements; and
(d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Ernst & Young if the question is relevant to the content of Ernst & Young's Audit Report or the conduct of its audit of CordLife' Financial Report for the year ended 30 June 2012.

Relevant written questions for Ernst & Young must be received no later than 5:00pm (Western Standard Time) on 21 November 2012. A list of those relevant written questions will be made available to shareholders attending the AGM. Ernst & Young will either answer the questions at the AGM or table written answers to them at the AGM. If written answers are tabled at the AGM, they will be made available to shareholders as soon as practicable after the AGM.

Please send any written questions to Mr Greg Meyerowitz at:

Ernst & Young
GPO Box M939
Perth WA 6843

no later that 5:00pm (Western Standard Time) on 21 November 2012.

The Company's principal register is maintained at the following address:

Link Market Services Ltd
Level 4, 333 Collins Street
Melbourne Vic 3000

Postal Address: (for proxy forms)	Locked Bag A14 Sydney South NSW AUSTRALIA1235
Telephone:	1300 554 474 (03) 9615 9947
Facsimile no:	(02) 9287 0309

Cordlife Limited

ABN 48 108 051 529

LODGE YOUR VOTE

ONLINE www.linkmarketservices.com.au

By mail:
Cordlife Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

By fax: +61 2 9287 0309

All enquiries to: Telephone: 1300 554 474 **Overseas:** +61 3 9615 9947

X99999999999

SECURITYHOLDER VOTING FORM

I/We being a member(s) of Cordlife Limited and entitled to attend and vote hereby appoint:

STEP 1 APPOINT A PROXY

☐ **the Chairman of the Meeting** ***(mark box)***

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **12pm (Perth time) on Friday, 23 November 2012, at**

- **Ernst & Young, Video Conferencing Room 5.014, Level 5 Ernst & Young Building, 11 Mounts Bay Road, Perth at 12pm (Perth time); and**
- **CordLife, 61 Science Park Road, #05-16/17/18, The Galen, Singapore Science Park II Singapore 117525 at 12pm (Singapore time).**

and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2 VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1 Adoption of Remuneration Report (Non Binding Resolution)	☐	☐	☐
Resolution 2 Re-election of Mark Ryan	☐	☐	☐
Resolution 3 Re-election of Steven Fang	☐	☐	☐
Resolution 4 Election of Simon Lee	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CBB PRX201R

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business – Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **12pm (Perth time) on Wednesday, 21 November 2012,** being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

by mail:

Cordlife Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

by fax:

+61 2 9287 0309

by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.

cordlife
one chance, one choice.

annual report 2012

ABN 48 108 051 529

Contents

"As we proceed with our renewed entity, we will continue to seek new and innovative business models to further catalyse our Group's development."

Kam Yuen
Chairman

Dear Shareholders,

Financial Year 2012 has been a significant year for us as we demerged our Singapore and Hong Kong businesses from Cordlife Limited by way of an equal capital reduction, wherein Cordlife Limited shareholders were offered the same percentage of shares in the new demerged company, Cordlife Pte Ltd, (Now Cordlife Group Limited) as their holdings in Cordlife Limited. The successful demerger has subsequently led to the listing of the demerged business under a new entity, Cordlife Group Limited, on the Main Board of the Singapore Exchange in March 2012. This was one of our many strategic initiatives to continue to maximise returns on shareholders' investments.

As we proceed with our renewed entity, we will continue to seek new and innovative business models to further catalyse our Group's development. This open-minded focus on unlocking shareholder value, I believe, will energise us as we move into the new financial year.

I would like to thank our dedicated Managers and Staff for their hard work. Gratitude must also be extended to our Partners and Shareholders. Regrettably, Dr Steven Fang, announced his decision to resign as Chief Executive Officer and Executive Director to become a Non-Executive Director on 3 October 2012. Dr Fang has led Cordlife as CEO since its inception. During his eight-year tenure, Dr Fang has built a high-calibre and professional team that underpinned Cordlife's success. On behalf of the Board, I take this opportunity to thank him for his services. Meanwhile, current Chief Financial Officer, Mr Simon Hoo, shall take over as interim CEO as we continue to search for the candidate in place.

Together, we look forward to the year ahead.

Review of **Operations**

We have had an eventful year with milestone events signaling our progress and paving the way for future development of our Company. We entered a new chapter in our corporate history, spinning off our Singapore and Hong Kong operations in a successful listing on the Main Board of the Singapore Exchange (SGX) in March 2012. This company, now known as Cordlife Group Limited, is the only publicly-listed cord blood bank business on the SGX. With that successful demerger, the Company has been focused on the emerging markets of India, Indonesia and the Philippines.

Financial Overview

With this added focus on these three markets, we managed to grow Group revenue by 53% to $7.3 million in Financial Year 2012 from $4.8 million in the prior year. Our cord blood banking business grew 57% to $6.9 million in FY2012, compared with $4.4 million in the previous year. This was largely due to an expansion in our client base in India and the Philippines. Gross profits increased about 34% year-on-year to $3.9 million.

Expenses included higher distribution and marketing expenses of $3.0 million, in comparison with $1.6 million in the previous year. This was due to additional advertising, promotion and marketing-related costs to develop our markets in India, Indonesia and the Philippines.

Administrative expenses were significantly reduced to $6.7 million compared with $10.4 million in FY2011. This was attributable to a decrease in staff costs and related expenses by $1.0 million, primarily because of a reduction in headcount from the corporate office compared to the prior year. There was also a decrease in share-based payment expenses of $1.4 million as there were no share options granted in FY2012. We also saw a reduction in legal, professional and audit fees by $353,000 as there was no major capital reduction exercise and corporate activities compared to the previous financial year.

All in, we reduced losses over the year. Our losses after income tax attributable to members were $7.6 million, a decrease of 78% compared with losses of $35.1 million in the previous corresponding period.

Market Highlights

India

For the year in review, the Group's India operations grew by 106% year-on-year in new client sign-ups. This was driven by the establishment of more sales offices and coverage in India to include the Northern, Southern and Western regions. As a direct result, we saw an increased awareness of cord blood and cord tissue banking in the market. Our company in India is licensed to operate an umbilical cord blood and cord tissue processing and storage facility in Kolkata and our services are being offered throughout the entire country.

Philippines

Revenue from our Philippines operations grew by 49% year-on-year in terms of new client sign-ups. The Group's business in the Philippines is still at an early stage with a presence only in Manila and Cebu. However, we are well positioned as the only cord blood bank with a processing and storage facility in the Philippines.

Indonesia

Indonesia remains a challenge for the Company as awareness of cord blood banking services is still not widely prevalent. The market is still at an early stage of development

Establishing a Beachhead in China

In addition to developing our presence in these three countries, we have made inroads into China with our acquisition of a 4.08% stake in Shandong Cord Blood Bank through an indirect stake in Shandong Qilu Stem Cell Engineer Co., Ltd. ("SDQL") in March 2012. Our total purchase price for this stake is US$8.16 million with an initial dividend guarantee of not less than US$400,800 by January 2013.

In Conclusion

During this time of global economic uncertainty, we believe that our Group's strategies and managerial flexibility, coupled with the talent of our diverse staff will enable us to manage challenges.

Board of Directors

Mr Kam Yuen
Chairman, Non-executive

Dr Steven Fang
Executive,
Chief Executive Officer

Mr Simon Hoo
Executive,
Chief Financial Officer

Mr Simon Lee
Executive,
Corporate Development Director

Mr Samuel Kong
Non-executive

Mr Voiron Chor
Non-executive

Mr Mark Benedict Ryan
Non-executive

DIRECTORS

Mr Kam Yuen (Chairman, Non-executive)
Dr Steven Fang (Executive, Chief Executive Officer, resigned on 3 October 2012 to become Non-executive)
Mr Simon Hoo (Executive, Chief Financial Officer)
Mr Simon Lee (Executive, Corporate Development Director)
Mr Samuel Kong (Non-executive)
Mr Mark Ryan (Non-executive)
Mr Voiron Chor (Non-executive)

COMPANY SECRETARY AND SOLICITORS

Mr Andrew Lord
Lord Commercial Lawyers
Level 5, 190 Queen Street
Melbourne, Victoria 3000, Australia
Tel: +613 9600 0162

REGISTERED OFFICE

Level 5, 190 Queen Street
Melbourne, Victoria 3000, Australia
Tel: +613 9600 0162

PRINCIPAL PLACE OF BUSINESS

Level 5, 190 Queen Street
Melbourne, Victoria 3000, Australia
Tel: +613 9600 0162

SHARE REGISTRY

Link Market Services Ltd
Level 4, 333 Collins Street
Melbourne, Victoria 3000, Australia
Tel: +613 9615 9932

BANKER

Commonwealth Bank of Australia

AUDITOR

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843
Tel: +618 9429 2222

Financial **Statements**

Corporate Governance Statement

The directors of Cordlife Ltd ("Cordlife" or the "Company") are responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council (CGC) published guidelines and its Corporate Governance Principles and Recommendations. The directors guide and monitor the business and affairs of Cordlife on behalf of the shareholders by whom they are elected and to whom they are accountable.

Cordlife complies with the CGC's Principles as follows.

Principle 1 - Lay solid foundations for management and oversight

	Recommendation	Comply Yes / No	Reference / explanation
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	Page 10
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 11
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	

Principle 2 - Structure the Board to add value

	Recommendation	Comply Yes / No	Reference / explanation
2.1	A majority of the Board should be independent directors.	Yes	Page 11
2.2	The chair should be an independent director.	Yes	Page 11
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Page 11
2.4	The Board should establish a nomination committee.	Yes	Page 12
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes	Remuneration Report
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	

Corporate Governance Statement

Principle 3 - Promote ethical and responsible decision-making

	Recommendation	Comply Yes / No	Reference / explanation
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity. • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Website
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes	Page 15
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Yes	
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executives positions and women on the Board.	Yes	Page 15

Principle 4 - Safeguard integrity in financial reporting

	Recommendation	Comply Yes / No	Reference / explanation
4.1	The Board should establish an audit committee.	Yes	Page 12 & 13
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the Board • has at least three members	Yes	Page 12 & 13
4.3	The audit committee should have a formal charter.	Yes	Page 12 & 13
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	

Principle 5 - Make timely and balanced disclosure

	Recommendation	Comply Yes / No	Reference / explanation
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	

Principle 6 - Respect the rights of shareholders

	Recommendation	Comply Yes / No	Reference / explanation
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Page 14
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	

Principle 7 - Recognise and manage risk

	Recommendation	Comply Yes / No	Reference / explanation
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 13
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Page 13
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 13
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	

Principle 8 – Remunerate fairly and responsibly

	Recommendation	Comply Yes / No	Reference / explanation
8.1	The Board should establish a remuneration committee.	Yes	Page 14
8.2	The remuneration committee should be structured so that it: ● consists of a majority of independent directors ● is chaired by an independent chair ● has at least three members	Yes	Refer to remuneration report
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Remuneration report
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	

Cordlife's corporate governance practices were in place throughout the year ended 30 June 2012.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Cordlife, refer to our website: www.cordlifelimited.com

Board functions

The Board is responsible to shareholders for the performance and overall corporate governance of Cordlife.

This role includes the determination of Cordlife's goals and strategic direction and ensures timely and accurate communications to shareholders. The Board has established policies in respect of Board responsibilities and delegations of authority for the appropriate management of Cordlife's operations. The Board has developed management policies and procedures addressing statutory financial reporting, Board and management financial reporting and controls, information technology security, management and staff performance reviews and remuneration and internal controls for business risk management. The Board continues to develop management policies and procedures. The Board is responsible for appointing the Chief Executive Officer and reviewing his performance. The Chief Executive Officer is responsible for the overall implementation and management of the policies and strategies established by the Board.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, it makes use of sub-committees to discharge its responsibilities. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit;
- Nomination; and
- Remuneration.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to manage the business.
- On-going development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of Cordlife.
- Implementation of budgets by management and monitoring progress against budget through the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- Approval of the annual and half-year financial reports.
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.

Structure of the Board

Cordlife's policy governing Board composition requires the Chair to be an independent non-executive director and requires the Board to strive for a majority of the Board to be independent non-executive directors. In assessing independence, the Board has regard to the ASX Guidelines and the independence of each director is monitored by the Board on an ongoing basis in light of disclosed interests. As at the date of this annual financial report the Board has determined that all Cordlife directors are independent, other than Mr Steven Fang. The numbers of shares held by non-executive directors are not considered material by the Board or Chair of the Audit Committee as the shares held by each director represents less than 1% of total issued shares. The Board strives to ensure its composition includes an appropriate mix of expertise and experience relevant to Cordlife's business activities conducive to making timely and informed decisions in the best interests of Cordlife. The relevant skills, experience and expertise of each Board member is set out in the Directors' Report on page 16. The Board recognises the importance of each director bringing independent judgment to bear in the decision making process. Accordingly, all directors have access to independent professional advice at Cordlife's expense with the approval of the Chair.

The Board is currently composed of three executive and four non-executive directors. Cordlife's Constitution specifies the number of directors shall not be less than three. During the year, the Board comprised:

Name	Position
Kam Yuen	Chairman (Non-executive)
Steven Fang	Executive Director (Chief Executive Officer)
Simon Hoo	Executive Director (Chief Financial Officer)
Simon Lee	Executive Director (Corporate Development Director)
Samuel Kong	Non-executive Director
Mark Ryan	Non-executive Director
Voiron Chor	Non-executive Director

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Kam Yuen	3 years 11 months
Steven Fang	8 years 7 months
Samuel Kong	5 years 1 month
Mark Ryan	3 years 7 months
Voiron Chor	3 years 7 months
Simon Hoo	5 month 9 days
Simon Lee	5 month 9 days

Performance

The Board has committed to future annual reviews of its performance, individually and collectively, as well as annual reviews of key management against measurable and qualitative indicators.

Cordlife's Human Resources Management Plan encompasses a structured training and development program for all employees including management, which is directly aligned to achieving Cordlife's business objectives.

During the reporting period, the Nomination Committee conducted performance evaluations that involved an assessment of each key executive's performance against specific and measurable qualitative and quantitative performance criterias.

Directors whose performance is consistently unsatisfactory may be asked to resign.

Corporate Governance Statement

Trading policy

Under Cordlife's Securities Trading Policy, an executive or director must not trade in any securities of Cordlife at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Directors, the CEO, consultants, members of senior management and other employees must first obtain consent before commencing to trade from:

- the Chair in the case of directors and the CEO;
- the Audit Committee and Company Secretary in the case of the Chair; and
- the CEO in the case of officers, consultants, members of senior management and other employees.

In addition, the following blackout periods are imposed prior to and post publication of quarterly, half year and annual reporting:

- 2 weeks before and one day after Cordlife is required to release quarterly cash flow announcements. Quarterly cash flow announcements are released on the last business day of January, April, July and October.
- 4 weeks before and one day following the announcement of the half year and full year results as the case may be.
- 1 day following the release of price sensitive information.

As required by the ASX Listing Rules, Cordlife notifies the ASX of any transaction conducted by directors in the securities of Cordlife.

The Company have implemented a policy preventing executives and directors from managing their risk exposure from ownership of employee share options.

Nomination Committee

The primary purpose of the Nomination Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately structured and comprise of individuals who are best able to discharge the responsibilities of directors.

The members of the Nomination Committee during the year ended 30 June 2012 were Mr Kam Yuen, Mr Samuel Kong and Mr Steven Fang.

For additional details regarding the Nomination Committee including its chart, please refer to our website.

Audit Committee

The Audit Committee operates under a charter approved by the Board. The main objective of the Audit Committee is to assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:

- reporting of financial information;
- application of accounting policies;
- financial management;
- internal control system;
- risk management system;
- business policies and practices;
- protection of the entity's assets; and
- compliance with applicable laws, regulations, standards and best practice guidelines.

The members of the Audit Committee during the year ended 30 June 2012 were Mr Mark Ryan (Chair), Mr Voiron Chor and Mr Samuel Kong.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report on page 19.

For additional details regarding the Audit Committee, including a copy of its charter, please refer to our website.

Risk

The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of Cordlife's approach to creating long-term shareholder value.

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

- complex government and health regulations which are subject to change; and
- significant level of funding required over a long period of time.

The consideration and approval by the Board each year of Cordlife's strategy, business plans and financial budgets involve identification of significant risks and the implementation of appropriate strategies to deal with them. The Board also requires management reporting against projected results. The Board receives monthly reports by management on financial performance and business development activities.

The Board has delegated responsibility for the maintenance and review of policies and procedures on risk oversight and management to the Chief Executive Officer. The Board has developed a policy which requires written assurances from the Chief Executive Officer and the Chief Financial Officer to the effect that:

- statements in accordance with the ASX Guidelines, given in respect of the integrity of financial statements, are founded on sound systems of risk management and internal compliance and control which implement the policies adopted by the Board; and
- the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

CEO and CFO certification

In accordance with section 295A of the Corporations Act 2001, the Chief Executive Officer and Chief Financial Officer have provided a written statement to the Board that:

- Their views provided on Cordlife's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- Cordlife's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgment, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not, and cannot be, designed to detect all weaknesses in control procedures.

Corporate Governance Statement

Remuneration

It is Cordlife's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, Cordlife has implemented an incentive scheme which is available to employees of Cordlife. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives.
- Attraction of high quality management to Cordlife.
- Performance incentives that allow executives to share in Cordlife's success.

For details of the remuneration received by directors and senior executives in the current period, please refer to the remuneration report, which is contained within the Directors' Report on page 20.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Chief Executive Officer and executive team. The Board has established a Remuneration Committee.

The members of the Remuneration Committee comprise all members of the Board and all effective remuneration decisions are made by the Board through Board meetings.

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report on page 19.

For additional details regarding the Remuneration Committee, including a copy of its charter, please refer to our website.

Shareholder communication policy

Pursuant to Principle 6, Cordlife's objective is to promote effective communication with its shareholders at all times.

Cordlife is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Cordlife's activities in a balanced and understandable way; and
- complying with continuous disclosure obligations contained in the ASX Listing Rules and the Corporations Act 2001 in Australia.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report; and
- by posting relevant information on Cordlife's website.

Cordlife's website www.cordlifelimited.com has a dedicated Investor Relations section and for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the Annual General Meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Diversity policy

The Company values diversity and recognises the benefits it can bring to the organisations ability to achieve its goals. Accordingly the Company has developed a diversity policy, a copy of which can be found on the Company website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity. The aim is to achieve these objectives by 30 June 2016 as director and senior executive positions become vacant and appropriately skilled candidates are available:

	Actual as at 30 June 2012		Actual as at 30 June 2011		Objective
	Number	%	Number	%	%
Number of women employees in the whole organisation	145	44%	119	43%	40% - 60%
Number of women in senior executive positions	7	41%	9	45%	40% - 60%
Number of women on the Board	0	0%	0	0%	40% - 60%

Directors' Report

The directors of Cordlife Ltd submit herewith the annual financial report of the Company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names and particulars of the directors of the Company during or since the end of the financial year are as below. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Kam Yuen	Chairman (Non-executive). Mr Kam has substantial experience in the healthcare industry and is the founder of Golden Meditech Company Limited, a leading healthcare corporation in China providing integrated healthcare in cord blood banking, medical devices, healthcare services and natural herbal medicines. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the People's Republic of China in 1985 and has over 20 years of management experience in international business. Mr Kam holds directorship in another listed company, Golden Meditech Company Limited since 2001 till present.
Steven Fang (Fang Boon Sing) CIM (UK), MBA	Executive Director and Chief Executive Officer. Mr Fang founded Cordlife Pte Ltd in Singapore in 2001 and negotiated the merger with Cytomatrix LLC, leading to the establishment of Cordlife Ltd. He has great depth of knowledge of the healthcare provider business, with over 15 years of sales and business development experience in the USA and Asia Pacific region. He previously worked for Sterling Withthrop, Baxter and Becton Dickinson, having undertaken business development assignments in Malaysia, Korea, Taiwan and the Philippines, including the establishment of private dialysis centers. At Becton Dickinson, he was the General Manager for Singapore, Malaysia and Vietnam. He has a degree in Computer Engineering and completed his MBA with the University of Hull (UK) in business strategy. He is currently a council member of the Singapore British Business Council and International Enterprise Singapore's Action Community for Entrepreneurship – Internationalisation Action Crucible (IAC). He was previously also the Chairman of Bio Singapore and the President of Spirit of Enterprise (Singapore).
Voiron Chor	Non-executive Director. Mr Chor is an Executive Director of JP Morgan Chase Bank. Prior to that he was a Vice President of Private Wealth Management for Morgan Stanley Asia Limited. He has over 10 years experience in financial investment and research in capital markets. Mr Chor holds a Masters of Finance from RMIT University Melbourne.
Samuel Kong (Kong Kam Yu) ACA	Non-executive Director. Mr Kong graduated from the Imperial College of London in 1992 and qualified as a Chartered Accountant from the Institute of Chartered Accountants of England and Wales in 1995. He has worked for a number of accounting firms, including a leading international accounting firm before joining a listed healthcare group in Hong Kong in 2001. He is currently responsible for the group's finances, corporate projects and company secretarial matters. In September 2012, Mr Kong holds directorship in another listed company, Golden Meditech Company Limited.

Name	Particulars
Simon Hoo	Executive Director and Chief Financial Officer. Mr Hoo joined the company in June 2004 and is a Certified Public Accountant in Singapore and Australia. He has more than 10 years of experience in both corporate finance and business development including the development of emerging markets for Cordlife Limited. Prior to his appointment as Executive Director of Cordlife India, Mr Hoo served as a Senior Corporate Finance Manager with work scopes including valuation, financial modelling/ analysis, structuring, negotiation, risk management and the establishment of exit mechanisms for all Cordlife markets.
Simon Lee	Executive Director and Corporate Development Director. Mr Lee joined the Company in July 2002. Prior to joining the Company, he was engaged for 14 years in the IT and education industries. His responsibilities ranged from sales and marketing, regional business development, project management to management consultancy. His position immediately prior to joining Cordlife was as Regional Sales Director for a networking company listed on the Australian Stock Exchange, which had sales revenue of US$250 million in year 2000. He has been involved in Corporate Development for Asia (including Greater China) mergers and acquisition and corporate financing (including IPOs, privatizations, and buyouts) transactions. Mr Lee holds a B.Sc in Aerospace Engineering from Northrop University, USA and a Master of Business Administration from Nanyang Technological University, Singapore.
Mark Ryan B Com, ACA	Non-executive Director. Mr Ryan is the Accounting and Finance Director of the Kellogg Joint Venture Gorgon, a multinational consortium engaged to engineer, procure and construct an LNG processing facility in the north-west of Australia. The project has a capital expenditure budget in excess of $30 billion. Mr Ryan's previous corporate experience has included roles as Financial Director and Company Secretary.

Company secretary

The Company Secretary, Mr Andrew Lord (BSc, LLB), was appointed on 16 April 2004. He is a member of the Law Institute of Victoria and is admitted as a Barrister and Solicitor to the High Court of Australia and the Supreme Court of Victoria. He is a principal of Lord Commercial Lawyers. He is an independent contractor of the Company and invoices the Company from time to time based on hours worked on an hourly rate.

Corporate information

Corporate structure and principal activities

Cordlife Ltd is a company limited by shares, incorporated in Australia and operating in Australia and Asia. Cordlife Ltd is the ultimate holding company of the Group. The shares of the Company are publicly traded on the Australian Securities Exchange.

The Company and its controlled entities' ("consolidated entity") principal activities in the course of the financial year were the provision of cord blood banking services, which involves the processing and storage of stem cells.

Operating and financial review

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 Philippines.

Revenue from cord blood banking services was $6,925,000 this year as compared to $4,409,000 in FY2011, an increase of approximately 57%. The increase is largely due to higher client sign ups in India and Philippines.

Interest revenue (other than derived from long term receivables) this year was $220,000 compared to $289,000 in FY2011. This is due to the reduction of placement of fixed deposits during the year.

Distribution and marketing expenses were $3,010,000 this year 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 Philippines. 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.

Administrative expenses were $6,731,000 as compared to $10,436,000 in FY2011. The significantly lower administrative cost 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.

<u>Cord blood banking business</u>

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 city offices 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 financial year.

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 operation 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.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to above or in the financial statements or notes thereto.

Subsequent events

Subsequent to year end, Cordlife Limited has made a first draw 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.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, other than as stated elsewhere in this report, this information has not been disclosed further.

Environmental regulations

The principal activities of the Company and its controlled entities did not create any significant environmental impact to any material extent.

Dividends

The Company did not pay any dividends during the financial year (2011: nil). The directors do not recommend the payment of a dividend in respect of the financial year.

Share options

Unissued shares

As at the date of this report, there are 60,000 unissued ordinary shares under options. These shares will be issued by Cordlife Ltd upon exercise of the options and 60,000 ordinary shares will be issued.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During and since the end of the financial year, no share options were granted to, or exercised by the directors and executives of the Company or the Group.

Indemnification and insurance of directors and officers

The Company has, during the financial year, paid an insurance premium in respect of an insurance policy to the benefit of the directors and officers of the Company and any related bodies corporate as defined in insurance policy. The insurance grants indemnity against liabilities permitted to be indemnified by the Company under the Corporations Act 2001. The insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against in the amount of the premium.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, nine Board meetings and two Audit Committee meetings were held.

	Board of Directors		Audit Committee		Nomination Committee		Remuneration Committee	
Directors	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Steven Fang	9	9	–	–	1	1	1	1
Samuel Kong	9	8	2	2	1	1	1	1
Kam Yuen	9	8	–	–	1	1	1	1
Voiron Chor	9	9	2	2	–	–	1	1
Mark Ryan	9	9	2	2	–	–	1	1
Simon Hoo	4	4	–	–	–	–	1	–
Simon Lee	4	3	–	–	–	–	1	–

Directors' shareholdings

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

Directors	Fully paid ordinary shares	Partly paid ordinary shares	Executive share options
Cordlife Ltd			
Kam Yuen	–	–	–
Steven Fang	7,229,960	–	–
Simon Hoo	300,000	–	–
Simon Lee	953,723	–	–
Samuel Kong	350,000	–	–
Mark Ryan	186,980	–	–
Voiron Chor	100,000	–	–

Remuneration report (Audited)

This remuneration report for the year ended 30 June 2012 outlines the remuneration arrangements of the Company and the Group in accordance with the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
   - A. Remuneration principles and strategy
   - B. Approach to setting remuneration
   - C. Remuneration structure
4. Executive remuneration outcomes for 2012 (including link to performance)
5. Executive contractual arrangements
6. Non-executive director remuneration arrangements (including statutory remuneration disclosures)
7. Additional statutory disclosures

Remuneration report (Audited) (cont'd)

1. Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purpose of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and other senior executives of the Parent and the Group.

Directors:

Kam Yuen	(Chairman, non-executive)
Steven Fang	(Director, executive)
Simon Hoo	(Director, executive) (Appointed on 23 January 2012)
Simon Lee	(Director, executive) (Appointed on 23 January 2012)
Samuel Kong	(Director, non-executive)
Mark Ryan	(Director, non-executive)
Voiron Chor	(Director, non-executive)

Executives:

Susan Kheng	(Group General Manager)
Jonathan Liau	(Chief Operating Officer)
Andrew Lord	(Company Secretary)

There were no other changes to KMP after reporting date and before the date the financial report was authorised for issue.

2. Remuneration governance

Remuneration committee

The remuneration committee comprises all members of the Board.

The remuneration committee is responsible for making recommendations to the Board on the remuneration arrangements for non-executive directors (NEDs) and executive directors.

Specifically, the Board approves the remuneration arrangements of the CEO and other executives and all awards made under the long-term incentive (LTI) plan, following the recommendations from the remuneration committee. The Board also sets the aggregate remunerations of NEDs, which is subject to shareholders approval and NED fee levels. The remuneration committee approves, having regard to the recommendations made by the CEO, the level of the Group short-term incentive (STI) pool.

The remuneration committee meets regularly through the year. The CEO attends certain remuneration committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remunerations arrangements.

Further information on the committee's role, responsibilities and membership can be seen at www.cordlifelimited.com.

Remuneration report approval at FY11 AGM

The FY11 remuneration report received positive shareholder support at the FY11 AGM.

Remuneration report (Audited) (cont'd)

3. Executive remuneration arrangements

3A. Remuneration principles and strategy

Cordlife Ltd's remuneration strategy is designed to attract, motivate and retain employees by identifying and rewarding high performing individuals and align the interests of executives and shareholders.

To that end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- are aligned to the Group's business strategy;
- offer competitive remuneration benchmarked against the external market;
- provide strong linkage between individual and Group performance and rewards; and
- align the interests of executives with shareholders.

The following diagram illustrates how the Company's remuneration strategy aligns with the strategic direction and links remuneration outcomes to performance.

Business objective
To be the leading stem cell bank families trust in the industry and build long-term value for shareholders

↓

Remuneration strategy linkages to business objective	
Align the interests of executives with shareholders	**Attract, motivate and retain high performing individuals**
• The remuneration framework incorporates "at-risk" components, including both short and longer term elements delivered in equity • Performance is assessed against a suite of financial and non-financial measures relevant to the success of the company and generating returns for shareholders	• The remuneration offering is competitive for companies of a similar size and complexity • Long-term remuneration encourages retention

↓

Remuneration component	Payment method	Purpose	Link to performance
Fixed remuneration	Comprises base salary, superannuation and non-monetary benefits	• Set with reference to role, market and experience • Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.	• No link to Company performance

Remuneration report (Audited) (cont'd)

3. Executive remuneration arrangements (cont'd)

3A. Remuneration principles and strategy (cont'd)

STI component	Paid in cash	• Rewards executives for their contribution to achievement of Group targets, as well as individual key result areas (KRAs).	• Linked to financial and non-financial corporate and individual measures of performance • Include contribution to revenue based on client sign-ups, customer services, risk management, product management and leadership contributions
LTI component	Awards are made in the form of share options	• Rewards executives for their contribution to the creation of shareholder value over the longer term.	• Granting of awards is dependent on financial and non-financial corporate and individual measures of performance

3B. Approach to setting remuneration

The Group aims to reward executives with a level of mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice.

Remuneration levels are considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Company and individual, and the broader economic environment.

3C. Remuneration structure

In the 2012 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable STI and LTI remuneration.

Fixed remuneration

Executive contracts of employment do not include any guaranteed base pay increases. These are reviewed annually by the Board and management. The process consists of a review of the Company and individual performance and relevant comparative remuneration based on internal and external data.

The fixed component of executives' remuneration is detailed in Table 1 to Table 4 on pages 27 to 29.

Short-term incentive (STI)

The Group operates an annual STI program that is available to executives and awards a cash bonus subject to the attainment of clearly defined Group and individual measures.

Remuneration report (Audited) (cont'd)

3. Executive remuneration arrangements (cont'd)

3C. Remuneration structure (cont'd)

Actual STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key result areas (KRAs) covering financial and non-financial, corporate and individual measures of performance.

Performance measures – Key Results Areas ("KRA")
Financial measure: ● Revenue
Non-financial measure: ● Client sign-ups ● Customer services ● Risk management ● Product management ● Leadership/ team contribution

The achievement of these is measured through the line managers' review during each appraisal cycle, unaudited financial information as well as internal reporting statistics.

These performance measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

On an annual basis, after consideration of performance against KRAs, the Board and management will determine the amount, if any, of the short-term incentive to be paid to each executive. This process usually happens two months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period.

The maximum bonus payable is not determined in advance. Instead, STI payments are made at the discretion of the Board. There were none granted for the 2012 financial year (2011: $Nil).

Long-term incentives (LTI)

LTI awards are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards are only made to executives and other key talent who have an impact on the Group's performance against the relevant long-term performance measure.

LTI grants to key management personnel are delivered in the form of share options under the Options and Performance Rights Plan. The details of the plan are stated below.

Options and Performance Rights Plan

An equity incentive plan, the Options and Performance Rights Plan ("Plan") was introduced on 23 November 2005 at the Company's Annual General Meeting to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. The Plan was administered by the Remuneration Committee up until 30 January 2009 and subsequent to this date it is now administered by the Board. The executive directors and employees of Cordlife Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Board of Directors.

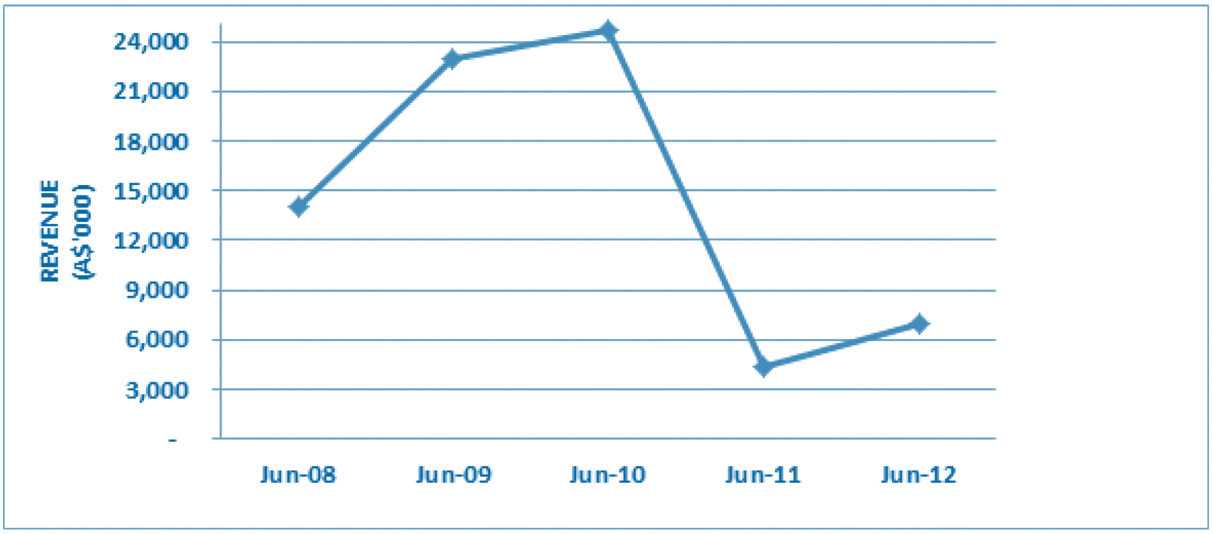
The number of ordinary shares in the Company acquired or subscribed for or issued upon exercise of a performance right or option under the Plan must not, when aggregated with any other ordinary shares issued under the Plan in the Company held by the participating executive directors or executives, exceed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

No LTI plans were in operation during the year.

Remuneration report (Audited) (cont'd)

4. Executive remuneration outcomes for 2012 (including link to performance)

Group performance is reflected in the movement of the Group's revenue over time. Revenue reflects the growth and performance of the Group and revenue is largely based on the number of client sign-ups. The graph below shows the Group's revenue history over the past five years (including the current period).



The decrease in revenue from FY2010 to FY2011 is due to demerger of the mature businesses held by Cordlife Singapore. Subsequent to the demerger, the revenue reflects the improved growth and performance of the developing businesses.

The table below summarises the consequence of the Group's performance on shareholder value for the financial year and the previous four financial years in the form of changes in share price (in accordance with the requirements of the Corporations Act 2001):

Financial year ended 30 June	2008	2009	2010	2011	2012
Closing share price ($ as 30 June)	0.32	0.34	0.37	0.10	0.05

5. Executive contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

Chief Executive Officer

The Chief Executive Officer, Mr Steven Fang, is employed under contract. The key features of the contract may be summarised as follows:

- Mr Steven Fang receives fixed base salary of $329,551 and a fixed transport allowance of $15,519 per annum.
- The Company may terminate Mr Fang's employment by giving 3 months' written notice to Mr Fang or may make payment to him in a sum equal to the base salary he would have earned if he had been given the relevant period of notice.

Remuneration report (Audited) (cont'd)

5. Executive contractual arrangements (cont'd)

- The Company may terminate Mr Fang's appointment immediately without notice (or payment in lieu of notice) if Mr Fang:
  - fails or refuses to comply with a reasonable and lawful direction given to him by the Company;
  - is, in the reasonable opinion of the Company, guilty of serious and wilful neglect or misconduct in the discharge of his duties;
  - has committed a serious breach, or is persistently in breach of any term of the contract and has failed to remedy such breach within 14 days of being requested by the Company in writing to do so;
  - becomes mentally incapable;
  - is made bankrupt;
  - is charged with any criminal offence which may bring the Company into disrepute; or
  - breaches any material provision of the contract.
- Mr Fang may terminate his employment by giving a period of notice of 3 months in writing. Failure to give such notice entitles the Company to deduct from any monies owing to Mr Fang an amount representing the number of weeks or days of the notice period he did not work.

Other KMP

The other key executives are also under rolling employment contracts, the key features of which are as follows:

- Payment of fixed remuneration (base salary, superannuation, transport allowance and non-monetary benefits);
- The Company may terminate the employee's employment by giving 2 to 3 months' written notice to the employee or may make payment to him in a sum equal to the base salary he would have earned if he had been given the relevant period of notice;
- The Company may terminate the employee's appointment immediately without notice (or payment in lieu of notice) if the employee:
  - fails or refuses to comply with a reasonable and lawful direction given to him by the Company;
  - is, in the reasonable opinion of the Company, guilty of serious and wilful neglect or misconduct in the discharge of his duties;
  - has committed a serious breach, or is persistently in breach of any term of the contract and has failed to remedy such breach within 14 days of being requested by the Company in writing to do so;
  - becomes mentally incapable;
  - is made bankrupt;
  - is charged with any criminal offence which may bring the Company into disrepute; or
  - breaches any material provision of the contract.
- The employee may terminate the employment by giving a period of notice of 2 to 3 months in writing. Failure to give such notice entitles the Company to deduct from any monies owing to the employee an amount representing the number of weeks or days of the notice period the employee did not work.

The remuneration of Executives for the year ended 30 June 2012 and June 2011 are detailed in Table 3 and 4 on pages 28 and 29.

Remuneration report (Audited) (cont'd)

6. Non-executive director remuneration arrangements

Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The Board considers advice from external consultants when undertaking the annual review process.

The Company's Constitution and the ASX listing rules specify that the NED pool shall be determined from time to time by a general meeting. The latest determination was at the 2009 annual general meeting (AGM) held on 30 November 2009 when shareholders approved an aggregate fee pool of $250,000 per year.

Structure

The remuneration of NEDs consists of directors' fees. NEDs are also entitled to participate in the Group's Options and Performance Rights Plan, subject to the prior approval by shareholders. This is to provide retention incentive and compensation for additional roles that NEDs participate in.

The remuneration of NEDs for the year ended 30 June 2012 and 30 June 2011 are detailed in Table 1 and Table 2 on pages 27 and 28.

Remuneration of Key Management Personnel of the Company and the Group

The following tables disclose the remuneration of the directors and Company Secretary of the Company:

Table 1: Remuneration for the year ended 30 June 2012

	Short-Term			Post Employ-ment	Long Term			
	Salary and fees $	Bonus $	Other^ $	Super-annuation $	Long service leave $	Share-based Payment $	Total $	Perfor-mance related %
Executive directors								
Steven Fang	329,551	–	15,964	7,238	(1,745)	–	351,008	–
Simon Hoo*	84,521	–	9,288	7,619	781	–	102,209	–
Simon Lee*	94,826	–	14,861	7,273	900	–	117,860	–
Non-executive directors								
Kam Yuen	60,000	–	–	–	–	–	60,000	–
Samuel Kong	45,000	–	–	–	–	–	45,000	–
Mark Ryan	45,000	–	–	4,050	–	–	49,050	–
Voiron Chor	45,000	–	–	–	–	–	45,000	–
Company Secretary								
Andrew Lord	63,679	–	–	–	–	–	63,679	–
Total	**767,577**	**–**	**40,113**	**26,180**	**(64)**	**–**	**833,806**	**–**

^ Other short-term remuneration relates to payment for transport, travel allowances and interest-free component of loans to KMP. Refer to Note 24(e) for further details.

* Appointed on 23 January 2012

Remuneration report (Audited) (cont'd)

6. Non-executive director remuneration arrangements (cont'd)

Table 2: Remuneration for the year ended 30 June 2011

	Short-Term			Post Employ-ment	Long Term			
	Salary and fees $	Bonus $	Other^ $	Super-annuation $	Long service leave $	Share-based Payment $	Total $	Perfor-mance related %
Executive directors								
Steven Fang	329,551	–	35,537	7,591	8,152	140,000	520,831	26.9
Jeremy Yee*	206,302	–	31,496	7,591	5,618	140,000	391,007	35.8
Non-executive directors								
Kam Yuen	60,000	–	–	–	–	–	60,000	–
Samuel Kong	45,000	–	–	–	–	98,000	143,000	68.5
Mark Ryan	45,000	–	–	4,050	–	28,000	77,050	36.3
Voiron Chor	45,000	–	–	–	–	28,000	73,000	38.4
Company Secretary								
Andrew Lord	130,035	–	–	–	–	28,000	158,035	17.7
Total	**860,888**	**–**	**67,033**	**19,232**	**13,770**	**462,000**	**1,422,923**	**32.5**

^ Other short-term remuneration relates to payment for transport, travel allowances and interest-free component of loans to KMP. Refer to Note 24(e) for further details.

* Resigned on 30 June 2011.

The following tables disclose the remuneration of executives of the consolidated entity:

Table 3: Remuneration for the year ended 30 June 2012

	Short-Term			Post Employment			
Executive	Salary and fees $	Bonus $	Other^ $	Super-annuation $	Share-based Payment $	Total $	Perfor-mance related %
Consolidated entity							
Susan Kheng	84,891	–	14,861	7,273	–	107,025	–
Jonathan Liau	82,784	–	9,288	7,520	–	99,592	–
Total	**167,675**	**–**	**24,149**	**14,793**	**–**	**206,617**	**–**

^ Other short-term remuneration relates to payment for transport and travel allowances.

Remuneration report (Audited) (cont'd)

6. Non-executive director remuneration arrangements (cont'd)

Table 4: Remuneration for the year ended 30 June 2011

	Short-Term			Post Employment			
Executive	Salary and fees $	Bonus $	Other^ $	Super-annuation $	Share-based Payment $	Total $	Perfor-mance related %
Consolidated entity							
Susan Kheng	83,795	–	15,815	6,397	70,000	176,007	39.8
Simon Lee	93,600	–	22,309	6,225	60,602	182,736	33.2
Jonathan Liau	73,755	–	16,808	7,371	56,000	153,934	36.4
Gwendolene Yeo*	72,098	–	10,314	6,397	56,000	144,809	38.7
Emily Cheung*	65,161	–	4,648	1,452	28,000	99,261	28.2
Total	**388,409**	**–**	**69,894**	**27,842**	**270,602**	**756,747**	**35.8**

^ Other short-term remuneration relates to payment for transport and travel allowances.

* Ceased to be a KMP from 1 July 2011.

7. Additional statutory disclosures

This section sets out the additional disclosures required under the Corporation Act 2001.

In FY11, there are 2,616,435 of compensation options and performance rights granted and vested by the executives totalling $732,602. All the options and rights granted were exercised during the financial year 30 June 2011.Total number of shares issued on exercise of share options and rights are 2,718,101 shares.

There were no compensation option and performance rights granted to the executives during the financial year ended 30 June 2012. No shares option vested, exercised or lapsed in FY12.

End of Remuneration report (Audited)

Directors' Report

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company during or since the end of the financial year.

Auditor independence and non-audit services

Independence declaration

The directors obtained a declaration of independence from the auditors, Ernst & Young, a copy of which follows the Audit Opinion.

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services	$2,752
Tax advisory services	-
Technical services	-
Transaction advisory services	-

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the *Corporations Act 2001*.

On behalf of the Board

Steven Fang

28 September 2012

Independent Auditors' Report

To the Members of Cordlife Ltd

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Independent audit report to members of Cordlife Limited

Report on the financial report

We have audited the accompanying financial report of Cordlife Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Independent Auditors' Report

To the Members of Cordlife Ltd

ERNST & YOUNG

Opinion

In our opinion:

a. the financial report of Cordlife Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 20 to 29 of the Directors' Report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cordlife Limited for the Year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
28 September 2012

Auditor's Independence Declaration

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Auditor's Independence Declaration to the Directors of Cordlife Limited

In relation to our audit of the financial report of Cordlife Limited for the financial year ended 30 June 2012, 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

G H Meyerowitz
Partner
28 September 2012

Directors' Declaration

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

(1) In the opinion of the directors:

(a) the financial statements and notes of Cordlife Ltd for the financial year ended 30 June 2012 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a).

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

On behalf of the Board

Steven Fang

28 September 2012

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Continuing operations			
Revenue	5(a)	7,271	4,768
Cost of services rendered		(3,377)	(1,867)
Gross profit		3,894	2,901
Other income			
- Sundry income	5(a)	23	8
Distribution and marketing expenses		(3,010)	(1,564)
Administration expenses		(6,731)	(10,436)
Borrowing costs	5(b)	(2,400)	(246)
Loss from continuing operations before income tax		(8,224)	(9,337)
Income tax benefit/(expense)	6	442	(10)
Loss from continuing operations after income tax		(7,782)	(9,347)
Discontinued operations			
Loss from discontinued operations	21	–	(25,845)
Net loss for the year		(7,782)	(35,192)
Other comprehensive losses			
Foreign currency translation losses		(53)	(3,131)
Translation reserve transferred to loss on disposal of subsidiary		–	3,452
Total comprehensive losses for the year, net of tax		(7,835)	(34,871)
Loss after income tax attributable to:			
Non-controlling interests		(162)	(135)
Members of parent		(7,620)	(35,057)
		(7,782)	(35,192)
Total comprehensive loss attributable to:			
Non-controlling interests		(73)	(125)
Members of parent		(7,762)	(34,746)
		(7,835)	(34,871)
Loss per share for continuing operations attributable to the ordinary share equity holders of the Company:			
Basic and diluted loss per share (cents per share)	17	(4.87)	(6.61)
Loss per share for profits attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	17	(4.87)	(25.16)

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

Consolidated Statement of Financial Position

For the financial year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Current assets			
Cash and cash equivalents	27	1,441	5,322
Other financial assets	13	–	7,412
Trade and other receivables	7	2,180	2,382
Prepayments		236	202
Inventories	8	136	74
Total current assets		3,993	15,392
Non-current assets			
Investments in associates	9	–	–
Plant and equipment	10	548	662
Trade and other receivables	7	2,562	1,334
Available for sale financial assets	14	7,992	–
Deferred tax assets	6	6	–
Total non-current assets		11,108	1,996
Total assets		15,101	17,388
Current liabilities			
Trade and other payables	11	2,927	1,808
Provisions		287	159
Deferred revenue	12	322	142
Income tax payable	6	10	–
Total current liabilities		3,546	2,109
Non-current liabilities			
Deferred revenue	12	1,145	670
Deferred tax liabilities	6	-	1,150
Convertible bonds	13	1,140	3,499
Total non-current liabilities		2,285	5,319
Total liabilities		5,831	7,428
Net assets		9,270	9,960
Equity			
Contributed equity	15	71,177	64,707
Foreign currency translation reserve	16	(203)	(61)
Other reserve	16	(1,878)	(1,878)
Employee equity benefits reserve	16	3,206	3,206
Convertible bond reserve	16	3,326	2,651
Accumulated losses		(66,048)	(58,428)
Attributable to equity holders of the parent		9,580	10,197
Non-controlling interests		(310)	(237)
Total equity		9,270	9,960

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash flows from operating activities			
Receipts from customers		6,911	25,358
Payments to suppliers and employees		(11,839)	(26,422)
Interest received		249	323
Interest and other borrowing costs paid		(27)	(64)
Income taxes paid		–	(1,071)
Net cash used in operating activities	27(b)	(4,706)	(1,876)
Cash flows from investing activities			
Purchase of plant and equipment		(200)	(1,844)
Payment for purchase of non-controlling interests		–	(1,751)
Payment for acquisition of interest in associate		–	(4,228)
Net cash lost on disposal of subsidiary		–	(4,049)
Investment in other financial assets		(7,197)	(7,412)
Redemption of term deposits		7,412	–
Net cash generated from/(used in) investing activities		15	(19,284)
Cash flows from financing activities			
Proceeds from issue of convertible bond		1,149	7,412
Proceeds from issue of shares		474	11,619
Repayment of borrowings		(744)	–
Net cash generated from financing activities		879	19,031
Net decrease in cash and cash equivalents held		(3,812)	(2,129)
Cash and cash equivalents at the beginning of the financial year		5,322	7,842
Effects of exchange rate changes on the balance of cash held in foreign currencies		(69)	(391)
Cash and cash equivalents at the end of the financial year	27(a)	1,441	5,322

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2012

	Attributable to equity holders of the parent								
	Contributed equity	Foreign currency translation reserve	Accumulated losses	Employee equity benefits reserve	Con-vertible bond reserve	Other reserves	Total	Non-controlling interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2010	**82,967**	**(372)**	**(23,371)**	**1,773**	**–**	**(1,878)**	**59,119**	**(112)**	**59,007**
Loss for the period	–	–	(35,057)	–	–	–	(35,057)	(135)	(35,192)
Other comprehensive income	–	311	–	–	–	–	311	10	321
Total comprehensive income/ (losses) for the year, net of tax	–	311	(35,057)	–	–	–	(34,746)	(125)	(34,871)
Transactions with owners in their capacity as owners									
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
At 30 June 2011	**64,707**	**(61)**	**(58,428)**	**3,206**	**2,651**	**(1,878)**	**10,197**	**(237)**	**9,960**

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2012

	Attributable to equity holders of the parent								
	Contributed equity	Foreign currency translation reserve	Accumulated losses	Employee equity benefits reserve	Con-vertible bond reserve	Other reserves	Total	Non-controlling interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2011	**64,707**	**(61)**	**(58,428)**	**3,206**	**2,651**	**(1,878)**	**10,197**	**(237)**	**9,960**
Loss for the period	–	–	(7,620)	–	–	–	(7,620)	(162)	(7,782)
Other comprehensive loss	–	(142)	–	–	–	–	(142)	89	(53)
Total comprehensive losses for the year, net of tax	–	(142)	(7,620)	–	–	–	(7,762)	(73)	(7,835)
Transactions with owners in their capacity as owners									
Issuance of shares	6,470	–	–	–	–	–	6,470	–	6,470
Derecognition of deferred tax liability arising from early conversion of convertible bond	–	–	–	–	675	–	675	–	675
At 30 June 2012	**71,177**	**(203)**	**(66,048)**	**3,206**	**3,326**	**(1,878)**	**9,580**	**(310)**	**9,270**

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2012

1. Corporate information

The financial report of Cordlife Ltd (the "Company") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 28 September 2012.

Cordlife Ltd (the parent) is a for profit company limited by shares, incorporated and domiciled in Australia and currently operating in Australia and Asia. Cordlife Ltd is the ultimate holding company of the Group. The shares of the Company are publicly traded on the Australian Securities Exchange.

The Company's registered office and principal place of business is located at Level 5, 190 Queen Street, Melbourne, Victoria 3000, Australia.

The Company and its controlled entities' ("consolidated entity") principal activities in the course of the financial year were the provision of cord blood banking services, which involves the processing and storage of stem cells.

2. Summary of significant accounting policies

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on the basis of historical cost.

The Company is of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the "rounding" of amounts in the financial report. All values contained in this financial report have been rounded to the nearest thousand Australian dollars unless otherwise stated.

(a) Compliance with Standards

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2. Summary of significant accounting policies (cont'd)

(b) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except as follows.

From 1 July 2011, Cordlife Limited has adopted all Australian Accounting Standards and Interpretations mandatory for annual periods beginning on or before 1 July 2011, including:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	The amendments had minimal effect on the Group's financial report.	1 July 2011
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	The amendments had minimal effect on the Group's financial report.	1 July 2011

2. Summary of significant accounting policies (cont'd)

(b) Changes in accounting policy (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits	1 July 2011	The amendments had minimal effect on the Group's financial report.	1 July 2011
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The amendments had minimal effect on the Group's financial report.	1 July 2011

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2012

2. Summary of significant accounting policies (cont'd)

(b) Changes in accounting policy (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	AASB 2010-5	1 January 2011	The amendments had minimal effect on the Group's financial report.	1 July 2011
AASB 1048	Interpretation of Standards	AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.	1 July 2011	The amendments had minimal effect on the Group's financial report.	1 July 2011

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective

The following standards and interpretations have been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2012:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	The Group has not yet determined the impact of the amendments, if any	1 July 2012
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.	1 January 2013*	The Group has not yet determined the impact of the amendments, if any	1 July 2013

* AASB ED 215 mandatory effective date of IFRS 9 proposes to defer the mandatory effective date of AASB 9 from annual periods beginning 1 January 2013 to annual periods beginning on or after 1 January 2015, with early application permitted. At the time of preparation, finalisation of ED 215 is still pending by the AASB. However, the IASB has deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, with early application permitted.

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ▸ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▸ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.			

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures and UIG-113 Jointly-controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle; and	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	The amendments are expected to have no or minimal effect on the Group's financial report	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.	1 July 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.			
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	The Group has not yet determined the impact of the amendments, if any	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	The Group has not yet determined the impact of the amendments, if any	1 July 2015

2. Summary of significant accounting policies (cont'd)

(d) Basis of consolidation

Subsequent to 1 July 2010

The consolidated financial statements comprise the financial statements of Cordlife Limited and its subsidiaries as at and for the period ended 30 June each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

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

Investments in subsidiaries held by Cordlife Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit disposal 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 based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

2. Summary of significant accounting policies (cont'd)

(d) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

(e) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. 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 based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Prior to 1 July 2009, business combinations were accounted for using the purchase method.

2. Summary of significant accounting policies (cont'd)

(f) Foreign currency translation

(i) *Functional and presentation currency*

Both the functional and presentation currency of Cordlife Ltd and its Australian subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) *Transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying 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 reporting date.

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.

(iii) *Translation of Group Companies functional currency to presentation currency*

The results of the subsidiaries are translated into Australian Dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in subsidiaries are taken to the foreign currency translation reserve. If a subsidiary is sold or disposed of, the proportionate share of exchange differences is transferred out of equity and recognised in the statement of comprehensive income.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with a maturity of three months or less that are held for the purpose of meeting short term commitments and not for investment purposes and are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing borrowings in current liabilities on the statement of financial position.

(h) Inventories

Inventories of the Group are measured and carried at cost on a first in first out basis, and consist of collection kit boxes used in the provision of a service.

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

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

2. Summary of significant accounting policies (cont'd)

(i) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are recognised in the statement of comprehensive income as incurred.

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
Motor vehicles	-	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is included in the statement of comprehensive income when the asset is derecognised.

(j) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Convertible bond

On issuance of the convertible bonds, the fair value of the liability component is determined using an estimated market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. Interest on the liability component of the instrument is recognised as an expense in the statement of comprehensive income.

2. Summary of significant accounting policies (cont'd)

(k) Convertible bond (cont'd)

The fair value of any derivative features embedded in the convertible bond other than the equity component are included in the liability component. Subsequent to initial recognition, these derivative features are measured at fair value with gains and losses recognised in the statement of comprehensive income.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(m) Financial instruments

(i) *Financial assets*

Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, other financial assets and trade and other receivables.

The Group's current trade receivables generally have 30-60 day terms. Non-current trade receivables represents cord blood banking service revenues receivable under annual, five year and ten year plans that have yet to be billed to the customer. Upon billing, the billed amount will be receivable under the same terms as current trade receivables.

The Group's non-current trade receivables have been discounted to their present value using market determined risk adjusted discount rates for respective entities in the Group.

2. Summary of significant accounting policies (cont'd)

(m) Financial instruments (cont'd)

(i) *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are be measured at cost.

(ii) *Impairment of financial assets*

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Summary of significant accounting policies (cont'd)

(m) Financial instruments (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset, and recognised in the statement of comprehensive income. Such impairment losses are not be reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

2. Summary of significant accounting policies (cont'd)

(m) Financial instruments (cont'd)

(iii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. The Group's financial liabilities include trade and other payables and convertible bond which are classified as loans and borrowings.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(iv) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

2. Summary of significant accounting policies (cont'd)

(n) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

(o) Revenue recognition

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services

Revenue from cord blood banking contracts is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the percentage of costs incurred to estimated total costs to complete the contracts.

Where services are being provided under cord blood banking contracts, revenue is only recognised to the extent that services have been rendered, with the remaining amounts received in advance being accounted for as deferred revenue on the statement of financial position.

Interest revenue

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

2. Summary of significant accounting policies (cont'd)

(p) Share-based payment transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, 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. Further details of the Plan are set out in Note 22.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes Pricing Model, further details of which are given in Note 22.

In valuing equity-settled transactions, no account is taken of any conditions other than those linked to the price of the shares of Cordlife 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 and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Equity-settled awards granted by Cordlife Ltd to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated on consolidation. As a result, the expense recognised by Cordlife Ltd in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If 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.

2. Summary of significant accounting policies (cont'd)

(q) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

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 asset 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 recognised as an expense in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of 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 statement of comprehensive income on a straight-line basis over the lease term.

(r) Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting 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 goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- where the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

(r) Income tax (cont'd)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits 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 credits and unused tax losses can be utilised, except:

- when 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; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case, a deferred tax asset is only recognised to the extent that it is probable that the temporary difference 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 reporting 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. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(s) 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 statement of financial position.

Cash flows are included in the statement of cash flows 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.

2. Summary of significant accounting policies (cont'd)

(t) Employee benefits

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

Liabilities in respect of employee service up to the reporting date for wages and salaries and annual leave due to be settled within 12 months of the reporting date, are measured at their nominal values using the remuneration rate due to apply at the time of settlement. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Any provision made in respect of long service leave which is not due to be settled within 12 months is measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares.

(w) 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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 statement of comprehensive income net of any reimbursement.

(x) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

2. Summary of significant accounting policies (cont'd)

(x) Segment reporting (cont'd)

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services, and if applicable; and
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(y) Investment in associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit of an associate if show on the face of statement of comprehensive income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statement of the associate are prepared for the same reporting period as the Group. When necessary adjustments are made to bring the accounting policies in line with those of the Group.

3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements at the end of the reporting period. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

3. Significant accounting judgments, estimates and assumptions (cont'd)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts. Details of the impairment loss allowance are outlined in Note 7.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for equipment). In addition, the condition of the assets are assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 10.

Revenue recognition

The Group recognises revenue from cord blood banking service contracts based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(o). Significant assumptions and estimates are required in determining the stage of completion, total estimated costs, revenue and deferred revenue. In making the assumptions, the Group evaluates them by relying on past experience and evidence.

Expected net cash flows have been discounted to their present value using market determined risk adjusted discount rates for the following entities in the Group:

- PT Cordlife Indonesia – 14% (2011: 14%)
- Cordlife Sciences (India) Pvt Ltd – 17% (2011: 17%)
- Cordlife Medical Phils Inc. – 14% (2011: 14%)

3. Significant accounting judgments, estimates and assumptions (cont'd)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has tax losses arising during the year amounting to $7,192,000 (2011: $8,427,000). These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiary has no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. Further details on taxes are disclosed in Note 6.

4. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management processes and initiatives. The Group manages its financial risks to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees management's processes for managing each of these risks as summarised below. The Company believes that it is crucial for all Board members to be a part of this process.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's key exposure to cash flow variable interest rate risk is from the Group's cash and cash equivalents and other financial assets which relate to term deposits of varying maturities and variable interest rates during the financial year. The details of cash balances required to meet short term commitments is disclosed in Note 27.

The Group has cash balances placed with reputable banks and financial institutions. The Group manages its interest rate risks on its interest income by placing cash balances in deposits of varying maturities to access the strongest interest rates available and conserve the capital base of those funds.

At the reporting date the financial assets and liabilities of the Group that were exposed to variable interest rate that are not designated in a cash flow hedge is cash and cash equivalent amounting to $1,441,000 (2011: $5,322,000).

4. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Movements in interest rates will therefore have an impact on the Company and the Group. At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit/loss and equity would have been affected as follows:

	Net profit Higher/ (Lower)		Other comprehensive income Higher/ (Lower)	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Judgements of reasonably possible movements *:				
+ 1% (2011: +1%)	14	53	14	53
- 0.5% (2011: -0.5%)	(7)	(27)	(7)	(27)

* The rate applied in 2012 is based on management expectations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the respective functional currencies).

As a result of significant operations in Indonesia, India and Philippines during the year, the Group's statement of financial position can be affected by movements in the IDR/A$, INR/A$ and PHP/A$ exchange rates. The Group did not seek to hedge this exposure as the currency positions in IDR, INR and PHP are considered to be long-term in nature.

The Group is therefore exposed to translation risk when reporting in Australian dollars but do not consider there to be a foreign currency risk exposure.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise mainly of cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group's primary bankers are United Overseas Bank Limited and Commonwealth Bank of Australia, with whom the Group's operating accounts are held. The directors consider these financial institutions, which have ratings of at least A from Standard & Poor's, to be appropriate for the management of credit risk with regards to funds on deposit.

Trade receivables comprise amounts due from parents and therefore the individuals cannot be subject to the types of credit assessments that could be otherwise undertaken if dealing with a corporate entity. As such, the Group can potentially be subject to credit risks. To mitigate such risks, receivable balances are monitored on a regular basis with the result that the Group's exposure to bad debts to date has not been significant.

The nature of the cord blood banking business whereby the child's umbilical cord stem cells are stored with the Group reduces the likelihood of default in payment.

Except for the matters above, there are no significant concentrations of credit risk within the Group.

4. Financial risk management objectives and policies (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain adequate funding to meet the operating requirements of the business and to facilitate the Group's ongoing growth plans.

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 30 June 2012		Cash flows		
	Carrying amount	Total contractual cash flows	Within 1 year	Within 2 to 5 years
	$'000	$'000	$'000	$'000
Trade and other payables	2,927	2,927	2,927	–
Provisions	287	287	287	–
Convertible bonds	1,140	1,672	–	1,672
	4,354	4,886	3,214	1,672
Year ended 30 June 2011				
Trade and other payables	1,808	1,808	1,808	–
Provisions	159	159	159	–
Convertible bonds	3,499	9,802	–	9,802
	5,466	11,769	1,967	9,802

5. Revenue and expenses

	2012	2011
	$'000	$'000
(a) *Revenue*		
Revenue from the rendering of services	6,925	4,409
Other revenue		
Interest revenue	220	289
Interest revenue on long-term trade receivables	126	70
Total revenue	7,271	4,768
Other income		
Other	23	8
	23	8
Total revenue and other income	7,294	4,776

5. Revenue and expenses (cont'd)

	2012	2011
	$'000	$'000
(b) *Expenses*		
Borrowing costs:		
- Interest on convertible bonds	2,390	246
- Others	10	–
	2,400	246
Depreciation of plant and equipment	348	444
Operating lease rental expenses	380	386
Employee benefits expense:		
- Wages and salaries	3,867	3,993
- Defined contribution plan expense	176	258
- Share-based payment expense	–	1,433
	4,043	5,684
Other expenses:		
- Legal and professional	612	835
- Travel	924	1,275
- Consultancy	741	344
- Advertising and promotion	717	626
- Impairment loss on trade receivables	238	120

6. Income tax

(a) ***The major components of income tax expense for the years ended 30 June 2012 and 30 June 2011:***

	2012	2011
	$'000	$'000
Current income tax:		
Current income tax charge	59	1,062
Deferred tax:		
Relating to origination and reversal of temporary differences	(462)	83
Adjustment in respect of deferred income tax of previous year	(39)	–
Income tax (benefit)/expense reported in the statement of comprehensive income	(442)	1,145

Income tax (benefit)/expense from continuing operations in the statement of comprehensive income relates to current income tax.

Income tax (benefit)/expense is attributable to:

	2012	2011
	$'000	$'000
Continuing operations	(442)	10
Discontinued operations	–	1,135
	(442)	1,145

6. Income tax (cont'd)

(b) *Amount charged or credited to equity*

	2012	2011
	$'000	$'000
Deferred income tax related to items charged directly to equity:		
(Conversion)/Initial recognition convertible bond	(675)	1,136
Income tax (benefit)/expense reported in equity	(675)	1,136

(c) *A reconciliation between tax (benefit)/expense and the product of accounting loss before tax multiplied by the Group's applicable income tax rate for the year ended 30 June 2012 and 2011 is as follows:*

	2012	2011
	$'000	$'000
Loss before tax from continuing operations	(8,224)	(9,337)
Loss from discontinued operations	–	(24,710)
Total accounting loss before income tax	(8,224)	(34,047)
Income tax benefit calculated at the Company's statutory income tax rate of 30% (2011: 30%)	(2,467)	(10,214)
Expenses not deductible for tax purposes	236	10,455
Income not subject to tax	–	(11)
Tax losses and temporary differences not brought to account as deferred tax asset	1,577	2,114
Differences in tax rates	209	(1,153)
Statutory tax required by foreign subsidiary*	29	10
Over provision in prior years	(39)	(24)
Others	13	(32)
Income tax (benefit)/expense	(442)	1,145

* The Group's subsidiary in Philippines is subject to a Minimum Corporate Income Tax under the National Internal Revenue Code, chargeable at 2% of the subsidiary's gross revenue.

(d) *Deferred and current tax balances reconciliations*

	Current income tax 2012	Deferred income tax 2012	Current income tax 2011	Deferred income tax 2011
	$'000	$'000	$'000	$'000
Opening balance	–	(1,150)	(1,803)	(41)
Charged to income	(59)	501	(1,062)	(83)
Charged to equity	–	675	–	(1,136)
Other payments	52	–	1,071	–
Disposals	–	–	1,562	–
Exchange rate adjustments	(3)	(20)	232	110
	(10)	6	–	(1,150)

6. Income tax (cont'd)

(d) ***Deferred and current tax balances reconciliations (cont'd)***

	Statement of financial position 2012	2011
	$'000	$'000
Deferred income tax at 30 June relates to the following:		
Deferred tax (assets)/liabilities		
Accelerated depreciation: plant and equipment	(6)	14
Convertible bond	–	1,136
	(6)	1,150

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Group has assessed the impact of these changes on the Group's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2012 (2011: nil).

7. Trade and other receivables

	2012	2011
	$'000	$'000
Current		
Trade receivables	1,836	1,554
Allowance for impairment loss	(262)	(95)
	1,574	1,459
Goods and services tax (GST) receivable	70	251
Interest and other receivables	536	628
Amount owing from associates	–	44
	2,180	2,382

Terms and conditions

Terms and conditions relating to the above financial instruments are as follows:

(i) Trade receivables are non-interest bearing and generally on 30 to 60 day terms.

(ii) Interest receivables are due on maturity of fixed deposits. These fixed deposits have a maturity of three to twelve months.

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

7. Trade and other receivables (cont'd)

As at 30 June 2012, non-current and current trade receivables of $328,000 (2011:$115,000) were impaired and fully provided for. See below for the movements in the provision for impairment of current receivables:

	2012	2011
	$'000	$'000
At 1 July	95	169
Eliminated on disposal of subsidiaries (note 21)	–	(169)
Charge for the year	189	99
Exchange rate adjustment	(22)	(4)
At 30 June	262	95

At 30 June, the ageing analysis of current trade receivables is as follows:

				Past due but not impaired			
		Total	Neither past due nor impaired	>30 days	31 – 60 days	61 – 90 days	>90 days
		$'000	$'000	$'000	$'000	$'000	$'000
2012	Consolidated	1,574	1,219	88	71	75	121
2011	Consolidated	1,459	984	116	63	88	208

Receivables past due but not impaired is $355,000 (2011: $475,000). All of the customers are parents. Given the nature of cord blood banking business whereby the child's umbilical cord stem cells are stored with the Group, the likelihood of default in payment is considered minimal. Each operating unit has been in direct contact with the relevant customer and is satisfied that payment will be received in full.

Other balances within trade and other receivables, other than those stated above, do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

	2012	2011
	$'000	$'000
Non-current		
Trade receivables	2,628	1,354
Allowance for impairment loss	(66)	(20)
	2,562	1,334

Movements in the impairment allowance account were as follows:

	2012	2011
	$'000	$'000
At 1 July	20	117
Eliminated on disposal of subsidiaries (note 21)	–	(117)
Charge for the year	49	21
Exchange rate adjustment	(3)	(1)
At 30 June	66	20

Non-current trade receivables represent cord blood banking service revenues receivable under non-cancellable annual, five year and ten year plans that have yet to be billed to the customer. Upon billing, the billed amount will be receivable under the same terms as current trade receivables.

7. Trade and other receivables (cont'd)

Fair value

Due to the short term nature of current receivables, their carrying value is assumed to approximate their fair value.

The fair value of the non-current trade receivables is equivalent to its carrying value. Non-current trade receivables are carried at amortised cost and are not yet due. The expected net cash flows have been discounted to their present value using market determined risk adjusted discount rates for the following entities:

- PT Cordlife Indonesia – 14% (2011: 14%)
- Cordlife Sciences (India) Pvt Ltd – 17% (2011: 17%)
- Cordlife Medical Phils Inc. – 14% (2011: 14%)

Foreign exchange and credit risk

Refer to Note 4 for details regarding the risk exposures arising from financial assets.

8. Inventories

Inventories of the Group consist of consumables carried at cost that are used when rendering the cord blood processing service.

9. Investments in associates

	2012	2011
	$'000	$'000
Movement in carrying amount:		
Investments in associates - at 1 July	–	12,060
Less : Disposal of subsidiaries	–	(11,532)
Exchange rate adjustments	–	(528)
At 30 June	–	–

At 30 June 2012, the Group has a 25.6% equity stake in Cytomatrix Pty Ltd and its subsidiaries. The Company's investment was fully impaired in a prior year.

The following table illustrates summarised financial information relating to the Group's investments in associates:

	2012	2011
	$'000	$'000
Share of associates' statement of financial position at the reporting date:		
Current assets	9	10
Non-current assets	615	616
Current liabilities	(87)	(89)
Non-current liabilities	(3)	(11)
Net assets	534	526
Share of associates' profit or loss for the year:		
Profit before income tax	–	1,477
Income tax expense	–	(171)
Profit after income tax	–	1,306

The Group has not recognised losses relating to an associate where its share of losses exceeds the Group's carrying amount of its investment in the associate. The Group's cumulative share of the unrecognised losses is $177,000 (2011: $179,000). The Group has no obligation in respect of these losses.

10. Plant and equipment

	2012	2011
	$'000	$'000
Leasehold improvements		
At cost	266	288
Accumulated depreciation	(235)	(225)
	31	63
Office equipment		
At cost	1,011	970
Accumulated depreciation	(805)	(612)
	206	358
Plant and equipment		
At cost	686	562
Accumulated depreciation	(375)	(321)
	311	241
Motor vehicles		
At cost	–	32
Accumulated depreciation	–	(32)
	–	–
Total plant and equipment		
At cost	1,963	1,852
Accumulated depreciation	(1,415)	(1,190)
Total written down amount	548	662

Reconciliation of carrying amounts at the beginning and end of period

	2012	2011
	$'000	$'000
Leasehold improvements		
Cost	288	1,273
Accumulated depreciation	(225)	(267)
Net carrying amount at beginning	63	1,006
Additions	3	30
Eliminated on disposal of subsidiaries (note 21)	–	(555)
Depreciation expense	(35)	(245)
Exchange rate adjustment	–	(173)
	31	63
Office equipment		
Cost	970	1,815
Accumulated depreciation	(612)	(976)
Net carrying amount at beginning	358	839
Additions	91	236
Disposals	(16)	(13)
Eliminated on disposal of subsidiaries (note 21)	–	(312)
Depreciation expense	(222)	(394)
Exchange rate adjustment	(5)	2
	206	358

10. Plant and equipment (cont'd)

Reconciliation of carrying amounts at the beginning and end of period (cont'd)

	2012	2011
	$'000	$'000
Plant and equipment		
Cost	562	1,511
Accumulated depreciation	(321)	(896)
Net carrying amount at beginning	241	615
Additions	176	343
Disposals	–	(6)
Eliminated on disposal of subsidiaries (note 21)	–	(385)
Depreciation expense	(91)	(237)
Exchange rate adjustment	(15)	(89)
	311	241
Motor vehicles		
Cost	32	80
Accumulated depreciation	(32)	(41)
Net carrying amount at beginning	–	39
Additions	–	–
Eliminated on disposal of subsidiaries (note 21)	–	(20)
Depreciation expense	–	(12)
Exchange rate adjustment	–	(7)
	–	–

There are no encumbrances over the fixed assets of the Group.

11. Trade and other payables

	2012	2011
	$'000	$'000
Trade payables	46	28
Goods and services tax (GST) payable	25	63
Non-trade payables and accruals	2,856	1,717
	2,927	1,808

Terms and conditions

Trade payables, GST payable and other non-trade payables are non-interest bearing and are normally settled on 30-60 day terms.

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Refer to Note 4 for details regarding risk exposures arising from financial liabilities.

12. Deferred revenue

	2012	2011
	$'000	$'000
Deferred revenue (current)	322	142
Deferred revenue (non-current)	1,145	670

Deferred revenue represents revenue received in advance for services to be rendered under cord blood banking contracts.

13. Convertible bonds

	2012	2011
	$'000	$'000
Convertible bonds	1,140	3,499

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 was 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, occurred resulting in the exercise of the share options by the bond holder.

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.

In accordance with the Bond Agreement, this was applied against the exercise price of the options ($8,720,000), 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), an actual and implied yield of 20% per annum with a maturity period of 2 years. The bond holder has the option to convert the bond into ordinary shares of CS Cell Technologies Pte Ltd at any time on or after falling 6 months from 7 March 2012 (the "issue date").

Upon conversion of the option by the bond holder or on maturity date ("conversion date"), the aggregate of the principal amount of the convertible bond and the interest accreted thereon from the issue date to the conversion date will be divided by the contracted conversion price to derive the number of shares which the bond holder is entitled to receive.

The conversion price is a multiple of the total share capital of CS Cell Technologies Pte Ltd as at the conversion date and a conversion factor, divided by the total number of issued shares outstanding as at the conversion date. By mutual agreement, the number of shares on issue has been fixed over the term of the bond.

At conversion date, the bond holder will acquire an equity stake in CS Cell Technologies Pte Ltd not exceeding 30%.

The fair value of the liability portion of the convertible bond is estimated using an equivalent interest rate for the issuer for an instrument with similar terms but without the conversion option.

14. 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 was US$8,160,000 (equivalent to A$7,992,000).

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.

15. Contributed equity

	2012	2011
	$'000	$'000
172,687,354 (2011: 150,887,354) fully paid ordinary shares	71,177	94,180
Fully paid ordinary shares :		
Balance at beginning of financial year - 150,887,354 (2011: 108,973,263) fully paid ordinary shares	64,707	82,967
Issue of shares during the year - 21,800,000 (2011: 41,914,091) fully paid ordinary shares	6,470	11,619
Transaction costs related to issue of shares	–	(406)
Share capital reduction	–	(29,473)
Balance at end of financial year	71,177	64,707

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 upon the conversion of the bond during the year.

Capital management

Capital comprise of shareholders' equity as disclosed in the statement of financial position.

The Group's objective when managing capital is to ensure that the Group continues as a going concern as well as to maintain optimal returns to shareholders and other benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity as well as to allow the Group to expand and pursue future investment activities.

To adjust the capital structure to take advantage of favourable costs of capital or high returns on assets, the Group may obtain gearing through loans and borrowings, pay dividends to shareholders, return capital to shareholders or issue new shares. The Group is currently primarily equity-funded and raises capital from the market.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2012 and 30 June 2011.

16. Reserves

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 22 for further details of this Plan.

Other reserve

When the Company purchased non-controlling interests in PT Cordlife Indonesia and Cordlife (Hong Kong) Ltd in prior years, this reserve was used to record the consideration paid in excess of the carrying value of the non-controlling interest.

Convertible bond reserve

This reserve is used to record the equity portion of the convertible bond net of transaction costs.

17. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income used in the basic and diluted earnings per share computations:

	2012	2011
	$'000	$'000
Net loss from continuing operations attributable to ordinary equity holders of the parent	(7,620)	(9,212)
Loss attributable to discontinued operations	–	(25,845)
Net loss attributable to ordinary equity holders of the parent	(7,620)	(35,057)

	2012	2011
	'000	'000
Weighted average number of ordinary shares for basic earnings per share	156,502	139,323
Effect of dilution:		
Share options	–	–
Convertible bond options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	156,502	139,323

Total options considered anti-dilutive, which could be dilutive in the future, amounts to Nil at 30 June 2012 (2011: 21,800,000). This does not include the estimated 869,000 shares potentially issuable by the subsidiary company, CS Cell Technologies Pte Ltd, on conversion of the 2012 convertible bond disclosed in note 13.

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2012

18. Commitments

Operating lease commitments

Operating leases relate to office premises with lease terms of between 2 to 21 years, with an option to extend for a further 1 to 3 years. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2012	2011
	$'000	$'000
Within one year	256	234
After one year and not more than 5 years	555	543
More than 5 years	454	923
	1,265	1,700

19. Controlled entities

Name of company	Country of incorporation	Percentage of equity held by the Parent	
		2012	2011
		%	%
Parent entity			
Cordlife Ltd	Australia		
Controlled entities			
Cordlife International Pte Ltd+	Singapore	100	100
Cordlife Services (S) Pte Ltd	Singapore	100	100
Cordlife Stem Cell Technology Limited+	Hong Kong	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	Europe	100	100
CS Cell Technologies Pte Ltd +	Singapore	100^	–

\+ Investments held by Cordlife Services (S) Pte Ltd

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

^ The entity was incorporated during the year for the investment holding purposes.

20. Parent entity information

	Company	
	2012	2011
	$'000	$'000
Information relating to Cordlife Ltd:		
Current assets	7,354	25,397
Total assets	7,985	26,329
Current liabilities	462	1,734
Total liabilities	462	6,370
Issued capital	71,177	64,707
Retained earnings	(70,186)	(50,605)
Employee equity benefits reserve	3,206	3,206
Convertible bond reserve	3,326	2,651
Total shareholders' equity	7,523	19,959
Loss of the parent entity	(19,581)	(8,167)
Total comprehensive income of the parent entity	(19,581)	(8,167)

There are no guarantees provided by the parent entity to its subsidiaries as at 30 June 2012. There are no contingencies for the parent entity as at 30 June 2012.

21. Discontinued operations

(a) *Details of operations disposed*

On 16 June 2011, the shareholders of the Company approved a capital reduction exercise, implemented by way of a distribution in specie of all the issued ordinary shares in its wholly owned subsidiary, Cordlife Pte Ltd and its subsidiaries ("Cordlife Singapore"). The capital reduction effectively resulted in the demerger of Cordlife Singapore from the Group.

Cordlife Singapore owns the more mature cord blood bank businesses in Singapore and through its subsidiary in Hong Kong. Cordlife Singapore also owns an indirect interest 10% interest in Guangzhou Municipality Tianhe Nuoya Bioengineering Co. Ltd which is the operator of the sole cord blood banking licensee in the Guangdong province in China. Cordlife Singapore formed the stabilised market segment previously disclosed.

At 30 June 2011, the capital reduction exercise was completed and Cordlife Singapore disposed of.

There were no operations disposed of during the year ended 30 June 2012.

(b) *Financial performance of operations disposed*

The results of the discontinued operations for the year until disposal are presented below:

	2011
	$'000
Revenue	21,116
Share of results of associates	1,306
Expenses	(14,683)
Loss on disposal of subsidiary	(32,449)
Loss before tax	**(24,710)**
Tax expense on pre-tax profit excluding disposal	(1,135)
Tax expense on loss of disposal of subsidiary	–
Loss from discontinued operations	**(25,845)**

21. Discontinued operations (cont'd)

(c) Assets and liabilities of disposed entity

The major classes of assets and liabilities disposed off as at 30 June 2011 were as follows:

	2011
	$'000
Assets	
Goodwill	27,500
Investment in associate	11,532
Intangibles	8
Property, plant and equipment	3,397
Trade and other receivables	23,642
Cash and cash equivalents	4,049
Liabilities	
Trade and other payables	3,491
Deferred revenue	7,294
Interest-bearing borrowings	771
Deferred tax liability	101
Net assets disposed off attributable to discontinued operations	58,471
Loss on disposal:	
Cash	–
Fair value of subsidiaries disposed of via capital reduction	29,474
	29,474
Less: Net assets disposed off	(58,471)
Translation reserve disposed off	(3,452)
	(32,449)
Income tax expense	–
Loss on disposal after tax	(32,449)
Net cash outflow on disposal:	
Cash and cash equivalents balance disposed off	(4,049)
Loss per share -cents per share:	
- Basic from discontinued operations	(18.55)
- Diluted from discontinued operations	(18.55)

(d) Cash flow information - held for sale of operations

The net cash flows of Cordlife Singapore are as follows:

Operating activities	6,259
Investing activities	(3,401)
Financing activities	(5,670)
Net cash outflow	(2,812)

22. Share-based payment plan

(a) *Recognised share-based payment expense*

The expense recognised during the year is as follows:

	2012	2011
	$'000	$'000
Expense arising from equity-settled share-based payment transactions	–	1,433

(b) *Type of share-based payment plan*

An equity incentive plan, the Options and Performance Rights Plan ("Plan") was introduced on 23 November 2005 at the Company's Annual General Meeting to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. The Plan was administered by the Remuneration Committee up until 30 January 2009 and subsequent to this date it is now administered by the Board. The directors and employees of Cordlife Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Board of Directors.

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 issued under the Plan in the Company held by the participating directors or executives, exceed 10% of the total ordinary shares in the Company issued at the time of issue of the performance rights or options.

In 2007, performance rights allocations were made to employees. Each allocation comprised three tranches and each tranche covered a financial year (2006, 2007, 2008). The vesting of each tranche is dependent on the meeting of Key Result Areas (KRAs) and a service period of each individual. The KRAs relate to financial and non-financial corporate and individual measures of performance. Typically included are measures such as contribution to revenue based on client sign-ups, customer service, risk management, product management and leadership contributions. These measures were chosen as they represent the key drivers for success of the business and provide a framework for delivering long-term value. On termination of employment, the unvested performance rights lapse immediately.

On an annual basis, management and the Board, in line with their responsibilities, determine for each employee whether they have met their performance vesting conditions. This process usually occurs within 3 months after the reporting date.

On 30 November 2010, 5,116,435 options were awarded to employees and directors. The performance hurdles were established and approved.

The options had a vesting date of 30 November 2011. The exercise price of all options granted is $0.00 per option. There are no cash settlement alternatives. Options and rights granted during the financial year ended 30 June 2011 had their vesting and exercise date brought forward from 30 November 2011 to 17 June 2011. The alteration was made on 10 June 2011, subject to the shareholders' approval of the capital reduction and demerger of Cordlife Singapore. Other than the advancement of vesting dates, no other terms were varied. The share price on the date of alteration was $0.30. The options were fully exercised by employees and directors during the year ended 30 June 2011.

There were no share-based payment plan transactions during the year ended 30 June 2012.

There were no new options granted for the year ended 30 June 2012.

22. Share-based payment plan (cont'd)

(c) Summary of options granted under the Plan

The following table illustrates the number of and movements in share options and rights issued during the year:

	2012	2011
Outstanding at the beginning of the year	60,000	546,661
Granted during the year	–	5,116,435
Exercised during the year *	–	(5,603,099)
Rounding adjustment	–	3
Outstanding at the end of the year	60,000	60,000
Exercisable at the end of the year	60,000	60,000

* The weighted average share price at the date of exercise was $0.01 in 2011. No options were exercised in 2012.

(d) Weighted average exercise price

The weighted average exercise price is $nil (2011: $0.00) as stipulated in the Options and Performance Rights Plan.

(e) Weighted average fair value

The weighted average fair value of options granted in 2011 was $0.28. There were no options granted in 2012.

(f) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 1 year (2011: 1 year).

(g) Option pricing model

As there are no market based performance hurdles attached to any of the share options issued to date and, the exercise price is $nil (2011: $0.00), the value of each share option issued is equivalent to the share price on day of grant.

23. 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 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 and as a result of the capital reduction exercise and disposal of Cordlife Singapore during the year, management has identified Indonesia, India, and Philippines as reportable segments for FY2012. The comparative information has been revised to reflect the changes to the operating segments of the Company.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2012

23. Segment information (cont'd)

All segments are in the business of providing cord blood extraction and banking services to their respective locations.

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
- Interest expense
- Share-based payments

Year ended 30 June 2012

	Indonesia $'000	India $'000	Philippines $'000	Others $'000	Total $'000
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
Subtotal	1,658	3,435	1,468	490	7,051
Unallocated revenue:					
Interest revenue					220
Total consolidated revenue					7,271

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 from discontinued operations*	349	–	12	2	363
Interest revenue on long-term trade receivables	45	22	3	–	70
Subtotal	1,383	1,727	1,247	122	4,479
Unallocated revenue:					
Interest revenue					289
Total consolidated revenue					4,768

* Commission revenue from discontinued operations is eliminated at group level.

23. Segment information (cont'd)

Segment results

	2012	2011
	$'000	$'000
Segment losses:		
- India	(762)	(896)
- Philippines	(362)	(614)
- Indonesia	(1,018)	(1,515)
	(2,142)	(3,025)
Unallocated income/(expense):		
Interest income	220	289
Interest expense	(2,400)	(246)
Share-based payment	–	(1,433)
Corporate costs	(3,271)	(4,887)
Other unallocated	(631)	(35)
Loss from continuing operations before income tax expense	(8,224)	(9,337)
Income tax benefit/(expense)	442	(10)
Loss from continuing operations after income tax expense	(7,782)	(9,347)

	Assets	Liabilities
	$'000	$'000
Segment assets and liabilities		
30 June 2012		
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/ liabilities	8,375	1,166
Other unallocated	685	2,170
Consolidated	15,101	5,831
Segment assets and liabilities		
30 June 2011		
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/ liabilities	12,050	5,750
Other unallocated	704	1,442
Consolidated	17,388	7,428

23. Segment information (cont'd)

Other segment information

	India	Philippines	Indonesia	Unallocated	Dis-continued operations	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2012						
Capital expenditure	164	19	44	43	–	270
Depreciation of segment assets	69	109	93	77	–	348
Year ended 30 June 2011						
Capital expenditure	132	133	35	57	2,419	2,776
Depreciation of segment assets	184	83	90	87	444	888

There are no assets held in the country of domicile, Australia.

24. Related party disclosures

(a) ***Equity interests in related parties***

Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 19 to the financial statements.

(b) ***Transactions with associates***

There were no transactions between the Company and the associates during the current financial year (2011: nil).

(c) ***Related party balances***

There are no related party balances as at 30 June 2012.

(d) ***Key management personnel***

Details relating to KMP, including remuneration paid, are included in Note 25.

(e) ***Loans to key management personnel***

No interest-free loans were provided during the year. Interest-free loans of $52,000 were provided to key management personnel for the purpose of the Company's Car Assistance Scheme last year. The use of the loan is strictly for the purchase of a vehicle registered under the key management personnel's name. The loan is repayable within 2 years on interest-free terms, through deductions of monthly salary.

The loans were provided to Mr Fang Boon Sing Steven (2012 and 2011) and Mr Jeremy Yee (2011 only) who resigned on 30 June 2011. The interest-free component is $445 (2011: $4,380) and is disclosed in the Remuneration Report.

25. Key management personnel disclosures

Details of key management personnel

Directors:

Kam Yuen	(Chairman, non-executive)
Steven Fang	(Director, executive)
Simon Hoo	(Director, executive, appointed on 23 January 2012)
Simon Lee	(Director, executive, appointed on 23 January 2012)
Samuel Kong	(Director, non-executive)
Mark Ryan	(Director, non-executive)
Voiron Chor	(Director, non-executive)

Executives:

Susan Kheng	(Group General Manager)
Jonathan Liau	(Chief Operating Officer)
Andrew Lord	(Company Secretary)

Compensation of key management personnel

	Consolidated	
	2012	2011
	$	$
Short-term employee benefits	999,514	1,386,224
Long-term employee benefits	(64)	13,770
Post Employment benefits	40,973	49,335
Share-based payment	–	732,602
	1,040,423	2,181,931

Shareholdings of key management personnel

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Fully paid ordinary shares of Cordlife Ltd:

	Balance at 1 July 2011	Granted as remuneration	Received on exercise of options/rights	Net other change	Balance at 30 June 2012
	No.	No.	No.	No.	No.
Directors:					
Kam Yuen	–	–	–	–	–
Steven Fang	7,229,960	–	–	–	7,229,960
Simon Hoo^	300,000	–	–	–	300,000
Simon Lee^	953,723			–	953,723
Samuel Kong	350,000	–	–	–	350,000
Mark Ryan	186,980	–	–	–	186,980
Voiron Chor	100,000	–	–	–	100,000
Executives:					
Susan Kheng	906,972	–	–	–	906,972
Jonathan Liau	330,000	–	–	–	330,000
Andrew Lord	100,000	–	–	–	100,000
	10,457,635	–	–	–	10,457,635

^ Appointed on 23 January 2012

25. Key management personnel disclosures (cont'd)

Shareholdings of key management personnel (cont'd)

	Balance at 1 July 2010	Granted as remuneration	Received on exercise of options/rights	Net other change	Balance at 30 June 2011
	No.	No.	No.	No.	No.
Directors:					
Kam Yuen	–	–	–	–	–
Steven Fang	6,729,960	–	500,000	–	7,229,960
Jeremy Yee^	821,033	–	500,000	(1,321,033)	–
Samuel Kong	–	–	350,000	–	350,000
Mark Ryan	65,233	–	100,000	21,747	186,980
Voiron Chor	–	–	100,000	–	100,000
Executives:					
Susan Kheng	613,638	–	293,334	–	906,972
Simon Lee	737,288	–	216,435	–	953,723
Jonathan Liau	100,000	–	200,000	30,000	330,000
Gwendolene Yeo*	77,931	–	233,333	(311,264)	–
Emily Cheung*	50,000	–	125,000	(175,000)	–
Andrew Lord	–	–	100,000	–	100,000
	9,195,083	–	2,718,102	(1,755,550)	10,157,635

^ Resigned on 30 June 2011

* Ceased to be KMP on 1 July 2011

Option/rights holdings of key management personnel

In prior year, all options/rights held by key management personnel had already fully exercised. There are no options/rights granted to key management personnel during the financial year ended 30 June 2012.

						Vested at 30 June 2011		
30 June 2011	Balance at beginning of period 1 Jul 2010	Granted as remuneration	Exercised	Net change other	Balance at end of period 30 Jun 2011	Total	Exercisable	Not exercisable
Directors:								
Steven Fang	–	500,000	(500,000)	–	–	–	–	–
Jeremy Yee^	–	500,000	(500,000)	–	–	–	–	–
Kam Yuen	–	–	–	–	–	–	–	–
Samuel Kong	–	350,000	(350,000)	–	–	–	–	–
Mark Ryan	–	100,000	(100,000)	–	–	–	–	–
Voiron Chor	–	100,000	(100,000)	–	–	–	–	–
Other key management personnel:								
Susan Kheng	43,334	250,000	(293,334)	–	–	–	–	–
Simon Lee	–	216,435	(216,435)	–	–	–	–	–
Gwendolene Yeo*	33,333	200,000	(233,333)	–	–	–	–	–
Jonathan Liau	–	200,000	(200,000)	–	–	–	–	–
Emily Cheung*	25,000	100,000	(125,000)	–	–	–	–	–
Andrew Lord	–	100,000	(100,000)	–	–	–	–	–
Total	101,667	2,616,435	(2,718,102)	–	–	–	–	–

^ Resigned on 30 June 2011

* Ceased being KMP on 1 July 2011

26. Events after reporting date

Subsequent to year end, Cordlife Limited has made a first draw 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.

27. Notes to the statement of cash flows

	2012	2011
	$'000	$'000
(a) *Reconciliation of cash and cash equivalents to statement of cash flows*		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	1,371	1,203
Short-term deposits	70	4,119
Cash and cash equivalents	1,441	5,322

Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

On 27 April 2012, the Company has secured S$6,000,000 (equivalent to $4,664,000) loan facility from investment company City Challenge Global Limited for working capital purposes. There is no draw down of the loan facility during the financial year ended 30 June 2012.

The Group does not have any bank overdraft financing facilities as at 30 June 2012.

(b) Reconciliation of net loss for the year after related income tax to net cash flows from operating activities:

	2012	2011
	$'000	$'000
Net loss for the year	(7,782)	(35,192)
Depreciation and amortisation of non-current assets	348	902
Loss on disposal of subsidiary, excluding translation reserve	–	28,997
Impairment loss on trade receivables	255	120
Share-based payment expense	–	1,433
Exchange differences	(15)	(60)
(Increase)/ decrease in assets:		
Receivables	(1,315)	(274)
Inventories	(62)	76
Increase in liabilities:		
Payables	3,865	2,122
Net cash used in operating activities	(4,706)	(1,876)

28. Remuneration of auditors

	2012	2011
	$	$
The auditor of Cordlife Ltd is Ernst & Young		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit or review of the financial report of the entity and any other entity in the consolidated group	81,800	77,000
	81,800	77,000
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
Audit or review of the financial report of the entity and any other entity in the consolidated group	126,710	209,709
Tax compliance services	2,752	13,690
Tax advisory services	–	17,839
Technical services	–	59,204
Transaction advisory services	–	19,000
	129,462	319,442
	211,262	396,442
Amounts received or due and receivable by non Ernst & Young audit firms for:		
Audit of financial report and tax services	12,959	5,268

29. Dividends

The Company did not pay any dividends during the financial year. The directors do not recommend the payment of a dividend in respect of the financial year.

Adjusted franking account balance (tax paid basis) is nil (2011: nil).

Additional Stock Exchange Information

As at 20 September 2012

Number of holders of equity securities

Ordinary share capital

172,687,354 fully paid ordinary shares are held by 438 individual shareholders.

All issued ordinary shares carry one vote per share.

Distribution of holders of equity securities

	Fully paid ordinary shares
1 - 1,000	29
1,001 - 5,000	136
5,001 - 10,000	76
10,001 - 100,000	131
100,001 and over	66
	438
Holding less than a marketable parcel	0

Securities subject to escrow

Details of number and class of securities subject to escrow that are on issue and the dates that the escrow periods end are set out below:

Fully paid ordinary shares	Date that the escrow period ends
21,800,000	29 March 2013
21,800,000	

Substantial shareholders

Ordinary shareholders	Fully paid Number	Fully paid Percentage
HSBC Custody Nominees (Australia) Limited	56,557,500	33.75%
City Challenge Global Limited	21,800,000	12.62%
Victorworth Pty Ltd	19,406,821	11.24%
	97,764,321	57.61%

Additional Stock Exchange Information

As at 20 September 2012

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid Number	Fully paid Percentage
1) HSBC Custody Nominees (Australia) Limited	56,557,500	32.75%
2) City Challenge Global Limited	21,800,000	12.62%
3) UOB Kay Hian (Hong Kong) Limited	19,406,821	11.24%
4) Citicorp Nominees Pty Limited	11,957,065	6.92%
5) Wells Spring Pte Ltd	8,000,000	4.63%
6) Gold Baxter International Ltd	6,159,072	3.57%
7) Chong Siew Hong	4,500,000	2.61%
8) Equitas Nominees Pty Ltd	3,707,900	2.15%
9) Mr Evan Philip Clucas & Ms Leanne Jane Watson	3,232,027	1.87%
10) HSBC Custody Nominees (Australia) Limited – A/C 3	2,923,548	1.69%
11) Tantalum Cellular Products LLC	2,566,972	1.49%
12) Equitas Nominees Pty Ltd	2,500,000	1.45%
13) BS Fund Management Pte Ltd	2,000,000	1.16%
14) ABN AMRO Clearing Sydney Nominees Pty Ltd	1,589,599	0.92%
15) NEFCO Nominees Pty Ltd	1,418,365	0.82%
16) JP Morgan Nominees Australia Limited	1,292,112	0.75%
17) Tiong Aik Corporation Pte Ltd	1,230,514	0.71%
18) Christopher Ho	1,100,000	0.64%
19) Ben Kee Cheong Chng	868,000	0.50%
20) Susan Kheng May Lian	740,303	0.43%

Additional Stock Exchange Information

As at 20 September 2012

Company secretary

Mr Andrew Lord
Lord Commercial Lawyers
Level 5, 190 Queen Street
Melbourne, Victoria 3000
Australia
Tel: +61 (0) 3 9600 0162

Registered office and Principal administration office

Level 5, 190 Queen Street
Melbourne, Victoria 3000
Australia
Tel: +61 (0) 3 9600 0162

Share registry

Link Market Services Ltd
Level 4, 333 Collins Street
Melbourne, Victoria 3000
Australia
Tel: +61 (0) 3 9615 9932

Other ASX information for recently listed entities

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

cordlife
one chance, one choice.

Registered Office:
Level 5, 190 Queen Street, Melbourne, Victoria 3000, Australia
Tel : +61 (0) 3 9600 0162

Corporate Office:
61 Science Park Road, #06-05, The Galen,
Singapore Science Park II, Singapore 117525
Tel: +65 6295 0080 Fax: +65 6295 1108

www.cordlifelimited.com