

ASX Announcement

2 November 2004

CHAIRMAN'S ADDRESS **ANNUAL GENERAL MEETING**

Good morning ladies and gentlemen. My name is Richard Grellman; I am the Chairman of Cryosite Limited and will be chairing this morning's meeting.

On behalf of the board of Cryosite I would like to welcome you to the Cryosite Annual General Meeting for 2004

This is the second year that I have had the opportunity as Chairman to report the progress of the company.

THE YEAR IN REVIEW

I am very pleased to be able to report to shareholders that the company achieved a number of significant milestones during the year that will have a positive influence on the company's success for many years to come.

The first of these was in being awarded a Code of Good Manufacturing (GMP) Licence from the Therapeutic Goods Administration (TGA). The licence covers a number of our services. However, the most important area covered is our private cord blood service. Cryosite is the only organisation in Australia, either public or private, to have achieved a licence for this type of service. The number of participating obstetricians and hospitals continues to increase. Pleasingly, we now have had more than 400 obstetricians who have collected cord blood from over 200 hospitals throughout Australia.

Other parts of our services also covered by the licence include GMP storage of a range of biological material, including cell banks and adult peripheral stem cells and clinical trial logistics services.

At last year's meeting, I made reference to our plans to upgrade our facilities so as to increase our presence in the clinical trial market. I am very pleased to be able to report that this has been very successful and we have commenced another development of the facility to meet the demand for the services. We were recently able to announce that an agreement had been signed with Bristol-Meyers Squibb for the management of all of their clinical trial logistics

services in Australia and New Zealand. We have also attracted a number of smaller customers as well as increased the volume of work undertaken for existing customers. We are confident that we will be able to continue our success in attracting new customers.

Another milestone was in signing an agreement with the Peter MacCallum Cancer Institute in Melbourne for the storage of adult stem cells as part of their cellular therapy programme. The Peter MacCallum Institute is one of the world's most respected medical research institutions and is the only hospital in Australia devoted solely to the treatment of cancer patients. We were only successful in winning this contract by reason of being a TGA licensed provider.

I am also pleased to report that the terms for a new distribution agreement with the American Type Culture Collection have been agreed and we have executed a new agreement. The new agreement will give Cryosite the exclusive distribution rights for ATCC research products until 2009.

The 2004 financial year saw an increase in total revenue from \$2,031,573 to \$2,164,448; an increase of 6.4% from the previous year.

In line with our prudent approach to capital management, we raised additional working capital of \$1,246,082 by way of a combined rights issue and share purchase plan. The money raised will be used to fund further development of the facility and to purchase additional equipment as demand for our services increases.

Going Forward

The directors are very optimistic about the outlook for the company. We are seeing a steady increase in the number of cord blood storage customers. This means that the future annuity income base will continue to demonstrate good compound growth. There has also been a number of reports in the medical and mass media about the successful use of cord blood in the treatment of a variety of conditions for which no other treatments were available. The likely extension of our regulatory licence to allow for the use of cord blood on other family members should also have a positive effect on the general community interest in private cord blood storage.

We will also start the storage of adult stem cells from our agreement with the Peter MacCallum Cancer Institute. As with the cord blood service, we expect to see a steady compound increase in annuity income for this business.

The clinical trial logistics service is expected to continue its expansion. We are in the advanced stage of negotiation with a number of very significant potential customers and expect to be able to make a number of announcements in the near future.

The archival storage service is growing steadily and is also anticipated to show continued growth during the next year. We recently signed our biggest contract to date for the storage of over 250,000 samples.

The renewal of our exclusive distribution agreement with the American Type Culture Collection is great news for us as it provides a very valuable regular income stream and keeps our name in the minds of many of our potential archival storage customers.

Competitive Environment

We expect that most areas of our business will be subject to increasing competition. We firmly believe that the most effective way of coming out on top in this environment is to continue to develop our service quality so as to continue to demonstrate a clearly defined advantage to our existing and prospective customers. As is demonstrated by our having been granted a TGA licence, Cryosite has developed a sophisticated Quality Management System that encompasses all aspects of business. To further develop this system, we have recently commenced the implementation of a Human Resources Management Plan so as to provide a formal structure to manage our human capital. The ability to attract and retain high quality staff is a major consideration as we develop and grow as a company. The ability to offer customers very customised and personalised services is a significant part of our competitive strategy.

Shareholder support

The Board and Management are grateful for the continuing support and interest in the company by the shareholders. We remain confident that the Company is well positioned to take advantage of both the growth in the research and biotechnology activity in Australia, and the increased acceptance of outsourcing of non-core logistics by organisations involved in research clinical trials in Australia and New Zealand.

I would like to thank you for your interest in the company by attending today's meeting, and would like to assure all shareholders that the directors, management and staff will continue to work towards and indeed are confident that we will create a unique Australian company.

Finally, I would like to thank KPMG for their generous help in providing the venue and for the refreshments.