

8 April 2008

# Cryo-Save Group NV

## Samples stored and profits up 40%

Cryo-Save Group N.V. (AIM: CRYO, "Cryo-Save" or "the Group"), Europe's leading adult stem cell storage bank, has published its preliminary results for the year to 31 December 2007 as well as its storage and new clients figures for Q1 2008.

### Financial highlights

- Underlying revenue up 51% to €16.5 million (2006: €10.9 million)
- Underlying operating income up 40% to €3.9 million (2006: €2.8 million)
- Underlying pre-tax profit up 43 % to €4.2 million (2006: €2.9 million)
- Underlying earnings per share up 67% to 9.7 euro cents (2006: proforma 5.8 cents)
- Net cash from operations €4.7 million
- Admission to AIM on 6 November 2007 and raised €37.9m (£26.5 million)

These underlying figures are non-IFRS measures.

### Operational highlights

- Number of samples stored up 41% to 20,814
- Strong organic growth especially in Spain and Hungary
- Acquisitions completed in Germany and Italy
- Increased investments in laboratory techniques

### Q1 2008

- 5,903 samples stored (Q1 2007: 4,083; Q4 2007: 6,103).
- 6,823 new clients purchased collection kits
- Acquisitions completed in Hungary, Czech Republic and South Africa
- Operations established in India

**Rob Koremans**, Chief Executive, commented:

***"We have grown strongly throughout the year and delivered on our financial and operational goals by expanding our business both organically and by the completion of six acquisitions during the last few months. We have consolidated and extended our leading position in our core European markets whilst accelerating the development of our business into India and other new markets."***

***"With a range of new products due for launch shortly and with the increasingly positive sentiment worldwide towards stem cell storage, we are well positioned to continue to grow strongly."***

**For further details:**

**Cryo-Save Group**

+ 31 (0)575 548998

Rob Koremans, Chief Executive

Arnoud van Tulder, Chief Financial Officer

**Kaupthing**

+ 44 (0) 20 3205 7500

Jos Trusted/Marc Young

**College Hill**

+ 44 (0) 20 7457 2020

Adrian Duffield/Jon Davies

## **Overview**

2007 was a very successful year for the Group.

The Group has seen good and growing returns from its investments made in prior years and Cryo-Save Group N.V.'s shares were admitted to AIM on 6 November 2007. At the same time as the Admission, the Group raised €37.9 million (£26.5 million) to support its rapid organic and acquisitive growth plus providing the resources to support the Board's ambitious investment programme in laboratories and sales & marketing infrastructure.

The Group will continue to implement its strategy of entering new developing markets and consolidating its position as Europe's leading stem cell storage company by a combination of acquisitions and investment in new products.

The Group successfully delivered against its strategic objectives:

- Developing existing markets, particularly Spain and Hungary
- Geographic growth into new markets in Europe and India
- Growth by acquisition of subsidiaries and business partners, as well as independent businesses, and
- Development of new products.

At year end 2007, the Group has stored in total more than 70,000 samples, confirming its position as Europe's market leader. The Group now operates in 36 countries, with an unmatched geographic coverage that mitigates dependency on any one country.

Since November 2007, the Group concluded the acquisitions of six entities in Germany, Italy, Hungary, Czech Republic and South Africa, strengthening its position in these markets. Strong organic growth in existing markets combined with positive developments into new markets such as the Balkan countries, continue to provide strong momentum for growth.

In addition to the core business of storage of cord blood cells, new product development including the isolation of mesenchymal stem cells (MSCs) from the umbilical cord (Cryo-Cord+), and from fat reserves via liposuction (Cryo-Lip), is on track for launch in 2008. The isolation of MSCs is particularly significant as medically these stem cells are considered to have greater potential for use in medical therapies.

## **Financial review**

Underlying revenues increased by 51% to €16.5 million (2006: €10.9 million). Including the impact of the annual non cash item release of deferred revenues of approximately €0.7 million and the consultancy fee of €0.5 million from the work carried in developing the Dubai laboratory, total Group revenue was €17.7 million.

The sales volume growth for the year up 41% to 20,814 samples stored, (2006: 14,715 samples stored) also contributed significantly to the revenue growth. Prices charged to customers and business partners remained unchanged in 2007. Across the Group prices increased in January 2008, bringing Cryo-Save more in line with the prices of its local competitors.

Revenues by country:

€millions	2007	% 2007 revenues	2006	% 2006 revenues
Spain	5.0	29	1.2	11
Greece including Balkan countries	3.5	20	4.2	39
Hungary	2.0	12	1.0	10
Italy	1.8	11	0.7	6
Other countries	4.9	28	3.8	34
Sub-total revenues from samples stored	17.2	100	10.9	100
Other revenues	0.5		-	
<b>Total revenues</b>	<b>17.7</b>		<b>10.9</b>	

Underlying gross profit increased by 46% to €10.1 million. Including the impact of the change in deferred revenues and the consultancy fee, total Group gross profit was €11.3 million (2006: €7.0 million). Excluding the consultancy fee of €0.5 million, the gross margin on revenues was 63.0% (2006: 63.8%). The early introduction of the closed bag storage system was the principal reason for the higher processing material costs but this will be more than offset by the price increase introduced in early 2008.

Underlying operating income increased sharply by 40% to €3.9 million (2006: €2.8 million) with operating expenses up to €6.3 million (2006: €4.2 million). The underlying figures exclude the impact of the release of deferred revenues, the consultancy sales in Dubai and €0.9 million non-recurring costs associated with the listing of existing shares as part of the IPO. Reported operating income was €4.2 million.

The increase of the operating expenses is directly linked to the increase in staff numbers as the Group expanded in order to manage growth, particularly in H2 in Italy where a senior director and several sales employees were hired. This resulted in an increase of new customers in the last months of the year in Italy, which will be recognised in 2008.

Interest income increased to €362,000 (2006: €150,000) due to the interest on the net IPO proceeds and the cash generated (€4.7 million), resulting in a net cash position of €39.5 million at the year end.

Underlying pretax profit was up 43% to €4.2 million (2006: €2.9 million). The Group reported a pre-tax profit of €4.5 million.

The 2007 effective tax rate of 13.9% was affected by the IPO expenses of €852,000 recognised in the income statement, for which no tax benefit has been recognised. For 2008 onwards the Group expects a sustainable tax rate of 12%.

Reported profit for the year increased to €3.9 million (2006: €2.0 million). Underlying profit for the year amounted to €3.7 million, up 79%.

Underling earnings per share were up 67% to 9.7 euro cents (2006: euro cents 5.8 proforma). Reported earnings per share were 10.3 euro cents.

The Board is not recommending a dividend in line with a policy of re-investing profits in the business at this stage of the Group's development, but will regularly evaluate when to start recommending the payment of dividends.

Cash flow from operations increased from €1.6 million in 2006 to €4.7 million in 2007, including a slight improvement of working capital of approximately €0.3 million.

### *Acquisitions*

Following the completion of the IPO, the Group initiated its acquisition programme. In December 2007, Cryo-Save acquired the 30% minority interest in its Italian subsidiary for a total consideration of €1.8 million.

The Group also prepaid the total consideration of €0.8 million in December 2007 for the acquisition of two German entities, Stemcell GmbH and Output Pharma Services GmbH, effective from January 2008. Stemcell GmbH, based in Cologne, was the service company to the German subsidiary Cryo-Care GmbH, which has been merged with Cryo-Save GmbH. Output Pharma Services GmbH, based in Aachen, is strategically well located at the University site and specialises in services to pharmaceutical companies and logistic services across Germany. The Group will immediately benefit from this logistic experience in the important German market.

### *Buyback*

The Group implemented a share buyback programme in order to provide shares, for the outstanding warrants, for the options granted to staff, and the capacity to provide equity as part of acquisition considerations. To date the Group has acquired 340,000 shares and will be continuing with its buyback programme.

## **Operating review**

### *Spain*

Sales in Spain accelerated in the first quarter of 2007 as a result of the publicity generated when the Crown Prince announced the storage of his child's stem cells. The growth has proven to be sustainable, and for the full year, revenues jumped from €1.2 million to €5.0 million. Beside the Group's own subsidiary operating in Spain, the other successful sales channel in Spain is the Group's business partner Crio-Cord, based in Madrid, which provides coverage across the whole country. During 2007, the Group signed contracts with maternity hospitals in the main cities of Spain.

### *Hungary*

Sales in Hungary, through the Group's business partner Sejtbank, doubled to €2.0 million (2006: €1.0 million). Public awareness in the market of Sejtbank's and Cryo-Save's services was further increased through a targeted marketing campaign which also included the option for customers to select an extended payment term of one or two years. One of the Group's primary objectives was to acquire Sejtbank in order to gain greater control over its operations and more fully benefit from the great potential of the Hungarian market. This acquisition was completed in early 2008.

### *Italy*

The Group strengthened its Italian sales force, which now covers the whole country. As a result, the operation increased significantly with revenues sharply improving from €0.7 million to €1.8 million. With the right structure now in place, this operation will further benefit from the 2007 investments. At year end 2007, the Group acquired the 30% minority share of its Italian subsidiary.

### *The Balkan countries (including Greece)*

Through the Group's joint venture in Greece, Cryo-Save Balcanica, the Group started operations in several Balkan countries, of which Slovenia was most successful in 2007. New sales in the Balkans almost completely offset the lower sales in Greece during the second half of the year. Overall this region reported revenues of €3.5 million (2006: €4.2 million).

Greece is one of Europe's strongest markets for cord blood banking, with an estimated 20% of all live births resulting in storage of cord blood cells. However, the Group faced strong competition from local operators offering lower tier services. Cryo-Save is fully committed to its high ethical and qualitative business procedures and does not compromise standards, even to mitigate competitive and adverse market conditions.

### *Geographic expansion into new markets*

In 2007 Cryo-Save Arabia, in which the Group has a 35% investment but not day to day managerial control, started to store samples in the Middle East. Although this business is still in a start-up phase, the potential for a profitable business is strong with the entity expecting to reach the break-even point in early 2008. The Group provided extensive professional consultancy services during the development and construction of the laboratory in Dubai, which resulted in revenues of €0.5 million.

In 2007, the Group also continued to investigate the possibility to start a business in India via an acquisition or a green field operation to address the growing demand from the rapidly expanding middle classes in that country. In March 2008, the Group established its own entity in Bangalore, which will develop its own laboratory. The Group expects to store the first samples from the Indian market in the second half of 2008.

### *Applied Research & Development of new products*

During 2007 the development of the two new products, Cryo-Cord+ (the isolation of mesenchymal stem cells (MSCs) from the umbilical cord) and Cryo-Lip (the collection and storage of stem cells obtained from fat reserves via liposuction) started. This was based upon initial research that demonstrated the feasibility of both techniques in storage of both types of stem cells, and their development into a commercially viable product offering.

MSCs offer a bigger potential for medical application than haematopoietic stem cells (HSCs), which the Group currently stores. Cryo-Cord+ and Cryo-Lip will be the first products in the world allowing the storage of large quantities of MSCs.

These new products are expected to be launched in Q2 2008 and H2 2008 respectively. They will not only give the Group potential new income streams, but also provide a strong competitive advantage as Cryo-Save is the first company in the world to offer these new services. With Cryo-Lip, the Group will enter a new market for adults to enable them to store stem cells.

The Group also is involved in the initiation and support of projects that demonstrate the clinical benefits of stem cell therapy, thereby encouraging the growth of the potential market. The Group, together with several European scientific partners, has been selected by the European Commission, to conduct research into cryo-preservation techniques for adult stem cells (Project Crystal). From the total research grant of €2.5 million, €250,000 will be passed to the Group on a matched funding basis, which should cover 50% of the Group's research cost for this project. The Group has the rights to patent the intellectual property (IP) that comes from this project.

### *Laboratory development*

Since October 2007, Cryo-Save has introduced an integrated closed bag sterile processing system, ahead of schedule, which further mitigates the risk of contamination, avoids the need for clean rooms and thus increases the efficiency of the storage process. This simplified and automated processing method exemplifies the Group's continuous search for further quality improvements.

## **Current trading and outlook**

The Group has made good progress in the first quarter of 2008. The Group stored 5,903 samples (Q1 2007: 4,083 samples; Q4 2007: 6,103 samples). The number of new clients in Q1 2008 was 6,823, the highest ever.

In Spain, contracts have been signed with leading health insurance companies which are expected to yield sales growth. In Hungary and Italy, the infrastructure is in place to grow sales in their territories. Sales in Greece are expected to remain at the current level, whilst the Group has reduced its cost base to protect its profitability, and in France the Group continues to monitor opportunities to develop its business.

In January 2008, the Group signed a product financing agreement with an Italian bank for the Italian market in order to provide credit facilities for customers buying Cryo-Save's products. This is expected to enhance sales as customers will be provided with a more flexible payment mechanism, but without any financial exposure for Cryo-Save. The Group is looking to introduce this facility into other European countries during 2008

Overall, based on a considerably stronger sales and operational infrastructure in the Group's core markets, a number of new and innovated product launches, plus new opportunities for revenue in Europe and India, the Board remains confident about the Group's prospects in 2008.

## Consolidated income statement

in thousands of euro

	Notes	2007	2006
Revenue	3	17,706	10,923
Cost of sales	4	(6,361)	(3,957)
<b>Gross profit</b>		<b>11,345</b>	<b>6,966</b>
Marketing and Sales expenses	5	2,551	1,569
Research and Development expenses	6	45	114
General and Administrative expenses	7		
. Other general and administrative expenses		3,682	2,512
. Non-recurring IPO expenses		852	-
Total operating expenses		7,130	4,195
<b>Operating income</b>		<b>4,215</b>	<b>2,771</b>
Finance income		362	150
Finance costs		(67)	(11)
<b>Profit before taxation</b>		<b>4,510</b>	<b>2,910</b>
Income tax expense	10	627	865
<b>Profit for the year</b>		<b>3,883</b>	<b>2,045</b>
Attributable to:			
- Equity holders of the company		3,883	2,039
- Minority interests		-	6
<b>Profit for the year</b>		<b>3,883</b>	<b>2,045</b>
<b>Earnings per share (in € cents)</b>	12		
- Basic		10.3	28.7
- Diluted		10.3	28.7

**Consolidated balance sheet**

in thousands of euro

**at December 31**

	<b>Notes</b>	<b>2007</b>	<b>2006</b>
<b>Assets</b>			
Intangible assets	13	1,943	-
Property, plant and equipment		1,126	481
Investments in associates		0	0
Deferred tax assets		172	-
Trade receivables	14	527	334
<b>Total non-current assets</b>		<b>3,768</b>	<b>815</b>
Inventories		170	46
Trade and other receivables	14	8,093	5,907
Current tax assets		418	296
Cash and cash equivalents		39,465	3,185
<b>Total current assets</b>		<b>48,146</b>	<b>9,434</b>
<b>Total assets</b>		<b>51,914</b>	<b>10,249</b>
<b>Equity</b>			
Issued share capital	15	964	711
Share premium reserve		38,178	3,585
Legal reserve		58	-
Translation reserve		(20)	-
Treasury shares		(435)	-
Retained earnings		4,176	316
<b>Equity attributable to equity holders of the parent</b>		<b>42,921</b>	<b>4,612</b>
Minority interest		-	35
<b>Total equity</b>		<b>42,921</b>	<b>4,647</b>
<b>Liabilities</b>			
Deferred revenue	16	3,669	3,039
<b>Total non-current liabilities</b>		<b>3,669</b>	<b>3,039</b>
Deferred revenue	16	259	179
Trade and other payables		2,141	528
Current tax liabilities		1,499	871
Other current liabilities		1,425	985
<b>Total current liabilities</b>		<b>5,324</b>	<b>2,563</b>
<b>Total liabilities</b>		<b>8,993</b>	<b>5,602</b>
<b>Total equity and liabilities</b>		<b>51,914</b>	<b>10,249</b>

## Consolidated statement of changes in equity

in thousands of euro

	Issued share capital	Share premium reserve	Legal reserve	Translation reserve	Treasury shares	Retained earnings	Share- holders' equity	Minority interest	Total equity
<b>At 1 January 2006</b>	<b>711</b>	<b>3,585</b>	-	-	-	<b>(1,723)</b>	<b>2,573</b>	<b>20</b>	<b>2,593</b>
Profit for the year						2,039	2,039	15	2,054
<b>At 31 December 2006</b>	<b>711</b>	<b>3,585</b>	-	-	-	<b>316</b>	<b>4,612</b>	<b>35</b>	<b>4,647</b>
IPO expenses		(3,139)					(3,139)		(3,139)
Exchange differences on translating foreign operations				(20)			(20)		(20)
Net income recognized directly in equity		(3,139)		(20)			(3,159)		(3,159)
Profit for the year						3,883	3,883		3,883
Total recognized income and expense for the year		(3,139)		(20)		3,883	724		724
Issue of new shares	253	37,660					37,913		37,913
Share-based payments		72					72		72
Repurchased shares					(435)		(435)		(435)
Other movements			58			(23)	35	(35)	-
<b>At 31 December 2007</b>	<b>964</b>	<b>38,178</b>	<b>58</b>	<b>(20)</b>	<b>(435)</b>	<b>4,176</b>	<b>42,921</b>	<b>-</b>	<b>42,921</b>

**Consolidated cash flow statement**

in thousands of euro

	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities</b>		
Profit for the year	3,883	2,045
Adjustments for:		
Income tax expense	627	865
Finance costs	67	11
Finance income	(362)	(150)
Depreciation and amortization	227	155
Share-based payments	27	-
	<b>4,469</b>	<b>2,926</b>
<b>Movements in working capital</b>		
(Increase)/decrease in (non)current trade and other receivables	(2,379)	(2,434)
(Increase)/decrease in inventories	(124)	(8)
(Increase)/decrease (non)current tax assets	(294)	-
Increase/(decrease) in (non)current liabilities	2,763	1,067
Increase/(decrease) in current tax liabilities	286	-
Net cash from operations	<b>4,721</b>	<b>1,551</b>
Interest (paid)/received	297	3
Income taxes (paid)/received	(285)	(111)
<b>Net cash from operating activities</b>	<b>4,733</b>	<b>1,443</b>
<b>Cash flows from investing activities</b>		
Interest received/(paid) regarding borrowings	23	136
Increase/(decrease) minority interest	-	9
Purchase of property, plant and equipment	(872)	(377)
Intangible assets	(1,943)	-
Payment for investment property	-	109
Proceeds from sale of property, plant and equipment	-	7
<b>Net cash (used in)/generated by investing activities</b>	<b>(2,792)</b>	<b>(116)</b>
<b>Cash flows from financing activities</b>		
Redemption loans	-	(16)
Gross proceeds from issuance of new shares	37,913	-
Expenses directly related to the issuance of new shares	(3,139)	-
Repurchase of own shares	(435)	-
<b>Net cash generated by/(used in) financing activities</b>	<b>34,339</b>	<b>(16)</b>
<b>Net increase in cash and cash equivalents</b>	<b>36,280</b>	<b>1,311</b>
Cash and cash equivalents at 1 January	3,185	1,874
<b>Cash and cash equivalents at 31 December</b>	<b>39,465</b>	<b>3,185</b>

## Notes to the consolidated financial information

in thousands of euro

### 1 Change in presentation and classification Income Statement

#### *Expenses based on their function*

As of financial reporting year 2007 the Company presents the expenses using a classification based on their function rather than the nature of the expenses. Expenses classified according to their function provide more relevant information to users of the financial statements than the classification of expenses by nature, as it improves the comparability of the Company's figures with its peers. The 2006 comparative figures have been reclassified.

The main reclassifications were:

- Marketing and Sales expenses were reclassified from Employee benefit expenses and Administration expenses;
- Research and Development expenses were reclassified from Employee benefit expenses;
- Other gains and losses were reclassified to Finance income;
- Distribution expenses were reclassified to General and Administrative expenses;
- Employee benefit expenses were reclassified to the respective functions.

### 2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) prevailing per December 31, 2007, as adopted by the International Accounting Standards Board (IASB) and as endorsed for use in the European Union by the European Commission as at 31 December 2007, and are prepared on a historical cost basis unless stated otherwise.

For further details on the principle accounting policies of the Group, we refer to our website, [www.cryo-savegroup.com](http://www.cryo-savegroup.com), Investor Relations.

<b>3 Revenue</b>	<b>2007</b>	<b>2006</b>
Stem cell extraction and storage	17,206	10,923
Service fees	500	-
<b>Total revenue</b>	<b>17,706</b>	<b>10,923</b>

Revenues from stem cell extraction and storage include the fees charged for stem cell extraction and the movement, on balance, in deferred revenues in respect of stem cell storage. This revenue line includes an adjustment to the present value of the deferred revenues of approximately €0.7 million.

The Group recognized service fees for rendering services to its associate Cryo-Save Arabia in United Arab Emirates. These services consisted of training, implementing Standards of Performance and knowledge transfer to operate the laboratory of Cryo-Save Arabia. Since the interest in this associate has been reduced to zero, Cryo-Save's share in the gain on this service fee has not been eliminated.

Revenues include €50,000 interest related to customer payment in instalments (2006: €30,000). Interest is charged at 7% in 2007 (2006: 7%).

<b>4 Cost of sales</b>	<b>2007</b>	<b>2006</b>
Collection costs	1,276	1,087
Sales commission	1,866	828
Laboratory costs	3,219	2,042
<b>Total Cost of sales</b>	<b>6,361</b>	<b>3,957</b>

<b>5 Marketing and Sales expenses</b>	<b>2007</b>	<b>2006</b>
Employee benefit expenses	1,563	910
Other marketing expenses	988	659
<b>Total Marketing and Sales expenses</b>	<b>2,551</b>	<b>1,569</b>

<b>6 Research and Development expenses</b>	<b>2007</b>	<b>2006</b>
Employee benefit expenses	37	88
Other research and development costs	8	26
<b>Total Research and Development expenses</b>	<b>45</b>	<b>114</b>

Expense on research or the research phase of an internal project is recognized as an expense when incurred.

Development costs are expensed as far as they do not comply with the accounting requirements to capitalize the expenditures.

<b>7 General and Administrative expenses</b>	<b>2007</b>	<b>2006</b>
Employee benefit expenses	1,726	1,204
Other expenses	1,956	1,308
Non-recurring IPO expenses	852	-
<b>Total General and Administrative expenses</b>	<b>4,534</b>	<b>2,512</b>

Non-recurring IPO expenses comprise of the IPO expenses that are allocated to the 6,652,000 existing shares that are listed together with the 12,639,000 new issued shares on 6 November 2007.

<b>8 Employee benefit expenses</b>	<b>2007</b>	<b>2006</b>
Salaries and wages	2,791	1,966
Social security costs	382	182
Cost of defined contribution plans	34	15
Share-based payment expenses	27	-
Other personnel expenses	92	39
	<b>3,326</b>	<b>2,202</b>

The average number of employees, expressed in full-time equivalents, in 2007 is 63 (2006: 43).

<b>9 Depreciation expense</b>	<b>2007</b>	<b>2006</b>
Depreciation of property, plant and equipment	227	155
	<b>227</b>	<b>155</b>

<b>10 Income taxes</b>	<b>2007</b>	<b>2006</b>
Income tax recognised in profit or loss	627	865

<b>Tax expense comprises:</b>	<b>2007</b>	<b>2006</b>
Current tax expense/(income)	739	865
Deferred tax expense/(income)	(172)	-
Prior year's tax difference	60	-
Total tax expense/(income)	627	865

<b>Reconciliation of the effective tax rate:</b>		
Profit/(loss) before taxation	<b>4,510</b>	<b>2,910</b>
Income tax using the Company's domestic tax rate (Dutch nominal tax rate 2007: 25.5%; 2006: 29.6%)	1,150	861

<b>Tax effect of:</b>		
Effect of tax rates in other countries	(781)	-
Non-deductible expenses	9	4
Profits offset with unused tax losses for which no deferred tax asset had been recognized	(7)	-
Unused tax losses not recognised as deferred tax assets	256	-
Income tax expense	<b>627</b>	<b>865</b>

Effect of tax rates in other countries of €781 mainly relates to the Swiss subsidiary Cryo-Save AG, that operates in a tax jurisdiction with lower tax rates.

The Company's unused tax losses amount to €3.9 million (2006: €3.9 million). Due to the uncertainty of realising these unused tax losses in future periods, a deferred tax asset (in any of the above years) has not been recognised in respect of those losses. Part of the unused tax losses will expire on 31 December 2011 (€2.5 million), €1.1 million can be compensated indefinitely.

## **11 Share-based payments**

### *Warrant*

The Company has issued warrants to its nominated advisor and broker, Kaupthing Singer & Friedlander Capital Markets Limited, over 733,649 ordinary shares, being equal to 1.5% of the Company's share capital on a fully diluted basis at Admission at the placing price of £2.10 pursuant to a warrant instrument. The warrants are exercisable for five years after Admission (6 November 2007).

For the services received in respect of this equity instrument, share based payment expenses are recognized. The fair market value of each warrant to Kaupthing was 109.95 pence as at 6 November 2007, as determined by an outside consulting firm. The fair value of the services received in return for the warrants is based on the fair value of share options granted, measured using a binomial model.

### *Share options*

At 7 December 2007, options were granted for 340,000 ordinary shares to staff of the Company, at an exercise price of 221pence per share.

The fair market value of each conditionally awarded share under the 2007 Share Option Scheme was 95pence as at 7 December 2007, as determined by an outside consulting firm. The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial model.

### *Fair value of warrants and share options and assumptions*

	<b>Warrant</b>	<b>Share Options</b>
Fair value at grant date (in pence)	109.95	94.80
Share price (in pence)	228.50	219.50
Exercise price (in pence)	210.00	221.00
Maturity (in years)	5	10
Vesting period (in years)	-	3
Forfeiture rate (in %)	-	10
Risk-free interest rate (in %)	5	5
Dividend yield (in %)	1	1
Expected volatility (weighted average, in %)	50	50
Exercise multiple (share price divided by exercise price)	-	2

### *Payments to Non-Executive Directors*

Share-based payments include also the payments in the Company's shares, made to two Non-Executive Directors, for their 2007/2008 annual remuneration of €30,000 each.

### **12 Earnings per share**

	<b>2007</b>	<b>2006</b>
Basic earnings per share (in euro cents)	10.3	28.7
Diluted earnings per share (in euro cents)	10.3	28.7

Basic earnings per share (EPS) are calculated by dividing profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share is based on the calculation of the basic earnings per share, adjusted to allow for the issue of shares on the assumed exercise of the dilutive warrant and the conversion of all dilutive share options.

Reconciliation between number of shares and weighted average number of shares:

	<b>2007</b>	<b>2006</b>
Issued ordinary shares at 1 January	7,107,450	7,107,450
Effect of share split	28,429,800	-
Effect of issued shares	2,107,816	-
Shares held in treasury	(4,389)	-
Weighted average number of shares	37,640,677	7,107,450

Reconciliation between weighted average number of shares and diluted weighted average number of shares:

	<u>2007</u>	<u>2006</u>
Weighted average number of shares	37,640,677	7,107,450
Warrants	6,647	-
Share options	-	-
Diluted weighted average number of shares	<u>37,647,324</u>	<u>7,107,450</u>

Profit attributable to ordinary equity holders of the Company	3,883	2,039
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Taking into account the share split in 2007, the pro forma earnings per share for 2006 would have been 5.8 euro cents.

The average market value of ordinary shares during the period when the share options were outstanding (7 December 2007 - 31 December 2007) did not exceed the exercise price of the options (221 pence), hence the options had no dilutive effect.

### 13 Intangible assets

Intangible assets comprise of goodwill (€1.8 million) and internally generated intangible assets (€0.2 million).

Internally generated intangible assets arose from the development of the new products Cryo-Cord+ and Cryo-Lip, which will be launched in 2008. The capitalized costs consist of directly attributable costs of employee benefits, as well as materials and services used. Amortization will begin when the developed products are available for sale.

The addition to goodwill of € 1,750,000 in 2007 relates to the consideration in cash for the acquisition of the 30% remaining shares of the Italian subsidiary Cry-Save Italia S.r.l. The goodwill might be subject to change based on the outcome of the purchase price allocation in 2008 which will be completed within 12 months from the acquisition date. The remaining shares were acquired at 27 December 2007, hence the contribution to the 2007 result is nil.

In 2007 no impairment of these intangible assets was deemed necessary by management.

### 14 Current Trade and other receivables

	<u>2007</u>	<u>2006</u>
Trade receivables	6,019	2,884
Prepayments	750	-
Receivables from related parties	537	2,962
Other receivables	787	61
<b>Total Current Trade and other receivables</b>	<b><u>8,093</u></b>	<b><u>5,907</u></b>

Prepayments consist of payments in the reporting period for acquisitions for which the ownership of the shares is transferred in the subsequent reporting period.

Trade receivables with a contractual payment term over a year are classified as non-current trade receivables.

## 15 Equity

### Share capital and share premium

#### *Issued shares*

At 31 December 2006, the issued share capital comprised of 7,107,450 fully paid ordinary shares with a par value of €0.10. Prior to the IPO each ordinary share was split in 5 new shares with a par value of €0.02, and an additional 12,639,000 new ordinary shares with a par value of €0.02 and an issuance price of 210 pence per share were issued and fully paid. The Company paid the annual remuneration of two Non-Executive Directors in shares. The total issued ordinary share capital per 31 December 2007 consists of 48,195,986 ordinary shares with a par value of €0.02. To cover the potential dilutive effect of share options, the Company holds at balance sheet date 155,000 repurchased treasury shares.

Number of issued shares:

Issued shares at 1 January 2007	7,107,450
Split of shares 1:5	28,429,800
Issued new shares	12,639,000
Share-based payments	19,736
Issued shares at 31 December 2007	<b>48,195,986</b>

#### *IPO gross proceeds and expenses*

Gross proceeds from the placing of the new shares on AIM amounted to €37.9 million. Incremental costs incurred by the company of €4 million are qualified as directly attributable to issuing new shares and listing of existing shares. The IPO expenses are allocated to the listing of existing shares and issuance of new shares in proportion to the allocation of proceeds, which is based on the number of shares, taking into account an amount of €0.8 million that was charged by the Company's advisor to the existing shareholders directly.

A tax benefit on the IPO expenses, as far as they are tax deductible, is not recognized due to the cumulative fiscal losses of the Dutch holding company, and future taxable benefits to compensate for these taxable losses are currently not foreseen.

### Treasury shares

To cover the dilutive effect of the granted share options under the 2007 Share Option Scheme to staff, and the warrant to Kaupthing, the Group started a share buy back programme in 2007. At year end the Group had acquired 155,000 own shares in treasury. Treasury shares are recorded at cost, representing the market price on the acquisition date.

<b>16 Deferred revenue</b>	<b>2007</b>	<b>2006</b>
Deferred revenue - non-current liabilities	3,669	3,039
Deferred revenue - current liabilities	259	179
<b>Total deferred revenue</b>	<b>3,928</b>	<b>3,218</b>

Deferred revenue will be earned as revenues by means of the annual storage over a contractually committed twenty years period. The part of deferred revenues that will be recognized as revenue next year, is disclosed under current liabilities.

## 17 After balance sheet events

On 31 January 2008, 1 February 2008 and 7 February 2008 the Company acquired 185,000 in total of its ordinary shares at an average price of 187 pence, 189 pence and 190 pence per ordinary share respectively. These ordinary shares will be held in treasury in order to satisfy the exercise of options granted by the Company under the Cryo-Save Group 2007 Option Scheme. Following the purchase of these shares, Cryo-Save Group N.V. holds 340,000 of its ordinary shares in treasury and has 47,855,986 ordinary shares in issue (excluding treasury shares).

Cryo-Save has acquired a 70% interest in its Hungarian distributor Sejtbank Egeszsegugyi Szolgaltato Korlatolt Felelossegu Tarsasag ("Sejtbank") and Sejtbank's subsidiary in the Czech Republic, Archiv Bunek s.r.o., for an initial consideration of €3.25 million paid in cash. The vendors have an option to put the outstanding 30% of Sejtbank to Cryo-Save for a sum of €1.4 million plus a performance bonus based on revenue growth. The terms of the acquisition also provide for the vendors to waive all rights to dividends on the 30% of shares still held by them, in lieu of which they will receive an annual payment of 3% of the combined total revenues of Sejtbank and Archiv Bunek for a maximum of 30 years. Should the put option be exercised, this payment will cease. In 2006, Sejtbank reported revenues of €2.3 million and profits before taxation of €0.4 million under Hungarian GAAP. Estimated adjustments prepared under IFRS for financial year 2007 would show revenues of €4.5 million and profits before taxation of €0.6 million.

In January 2008, the Company completed two smaller acquisitions of Output Pharma Services GmbH and Stemcell GmbH in Germany for a total consideration of €750,000.

In February 2008, the Company acquired the remaining 50% of the shares of its South African joint venture Cryoclinic (Pty) Ltd for €440,000. The company operates in the Durban area, even though stem cells samples are stored in the Group's Belgium laboratory.

In March 2008, Cryo-Save signed a contract to build a 4,500 square metre new state of art facility, including the highest standards in quality, safety and security, for a total investment of €5.5 million in a business park developed by the Antwerp University.