

# Cryosite Limited

ABN 86 090 919 476

## Appendix 4D

Half year report

Six months ended 31 December 2009 ('current period')  
and 31 December 2008 ('previous corresponding period')

### Results for announcement to the market

Revenue from ordinary activities:	Down	4.7%	To	\$A'000 3,136
Profit from ordinary activities after tax attributable to members:	Down	90.5%	to	21
Net profit for the period attributable to members:	Down	90.5%	to	21
<b>NTA backing</b>				
		Current period		Previous corresponding Period
Net tangible asset backing per ordinary security		9.4 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 2009.

# **CRYOSITE LIMITED**

ABN 86 090 919 476

## **Half-Year Financial Report**

31 December 2009

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**AUDITOR'S INDEPENDENCE DECLARATION**

**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 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

**DUNCAN DOVICO CHARTERED ACCOUNTANTS**

A handwritten signature in black ink that reads "R. Megale".

**ROSEMARY MEGALE**

Partner

**Dated:** 22<sup>nd</sup> February, 2010

**Place:** Sydney

## Consolidated Statement of Comprehensive Income

For The Half-Year Ended 31 December 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>Revenues</b>	<b>2</b>	<b>3,136,149</b>	3,290,977
<b>Expenses</b>	<b>2</b>		
Costs of providing services		(1,781,327)	(1,796,396)
Finance costs		(6,720)	(5,457)
Marketing expenses		(110,561)	(84,761)
Occupancy expenses		(451,362)	(426,984)
Administration expenses		(766,913)	(751,932)
<b>Profit from operations before tax</b>		<b>19,266</b>	225,447
Income tax benefit	<b>3</b>	<b>2,092</b>	-
<b>Profit after tax from operations</b>		<b>21,358</b>	225,447
<b>Net Profit attributable to members of the parent</b>		<b>21,358</b>	225,447
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the half-year</b>		<b>21,358</b>	225,447
Earnings per share (cents per share)			
Basic EPS for the half-year	<b>4</b>	<b>0.04</b>	0.48
Diluted EPS for the half-year	<b>4</b>	<b>0.04</b>	0.47

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

# Consolidated Statement of Financial Position

As at 31 December 2009

	Notes	Consolidated	
		as at 31 December 2009 \$	as at 30 June 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	1,755,407	1,326,791
Trade and other receivables		1,126,558	1,403,175
Inventories		28,648	53,358
Prepayments		150,876	247,171
<b>Total Current Assets</b>		<b>3,061,489</b>	<b>3,030,495</b>
<b>Non-current Assets</b>			
Trade and other receivables		1,499,783	1,550,920
Deferred income tax asset		766,705	763,422
Plant and equipment		2,136,805	2,009,719
Intangible assets	1(d)	-	-
<b>Total Non-current Assets</b>		<b>4,403,293</b>	<b>4,324,061</b>
<b>TOTAL ASSETS</b>		<b>7,464,782</b>	<b>7,354,556</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,135,807	1,207,373
Unearned income		300,253	285,968
<b>Total Current Liabilities</b>		<b>1,436,060</b>	<b>1,493,341</b>
<b>Non-current Liabilities</b>			
Trade and other payables		63,719	-
Unearned income		1,543,598	1,459,989
Deferred tax liability		2,379	1,188
Provisions		50,485	59,728
<b>Total Non-current Liabilities</b>		<b>1,660,181</b>	<b>1,520,905</b>
<b>TOTAL LIABILITIES</b>		<b>3,096,241</b>	<b>3,014,246</b>
<b>NET ASSETS</b>		<b>4,368,541</b>	<b>4,340,310</b>
<b>EQUITY</b>			
Contributed capital		8,138,766	8,138,766
Share option reserve		233,835	226,962
Accumulated losses		(4,004,060)	(4,025,418)
<b>TOTAL EQUITY</b>		<b>4,368,541</b>	<b>4,340,310</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes 7

## Consolidated Statement of Cash Flow

For The Half-Year Ended 31 December 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,751,902	3,534,011
Payments to suppliers and employees		(3,281,778)	(3,113,822)
Finance income		76,799	74,626
Borrowing costs		(6,720)	(5,457)
<b>Net cash flows from operating activities</b>		<b>540,203</b>	<b>489,358</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(111,587)	(1,101,055)
Purchase of intangibles		-	(28,005)
<b>Net cash flows (used in) investing activities</b>		<b>(111,587)</b>	<b>(1,129,060)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents		428,616	(639,702)
Cash and cash equivalents at beginning of period		1,326,791	1,975,278
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>1,755,407</b>	<b>1,335,576</b>

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

## Consolidated Statement of Changes in Equity

For The Half-Year Ended 31 December 2009

CONSOLIDATED	Notes	Attributable to equity holders of the parent			Total equity
		Contributed capital	Accumulated losses	Reserves	
		\$	\$	\$	\$
<b>At 1 July 2009</b>		<b>8,138,766</b>	<b>(4,025,418)</b>	<b>226,962</b>	<b>4,340,310</b>
<b>Profit for the period</b>		-	<b>21,358</b>		<b>21,358</b>
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Total Other Comprehensive Income for the period</b>		<b>8,138,766</b>	<b>(4,004,060)</b>	<b>226,962</b>	<b>4,361,668</b>
<b>Transactions with Owners in their capacity as owners:</b>					
<b>Amortisation of employee share based payments</b>	<b>2(ii) &amp; 6</b>	-	-	<b>6,873</b>	<b>6,873</b>
<b>At 31 December 2009</b>		<b>8,138,766</b>	<b>(4,004,060)</b>	<b>233,835</b>	<b>4,368,541</b>
<b>At 1 July 2008</b>		<b>8,138,766</b>	<b>(4,032,667)</b>	<b>214,989</b>	<b>4,321,088</b>
<b>Profit for the period</b>		-	<b>225,447</b>	-	<b>225,447</b>
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Total Other Comprehensive Income for the period</b>		<b>8,138,766</b>	<b>(3,807,220)</b>	<b>214,989</b>	<b>4,546,535</b>
<b>Transactions with Owners in their capacity as owners:</b>					
<b>Amortisation of employee share based payments</b>	<b>2(ii)</b>	-	-	<b>6,203</b>	<b>6,203</b>
<b>At 31 December 2008</b>		<b>8,138,766</b>	<b>(3,807,220)</b>	<b>221,192</b>	<b>4,552,738</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes* 9

## Notes to the Financial Statements

For The Half-Year Ended 31 December 2009

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (a) Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Cryosite Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

#### (b) Changes in Accounting Policies

The same accounting policies and methods of computation are followed in the interim financial statements as were followed in the 30 June 2009 annual financial statements apart from those outlined below:

#### (c) New Accounting Standards and Interpretations

Cryosite Limited had to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009. The affected policies and standards are:

- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements (revised)

The adoption of AASB 8 Operating Segments has caused the Group to revise its segment reporting in a manner that is consistent with its internal reporting.

#### (d) Intangible Asset

The intangible asset which relates to the Cryobyte LS software has a carrying value of nil as at 31 December 2009. Its treatment is consistent with the year ended 30 June 2009 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 2009

	Notes	Consolidated	
		2009	2008
		\$	\$
<b>2. REVENUE AND EXPENSES</b>			
<b>Specific items</b>			
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:			
<b>(i) Revenue</b>			
Rendering of services		3,055,924	3,201,399
Interest income		80,225	89,578
		<b>3,136,149</b>	<b>3,290,977</b>
<b>(ii) Expenses</b>			
Included within expenses are the following amounts:			
Depreciation & amortisation		96,217	150,530
Employee benefits		940,858	847,722
Expense of share-based payments			
- employee share scheme	6	6,873	6,203
- other options	6	-	-

### 3. INCOME TAX

The Group has estimated tax losses arising in Australia of \$4,386,246 at the half year (30 June 2009: \$4,413,975) that are available for offset against future taxable profits of the company.

The total deferred income tax asset relating to these tax losses is \$1,315,874 (30 June 2009: \$1,324,193). Of these losses, a future income tax benefit to the extent of \$438,916 (30 June 2009: \$438,916) has been brought to account as at reporting date, and forms part of the overall future income tax benefit recognised of \$766,705 (30 June 2009: \$763,422). The Directors have determined that realisation of the remaining benefit relating to income tax losses is not regarded as probable as at 31 December 2009. However, given that the Group is continuing to generate assessable profits, the Directors will review the deferred income tax relating to tax losses as at the 30 June 2010.

## Notes to the Financial Statements

For The Half-Year Ended 31 December 2009

### 4. 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)

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

	<b>Consolidated 31 December 2009 \$</b>	<b>Consolidated 30 June 2009 \$</b>
Net profit attributable to equity holders of the parent	<u>21,358</u>	<u>7,249</u>
	<b>No of shares.</b>	<b>No of shares.</b>
Weighted average number of ordinary shares for basic earnings per share	<u>46,639,563</u>	<u>46,639,563</u>

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

### 5. DIVIDENDS PAID OR PROPOSED

No dividends have been provided for or paid (2008: Nil).

## Notes to the Financial Statements

For The Half-Year Ended 31 December 2009

### 6. EMPLOYEE BENEFITS

#### Share based payments

##### Share Options

Options over ordinary shares:

#### Employee share scheme

At the end of the period there were 832,500 (30 June 2009: 1,070,000) un-issued ordinary shares in respect of which options were outstanding under the employee share scheme.

	31 December 2009			30 June 2009		Expense for period \$
	No. of Options	Exercise price	Expense for period \$	No. of Options	Exercise price	
Balance at beginning of period	1,070,000	-	-	1,070,000	-	-
Options forfeited during the period	(237,500)	-	-	-	-	-
Expense for options outstanding during period	-	-	6,873	-	-	11,973
Balance at end of period	832,500	-	6,873	1,070,000	-	11,973
Exercisable at end of period						
Gordon Milliken	312,500	0.40		312,500	0.40	
Graeme Moore	200,000	0.25		100,000	0.20	
Philip Alger	146,666	0.25		73,333	0.20	
Sub-Total Key management personnel	659,166			485,833		
Other employees	-	-		237,500	0.40	
	659,166	0.32		723,333	0.35	

#### 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.

#### 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.

## Notes to the Financial Statements

For The Half-Year Ended 31 December 2009

### 6. EMPLOYEE BENEFITS *continued*

#### Share based payments *continued*

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.

The terms and conditions for options issued that are not exercisable at the date of this report are:

Exercise date	No of options exercisable	Exercise price per option
1 December 2010	173,334	40 cents
	<u>173,334</u>	

Options will expire 5 years from date of issue.

#### *Other options*

At the end of the half-year there were 170,000 (30 June 2009: 335,000) unissued ordinary shares in respect of which options were outstanding, issued for the provision of services.

	31 December 2009		30 June 2009	
	No. of Options.	Expense for period \$	Options No.	Expense for year \$
Balance at beginning of year	335,000	-	800,000	-
Options expiring during the period <sup>1</sup>	(165,000)	-	(165,000)	-
Options forfeited on resignation <sup>2</sup>	-	-	(300,000)	-
Balance at end of period	<u>170,000</u>	<u>-</u>	<u>335,000</u>	<u>-</u>

## Notes to the Financial Statements

For The Half-Year Ended 31 December 2009

### 6. EMPLOYEE BENEFITS *continued*

#### Share based payments *continued*

##### *Other options continued*

<sup>1</sup> 165,000 options vested to Mr Grellman expired on 1 December 2009.

<sup>2</sup> 300,000 options issued to Catherine Brenner were cancelled on resignation as a director on 29 October 2008.

	31 December 2009			30 June 2009		
	No. of Options Exercisable	Exercise price \$	Expense for period \$	No. of Options Exercisable.	Exercise Price \$	Expense for year \$
Exercisable at end of period						
R Grellman	170,000	0.40	-	355,000	0.40	-

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.

## Notes to the Financial Statements

For The Half-Year Ended 31 December 2009

### 7. CONTINGENT LIABILITIES

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

### 8. EVENTS AFTER THE BALANCE SHEET DATE

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

### 9. 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. The segment information presented as at 30 June 2009 comprised one business segment being biological services. Due to the adoption of the new standard AASB 8 ‘Segment Reporting’, services have been divided into two segments being Biological Services and Warehousing and Distribution.

## Notes to the Financial Statements

For The Half-Year Ended 31 December 2009

### 9. SEGMENT INFORMATION cont

#### Operating Segments

	Biological Services \$	Warehousing & Distribution \$	Total \$
<b>31 December 2009 - Consolidated</b>			
Total segment revenue	1,556,383	1,499,541	3,055,924
Segment profit before EBITDA	<u>16,262</u>	<u>25,716</u>	<u>41,978</u>
<b>31 December 2008 – Consolidated</b>			
Total segment revenue	1,845,924	1,355,475	3,201,399
Segment profit before EBITDA	<u>168,603</u>	<u>123,253</u>	<u>291,856</u>
<b>Total Segment assets</b>			
<b>31 December 2009</b>	<u>4,902,641</u>	<u>2,562,141</u>	<u>7,464,782</u>
30 June 2009	<u>4,580,590</u>	<u>2,773,966</u>	<u>7,354,556</u>

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

	Consolidated	
	31 December 2009 \$	31 December 2008 \$
<b>Operating EBITDA</b>	41,978	291,856
Interest revenue	80,225	89,578
Depreciation and amortisation	(96,217)	(150,530)
Finance costs	(6,720)	(5,457)
<b>Profit before tax</b>	<u>19,266</u>	<u>225,447</u>

### 10. ADDITIONAL INFORMATION

#### Reconciliation of cash

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2009:

	31 December 2009 \$	30 June 2009 \$	31 December 2008 \$
Cash at bank and in hand	246,113	355,821	136,540
Short-term deposits	<u>1,509,294</u>	<u>970,970</u>	<u>1,199,036</u>
	<u>1,755,407</u>	<u>1,326,791</u>	<u>1,335,576</u>



**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 2009 comprising of the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the 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 2009 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 review 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 2009 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:** 22<sup>nd</sup> February, 2010

**Place:** Sydney