

Cryosite Limited

ABN 86 090 919 476

Appendix 4D

Half year report

Six months ended 31 December 2010 ('current period')
and 31 December 2009 ('previous corresponding period')

Results for announcement to the market

				\$'000
Revenue from ordinary activities:	Up	6.1%	to	3,328
Profit from ordinary activities after tax attributable to members:	Up	664.5%	to	163
Net profit for the period attributable to members:	Up	664.5%	to	163

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	9.7 cents	9.2 cents

An explanation of the result of the current period is set out in the Directors Report contained in the attached audit reviewed half-year Financial Report.

Full Financial details of the Company are also contained in the attached audit reviewed half-year Financial Report

Dividends: It is not proposed that any dividend will be paid. No dividends were paid in the previous corresponding period.

This information should be read in conjunction with the annual financial report of Cryosite Limited as at 30 June 2010.

CRYOSITE LIMITED

ABN 86 090 919 476

Half-Year Financial Report

31 December 2010

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2010.

Directors

The directors of Cryosite Limited and its controlled entities (the “company”) in office during the half year, and until the date of this Report are set out below. Directors were in office for this entire period unless otherwise stated.

Theodore Anthony Onisforou – Chairman

Gordon Leonard Milliken – Managing Director

Graeme Allen Moore – Executive Director

Principal Activities

Cryosite was established in 2000, it has developed into a unique company that provides a number of integrated biologistics services. The services are categorised into two groups, Biological Services and Warehousing and Distribution. The biological services include the private cord blood service. Cryosite pioneered private cord blood collection in Australia and is recognised as the country's premier cord blood bank. Biorepository management and adult stem cell storage are also part of the biological services. The Warehousing and Distribution service includes the Clinical Trial Logistics and the services associated with the American Type Culture Collection distribution agreement.

Review of Operations

Group revenue increased during the half-year by 6.1% over the corresponding period last year to \$3,327,942 (2009: \$3,136,149). The consolidated net profit attributable to members of the parent for the period was \$163,274 (2009: \$21,358).

The company has operated out of the new South Granville premises for over 12 months and we are now realising some of the anticipated benefits of the upgraded premises. This has been particularly important for the clinical trial logistics service where the combined effects of both larger capacity and improved systems has helped Cryosite attract a number of new clients.

Interest in the clinical trial service in particular remains very high and we anticipate that we will continue to attract a regular number of new client's as well as retain a steady flow of new projects from our existing clients.

Auditor's Independence Declaration

A statement of independence has been provided by our auditors, Duncan Dovico, and follows this Director's Report on page 4.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.

Theo Onisforou
Chairman
Sydney, 23 February 2011

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Auditor's Independence Declaration to the Directors of Cryosite Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Cryosite Limited.

As lead audit partner for the review of the financial statements of Cryosite Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

DUNCAN DOVICO CHARTERED ACCOUNTANTS



ROSEMARY MEGALE

Partner

Dated: 23rd February, 2011

Place: Sydney

Directors' Declaration

The Directors of Cryosite Limited declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - (b) in the directors' opinion, complying with accounting standard *AASB134 Interim Financial Reporting*.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Theo Onisforou
Chairman

Sydney, 23 February 2011

Condensed Consolidated Statement of Comprehensive Income

For The Half-Year Ended 31 December 2010

	Notes	Consolidated	
		2010	2009
		\$	\$
Revenues	2	3,327,942	3,136,149
Expenses			
Costs of providing services		(1,865,670)	(1,781,327)
Finance costs		(5,642)	(6,720)
Marketing expenses		(100,650)	(110,561)
Occupancy expenses		(507,567)	(451,362)
Administration expenses		(696,385)	(766,913)
Profit from operations before tax		152,028	19,266
Income tax benefit		11,246	2,092
Profit after tax from operations		163,274	21,358
Net Profit attributable to members of the parent		163,274	21,358
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the half-year		163,274	21,358
Earnings per share (cents per share)			
Basic EPS for the half-year	4	0.35	0.04
Diluted EPS for the half-year	4	0.35	0.04

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Financial Position

As at 31 December 2010

		Consolidated	
	Notes	as at 31 December 2010 \$	as at 30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	2,402,894	2,045,065
Trade and other receivables		984,564	1,171,347
Inventories		35,862	45,630
Prepayments		236,915	43,710
Total Current Assets		3,660,235	3,305,752
Non-current Assets			
Trade and other receivables		1,354,799	1,434,601
Deferred income tax asset		765,305	754,059
Plant and equipment		2,414,335	2,187,881
Intangible assets	1(d)	-	-
Total Non-current Assets		4,534,439	4,376,541
TOTAL ASSETS		8,194,674	7,682,293
LIABILITIES			
Current Liabilities			
Trade and other payables		1,056,232	891,678
Unearned income		339,685	313,261
Provisions		255,281	239,687
Total Current Liabilities		1,651,198	1,444,626
Non-current Liabilities			
Unearned income		1,779,230	1,653,220
Provisions		243,894	229,760
Total Non-current Liabilities		2,023,124	1,882,980
TOTAL LIABILITIES		3,674,322	3,327,606
NET ASSETS		4,520,352	4,354,687
EQUITY			
Contributed capital		8,138,766	8,138,766
Share option reserve		239,118	236,727
Accumulated losses		(3,857,532)	(4,020,806)
TOTAL EQUITY		4,520,352	4,354,687

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Cash Flow

For The Half-Year Ended 31 December 2010

	Notes	Consolidated	
		2010	2009
		\$	\$
Cash flows from operating activities			
Receipts from customers		3,619,316	3,751,902
Payments to suppliers and employees		(2,936,196)	(3,281,778)
Finance income		120,830	76,799
Borrowing costs		(5,642)	(6,720)
Net cash flows from operating activities		798,308	540,203
Cash flows from investing activities			
Purchase of plant and equipment		(481,127)	(111,587)
Proceeds on disposal of plant & equipment		40,648	-
Net cash flows (used in) investing activities		(440,479)	(111,587)
Cash flows from financing activities			
Net cash flows from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		357,829	428,616
Cash and cash equivalents at beginning of period		2,045,065	1,326,791
Cash and cash equivalents at end of period		2,402,894	1,755,407

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Changes in Equity

For The Half-Year Ended 31 December 2010

CONSOLIDATED	Notes	Attributable to equity holders of the parent				
		Contributed capital	Accumulated losses	Employee equity benefits reserve	Reserves	Total equity
		\$	\$	\$	\$	\$
At 1 July 2010		8,138,766	(4,020,806)	-	236,727	4,354,687
Profit for the period		-	163,274	-	-	163,274
Other Comprehensive Income		-	-	-	-	-
Transactions with Owners in their capacity as owners:						
Amortisation of employee share based payments	2(ii) & 5	-	-	-	2,391	2,391
At 31 December 2010		8,138,766	(3,857,532)	-	239,118	4,520,352
At 1 July 2009		8,138,766	(4,025,418)	-	226,962	4,340,310
Profit for the period		-	21,358	-	-	21,358
Other Comprehensive Income		-	-	-	-	-
Transactions with Owners in their capacity as owners:						
Amortisation of employee share based payments	2(ii)	-	-	-	6,873	6,873
At 31 December 2009		8,138,766	(4,004,060)	-	233,835	4,368,541

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

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

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) Changes in Accounting Policies

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

(c) Intangible Asset

The intangible asset which relates to the Cryobyte LS software has a carrying value of nil as at 31 December 2010. Its treatment is consistent with the year ended 30 June 2010 in which the Board decided to fully amortise the costs associated with the software as the ongoing development had been suspended due to their relocation to the new premises.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

	Notes	Consolidated	
		2010	2009
		\$	\$
2. REVENUE AND EXPENSES			
Specific items			
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:			
(i) Revenue			
Rendering of services		3,171,840	3,055,924
Interest income		120,692	80,225
Profit on disposal of plant & equipment		35,410	-
		3,327,942	3,136,149
(ii) Expenses			
Included within expenses are the following amounts:			
Depreciation & amortisation		249,435	96,217
Employee benefits		1,018,144	940,858
Expense of share-based payments			
- employee share scheme	6	2,391	6,873
- other options	6	-	-

3. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options)

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

4. EARNINGS PER SHARE *Continued*

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

	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$	Consolidated 31 December 2009 \$
Net profit attributable to equity holders of the parent	163,274	4,612	21,358
	No of shares.	No of shares.	No of shares.
Weighted average number of ordinary shares for basic earnings per share	46,639,563	46,639,563	46,639,563

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before completion of these financial statements.

4. DIVIDENDS PAID OR PROPOSED

No dividends have been provided for or paid at the reporting date (30 June 2010: Nil).

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

5. EMPLOYEE BENEFITS

Share based payments

Share Options

Options over ordinary shares:

Employee share scheme

At the end of the period there were 520,000 (30 June 2010: 520,000) un-issued ordinary shares in respect of which options were outstanding under the employee share scheme.

	31 December 2010			30 June 2010		Expense for period \$
	No. of Options	Exercise price	Expense for period \$	No. of Options	Exercise price	
Balance at beginning of period	520,000	-	-	1,070,000	-	-
Options expiring or forfeited during the period	-	-	-	(550,000)	-	-
Expense for options outstanding during period	-	-	2,391	-	-	9,765
Balance at end of period	520,000	-	2,391	520,000	-	9,765
Exercisable at end of period						
Graeme Moore	300,000	0.30		200,000	0.25	
Philip Alger	220,000	0.30		146,666	0.25	
Sub-Total Key management personnel	520,000			346,666		
Other employees	-	-		-	-	
	520,000	0.30		346,666	0.25	

Terms and conditions of options issued under employee share scheme details

On 18 February 2002, Cryosite established an Employee Share Option Plan (“the Plan”). The Plan is designed to assist in the retention and motivation of employees and directors of the Company.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

6. EMPLOYEE BENEFITS *continued*

Share based payments *continued*

Share Options continued

The terms and conditions of the Plan are as follows:

Options may be granted under the Plan to an employee or director of the Company or any of its subsidiaries, or to a person who renders services to the Company, or to any of its subsidiaries and is eligible to be a participant in the Plan under the terms of the Income Tax Assessment Act 1936 and Income Tax Assessment Act 1997 and by any instrument issued by ASIC and applicable to the Company (“eligible participant”).

The Cryosite Board will determine the number of share options granted to each eligible participant.

The total number of share options granted under the Plan will be limited to 5% of the total number of issued shares at the time the offer or grant of options is made.

Options will be issued for no consideration.

The Board will determine the Option Exercise Price after considering the volume weighted average of the prices at which shares were traded on ASX during the one month period before the date of the offer.

Options will expire at the end of eight years from the option grant date or if the participant ceases to be an employee or director of, or render services to, the Company or any of its Subsidiaries for any reason whatsoever.

The exercise price of each initial option issued under the Plan was the retail offer price included in the prospectus (40 cents) for the Initial Public Offering.

For the initial options granted to employees and the Executive Director under the Plan, 20% will become exercisable after the first anniversary of listing on ASX and an additional 20% will become exercisable each anniversary of listing thereafter. The Company was listed on the ASX on 9 May 2002.

There were no options issued at the reporting date that are not exercisable.

Other options

At the end of the half-year there were nil (30 June 2010: 170,000) unissued ordinary shares in respect of which options were outstanding, issued for the provision of services.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

5. EMPLOYEE BENEFITS continued

Share based payments continued

Other options continued

	31 December 2010		30 June 2010	
	No. of Options.	Expense for period \$	Options No.	Expense for year \$
Balance at beginning of year	170,000	-	335,000	-
Options expiring during the period	¹ (170,000)	-	(165,000)	-
Balance at end of period	-	-	170,000	-
Exercisable at end of period				
R Grellman	-	-	170,000	0.40

¹ 170,000 options vested to Mr Grellman expired on 1 December 2010

Parties to option agreement	R Grellman – Former Chairman (resigned on 4 March 2008)
Rights Granted and grant date	500,000 Share Options granted on 27 November 2002
Option exercise price	Fixed at 40 cents per share
Vesting period	170,000 on 27 November 2005 Options must be exercised no later than 5 years from vesting date.
Vesting requirements	No vesting conditions apply, options granted as part of remuneration package as Chairman.
Weighted average fair value per option at grant date	\$0.21
Expense for the period	\$-
Prior year's expense taken to account	\$-
Value of options forfeited	\$-
Balance at the end of the financial period not yet expensed	\$-
Calculation of fair value of option	Valuation was made using the binomial method in accordance with the requirements of accounting standards. Calculations were based on the expected contractual life of the options using the average weekly historical share price of the company over the previous 12 months.
Expected volatility	The expected volatility used was 0.708 with an interest-free risk rate of 5.05%. The market share price at date of grant was 38 cents.

6. CONTINGENT LIABILITIES

The Group is not aware of any contingent liabilities or contingent assets at reporting date.

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

7. SUBSEQUENT EVENTS

The directors are unaware of any event or transaction that has occurred between the reporting date and the date of this financial report that may have a significant effect on the company.

8. SEGMENT INFORMATION

Identification of Reportable Segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The segment information provided is consistent with the internal management reporting.

Two reportable segments have been identified as follows:

Biological Services	Private cord blood services, biorepository management and adult stem cell storage.
Warehousing & Distribution	Clinical trial logistics and American Type Culture Collection distribution services.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the 30 June 2010 annual financial report.

Operating Segments

	Biological Services \$	Warehousing & Distribution \$	Total \$
31 December 2010 – Consolidated			
Total segment revenue	1,688,467	1,483,373	3,171,840
Segment profit before EBITDA	142,263	144,150	286,413
31 December 2009 – Consolidated			
Total segment revenue	1,556,383	1,499,541	3,055,924
Segment profit before EBITDA	16,262	25,716	41,978
Total Segment assets			
31 December 2010	4,844,534	3,350,140	8,194,674
30 June 2010	4,389,028	3,293,265	7,682,293

Notes to the Financial Statements

For The Half-Year Ended 31 December 2010

8. SEGMENT INFORMATION *continued*

A reconciliation of operating EBITDA before operating profit before income tax is provided as follows:

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$
Operating EBITDA	286,413	41,978
Interest revenue	120,692	80,225
Depreciation and amortisation	(249,435)	(96,217)
Finance costs	(5,642)	(6,720)
Profit before tax	152,028	19,266

TO THE MEMBERS OF CRYOSITE LIMITED
REPORT ON THE HALF YEAR FINANCIAL REPORT

Scope

We have reviewed the financial report of Cryosite Limited for the half-year ended 31 December 2010 comprising of the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the six months ended on that date, other selected explanatory notes and the directors declaration of the consolidated entity, comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

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

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

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditors Independence Declaration, a copy of which is included in the financial statements.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cryosite Limited and its controlled entities is not in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the consolidated entity's financial position at 31 December 2010 and of its performance for the six months ended on that date; and
- ii) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

DUNCAN DOVICO CHARTERED ACCOUNTANTS



ROSEMARY MEGALE

Partner

Dated: 23rd February, 2011

Place: Sydney