Cryo-Save
Save for Life

The leading international family stem cell bank

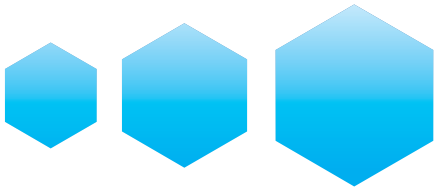
Cryo-Save Group N.V.
Annual report 2010

Cryo-Save is a well established healthcare services group which focuses on the collection, processing and storage of human adult stem cells, collected from the umbilical cord blood, and the umbilical cord, from newborn babies at birth. We have also successfully launched Cryo-Lip®, a new product for the collection, processing and storage of stem cells from adipose tissue from adults.

With 170,000 samples saved to date, we are the leading international brand and the largest family stem cell bank in Europe. Cryo-Save is now represented in 40 countries on three continents with state-of-the-art processing and storage facilities in Belgium, Germany, Dubai, India and France.

» The market leader in family stem cell storage internationally «

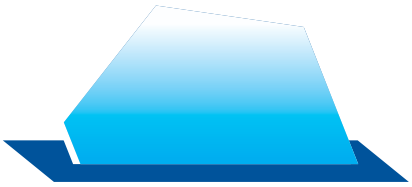
1. Investing for the future



Cryo-Save is profitable, cash-generative and pays a dividend. It has been profitable since 2005 and expects to be able to increase its profitability, driven by revenue growth and its highly operationally leveraged business model.

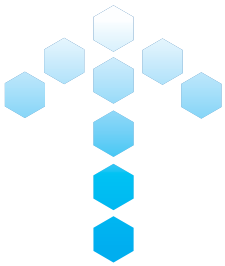
The Group has maintained its leading market position in all key markets and continues to achieve its strategic objectives: organic growth in existing markets, geographic growth into new markets such as Asia, North Africa, North and South America, growth by acquisition and development of new services.

2. Growing markets



Cryo-Save is well positioned to benefit from the expanding market for stem cell storage, driven by the increasing number and the successful use of stored samples in therapies, and in clinical studies and trials.

3. Sustaining market position



Thanks to Cryo-Save's in-house expertise, high quality standards, extensive regulatory experience and collaborations with academia and support of scientific innovation, it has strengthened its leadership. As a leading international brand, Cryo-Save is able to leverage its state-of-the-art processing and storage facilities along with its strong track record in the logistics of collecting and releasing samples to compete effectively and strengthen its position in the market.

Financial and operational highlights

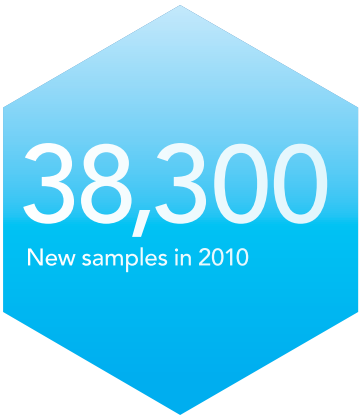
Financial highlights

- Revenue up 5% to €40.4 million (2009: €38.4 million)
- EBITA* up 63% to €5.8 million (2009: €3.6 million)
- Operating profit up 92% to €4.5 million (2009: €2.3 million)
- Profit before taxation up 117% to €3.9 million (2009: €1.8 million)
- Net profit up 89% to €2.6 million (2009: €1.4 million)
- Basic earnings per share 27.6 euro cents (2009: 14.6 euro cents)
- Net cash from operating activities €2.8 million (2009: €4.8 million)
- Cash position of €6.0 million as at 31 December 2010
- Stringent cost control resulting in increased operational leverage

* EBITA is defined as Earnings Before Interest, Taxation and Amortization of identified intangible assets

Operational highlights

- Strengthened market position and product portfolio in key markets
- Over 38,000 new samples stored in 2010 (2009: 32,000): 26,300 new cord blood samples and 12,000 new cord tissues
- Over 170,000 samples stored in total
- Over 60% of new customers now opting for the combined service of cord blood and cord tissue storage, where available



- Successful introduction of Cryo-Lip® in Europe
- Acquisition of the Bulgarian distributor Tissue Bank Cryo Center Bulgaria AD
- Another sample released in 2010 for a six year old Portuguese boy participating in an FDA approved clinical trial for the treatment of Cerebral Palsy at Duke University in the US
- 10 year anniversary of storing the first samples of umbilical cord blood stem cells

Company at a glance

» The leading international family stem cell bank «

Our business

During pregnancy the umbilical cord plays a vital role in the supply of oxygen, nutrition and other essentials from the placenta to the growing baby. Cryo-Save offers a unique opportunity to families to extend this care by saving cord blood and cord tissue and the stem cells it contains.

As of 2010 Cryo-Save also offers the storage of adult stem cells from adipose tissue for use by patients undergoing a surgical procedure.

Cryo-Save guarantees the highest quality standards in terms of transport, preparation and security of the stored stem cells. Every single step is based on the strictest scientific and industrial standards. Cryo-Save is officially accredited by the Dutch Ministry of Health as Licensed Tissue Establishment for collection, analysis, processing, preservation, storage, packaging and distribution of stem cells from the umbilical cord blood, cord tissue and adipose tissue.

Our strategy

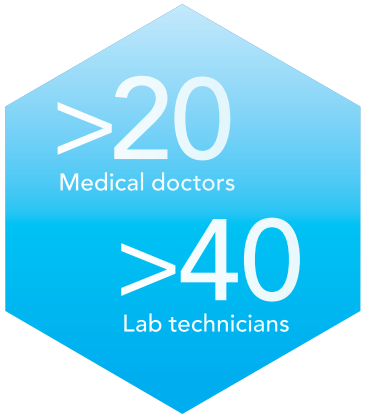
The Group operates a growth strategy focused on:

- organic growth in existing markets
- geographic growth into new markets
- growth by acquisitions
- development of new services

Cryo-Save is financially stable and is a publicly listed company at NYSE Euronext Amsterdam.

Our employees

Cryo-Save employs almost 300 employees across the Group. Our employees are highly educated, trained and experienced in the field they operate. We have more than 20 medical doctors and over 40 lab technicians amongst our staff. Behind those competences is a shared desire to apply an entrepreneurial spirit in an environment where one can contribute significantly to the wellbeing of people. This drive and creative thinking fuel Cryo-Save's growth.



Cryo-Save is now represented in 40 countries on three continents with state-of-the-art processing and storage facilities in Belgium, Germany, Dubai, India and France.

Our products

We offer collection, analysis, processing and cryogenic preservation of three main sources of human adult stem cells:

1. hematopoietic stem cells obtained from the umbilical cord blood
2. mesenchymal stem cells obtained from the umbilical cord tissue
3. mesenchymal stem cells obtained from adipose tissue

These sources are the most promising and suitable ones of stem cells for current applications and future regenerative medicine. In this way Cryo-Save is positioning itself to be the Adult Stem Cell Bank of choice for now and the future.

Cryo-Save continues to participate in adult stem cell research projects funded by the European Commission and is the only cord blood bank in Europe to take part in these advanced projects. The Group is also active in clinical studies for stem cell therapies and considers these contributions as an essential part of its company mission to improve the quality of healthcare.

Our facilities

We endeavor to ensure that all our facilities meet the highest quality standards and are properly accredited. All Cryo-Save laboratories are obliged to reach or exceed nationally imposed legal standards in this highly regulated industry. Cryo-Save currently has processing and storage facilities in Belgium, Dubai, Germany, India and France (validation in progress).

In addition, we strive to obtain voluntary accreditations such as ISO 9001:2008 and AABB where these are not in conflict with national legal requirements. Our message to customers is that in choosing Cryo-Save to store their child's or their own stem cells they are making a secure and safe choice.

Cryo-Save is also a member of Cord Blood Europe, a not-for-profit association of family cord blood banks in Europe, founded in 2009.

Our customers

Our customers are well informed and understand the importance that stem cell transfusion may play in the treatment of certain life-threatening diseases as well as part of regenerative medicine. Thanks to the increased clinical research in the field of adult stem cells applications and the reported, fascinated results, the medical community's awareness about the significance of adult stem cells and their storage has improved and allows their patients to obtain better information. At the same time, Cryo-Save considers the distribution of trustworthy and up-to-date information concerning stem cell preservation an important task for its organization. For that reason, Cryo-Save has worked and continues to relentlessly increase the acceptance and awareness of the value of stem cell storage around the world. Its programme of educating and informing the public and healthcare professionals, ensures that all its (potential) clients are aware of the options available to them and opportunity to store either their child's or their own stem cells.

Industry overview

Having a banked and viable source of your own stem cells is a real advantage given the current rate of new discoveries and active clinical trials for stem cell treatments.

Historical overview

The first hematopoietic stem cell transplants – bone marrow as source of stem cells

The first clinical use of hematopoietic (blood) stem cells in transplantations for blood and blood related disorders was over 40 years ago using bone marrow as a source for the hematopoietic stem cells (HSCs). Following initial successful and lifesaving HSC transplants, in 1986 the National Marrow Donor Program was founded in the United States and Bone Marrow Donors Worldwide was established in the Unites States in 1988. These are international registries that made available to all physicians worldwide a list of potential bone marrow donors who are suitable and willing to donate their bone marrow. This revolutionary initiative changed the way many people with terminal blood and blood related diseases were treated and led to an exponential increase in life saving bone marrow transplants. Bone marrow transplantations soon became well established and accepted for numerous hematological conditions, however, there were and still remain limitations to this life saving procedure. Finding a matching donor by searching the international registries takes time (which is not on the side of a terminally ill patient) and in some cases a match is never found. Once a match is found, statistics suggest that over 30% of donors are no longer able or willing to donate their bone marrow. Another obstacle is the high degree of graft vs. host disease in bone marrow transplants – this is when the donor cells see the patient as foreign and start to attack the patient. This transplant complication has a high mortality rate and thus it is critical to find a fully matched bone marrow donor.

Introducing cord blood as an alternative source of stem cells

Initial work by Knudtzon in the 1970's and Broxmeyer and colleagues in the early 1980's discovered that umbilical cord blood (UCB) contained hematopoietic stem cells (HSCs) similar to those in bone marrow and that these cells could be collected, processed and cryopreserved. The first attempt to transplant UCB stem cells as an alternative to bone marrow stem cells was in 1972. The first successful recorded and published umbilical cord stem cell transplant was performed in France in 1988 for a boy with Fanconi's Anemia. The donor was his sister and her umbilical cord blood was collected at birth and used in the transplantation. Today, the patient is healthy and cured of the condition.

» We operate in a market with strong opportunities for growth «

20,000
Cord blood transplants performed worldwide for over 70 blood and blood related diseases

This success, followed by further published clinical data using cord blood as a source of stem cells for hematopoietic stem cell transplants, led to the establishment of both private and public cord blood banks and the optimization of UCB collection, processing and storage.

The first public cord blood bank, The New York Blood Centre, was established in 1992 and was followed by banks in Milan, Paris and Dusseldorf. The first private cord blood bank, Cord Blood Registry in Arizona, was established in 1995. Cryo-Save started its activities in 2000.

Cryopreservation of cord blood

The banking of cord blood for future stem cell transplantation is made possible thanks to the ability to cryopreserve cord blood. Being a new industry, the viability of cryopreserved samples over time continues to be validated. Broxmeyer and colleagues have the most experience in storing cord blood and have published data on the efficient recovery, viability and functionality of stem cells after more than 23 years of cryopreservation. As time progresses we should see that the ability to efficiently recover and use stem cells will not be affected by ongoing cryopreservation.

Since 1988, umbilical cord blood transplantation have demonstrated that:

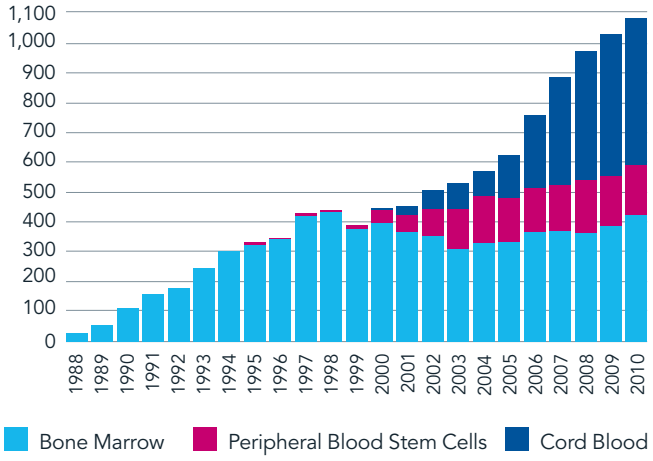
- Cord blood can be obtained with ease and with no risk to mother or child
- Cord blood can be successfully cryopreserved without loss of viability or functionality
- Cord blood, when compared to other sources of stem cells, allows for greater HLA mismatch (tissue mismatch) without the corresponding increase in graft-versus-host disease (GVHD)
- When compared to other adult stem cells, cord blood stem cells are the most enriched with primitive stem cells, and thus have the advantage of higher proliferative potential over other sources of adult stem cells
- Stem cells from cord blood are an effective treatment for numerous blood diseases, including hematological malignancies, bone marrow failure, hemoglobinopathies and inborn errors of metabolism. It is an accepted source of stem cells for all diseases that have traditionally been treated using bone marrow stem cells

Cord blood in current transplantation applications

Today over 20,000 cord blood transplants have been performed worldwide for over 70 blood and blood related diseases. Although cord blood was once viewed as an alternative source of stem cells for therapeutic transplantation, it has gained acceptance among transplant physicians and is now often considered as a first-line treatment. In fact, in pediatrics in the USA, cord blood is the most frequently used source of stem cells for a hematopoietic stem cell transplant, as shown in the graph below.

These data show the utilization of three sources of stem cells; bone marrow, peripheral blood and cord blood. It demonstrates that the more traditional transplantations using bone marrow are now being replaced by cord blood transplantations. According to the National Marrow Donor Program this trend will continue to increase exponentially and the forecast is that there will be over 10,000 cord blood transplants per year by 2015.

NMDP Transplants by Cell Source
Pediatric recipients (age younger than 18 years)



Source: National Marrow Donor Program FY 2010

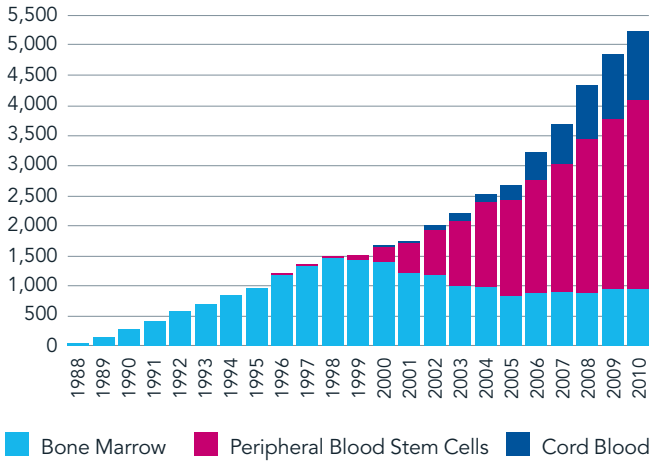
National Marrow Donor Program®
Entrusted to operate the C.W. Bill Young Cell Transportation Program, including the Be The Match Registry®

Industry overview
continued

The more UCB samples that a family stores privately, the better the chances of finding a matching stem cell source for a sibling or family member in the event that a transplant is required.

One limitation of using cord blood is the finite amount of blood in the umbilical cord and thus the limited amount of therapeutic stem cells obtained. In treatment, the stem cell dose required is determined by the patient's body weight and an average cord blood collection is often not enough to treat an adult for the traditional hematopoietic conditions. Following the success of treatments using cord blood in the pediatric setting, much research has been done to overcome this cell dose limitation. Encouraging results from different research centers have led to the increased use of cord blood stem cells as a source for hematopoietic transplantation in adults, as seen in the graph below.

NMDP Transplants by Cell Source



Source: National Marrow Donor Program FY 2010

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» The best donor of stem cells for therapy are matched, related donors «

Related UCB transplants vs. unrelated UCB transplants – HLA matching for a sibling and storing cord blood for the family

An early discovery that continues to be demonstrated is that the best donor of stem cells for therapy is a matched, related donor (i.e. a family member). When a transplant physician decides on hematopoietic stem cell transplantation as a treatment, the first place to search for a match is within a family. However for a family member, or any donor, to be able to donate their bone marrow, they must be a perfect tissue match for the recipient. Unfortunately, this is estimated to only be possible in fewer than 30% of cases. However, patients who have access to stored UCB from a relative have a greater chance of finding a match. This is due to the nature of umbilical cord stem cells. They display immunologically immature characteristics, which allows less than a perfect match without an increased risk of rejection. Simply stated, the more UCB samples that a family stores privately, the better the chances of finding a source of matching stem cell source for a sibling or family member in the event that a transplantation is required.

Autologous transplants

Many people think of hematopoietic stem cell transplantation (HSCT) as a transplant involving a donor (allogeneic transplant). However autologous (using one's own) stem cell transplants are actually far more common. The first Global Perspective on Hematopoietic Stem Cell Transplants, published in November 2010, looked at data collected by 1,327 centers in 71 participating countries. It showed that in 2006, 50,417 first time HSCTs were performed; 43% were allogeneic and 57% were autologous. The diseases treated using autologous HSCTs included lymphomas, selected leukemia subtypes, solid tumors, auto-immune disorders and others.

The majority of these HSCTs used peripheral blood or bone marrow as a source of stem cells as very few people had autologous cord blood available to them as an option for stem cell treatment. Indeed, it is non-existent for anyone above the age of 16 as the first private cord blood bank was not established until 1995. Published literature shows that if available, cord blood as a source for autologous HSCT is a viable option for certain non genetic diseases. Thus, as this industry grows and children who currently have their cord blood stored get older and enter a higher risk group for diseases that are treatable using autologous HSCTs, we are likely to see an increase in families using their stored cord blood.

Autoimmune disorders and liver disease are two such examples of diseases currently being researched that are looking at autologous HSCTs as a treatment option. In the largest cohort studied worldwide it was shown that autologous HSCT can induce sustained remissions for more than five years in patients with severe autoimmune diseases compared to conventional therapy. This data was published in Hematologica 2010, originally from a 12 year observational study from 1996-2007 reported to the European Group for Blood and Bone Marrow Transplantation (EBMT) registry. Data, recently published in Cell Transplantation (2010) reported on 48 patients with end stage liver cirrhosis who were receiving autologous HSCT. Initial results showed that it was safe and appeared to offer some therapeutic benefit. Current medical applications for autologous cord blood transplants are already on the increase as more parents opt to store the umbilical cord blood of their newborns. In December 2010, a German team presented the first long term follow up (6 years post treatment) of a boy who was treated with his own cord blood for leukemia. The child is today healthy and free from cancer.

Further, emerging therapies and regenerative medicine are increasingly focusing on using an autologous source of stem cells to treat a host of previously incurable debilitating diseases or injuries. As these emerging therapies progress to clinics, samples released from private cord blood banks for illnesses such as Cerebral Palsy, Type 1 Diabetes Mellitus, traumatic brain injury and other neurological disorders are on the increase. Having a banked and viable source of one's own stem cells is a real advantage given the current rate of new discoveries and potentially new applications under investigation.

Industry overview
continued

Current options available for cord blood
Expectant parents have three options available for cord blood after the birth of their child.

1. To donate to a public bank
The parents donate their child's cord blood sample to a public bank that will process and tissue type it and list the sample on an international registry for use by anyone in need of a transplant. The family gives up their right to the sample. Donation to a public bank is limited by the access to such public banks and the fact that after processing up to half of the samples does not meet the requirements for storage and are instead used for research or thrown away. If a family needs a cord blood sample and finds a match on this registry, the public bank will request a fee to release the sample.

2. To store in a private bank
The private bank stores the child's cord blood sample for the family for a fee. The sample is processed and cryopreserved and if required released free of charge to a transplantation centre for treatment on the instructions of a treating physician.

3. To have it destroyed
In case the stem cells will not be stored, the umbilical cord, cord blood and placenta are discarded as waste following birth and will be destroyed.

In over 40 states in the United States the expecting parents are educated by law about the storage options and the benefits of cord blood. Data from international registries in 2010 show that more than 450,000 cord blood units are stored, tissue typed and readily available in over 50 public cord blood banks worldwide and it is estimated that well over 1 million cord blood units are stored in private cord blood banks worldwide.

This non-controversial source of stem cells, with proven advantages over other sources is emerging as the most promising one to deliver stem cells for therapeutic use, including the more traditional hematopoietic stem cell applications and the latest cellular therapy and regenerative medicine applications.

Probability of a hematopoietic stem cell transplant
Although life-saving and exciting advances have been achieved with cord blood stem cells, the question often asked is, "what are the odds that I will need a stem cell transplant?" This question is often answered based on historical data. In the recent past, only HSCT's were preserved and strictly used for blood or blood-related diseases. With the emergence of new indications and the use in regenerative medicine, an increased number of potential applications lie on the horizon. Today, considering only the usage of stem cells in non-regenerative medicine, one stored umbilical cord blood stem cell sample can serve two recipients: either the donor him/herself or a blood-related family member. An article published in Bone and Marrow Transplantation in 2008 by Nietfield et al, looking at data from 2001-2003, suggests that the lifetime probability of undergoing a hematopoietic stem cell transplant in the US (both autologous and allogeneic) is as high as 1:200 and will continue to rise as the availability of donors and the applications of HSCT increase. In this study, researchers based their projections on standard medical therapy for 2001-2003 for hematopoietic stem cell transplantations and did not take into consideration advances in cellular therapy and regenerative medicine and ongoing treatments in clinical trials. NMDP (National Marrow Donor Program) data shows that since 2003 we have seen an exponential increase in HSCTs as shown in previous graphs and predicts that there will be an increasing number of cord blood transplants worldwide, possibly as high as 10,000 per year by 2015. In conclusion, the question posed above requires an answer that takes into account the expected increase in the years ahead.

Regenerative medicine
Regenerative medicine is seen as an additional treatment in the evolution of medical science. This new field shows real promise in developing therapies and treatments for previously untreatable diseases and conditions. It has a central focus on human stem cells but includes numerous areas, such as cell therapy, tissue engineering, growth factors, paracrine effects, transplantation science and others. It can be broadly divided into two approaches and possible mechanisms to achieve the end goal of repairing, replacing or regenerating living functional cells and tissues.

As the industry grows and children who currently have cord blood stored get older and enter a higher risk group for diseases that are treatable using autologous HSCTs we expect to see an increase in families using their stored cord blood.

Transplanting or transfusing cells directly into the body to repair, replace or regenerate damaged tissue and organs that were previously thought to be irreparable, is known as Cellular Therapy. The stem cells injected contribute to the healing process either directly differentiating into the damaged tissue or indirectly repairing and regenerating the damaged tissue via paracrine effects.

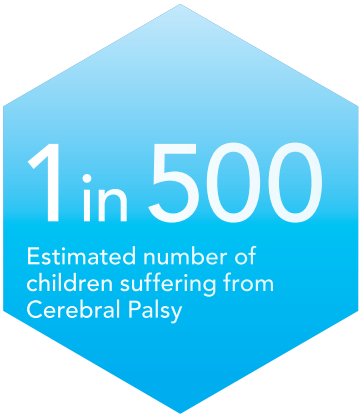
Regeneration of tissue and organs outside the body i.e. taking stem cells and growing tissue or organs in the laboratory or using the cells to coat or contribute to cellular transplantable material and then safely being transplanted back into the body, is known as Tissue Engineering. This has the potential to solve the problem of the shortage of organs for donation to patients awaiting life saving organ transplants and to produce cellular material for repair or replacement of damaged or lost tissues.

The purpose of human stem cells is to repair, replace or regenerate. Numerous sources of cells have been researched and one of the limitations of regenerative medicine remains the availability of the most suitable source. To date the most suitable source of cells for this revolutionizing field remains an area of intense debate and research. However, autologous (one's own) stem cells have great advantages over allogeneic (donor) cells and is increasingly the focus of regenerative medicine. By having one's own source of healthy stem cells available for future therapies, the treatment options for doctors are increased.

The last 10 years have seen an explosion in the amount of preclinical and clinical work in the field of stem cells. This is evident from over 3,000 clinical trials using stem cells that are registered on clinicaltrials.gov website (www.clinicaltrials.gov), a registry of federally and privately supported clinical trials conducted in the United States and around the world.

Industry overview
continued

Encouraging results from a pilot study of the effects of stem cell therapy on 184 children suffering from Cerebral Palsy, has led to two FDA approved clinical trails in the United States and further studies and clinical trials in Europe and Asia.



Cord blood stem cells as a source for regenerative medicine

Beyond the accepted and traditional applications for cord blood stem cells in hematopoietic stem cell (HSC) transplants, cord blood is also emerging as a source for regenerative medicine and cellular therapy. The cord blood is a rich source of progenitors and stem cells. Not only HSCs, but also other stem cells are implicated in regenerative medicine. Current ongoing clinical trials are using these cord blood stem cells in the treatment of a variety of diseases.

Cerebral Palsy

It is estimated that one in every 500 children suffers from Cerebral Palsy (CP). Cerebral Palsy results from damage to certain parts of the developing brain, mainly in the area of body movement. Prevention and prediction is often difficult. To date there is no curative treatment and researchers believe that regenerative stem cell therapies may offer a treatment option to regenerate or repair damage to the brain. Initial pre-clinical work showed that umbilical cord blood stem cells could divide down the neural lineage and animal studies showed marked clinical improvement in CP following human cord blood stem cell transplantations. Following on this pre-clinical work, a pioneering pilot study was recently completed by Dr Joanne Kurtzberg and colleagues at Duke's University transfusing children diagnosed with CP and who had stored their own umbilical cord blood at birth, with these stem cells. Encouraging results from this pilot study of 184 children has lead to two FDA approved clinical trials in the United States (Duke's University and Medical College of Georgia) and further studies and clinical trials in Europe and Asia. The added advantage of this treatment is that the procedure is simple and safe and there is no risk of rejection or complications normally involved with a donor transplant. Although to date outcomes are only anecdotal, in several cases both parents and healthcare providers have reported remarkable improvements in these children. The results of these ongoing clinical trials are eagerly awaited by the medical community and families.

» Storing both umbilical cord blood and the umbilical cord allows maximum recovery of both HSCs and MSCs for any future therapeutic applications «

Traumatic Brain Injury

Traumatic Brain Injury (TBI) is defined as a blow or jolt to the head or penetrating head injury that disrupts the function of the brain. We are all vulnerable to the most common causes like falls, motor vehicle accidents, or assaults. The high cost and the long term consequences of such injuries has led researchers and physicians to look at the role of stem cells to improve the outcomes of patients suffering from a wide range of functional changes due to these traumatic brain injuries. The University of Texas recently completed a pilot trial showing the safety of infusing autologous bone marrow stem cells in children with TBI and following this safety data, in January 2011 they announced the launch of a new FDA trial studying the effects of infusion of autologous (child's own) cord blood on children aged 18 months to 17 years who have been diagnosed with traumatic brain injury. A follow up of these children will be done up to two years after the infusion. Of course, the largest limiting factor in such a trial is that the child's cord blood must have been stored at birth.

Other diseases

Besides the above mentioned diseases, other ongoing pre-clinical and clinical studies and trials are exploring this valuable source of stem cells and include hypoxic ischemic encephalopathy, spinal cord injury, stroke, heart disease, diabetes mellitus, burn wounds, peripheral artery disease and others.

Cord tissue as a source for regenerative medicine or cellular therapy

In addition to hematopoietic stem cells, the most widely studied stem cells are mesenchymal stem cells (MSCs). The tissue from the umbilical cord of newborn babies is one of the richest sources of MSCs. The advantage of this source of MSCs (over other sources like bone marrow and adipose tissue) is that the collection is non-evasive, easy, without risks and less expensive as the collection from other sources. Instead of destroying the umbilical cord, which is current practice, one can now make use of it. Further, it has been scientifically proven that with age, MSCs decline in number and differentiation potential, making cord tissue MSCs the youngest stem cells available.

MSCs are being explored and widely used in numerous clinical trials today due to their unique functional characteristics:

- Ability to home in on site of injury and assist in repair when injected intravenously
- Ability to differentiate into numerous cells, including fat, cartilage, muscle, bone, nerve tissue and others
- Ability to exhibit anti-inflammatory and immuno-suppressant characteristics; an important application in auto-immune disorders and inflammatory stages of numerous diseases.

Storing both umbilical cord blood and the umbilical cord allows maximum recovery of both HSCs and MSCs for any future therapeutic applications.

The following list includes some diseases with the most promising treatments currently being explored using MSCs:

- Heart Disease; acute myocardial infarction and heart failure
- Auto-immune disorders (SLE, Crohn's, Type 1 Diabetes Mellitus , Rheumatoid Arthritis others)
- Type 2 Diabetes Mellitus
- Orthopaedic applications (bone and cartilage repair)
- Liver disease (end stage liver disease)
- Peripheral artery disease
- Stroke
- Spinal cord injury
- Multiple system atrophy
- Organ transplant

Industry overview
continued

A study has confirmed the preclinical evidence that therapy using adipose derived stem cells can improve the outcome of chronic heart failure and is highly suggestive of the great potential of this source of stem cells for the future treatment of heart disease.

Adipose tissue as a source for regenerative medicine and plastic surgery

Future regenerative medicine potential

The many ongoing trials using mesenchymal stem cells (MSCs) in regenerative medicine are indicative of this fast growing area of medicine and early results are highlighting the benefit of these remarkable cells. The majority of these clinical trials to date have used MSCs from the bone marrow, an invasive procedure. However research has shown that adipose tissue contains the same population of these stem cells, named Adipose Derived Stem Cells (ADSCs). The advantage of ADSCs is that they are found in a much higher concentration than stem cells found in bone marrow (1g of fat contains the same amount of these stem cells as about 500 grams of bone marrow), they are in abundance in most people and easily accessible by a simple procedure using tissue that would otherwise be discarded as waste. In regenerative medicine, ADSCs have now emerged in clinical trials as a source of stem cells to treat cardiac disease, chronic wounds, fissures, graft vs. host disease, limb ischemia, stroke, multiple sclerosis and stress incontinence among others.

Heart disease

Two trials, PRECISE and APOLLO, both using adipose derived stem cells for heart disease have shown very promising initial clinical data.

The PRECISE trial is a multi-centre European trial looking at 27 patients who have chronic heart disease and the effect of treatment with autologous (their own) adipose derived stem cells compared to patients being treated with conventional treatment. The fat tissue was obtained from the abdomen and following processing of the adipose derived stem cells, they were given back to the patient directly into the injured regions of the heart. The initial results showed that the procedure was safe and feasible, there was a statistically significant improvement in the maximum oxygen and aerobic capacity and the extent of the infarcted (dead) heart muscle tissue was decreased. This study has confirmed the preclinical evidence that therapy using adipose derived stem cells can improve the outcome of chronic heart failure and is highly suggestive of the great potential of this source of stem cells for the future treatment of heart disease.

» Anti-aging treatments are an area where adipose stem cells have been shown in numerous pre-clinical studies to have favorable results in reversing the effects of aging «

The APOLLO trial was established to treat heart attack patients with autologous, adipose derived stem cells. The trial, which is being led by top cardiologists at the Erasmus University Hospital in the Netherlands, recently reported very positive six month results on an initial 14 patients. The results showed that there was a 13.3% absolute reduction in left ventricle (heart chamber) infarct size in patients receiving the adipose derived stem cells when compared to a reduction of 8.2% infarct size in patients not receiving the ADSCs. The relevance of this reduction in infarct size was that the treated patient's infarct size went from on average 31.6% at baseline to 15.4% after six months follow up. Published data has shown that heart attack patients with an infarct size below 18% have a significantly lower risk of post heart attack complications, thus patients receiving the ADSCs were pushed into this lower risk group. These initial positive results have justified the move to larger trials on 360 patients that is due to start recruiting suitable patients.

Adipose tissue for plastic surgery

Autologous transplant of fat tissue is actually an old therapeutic procedure still used today to repair a wide range of tissue damages or defects, burns, radiolesions, ulcers, general surgery and others. The more recent studies performed on the adipose derived stem cells inside the fat and the ability to process and extract these cells from the fat tissue now opens the possibility to improve these techniques by transferring purified stem cells together with whole fat transfers, known as cell-assisted lipotransfer technique. This has the potential to shorten the time to aesthetic results and increase the patient's quality of life in procedures like breast reconstruction. Anti-aging treatments are another area where adipose stem cells have been shown in numerous pre-clinical studies to have favorable results in reversing the effects of aging. Treatments using a patient's own adipose stem cells for anti-aging are now reaching the clinics and promise to show more permanent, long term anti-aging effects compared to other treatments available today. Cryo-Save is working together with many prestigious plastic surgeons to further develop and validate these exciting new treatment possibilities.

Cryo-Lip® offering

Given the fact that the majority of the population does not have their umbilical cord blood or umbilical cord tissue stored, Cryo-Save believes in offering an adult source of stem cells that can be collected in a simple and safe procedure later in life, but preferably before increasing age or disease might limit the therapeutic advantages. Thus Cryo-Save has launched Cryo-Lip®, the service of collection, processing and storage of adipose tissue and adipose derived stem cells (ADSCs). After years of research and development, Cryo-Save has developed these innovative procedures and has submitted an international patent.

Cryo-Save, as the international leading family stem cell bank offers collection, processing and cryogenic preservation of three sources of human adult stem cells:

1. hematopoietic stem cells from the umbilical cord blood
2. mesenchymal stem cells from the umbilical cord tissue
3. mesenchymal stem cells from adipose tissue

These are the most promising and suitable sources of stem cells for current applications and future regenerative medicine. In offering these fully certified and verified services, Cryo-Save is the adult stem cell bank of choice for now and the future.

APOLLO trial
Very positive six month results on initial 14 heart attack patients

Chairman's statement

» We are delighted to have achieved our €40 million revenue milestone along with strong financial results overall «

Johan Goossens
Chairman

38,300
New samples stored, a company record

Cryo-Save reports revenue up 5% to €40.4 million and operating profit up 92% to €4.5 million

These strong results demonstrate the resilience of our business model under challenging economic circumstances. Focus on customers, costs and cash remains a key discipline for us.

Our success is due to several key factors, including the ability to leverage our state-of-the-art storage and processing facilities, along with a strong track record in the logistics of collecting and releasing high quality samples. In 2010 we processed and stored 26,300 cord blood samples and 12,000 cord tissue samples, bringing the total for the year to more than 38,000 samples, which is a company record.

The Board is maintaining the Group's strategic focus to grow organically and by acquisition, both in countries where we are already present and in new territories, as well as introducing innovative services to further strengthen our leading position.

In 2010 we acquired the remaining 30% shareholding of the Hungarian subsidiary, Sejtbank and the Czech Republic subsidiary, Cryo-Save CZ s.r.o.. Cryo-Save also acquired the Bulgarian distributor, Tissue Bank Cryo Center Bulgaria AD ('TBCCB') a loyal and successful Cryo-Save distributor for many years. In February 2011 we acquired a 70% interest in the Serbian distributor, Life R.F. doo ('Life R.F.').

The Group delisted from the Alternative Investment Market (AIM) in London in 2010 to focus on a more mature NYSE Euronext Amsterdam listing. We celebrated the first full year of being listed on the NYSE Euronext Amsterdam exchange by ringing the opening bell at a ceremony on 1 November. Cryo-Save noticed a significant growth in liquidity of its shares during 2010.

Arnoud van Tulder, the former Chief Financial Officer became Chief Executive of Cryo-Save in May 2010, whilst Dr Ronald Lorijn was appointed a Non-Executive Director at our Annual General Meeting of shareholders on 19 May 2010. Dr Lorijn was a certified obstetrician before joining the healthcare industry, and is the former CEO of the Dutch publicly listed company AMT N.V.

Our achievements in 2010 would not have been possible without the efforts of all our employees and their commitment and dedication to informing customers and medical professionals about the benefits of storing stem cells for family use, and who contribute to our high quality service.

We are proposing to our shareholders a dividend for 2010 of €0.07 per share, a 17% increase compared to last year. Cryo-Save provides eligible shareholders with the choice to receive dividends in cash or in shares.

We remain focused on revenue growth and increasing operational leverage to further strengthen our industrial leadership and company profitability.

Johan Goossens
Chairman
21 March 2011

Chief Executive's review

» In 10 years, Cryo-Save has been transformed from a small private stem cell bank into a leading international brand and the largest family stem cell bank in Europe «

Arnoud van Tulder
Chief Executive Officer

Since Cryo-Save's foundation in 2000, quality, reliability and service to our clients have been the pillars on which we created and continue to build our company.

In 2010 we celebrated the 10 year anniversary of the cryopreservation of our first sample. During these 10 years, Cryo-Save has made important achievements in progressively improving cryopreservation techniques and raising awareness of the importance of stem cell storage for families.

Cryo-Save has grown from a small lab in Belgium with partners selling stem cell storage, to an international leading brand present in 40 countries on 3 continents and with over 170,000 samples stored. With more than 20 medical doctors across the Group and over 40 people working in our labs, we have a very experienced staff committed to the highest quality standards. No other stem cell storage company has as many labs as Cryo-Save and such a broad geographic coverage. Also, the introduction of the closed bag processing system in late 2008 and our dual storage system make us unique.

As the leading international family stem cell bank we have extended our services and can offer today the storage of stem cells from umbilical cord tissue and adult fat tissue in addition to stem cells from umbilical cord blood. The introduction of the Cryo-Lip® service in 2010 is an important advantage for our company and allows us to leverage our market leadership position in the cryopreservation of adult stem cells.

The significance of stem cell storage continues to grow as medical advances widen the potential for its use. Cryo-Save continues to support R&D in this field as an important area of corporate activity. We will also continue collaborating with centers of excellence which contribute to saving the lives of children and adults alike by developing stem cell treatments.

Cryo-Save is a reliable support source for clinical trials by releasing samples of the highest quality. The number of applications for autologous and family use of cord blood stem cells is increasing. Having samples requested for release, accepted by hospitals and transplantation centers and the sample being successfully transfused is a clear indicator of the quality of Cryo-Save's bank, its collection, transport, processing and storage procedures.

In 2010, we made good progress, resulting in strong financial results. The main objectives met in 2010 were the launch of Cryo-Lip® and the acquisition of the Bulgarian distributor, Tissue Bank Cryo Center Bulgaria AD ('TBCCB'). This acquisition fits perfectly with our strategy of growth by acquisition and further strengthens our leading position in Eastern Europe, a key emerging market. TBCCB also provides us with an excellent platform in Bulgaria for new products such as Cryo-Lip®.

Cryo-Save's strategy is built on the following elements:

Developing existing markets

Cryo-Save is well positioned to benefit from the expanding market for stem cell storage, driven by the increasing number and the successful use of stored samples in therapies, and in clinical studies and trials. Due to the nascent state of the industry, we believe that there is considerable growth potential.

Geographic growth into new markets

Cryo-Save plans to expand further into geographic areas such as Asia, North Africa and North and South America. As a leading international brand, Cryo-Save is able to leverage its state-of-the-art processing and storage facilities along with its strong track record in the logistics of collecting and releasing samples to compete effectively and develop its position in new markets.

Growth by acquisition

Whilst we are seeking to develop our existing business through organic growth, we are also actively seeking opportunities to broaden our geographic reach of existing services through the acquisition of businesses that are considered to be a good fit with Cryo-Save's culture, ethics and standards.

Development of new services

The combined service of cord blood and cord tissue storage was introduced in 2009 and has proven to be very successful. It is a unique selling point which strengthens our competitive position. In 2010 we successfully introduced Cryo-Lip® in Europe. Cryo-Save is one of the first in the world to offer the cryopreservation of adult mesenchymal stem cells from adipose tissue from patients undergoing a surgical procedure.

Cryo-Save is well positioned as the European market leader, with high quality standards, extensive regulatory experience and collaborations with academia to drive innovation.

Other services, including the construction of tissues for both drug development and therapeutic use, will continue to be developed, assessed and launched in line with our proven research and development capabilities.

Arnoud van Tulder
Chief Executive Officer
21 March 2011

Business review

» Cryo-Save focuses on the collection, processing and storage of human adult stem cells «

The 2010 performance of Cryo-Save was characterized by the following:

Financial highlights

- Revenue up 5% to €40.4 million (2009: €38.4 million)
- EBITA* up 63% to €5.8 million (2009: €3.6 million)
- Operating profit up 92% to €4.5 million (2009: €2.3 million)
- Profit before taxation up 117% to €3.9 million (2009: €1.8 million)
- Net profit up 89% to €2.6 million (2009: €1.4 million)
- Basic earnings per share 27.6 euro cents (2009: 14.6 euro cents)
- Net cash from operating activities €2.8 million (2009: € 4.8 million)
- Cash position of €6.0 million as at 31 December 2010
- Stringent cost control resulting in increased operational leverage
- Dividend per share of €0.07 up 17% (2009: €0.06)

* EBITA is defined as Earnings Before Interest, Taxation and Amortization of identified intangible assets

Operational highlights

- Strengthened market position and product portfolio in key markets
- Over 38,000 new samples stored in 2010 (2009: 32,000): 26,300 new cord blood samples and 12,000 new cord tissues
- Over 170,000 samples stored in total
- Over 60% of new customers are opting for the combined service of cord blood and cord tissue storage, where available
- Successful introduction of Cryo-Lip® in Europe
- Acquisition of the Bulgarian distributor Tissue Bank Cryo Center Bulgaria AD
- Another sample released in 2010 for a six year old Portuguese boy participating in an FDA approved clinical trial for the treatment of Cerebral Palsy at Duke University in the US
- 10 year anniversary of storing the first samples of umbilical cord blood stem cells

Business model

Cryo-Save is a leading health care services company in the human adult stem cell cryopreservation sector. For more than 10 years Cryo-Save dedicates its activities to the collection, processing and storage of human adult stem cells obtained from umbilical cord blood and cord tissue (Cryo-Cord® service). In 2010 the Company added Cryo-Lip® to its services. This in-house developed technology offers the possibility to adults to have their stem cells, derived from fat tissue, collected, processed and stored for later usage. Today, serving over 150,000 clients in 40 countries on three continents, Cryo-Save continues to be an entrepreneurial, science-driven and innovative enterprise dedicated to improve the quality of health care.

Cryo-Save's Services

- Cryo-Cord® offers parents the possibility to collect and cryogenically preserve their child's stem cells contained in the blood of the umbilical cord and the cord tissue. In this way, these cells may be used in medical therapies in case the child would need those during his or her lifetime. The cells collected from the umbilical cord blood are the so-called hematopoietic stem cells (HSCs), and the ones from the umbilical cord tissue the mesenchymal stem cells (MSCs). The collection of adult stem cells from the umbilical cord is painless, non- invasive, simple and safe.

  Samples are collected immediately after birth and thereafter delivered to the Group's laboratories for processing, analysis and storage. Samples are stored in liquid nitrogen using sophisticated biological storage techniques. Upon and only after the successful storage of the sample, the customer pays the service fee. The storage is monitored under laboratory conditions for a minimum of 20 years. After 20 years the customer is offered the opportunity to continue the storage on payment of an additional fee.

  Customers pay an enrolment fee and a service fee upfront, the latter upon successful storage only, for collection, processing and storage for an initial period of 20 years, including a potential release of the sample for a stem cell transplantation.

- Cryo-Lip® After its successful launch in 2010 Cryo-Save will roll out this unique service gradually over the European countries and North America. The Group is an accredited tissue bank for the cryopreservation and storage of fatty tissue. Cryo-Save is one of the first in the world to offer the cryostorage of adult mesenchymal stem cells from fat tissue for use by patients undergoing a surgical procedure. Fat is the richest source of adult mesenchymal stem cells (ASCs) in the human body and readily accessible. Cryo-Lip® requires less than 50 ml of tissue, which can easily be obtained. ASCs and MSCs are regarded as the building blocks of regenerative medicine, a concept supported by recent publications with positive results, for example in patients with acute and chronic cardiac ischemia. Apart from the cryostorage of adult stem cells for later medical use, the Group can also release the adipose tissue after storage to the donor's medical specialist for clinical applications such as lipofilling.

The Company also completed successfully a pilot study, validating the collection of adult mesenchymal stem cells from patients undergoing surgical procedures such as elective caesarean sections, general surgical or orthopaedic operations.

Cryo-Save has developed an innovative cryopreservation process specifically for adipose tissue, and has filed an international patent to protect this technology.

The interest from the plastic surgery community has been very positive, recognizing that this is a ground-breaking opportunity for their patients. To date the Group has registered and trained close to 100 plastic and reconstructive surgeons as Cryo-Lip® providers who are now able to offer the service to their patients. The Group is receiving good feedback from both treating physicians and patients. Cryo-Save expects cryopreservation of adipose tissue and adult stem cells to become a widely used procedure thanks to its potential major benefits and easiness of collecting the cells. Being the first in this new market segment represents an important strategic advantage. The Group is aiming to be also the global leader in this field.

Customers pay a service fee upon successful storage, for collection processing and storage in the first year. Subsequently they pay an annual storage fee for an initial period of 5 years. Customers will also pay an additional amount for a sample release for a medical treatment.

Business review
continued

Highlights 2010

The Group has seen an increased uptake of the combined service of cord blood and cord tissue storage during 2010. Over 60% of new customers are now opting for the combined service of cord blood and cord tissue storage, where it is available. Due to the expanded product portfolio, larger geographical spread and stringent cost controls the Group has been able to significantly increase its revenue and operating profits, despite the economic headwind in some major markets.

Cryo-Save acquired its Bulgarian distributor, Tissue Bank Cryo Center Bulgaria AD ('TBCCB') in November 2010. TBCCB is the leading company for family stem cell banking in Bulgaria and has been a reliable and successful distributor for Cryo-Save for many years. It has a strong network among Bulgarian hospitals and gynaecologists and was already operating successfully under the Cryo-Save brand.

Another cord blood sample was released in 2010 for a six year old Portuguese boy participating in an FDA approved clinical trial for Cerebral Palsy (CP) at Duke University in the US. Cerebral Palsy is a form of brain damage causing physical disability and currently has no cure. Experts at Duke's University are treating Cerebral Palsy patients with stem cells taken from their own stored cord blood. Many parents have noticed significant improvements in their children with this condition following this treatment and other similar trials around the world hope to show conclusive evidence.

Also in 2010, the Group celebrated the 10 year anniversary of storing the first samples of stem cells taken from umbilical cord blood in its laboratories. Over the last decade, cord blood stem cell transplantations using samples released from Cryo-Save's banks have saved the lives of children through treatments for diseases such as Leukaemia and Cerebral Palsy, and have enabled families to carry out genetic testing. Throughout this time, Cryo-Save has worked relentlessly to increase the acceptance and awareness of the value of stem cell storage around the world. The Group continues its programme of educating and informing the public and healthcare professionals, to help ensure all expectant parents are aware of the options available to them and the opportunity to store their child's stem cells.

Key financials for 2010

	2010 €m	2009 €m
Revenue	**40.4**	38.4
Gross profit	**27.3**	27.2
Marketing and sales expenses	**9.6**	10.6
Research and development expenses	**0.6**	0.4
General and administrative expenses[1]	**9.8**	11.6
EBITDA	**7.3**	4.6
Depreciation	**1.3**	1.0
Amortisation[2]	**0.3**	0.1
EBITA	**5.8**	3.6

[1] General and administrative expenses do not include depreciation and amortization.
[2] Amortization does not include amortization of identified intangible assets.

Financial review

Revenue

Group revenue increased to €40.4 million (2009: €38.4 million), up 5%. The main driver of revenue growth has been the uptake of the combined service of cord blood and cord tissue storage. Revenue has also been positively impacted by increased business in countries with higher average prices per sample as well as the inclusion of revenue obtained via business partners, which were previously held by the business partners. Also, the acquisition of TBCCB has been revenue enhancing.

In 2010 the Group processed and stored 26,300 cord blood samples (2009: 27,900) and 12,000 cord tissue samples (2009: 3,600), bringing the total for the year to more than 38,000 samples (2009 32,000 samples), which is a company record.

Geographical breakdown of revenue

	2010 €m	2009 €m
Europe	**38.1**	36.5
Asia	**1.3**	1.2
Africa	**1.0**	0.7
Total	**40.4**	38.4

Europe remains Cryo-Save's main market, underpinning its leading position there. The growth in Asia and Africa was all organic.

Gross profit and gross margin

Gross profit increased to €27.3 million (2009: €27.2 million). The gross margin of 68% has been affected by increased commission to agents, increased medical processing fees and increased costs related to processing materials.

Operating expenses

Operating expenses, excluding depreciation and amortization, amounted to €20.0 million (2009: €22.6 million), including €0.5 million incremental costs for the start up of the French operation, €0.4 million additional costs for the launch of Cryo-Lip®, €0.2 million additional costs due to the increase in number of processed cord tissues and €0.4 million due to strengthening the management of the subsidiaries. These planned cost increases were offset by cost savings of around €1.7 million.

2009 was affected by a write-off of the receivable on the Arabian associate (€1.0 million), NYSE Euronext listing expenses (€1.0 million) and restructuring expenses related to marketing and sales (€0.4 million).

	2010 €m	2009 €m
Marketing and sales expenses	**9.6**	10.6
Research and development expenses	**0.6**	0.4
General and administrative expenses	**9.8**	11.6
Total	**20.0**	22.6

The decrease in marketing and sales expenses was due to lower costs of marketing materials, external consultants as well as a reduction of staffing. This was partly offset by higher costs related to the launch of Cryo-Lip® and the French operation, while 2009 was affected by the restructuring expenses.

The increase in research and development expenses was mainly a result of increased activity at the laboratories, and higher donations to research and development projects, including the Cell Therapy Research Institute, Lyon (France).

The decrease in general and administrative expenses was mainly a combination of an increase of employee benefit expenses of lab technicians due to the additional number of cord tissues to be processed in 2010 and 2009 being affected by non-recurring write-offs and listing expenses.

EBITA and operating profit

EBITA was up 63% to €5.8 million (2009: €3.6 million). Higher revenue (€2.0 million) and gross profit (€0.1 million), and lower operating expenses (€1.7 million), were partly offset by further investments in the French operations (€0.5 million), Cryo-Lip® (€0.4 million), strengthening of the internal organization (€0.4 million), additional employee benefit expenses due to the increase in number of processed cord tissues (€0.2 million) and an increase of depreciation and amortization (€0.5 million). 2009 was affected by certain non-recurring items (€2.4 million).

Operating profit amounted to €4.5 million, up 92% (2009: €2.3 million).

Depreciation was €1.3 million (2009: €1.0 million), and amortization €1.6 million (2009: €1.3 million). The increase of depreciation was mainly caused by the full depreciation period of the Belgium and French buildings, including new equipment. Amortization mainly increased due to the full amortization period of the capitalized costs of cord tissue service and the Group's website as well as the start of the amortization of the capitalized cost of Cryo-Lip® and the impact of the acquisition of TBCCB.

Business review
continued

Net finance cost/income
Net finance costs of €0.6 million remained at a similar level to 2009 (€0.5 million). The full year impact of the interest payments on the sale and lease back agreement of the Belgian property and higher foreign currency losses were partly compensated for by lower interest charges related to the unwinding of deferred liabilities.

Profit before taxation
Profit before taxation amounted to €3.9 million, up 117% (2009: €1.8 million).

Taxation
The effective tax rate increased compared to last year mainly due to fewer losses carried forward of our start-ups that were capitalized due to the uncertainty of sufficient future profits to offset these losses.

Profit for the year
Profit after taxation was up 89% to €2.6 million (2009: €1.4 million).

Earnings per share
Basic earnings per share were 27.6 euro cents (2009: 14.6 euro cents).

Dividend
The Board is recommending a dividend of €0.07 per share for the year ended 31 December 2010 (2009: €0.06), a 17% increase over last year. It will allow its shareholders to choose between a distribution in cash or in shares.

The number of shares to be received will be calculated by dividing the cash dividend with the reference share price (scrip dividend ratio). The reference share price is the average of the closing price for the Group's shares listed on NYSE Euronext Amsterdam for the ten dealing days commencing on (and including) the date on which the shares are first quoted ex-dividend in respect of the relevant dividend.

Shareholders who do not opt to receive shares will automatically receive a cash dividend.

If approved at the Annual General Meeting on 18 May 2011, the dividend will be paid on 16 June 2011 to shareholders on the register at 24 May 2011. The ex-dividend date will be 20 May 2011.

Cash flow
Net cash from operating activities was €2.8 million (2009: €4.8 million). New European VAT legislation as of 1 January 2010 has resulted in significant domestic VAT receivables by foreign filers which has created a temporary delay in settling VAT positions. This has negatively affected Group's operational cash flow in 2010.

Moreover, Cryo-Save increased its shareholding of Sejtbank, Hungary and Cryo-Save Czech Republic from 70% to 100%, for a total cash consideration of €1.4 million and acquired TBCCB, Bulgaria, for a for an initial consideration of €1.5 million payable in cash and 100,000 Cryo-Save Group N.V. shares, and a deferred performance payment, payable annually on the achievement of certain goals until 2013.

Investments in property, plant and equipment of €2.3 million mainly related to the infrastructure and lab equipment of the French and Belgian facilities.

Cryo-Save paid its dividend in June 2010 amounting to €0.5 million.

As at 31 December 2010, Cryo-Save had a cash position of €6.0 million (31 December 2009: €7.5 million).

Consolidated balance sheet

	2010 €'000	2009 €'000	Variance €'000
Total non-current assets	**52,159**	51,505	654
Total current assets	**18,418**	17,330	1,088
Total equity	**46,760**	43,807	2,953
Total non-current liabilities	**14,840**	14,705	135
Total current liabilities	**8,977**	10,323	(1,346)

Total non-current assets

The increase in the non-current assets of €0.7 million is caused by investment in property, plant and equipment, mainly relating to the infrastructure and lab equipment of the French and Belgian facilities and the acquisition of TBCCB partly offset by amortization of identified intangible assets of acquisitions and depreciation.

Total current assets

Inventories increased by €0.5 million to €0.7 million due to an increase in the inventory levels as well as in the diversity of inventory articles, all related to processing of the samples in the laboratories. Current trade and other receivables remained at the same level, while the Group reduced the average number of days of sales outstanding. Current tax assets increased significantly (€2.4 million) as a result of the introduction of new EU VAT legislation. This has resulted in significant domestic VAT receivables by foreign filers which created a temporary delay in settling VAT positions. Cash ended at €6.0 million (2009: €7.5 million).

Total equity

Total equity increased by €3.0 million, to €46.8 million, mainly due to the profit for the period of €2.6 million and an increase of on balance €0.4 million, related to foreign exchange differences on investments, share-based payments and dividend declared.

At 31 December 2010 the Company held 294,000 own shares with a nominal value of €0.10 each in treasury, which are recorded at cost, representing the market price on the acquisition date.

Total non-current liabilities

Total non-current liabilities of €14.8 million at 31 December 2010 (31 December 2009: €14.7 million) contained, amongst others, the fair value of deferred revenue, amounting to €7.7 million (2009: €6.1 million), that matches the estimated remaining costs of the 20 year storage period including a profit margin. The increase from €6.1 million at 31 December 2009 to €7.7 million at 31 December 2010 is the balance of additions to deferred revenue due to the storage of new samples in 2010 less the release to the income statement for the storage period during 2010.

Earn out liabilities, based on predefined performance criteria to former shareholders of, amongst others, CrioCord and TBCCB pursuant to the sale and purchase agreements, decreased from €2.1 million at 31 December 2009 to €1.1 million at 31 December 2010 due to the expiration of the portions to be reported under non-current liabilities.
In 2009, the Group entered into a 15-year financial sale and lease back agreement of €4.3 million for its newly built processing and storage facility in Niel, Belgium with ING Lease Belgium N.V., of which €3.6 million is recognized as a non-current borrowing (2009: €3.8 million).

Total current liabilities

Total current liabilities decreased from €10.3 million at 31 December 2009 to €9.0 million at 31 December 2010, mainly due to lower other payables that included the €1.4 million purchase price of the 30% minority shareholding of the Hungarian and Czech subsidiaries at the end of 2009.

Strategy

During 2010, the Group kept and accomplished its strategic objectives: geographic growth into new markets, growth by acquisition and the development of new services. Although organic growth in some of the existing markets slowed down due to the adverse economic climate, this was partly offset by growth in emerging markets in central and south eastern Europe and India. The Group strengthened or maintained its leading market position in all key markets. Cryo-Save will continue to pursue these strategic objectives into 2011.

Business review
continued

Operating review
Cryo-Save is the leading international family stem cell bank, having stored over 170,000 samples. Cryo-Save expects to be able to increase its profitability, driven by revenue growth and its highly operationally leveraged business model. Cryo-Save is well positioned to benefit from the expanding market for stem cell storage, driven by the increasing number and the successful use of stored samples in therapies, and in clinical studies and trials. Thanks to Cryo-Save's in-house expertise, high quality standards, extensive regulatory experience and collaborations with academia and support of innovation, it has strengthened its leadership in the field. As a leading international brand, Cryo-Save is able to leverage its state-of-the-art processing and storage facilities along with its strong track record in the logistics of collecting and releasing samples to compete effectively and strengthen its position in the market.

In 2010 the Group continued its marketing and sales approach, focusing on gaining customers through diagnostic centres and private clinics. Some contracts with leading private insurers that support the use of this service for their clients were signed or renewed.

Cryo-Save proceeded with its second regulatory dossier in France towards gaining process authorization. Court cases and indemnity procedures regarding the first dossier (establishment authorization) are ongoing following the refusal of this authorization by the French Health Agency (Afssaps). However, Cryo-Save is confident that Afssaps will ultimately align its stem cell guidelines with those of the other EU countries.

The main market for Cryo-Save in Asia is currently India. The Group has introduced its services successfully and the concept of banking umbilical cord blood and the cord tissue is expected to develop steadily across the country, particularly in the key large cities.

Also under difficult circumstances due to a natural disaster and harsh weather conditions, Cryo-Save demonstrated the robustness of its logistical and internal procedures. During the transport difficulties caused by volcanic ash cloud in April 2010 and the heavy snow fall in December 2010, Cryo-Save acted quickly to minimize any operational disruption. Almost all samples sent were received at its facilities for processing and storage in time, and in compliance with Cryo-Save's quality standards.

Applied research and development of new services
Following the completion of the EU funded project CRYSTAL early 2010, the European Commission Framework 7 has funded and launched the HYPERLAB project. Cryo-Save is one of eight institutions which collaborate under the coordination of Prof. Dr. Zimmermann. This three year project, which was launched on 1 February 2010, aims to develop new and improved culture methods, media, and protocols for stem cell cultivation and differentiation. Cryo-Save is the only cord blood bank in Europe to take part in these advanced projects, reflecting both its leading market position and its commitment to the development of stem cell research.

Furthermore, the Group is actively involved in several stem cell research and development projects, including the Cell Therapy Research Institute, in Lyon (France) to aid the further improvement of its core processes, with Prof. Stamm (Germany) for treatment of heart diseases, Prof. Surbek (Switzerland) for the treatment of Cerebral Palsy, and Prof. Ramon (Belgium) for incontinence.

Cryo-Save is a founding member of ITERA (International Tissue Engineering Research Association) Life-Sciences Forum, an international forum of scientists specializing in regenerative medicine, headed by Professor Ramon. The international board of the ITERA Life-Sciences Forum is composed of researchers and doctors from universities, university hospitals, stem cell and research institutes and biotechnological companies and is dedicated to exploring the latest developments in stem cell research.

Outlook

Cryo-Save has a strong strategic position and has strengthened its product portfolio. The new service Cryo-Lip® has been successfully launched and will be contributing to revenue in 2011. Following the acquisitions of the Bulgarian distributor TBCCB in November 2010 and the Serbian distributor, Life R.F. in February 2011, Cryo-Save is continuing its search for new partners or other acquisition opportunities in line with its strategy.

With the Group's geographic spread and the extended product portfolio, the Board is confident that Cryo-Save will continue to maintain its leadership position as the international family stem cell bank of choice.

Arnoud van Tulder
Marc Waeterschoot
21 March 2011

Corporate social responsibility

Cryo-Save embraces responsibility for the company's actions and encourages a positive impact through its activities on the environment, customers, employees, communities and other stakeholders.

Cost-free family donation

As a service to the public, Cryo-Save offers its Cost-free Family Donation Programme, free of charge, to families wishing to store their newborn's umbilical cord blood stem cells for a family member diagnosed with a life-threatening disease treatable by stem cells. This includes diseases such as Sickle Cell Anaemia and some forms of Leukaemia. This programme is specifically designed to offer families in need the opportunity to have the cord blood stem cells of their expected newborn child collected and saved without any charges, aiming to treat a diseased first line relative in the near future.

Antenatal care service

In the recent two years, Cryo-Save has contributed significantly to the national antenatal care service in Hungary. Our company has developed a programme in collaboration with more than 40 institutions and 800 doctors in Hungary, to provide the state-of-the-art screening test for women in the 12th week of their pregnancy. By the help of this non-invasive screening method, the risk of Down-syndrome and other chromosomal abnormality affected pregnancies can be defined more accurately and consequently the number of invasive diagnostic tests which holds a 1% spontaneous abortion risk could be reduced significantly. Cryo-Save's antenatal care programme has provided this screening free of charge for more than 50,000 pregnant women in Hungary, thus 30% of all pregnant women in Hungary has been screened by the programme.

Waste management

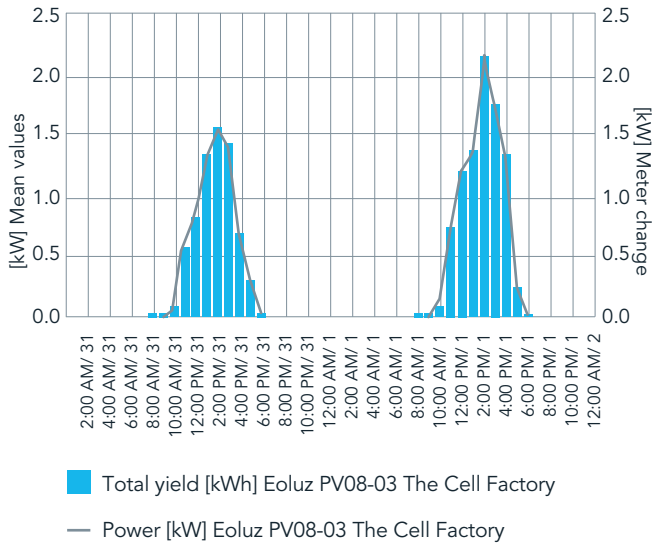
Waste management is the collection, transport, processing, recycling or disposal, and monitoring of non-hazardous waste materials. Our waste management aims to reduce, reuse and recycle our waste materials in order to avoid any potential effect on health and the environment via separation and collection of the waste materials, followed by reuse, recycling or disposal. Our waste management always searches for possibilities to reduce waste materials by preventing of the creation of waste materials as such. Our medical waste is managed via Standard Operating Procedures and is controlled via certified medical waste disposal companies.

» In the past two years, Cryo-Save has contributed significantly to the national antenatal care service in Hungary. «

Environmental performance

Our laboratory in Niel, Belgium uses solar panels to generate electricity. The solar panels have been integrated in the roof of the building during the construction. The solar panels provide power for own use of electricity while not continuously using other resources. This reduces the cost and does not generate polluting material while functioning. This includes amongst other no air pollution and no release of carbon dioxide, nitrogen oxide, sulphur dioxide, or mercury into the atmosphere as many traditional forms of electrical generation do. The solar panels operate silently, have no moving parts, and don't release offensive smells. Finally it doesn't contribute to acid rain, global warming or smog. It has produced 35,623 kWh of energy and avoided 24,936 kg of carbon dioxide emission.

From 01/31/2011 to 02/01/2011



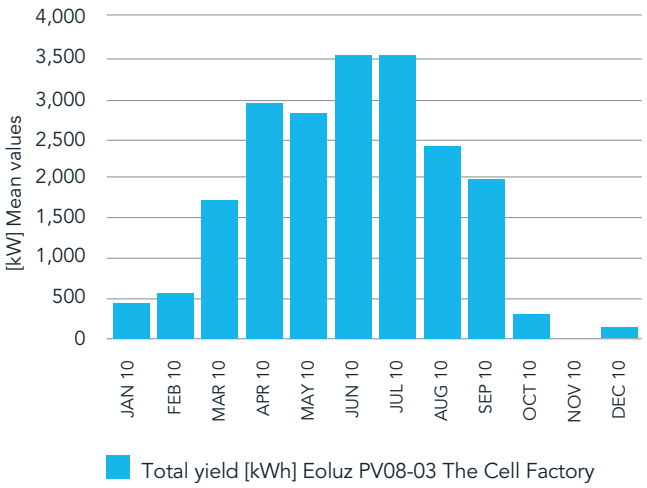
Date: 02/01/2011

CO_2 avoided:
24,936.28kg

Energy: 35,623.26 kWh

Reimbursement:
15,321.56

From 01/01/2010 to 12/31/2011



Adult stem cells versus embryonic stem cells

Cryo-Save processes and stores adult stem cells collected from the umbilical cord blood and tissue immediately after birth and from adipose tissue from adults. Cryo-Save reconfirms that it is not involved in research, storage or expansion of embryonic stem cells. Clinical trials and stem cell therapies use adult stem cells, embryonic stem cells are used for fundamental research.

Child labour

Child labour refers to the employment of children at regular and sustained labour. This practice is considered exploitative by many international organizations and is illegal in many countries. Cryo-Save doesn't employ any children below a certain age following standards as set in the Minimum Age Convention adopted by the International Labor Organization in 1973.

Paperless offices

A paperless office is a work environment in which the use of paper is eliminated or greatly reduced. Going paperless saves money, boosts productivity, saves space, makes electronic documentation and information sharing easier and minimizes environmental damage. Our information systems are being designed in such a way to adhere to the concept of paperless offices as much as possible. This also includes that the Company's annual report is only available in electronic form via www.cryo-save.com/group.

Board of Directors

Johan Goossens, (Belgium, 56)
Non-Executive Director,
Chairman of the Board

Johan Goossens co-founded the Company in 2000 having gained over 20 years' experience in private and investment banking, starting with KBC in 1979 and holding positions at a number of other institutions, including Nedee & Co, Defever and BNP-Naegelmackers. He left BNP-Naegelmackers in 1994 to focus on 'Beurstips', a weekly investment magazine published in Belgium, which he founded in 1992. This publication grew to be one of the most successful Belgian investor magazines and was sold by J. Goossens in 2005. J. Goossens holds a Bachelor of Economics degree from the High School of Ghent as well as a postgraduate qualification in marketing.

Arnoud van Tulder (Dutch, 49)
Executive Director,
Chief Executive Officer

Arnoud van Tulder previously held a position as the Vice President Corporate Accounting with Wolters Kluwer, a public information services and publishing company , before he joined Cryo-Save in August 2007. He is a qualified chartered accountant and worked for KPMG for over ten years. Arnoud van Tulder joined Cryo-Save in August 2007 as the Group's Chief Financial Officer, and became Chief Executive Officer in May 2010.

Marc Waeterschoot (Belgium, 62)
Executive Director

Marc Waeterschoot co-founded the Company in 2000 and has led its growth. Mr Waeterschoot is a qualified pharmacist and clinical pathologist having previously been a member of the board of directors of the state university of Ghent, Unilabs SA and DLCMC. He has over 35 years of industry expertise having managed and worked for a variety of healthcare companies, most notably Labo Medicom.

Walter van Pottelberge (Belgium, 67)
Non-Executive Director

Walter van Pottelberge joined the Company's Board as a Non-Executive Director in 2007. Mr. Van Pottelberge was Chief Executive Officer of ING Insurance Belgium-Luxembourg for eight years up until 2001. He was also president of the executive committee of Mercator Bank NV between 2003 and 2005. He served on the advisory board of Goffin bank between 2005 and 2009 where he was also Chairman of the Audit Committee. Mr. Van Pottelberge serves on various other company boards and organizations including Therasolve, Private Insurer (where he serves as chairman of the audit committee), VOKA, Gudrun, Argenta (where he serves as a member of the audit committee), Inventive Designers, Vanbreda, Justitia NV (where he serves as chairman of the audit committee), Vlerick Leuven Management School and the University of Antwerp. Mr. Van Pottelberge holds a university degree in physics and actuarial science from Leuven University.

Ronald Lorijn (Dutch, 60)
Non-Executive Director

Dr. Ronald Lorijn (MD, PhD, MBA), business consultant in biotechnology, joined the company as a Non-Executive Director in May 2010. Dr. Lorijn also serves on the board of Pepscan Therapeutics. Previously, Dr. Lorijn was Chief Executive of AMT NV (Amsterdam), having developed AMT from a small, one-product operation into a leading gene therapy company listed on the NYSE Euronext. He retired from AMT in February 2009. Prior to AMT, Dr. Lorijn worked at Amgen, a leading human therapeutics company, where he was part of Amgen Europe's executive management team and responsible for its Clinical Operations, Business Development & Governmental Affairs. Before joining Amgen he was Chief Medical Officer and Senior Director of Clinical Operations & Medical Affairs, Europe at Centocor after having been employed by the pharmaceutical division of AKZO (Organon), as its head of worldwide Medical Services and Product Surveillance. Dr. Lorijn graduated from the Radboud University Nijmegen, completed a Ph.D. and was a certified obstetrician/gynecologist before joining the biotech industry.

Remuneration report

Selection, Appointment and Remuneration Committee

The Selection, Appointment and Remuneration Committee consists of the Non-Executive Directors and is chaired by R. Lorijn. The Selection, Appointment and Remuneration Committee is responsible for the implementation of the Executive Directors' remuneration policy and its costs. Within the framework of the remuneration policy determined by the General Meeting, the Selection, Appointment and Remuneration Committee determines the base salary, performance related remuneration and share options, as well as any other benefits for the Executive Directors. The duties of this permanent committee are defined by the charter of the Selection, Appointment and Remuneration Committee, which is published on the Group's website (www.cryo-save.com/group).

Remuneration of the Board of Directors

Remuneration policy for Executive Directors

In accordance with the Articles of Association, the General Meeting adopts the remuneration policy in respect of the Executive Directors. The Non-Executive Directors establish the remuneration of the individual Executive Directors, with due observation of the remuneration policy as adopted by the General Meeting. With respect to arrangements in the form of shares or share options, the Non-Executive Directors shall submit a proposal to the General Meeting for approval. The proposal must include the number of shares and/or share options that may be granted to Executive Directors and which criteria apply to a grant or modification.

The goals of the Group's current remuneration policy in respect of its Executive Directors remuneration as adopted by the General Meeting on 5 October 2009 are to align individual and company performance and enhance long-term commitment to the Group. Remuneration of the Executive Directors consists of three elements: a base salary, a variable bonus and share options. The base salary of the Executive Directors is determined by the Selection, Appointment and Remuneration Committee. The bonus is determined annually by the Selection, Appointment and Remuneration Committee and varies according to performance. The bonus makes up a large portion of the Executive Directors total compensation, reflecting the philosophy that their compensation is linked to shareholder value. The share options which are granted under the Share Option Scheme serve as a long term incentive. They have a vesting period of three years and can be exercised upon vesting within ten years from the grant date. The current remuneration policy prescribes that upon termination of employment, an Executive Director shall receive an amount to be determined in accordance with Dutch law or, as the case may be, by the Dutch courts.

Remuneration 2010 Executive Directors

Fixed and variable compensation and other considerations for the Executive Directors in 2010 are detailed in Note 37 of the Financial Statements.

One of the Executive Directors was granted a bonus that was based on meeting the Group's internal objectives for 2010, and share options were granted on 28 April 2010 under the 2009 Share Option Scheme.

Remuneration policy for Non-Executive Directors

In accordance with the Articles of Association, the General Meeting determines the remuneration of the Non-Executive Directors. On 5 October 2009 the General Meeting determined that as of 1 January 2009 the annual remuneration of Non- Executive Directors is as follows:

- €30,000 for each Non-Executive Director
- €10,000 additionally for the Chairman of the Board of Directors
- €5,000 additionally for the Chairman of a sub-committee of the Board of Directors
- €2,500 additionally for each member of a sub-committee of the Board of Directors

Remuneration 2010 Non-Executive Directors

The remuneration of the Non-Executive Directors is detailed in Note 37 of the Financial Statements.

Directors' service agreements

The Selection, Appointment and Remuneration Committee nominated Mr. Van Tulder as the new Chief Executive Officer of the company on 3 February 2011. The Board unanimously appointed Mr. Van Tulder as the new Chief Executive Officer effective as per 1 May 2010. The headlines of the revised service agreement states an annual salary of €200,000, an annual discretionary bonus and an employer contribution to the pension.

Dr. R. Lorijn was appointed as Non-Executive Director in the General Meeting of 19 May 2010.

The terms and conditions of the service agreements with the other Executive and Non-Executive Directors did not change in 2010.

The main terms and conditions are summarized below.

A. van Tulder

A. van Tulder has a service agreement with the Company for an indefinite period, subject to termination upon six months' notice should the Company terminate and three months' notice should A. van Tulder terminate. The agreement provides for an annual salary of €200,000 plus an annual discretionary bonus to be determined by the Selection, Appointment and Remuneration Committee, a business expense allowance, a company car, 25 days paid holiday per annum and membership of the pension scheme. He is also entitled to participate in the Share Option Scheme, the grant of options being determined by the Selection, Appointment and Remuneration Committee in accordance with such scheme. A. van Tulder is subject to non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment.

A. van Tulder shall receive a bonus in respect of a financial year in which he works for the Company, equal to the lesser of (a) such amount as is decided by the Selection, Appointment and Remuneration Committee, provided that the Group has achieved the objectives set out in its business plan; and (b) 100% of his annual salary.

Remuneration report
continued

M. Waeterschoot
M. Waeterschoot has a service agreement with the Company for an indefinite period, subject to termination upon six months' notice should the Company terminate and three months' notice should M. Waeterschoot terminate. The agreement provides for an annual salary of €120,000 plus an annual discretionary bonus to be determined by the Selection, Appointment and Remuneration Committee, a business expense allowance, a company car, 30 days paid holiday per annum and membership of the pension scheme. He is also entitled to participate in the Share Option Scheme, the grant of options being determined by the Selection, Appointment and Remuneration Committee in accordance with such scheme. M. Waeterschoot is subject to non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment.

M. Waeterschoot shall receive a bonus in respect of a financial year in which he works for the Company, equal to the lesser of (a) such amount as is decided by the Selection, Appointment and Remuneration Committee, provided that the Group has achieved the objectives set out in its business plan; and (b) 100% of his annual salary.

J. Goossens
J. Goossens is appointed as a Non-Executive Director until October 2012. J. Goossen's engagement can be terminated by him at any time by giving notice to the Company and be terminated by the Company by giving J. Goossens three months' notice. J. Goossens is remunerated as per the remuneration determined by the General Meeting on 5 October 2009.

W. van Pottelberge
W. van Pottelberge is appointed as a Non-Executive Director until October 2011. W. van Pottelberge's appointment can be terminated by him at any time by giving notice to the Company and be terminated by the Company by giving W. Van Pottelberge three months' notice. W. van Pottelberge is remunerated as per the remuneration determined by the General Meeting on 5 October 2009.

R. Lorijn
R. Lorijn is appointed as a Non-Executive Director until May 2014. R. Lorijn's appointment can be terminated by him at any time by giving notice to the Company and be terminated by the Company by giving R. Lorijn three months' notice. R. Lorijn is remunerated as per the remuneration determined by the General Meeting on 5 October 2009.

2007 and 2009 Share Option Schemes
2007 Share Option Scheme
On 30 October 2007, the Group established a share based incentive plan that is called the '2007 Share Option Scheme'. All employees and Executive and Non-Executive Directors who are nominated by the Board of Directors are eligible to participate in the 2007 Share Option Scheme, as are certain third parties selected by the Board of Directors. The main characteristics of the 2007 Share Option Scheme are set out below.

The Selection, Appointment and Remuneration Committee shall determine the number of shares to be included in an option. The amount payable for each share in the event of the option being exercised shall be the option price.

The number of shares in respect of which options may be granted under the 2007 Share Option Scheme on any date of grant when added to the aggregate number of ordinary shares shall not exceed 5% of the number of shares in issue immediately prior to such date of grant, and is defined as follows:
- the number of shares comprised in subsisting options;
- the number of shares which have been issued on the exercise of options; and
- the number of shares which have been or may be issued on the exercise of options granted during the period of 10 years ending on the date of grant under any other option scheme approved by the General Meeting.

An option may not be exercised later than the day before the 10th anniversary of the date that the same was granted on which day the option (if it has not already ceased to be exercisable) shall lapse.

An option may not be exercised prior to the third anniversary of the date the same was granted except by reason of some specific circumstances (injury, ill health, disability, death, redundancy) or at the discretion of the Selection, Appointment and Remuneration Committee for any other reason.

2009 Share Option Scheme
On 5 October 2009 the General Meeting adopted a revised Share Option Scheme, which is called the '2009 Share Option Scheme'. The main amendment in relation to the 2007 Share Option Scheme is that the Selection, Appointment and Remuneration Committee may adjust the number of options that have been granted to a participant in the event the options were granted based on incorrect financial or other data, or in the event due to extraordinary circumstances arisen since the date of the grant of the options, the exercise of the options by a participant would produce an unfair result. The adjustment may only be downwards if options were granted based on incorrect financial or other data. In such an event the Selection, Appointment and Remuneration Committee may also recover from a participant any amounts received after the exercise of the options. In the event the exercise of the options by a participant would produce an unfair result due to extraordinary circumstances arisen since the date of the grant of the options, the adjustment may be both upwards and downwards.

All options currently outstanding were granted under the 2007 and 2009 Share Option Scheme.

Senior management remuneration
Senior management remuneration consists of a base salary, a variable bonus and share options. The variable bonus is based on the achievement of specific objective targets that are linked to creating value for Shareholders, such as for example revenue performance. Senior management participates in the same Share Option Scheme as the Executive Directors.

Selection, Appointment and Remuneration Committee
Ronald Lorijn
Johan Goossens
Walter van Pottelberge
21 March 2011

Risk management

Risk management and control systems

Cryo-Save operates in a highly regulated environment. In the European Union the Group's activities are governed by national laws implementing various European directives. The EU Tissues and Cells Directive on donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells, including HSCs and MSCs, brought into the EU and EEA by Directives 2004/23/EC (the ''Tissues and Cells Directive''), 2006/17/EC (the ''First Technical Directive'') and 2006/86/EC (the ''Second Technical Directive'', together the ''Directives''), created a common legal framework regulating activities with tissues and cells. Those tissue establishments performing regulated activities must be licensed to do so by competent authorities designated by each member state. They are required to obtain informed consent from donors, protect personal data, maintain confidentiality, evaluate and select donors and implement appropriate quality and safety measures. Tissue establishments should operate using a Quality Management System (QMS) based on principles of good practice, including at least standard operating procedures, guidelines, training and reference manuals, reporting forms, donor records and information on the final destination of tissues and cells, ensuring availability for inspection by the national competent authority. A qualified responsible person must be designated and personnel directly involved in the tissue establishment activities need to be suitably trained and qualified. Tissue and cell reception must be fully compliant with defined regulatory requirements, as must processing, storage, labeling, documentation, packaging and distribution. Tissue establishments must furthermore evaluate and enter into written agreements with third parties where the quality and safety of tissues and cells processed in co-operation with the third parties is influenced, and they must record and make available such agreements for inspection by national authorities.

Cryo-Save complies with all these requirements, which underpins the control and compliance attitude of the Company.

All employees are encouraged to raise genuine concerns about possible improprieties in the conduct of the Group's business, in matters of a general, financial, operational or other nature, at the earliest opportunity and in an appropriate way.

Beside the above mentioned appropriate control systems for its core operations, Cryo-Save also implemented risk management and control systems to manage other risks. A proper budget process, local management's responsibilities and accountability, monthly financial reporting, regular review meetings with senior management and the Executive Directors, external audits and internal letters of representation are all part of its risk management and control systems.

At least once a year the results of its internal findings as well as the observations by its external auditors are discussed with the Audit Committee, and improvement plans are implemented where necessary.

Risk categories

The risks and uncertainties described below are a list of strategic, operational, compliance and financial risks and uncertainties currently known to the Company and which the Company deems material. Additional risks and uncertainties, not presently known to the Company, or which the Company currently deems immaterial, may also have an adverse effect on its business, financial condition and/or results of operations. All these factors are contingencies which may or may not occur. The Company may face one or more of the risks and uncertainties described below simultaneously.

Strategic risks

Acquisition risks

The Company may make acquisitions in circumstances where the Company believes that such acquisitions would support its strategy. However, there can be no assurances that the Company will be able to identify, complete and integrate suitable acquisitions successfully. Acquiring new businesses can place significant strain on management, employees, systems and resources. The acquired businesses may not perform in line with expectations to justify the expense of acquisition. Furthermore, it may not prove possible to achieve the desired level of synergy benefits on integration of new businesses and/or the cost of achieving those benefits may exceed the expected cost.

Business development into new markets

To reduce its reliance on a relatively small number of markets over time, and to benefit from opportunities in some new markets, the Company will invest in business in new markets. Although these new businesses should comply with the Company's standards and procedures, and they will benefit from best practices in other markets, there is no certainty that customers in these markets will be interested and prepared to acquire the Company's services, and that the Company will manage to build a sustainable and profitable business in such markets. If the Company is unable to manage all of these risks efficiently, this may have an adverse effect on its business and financial situation.

Alternative sources for stem cells

It is possible to collect stem cells from other bodily sources than the umbilical cord blood, the umbilical cord tissue and the adipose tissue. In the event that it appears that such cells have the same or better therapeutic quality as stem cells collected from the umbilical cord blood, cord tissue or adipose tissue and/or if it would be cheaper or otherwise more effective to collect, process, preserve or store such cells, the Company may be put at a competitive disadvantage and its business and/or financial position may be materially and adversely affected.

Risk management
continued

Operational risks

Acceptance of services
The commercial success of the Company's services is dependent on market acceptance which depends in part on its ability to demonstrate the safety, quality, efficacy and ethical practices of stem cell storage.

In addition, market acceptance may be affected by the success (or lack thereof) of research into, and the use of stem cells for treating disease and hence the perceived benefits of stem cell storage. Similarly, changes in attitudes towards forms of treatment amongst clinicians or patients may adversely affect the commercial prospects and success of its services. Clinicians may be slow to change their medical treatment practices because of the perceived risk of liability arising from the use of new services. Any failure to gain market acceptance of its services could adversely affect the sales of its services and its ability to remain profitable.

Market perceptions and negative publicity
The Company's business is highly dependent upon its market perceptions, its brands and the safety and quality of its services. Its business could be adversely affected if the Company or its brands are subject to negative publicity. The Company could also be adversely affected if any of its services or any similar services distributed by other companies prove to be, or are asserted to be, harmful to customers.

Concentration risk
At present, the majority of its revenue is attributable to certain key markets. The Company intends to reduce its reliance on a relatively small number of markets over time but there can be no assurance that the Company will succeed in expanding existing markets or developing its business into new markets or in decreasing its reliance on these territories. Whilst the Company has acquired most of the distributors in those territories from which the majority of its revenue is derived, there can be no assurance that the Company will continue to have successful business relationships with its distributors or that existing customer levels in those territories will be sustained. As a consequence of the differential revenue the Company derives per unit stored, depending on the territory from which the customer derives, the effect of a drop in customer levels and its financial position and prospects will differ according to the affected territory or territories.

IT systems
The Company's database application was developed at a time when its operations where significantly smaller than they are now. Although the Company feel that the database application still meets the basic requirements, the functionality of the application and the underlying technical infrastructure is currently being strengthened in order to reduce integrity risks and improve security, and may in the future require further amendment and strengthening, which may require the Company to change the application or its operations significantly or incur increased costs which could have an adverse effect on its results of operations or financial condition.

Its ability to maintain financial controls and provide a high quality service to clients depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. The Company's computer systems may be vulnerable to damage or interruption from fire, telecommunications failure and similar events. These systems may also be subject to sabotage, vandalism and similar misconduct. Any damage to or failure of the systems could result in interruptions to its financial controls and/or customer service. The Company has adequate back-up and recovery procedures in place to manage these risks.

Dependence on senior management
Its success depends to a certain extent on the continued services of its core senior management team. If one or more of these individuals were unable or unwilling to continue in his or her present position, its business could be disrupted and the Company might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

Accidents and natural disasters
The Company's procedures require to process and store the stem cells within a certain set time period. Incidents such as natural disasters, strikes, terrorism threats, etc. may jeopardize those procedures and its business could be disrupted. The Company has an adequate disaster recovery plan focusing at business continuity.

Compliance risks

Developments in regulatory laws
The Company's activities are highly regulated. The Company relies on regulatory expertise to ensure its operations, including its processing facilities and services meet regulatory requirements. New laws passed either at a national or European government level affecting its stem cell collection and storage business are being brought into force in Europe. Some European countries have had difficulties implementing these new laws, have missed implementation deadlines and/or are unlikely to meet future deadlines. This may cause difficulties and uncertainty for the Company, its partners and others who operate associated or similar businesses. Furthermore, the laws governing stem cell research are in development in many jurisdictions and may continue to develop further and regulation may increase. Other developments in regulatory laws may also have a material adverse effect on the Company's financial position and/or business, which is partly based on private storage of stem cells and processing, preservation and storage of stem cells outside the country of collection being allowed under regulatory laws. Although the Company continues to monitor these changes in law, there can be no assurance that the services will continue to meet regulatory requirements, that regulatory licenses and authorizations can be obtained or maintained in the future.

Risk management
continued

Litigation risks
Legal proceedings may arise in the course of its business. The Company cannot preclude the possibility of litigation being brought against them. Claimants may be able to devote substantially greater financial resources in relation to any litigation proceedings and the Company may not succeed in defending any claims brought against them. Any such litigation, whether or not determined in its favor or settled by the Company, could be costly and may divert the efforts and attention of the Company's management and other personnel from normal business operations.

NYSE Euronext Amsterdam
The Company is listed at NYSE Euronext Amsterdam. The Company claims to be compliant with the Financial Markets Supervision Act, Decree on transparency, Market Abuse Decree, Decree on the Disclosure of Major Holdings and Capital Interests in Issuing institutions, Book 2 of the Dutch Civil Code, Financial Reporting Supervision Act, Dutch Corporate Governance Code, Decree on Corporate Governance, Decree on article 10 Takeover Directive, Decree on public bids, Prospectus Regulation and Euronext Rules: Book I and II, and notices. Although the Company continues to monitor adherence to those important Dutch laws and rules applicable to companies listed on NYSE Euronext Amsterdam as well as to certain important ongoing obligations and disclosure requirements, any non-compliance may have an adverse effect on the Company.

Ethical issues
The Company's operations concern stem cells obtained from the umbilical cord, cord blood or adipose tissue, considered as adult stem cells. The Company is not engaged in any activity with embryonic stem cells. Public perception does not always make a clear distinction between adult and embryonic stem cells. There are significant ethical, legal and social implications of embryonic research and, should stem cell research become the subject of adverse commentary and publicity, this may adversely affect acceptance of, and the market for, its services.

Financial risks
Product liability and other operating risks insurance
The Company's activities expose them to potential liability and professional indemnity risks. The Company plan to continue to insure its operations in accordance with industry practice and plan to insure the risks the Company consider appropriate for its needs and for its circumstances. Insurance cover will not be available for every risk the Company face. Although the Company believes that the Company should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances its insurance may not cover or be adequate to cover the consequences of all such events. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on its business, financial condition and results of operations.

Taxation
Significant judgment is required in determining the Company's tax positions, amongst others corporate income tax and value added tax (VAT). In the ordinary course of business, there are many transactions, where the ultimate tax determination is uncertain. Additionally, its calculation of the tax positions is based in part on its interpretations of applicable tax laws in the jurisdictions in which the Company operate. Although the Company believes its tax estimates are reasonable, there is no assurance that the final determination of its tax positions will not be materially different from what is reflected in its statement of income and related balance sheet accounts. Should additional taxes be assessed as a result of new legislation, tax litigation or an audit, if the tax treatment should change as a result of changes in tax laws, or if the Company were to change the locations in which the Company operates, there could be a material effect on its results of operation or financial position.

The Company is supported by external tax advisers in assessing the opportunities and reviewing its compliance with tax law.

Accounting judgments and estimates
In relation to the preparation of its financial statements the Company makes estimates and assumptions concerning the future in relation to, for example, the valuation of goodwill and intangible assets and deferred tax assets and liabilities. Although the Company believes that its accounting estimates and judgments are reasonable, there is no assurance that material adjustments to the carrying amounts of assets and liabilities in its future financial statements will not be required.

Credit risk
The Company offer services to its clients in certain countries with the possibility to pay the fees through installments. The credit risks on these installments have been and will continue to be borne by the Company. It is not impossible that these credit risks may increase in the future, which could have a material adverse effect on its business and/or financial results. The Company invoices its partners in some cases, in relation to the services the Company have provided, over a period of time. The Company is therefore subject to a greater credit default risk.

Currency risk
Transaction risk to the Group is limited because the majority of the transactions of the foreign subsidiaries are denominated in their local currency. Assets and liabilities and income and expenses of Group companies are translated to euro at foreign exchange rates prevailing at the balance sheet date and the dates of the transactions respectively. The Company does not hedge translation risks (such as the foreign exchange effect of translating operating results achieved outside the eurozone). The Company regards its positions in other countries (in this case outside the eurozone) as strategic and assumes that, over the longer term, currency fluctuations will be neutral on balance.

Corporate governance

Introduction

Cryo-Save Group N.V. is a limited liability company ("naamloze vennootschap") incorporated under Dutch law, with its corporate seat at IJsselkade 8, 7201 HB, Zutphen, The Netherlands. The telephone number of the principal place of business is +31 575 509 100. The statutory seat is at Zutphen, The Netherlands. The Company is registered with the Chamber of Commerce of East-Netherlands under number 27187482.

The articles of association were amended by deed of amendment executed on 12 October 2009 and are available via www.cryo-save.com/group.

During its listing in the period November 2007 – June 2010 at the Alternative Investment Market (AIM) of the London Stock Exchange, the Company has pursued a consistent policy to enhance and improve its compliance with London Stock Exchange rules, and since its NYSE Euronext Amsterdam listing in October 2009 with the Amsterdam Stock Exchange rules. Following the Euronext Amsterdam listing, the Company has to comply with Dutch Corporate Governance rules.

The Company fully complies with the Corporate Governance Code, meaning that the 'apply or explain' principle is adhered to.

Dutch Corporate Governance Code

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Dutch Corporate Governance Code. The Dutch Monitoring Committee Corporate Governance, also known as the Frijns Committee, presented an amended version of the Dutch Corporate Governance Code, which entered into force on 1 January 2009.

The Dutch Corporate Governance Code contains principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

Dutch companies listed on a government-recognized stock exchange, whether in The Netherlands or elsewhere, are required to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code that are addressed to their management board or supervisory board and, if they do not apply, to explain the reasons why. The Dutch Corporate Governance Code provides that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Dutch Corporate Governance Code.

Cryo-Save applies all of the relevant provisions of the Dutch Corporate Governance Code with the following deviations which, together with the reasons for those deviations, are set out below. Although the deviations are disclosed below, we shall not ask the General Meeting to explicitly approve such deviations. We note that we operate under a one-tier board structure, with a Board of Directors consisting of Executive and Non-Executive Directors, whereas the Dutch Corporate Governance Code and the principles and best practice provisions it entails take a two-tier board structure consisting of a board of managing directors and a board of supervisory directors as a starting point. For the purpose of our compliance with the Dutch Corporate Governance Code and also in view of section III.8 thereof, the Executive Directors are deemed to perform the tasks and duties of the board of managing directors whilst the Non-Executive Directors will perform the tasks and duties of the board of supervisory directors.

- The Company currently does not comply with best practice provision II.1.1 which prescribes that an Executive Director is appointed for a maximum of four years. The current Executive Directors have been appointed for an indefinite period on the basis of service contracts that are entered into for an indefinite period of time as well, and we do not consider it appropriate to renegotiate the existing agreements, in so far as this would be possible given the mandatory provisions of Dutch labour law. For the same reason the Company currently does not comply with best practice provision II.2.10 and II.2.11, which prescribes that the Non-Execute Directors should have the right, on the basis of a claw-back provision included in the service contracts with Executive Directors, to recover from an Executive Director any variable remuneration awarded on the basis of incorrect financial or other data. It is the Company's intention to comply with these provisions in relation to future appointments of Executive Directors. Mr. Van Tulder has been appointed Executive Director for an indefinite period, but has been appointed Chief Executive Officer per 1 May 2010 for a period of 4 years.
- Cryo-Save has adopted an internal risk management and control system in accordance with best practice provision II.1.3. In addition to an internal risk management and control system this best practice provision requires to adopt a code of conduct, which is not yet prepared but the Company intends to do so in due course. After adoption of the code it will be published on the Company's website (www.cryo-save.com/group).

Corporate governance
continued

- Best practice provision III.3.3 requires the Non-Executive Directors to follow an induction program. Two of the three current Non-Executive Directors have not followed such programme and it is considered that an induction programme would not be useful for them as they have a good understanding of the Company and its business. Mr Lorijn has followed a tailored induction program in which he has been introduced to amongst other the various members of senior management and visited various subsidiaries of the Group.
- The Company has adopted a securities dealing code that applies to dealings in its shares. The Company does not comply with best practice III.6.5 which requires adopting such a securities dealing code that applies to shares other than its shares.
- The Company does not comply with best practice provision III.8.1, which prescribes that the Chairman of the Board of Directors may not be or have been an Executive Director. Our current Chairman of the Board of Directors Mr. Goossens has been an Executive Director for a very short period only. We believe that Mr. Goossens' extensive experience with and knowledge of the business justifies his chairing the Board of Directors, however.
- Best practice provision IV.1.1 states that the general meeting of shareholders of a company not having statutory two-tier status may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting. The Company does not fully apply this provision as (i) the quorum requirement in its Articles of Association is half of the issued capital instead of one third and (ii) a new meeting may not be convened. Given the relatively low attendance rate at our General Meetings, the Company believes that this is appropriate.
- Presently the Company does not have the provisions for shareholders to follow meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences in real time. As such best practice provision IV.3.1 is not applied. The Company will investigate the possibilities of creating such a facility. Journalists and analysts do have the possibility to attend press conferences via conference call.
- The Company has not yet formulated a policy as regards to bilateral contacts with shareholders as required by best practice provision IV.3.13. The Company will assess the need for such a policy in the following year and dependent on the outcome of such an assessment, may formulate a policy.

General Meeting and voting rights

Besides the mandatory Annual General Meeting, General Meetings shall be held as frequently as the Board of Directors or any Director may wish. The power to call the General Meeting shall vest in the Board of Directors and in each Director individually. In addition the Board of Directors must call a General Meeting if one or several shareholders and/or holders of depositary interests jointly representing at least one tenth of the issued capital so request the Board of Directors, such request to specify the subjects to be discussed and voted upon. If the General Meeting is not held within six weeks after the request was made, the applicants themselves may call the General Meeting, with due observance of the applicable provisions of the law and the Articles of Association.

The term of notice for a General Meeting must be at least as many days as determined by law before the date on which the meeting is held. Dutch law currently prescribes that notice must be given no later than 42 days prior to the meeting. Notice of a General Meeting shall be given by a publication made public by electronical means which publication will be directly and permanent accessible until the General Meeting.

Holders of shares (including holders of the rights conferred by law upon holders of depositary interests issued for shares) who individually or jointly represent at least 1% of the issued capital – or any higher percentage as may be determined by Dutch law from time to time, or hold shares or depositary interests representing a value of at least €50 million, have the right to make a substantiated request to the Board of Directors to put items on the agenda or to propose a decision provided that the proposal to put items on the agenda or the proposed decision, as applicable, has been put forward in writing not later than 60 days before the day of the General Meeting.

Corporate governance
continued

Each share carries the right to cast one vote. At the General Meeting no votes can be cast for shares which are hold in treasury. For the purpose of determining to which extent shareholders cast votes, are present or are represented, or to which extent the share capital is represented, the shares in respect of which no votes can be cast shall not be taken into account.

Unless the law or Articles of Association stipulate a larger majority, all resolutions of the General Meeting shall be passed by an absolute majority of the votes cast.

Matters requiring a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital include:
- a resolution to appoint, dismiss or suspend a Director other than in accordance with a proposal of the Board of Directors;
- a resolution to amend the Articles of Association other than in accordance with a proposal of the Board of Directors; and
- a resolution to have the Company merge or demerge other than in accordance with a proposal of the Board of Directors.

Matters requiring a majority of at least two-thirds of the votes cast, if less than 50% of the issued share capital is represented include:
- a resolution regarding restricting and excluding pre-emptive rights, or decisions to designate the authority to exclude or restrict pre-emptive rights to the Board of Directors; and
- a resolution to reduce the outstanding share capital

Amendment of Articles of Association, merger and demerger
A resolution to amend the Articles of Association or a resolution for a merger or demerger may be passed by the General Meeting only pursuant to a proposal of the Board of Directors, except if the resolution is taken with a majority of two-thirds of the votes representing more than half of the issued share capital in which case no proposal of the Board of Directors is required.

Management structure
Cryo-Save has a one-tier board structure, consisting of Executive and Non-Executive Directors. All Executive and Non-Executive Directors frequently visited the Board meetings.

At least once a year the Executive and Non-Executive Directors review and discuss: the strategy; the strategic, operational, compliance and financial risks; the internal control framework and the adequacy of the internal controls. The Non-Executive Directors are independent from the Company, except for Mr. Goossens who holds around 18% of the shares of the Company. Adequate procedures are in place that Mr. Goossens acts in the interest of the Group, and comply with good governance.

Board of Directors
Powers, composition and function
The Board of Directors as a whole manages the Group's business and affairs. Within the Board of Directors, the Executive Directors are responsible for the day-to-day operations, whilst the Non-Executive Directors supervise the policies pursued by the Executive Directors. Pursuant to the Articles of Association the Board of Directors must consist of at least one Executive and two Non-Executive Directors. The number of Executive and Non-Executive Directors shall be determined by the Board of Directors. At present the Board of Directors consists of two Executive Directors and three Non-Executive Directors. The Board of Directors may give Executive Directors the title Chief Executive Officer and/or Chief Financial Officer, and may give one of the Non-Executive Directors the title Chairman of the Board of Directors. The Board of Directors as a whole and each of the Executive Directors acting individually, is entitled to represent the Company.

The Board of Directors is entitled to perform all acts necessary for achieving the corporate objects except those prohibited by applicable laws and regulations or by the Articles of Association.

Pursuant to the Articles of Association, the members of the Board of Directors are appointed by the General Meeting from a nomination prepared by the Board of Directors for a maximum period of four years. This maximum term does not apply to our current Executive Directors, who were appointed before the provision limiting the term of appointment to four years having been included in the Articles of Association. However, Mr. Van Tulder has been appointed Chief Executive Officer per 1 May 2010 for a period of four years. An appointment by the General Meeting of a Director without a nomination by the Board of Directors requires an absolute majority of the votes representing more than half of the issued capital.

Corporate governance
continued

The General Meeting may at all times suspend or dismiss a Director. In addition, the Board of Directors may at all time suspend a Director. A resolution of the General Meeting to suspend or to dismiss a Director, other than in accordance with a proposal of the Board of Directors, shall require an absolute majority of the votes cast representing more than half of the issued share capital. A Director's suspension shall terminate if within three months after the effective date of his suspension the General Meeting has not passed a resolution to remove him from office or to lift or to extend the suspension. The period of extension of a Director's suspension may not exceed three months from the date on which the resolution to extend the suspension was passed. The prior approval of the General Meeting is required for resolutions of the Board of Directors on a major change of the identity or the character of the Company or the enterprise, including in any case:

- transfer of the enterprise or almost the entire enterprise to a third party;
- conclusion or severance of permanent cooperation of the Company or a subsidiary with another legal entity or company either as a fully liable partner in a general partnership, in case said cooperation or severance will be of far-reaching importance to the Company; and
- taking or disposing of a participation in the capital of a company worth at least one third of the amount of the assets in accordance with the balance sheet with explanatory memorandum or, in case the Company will draw up a consolidated balance sheet, in accordance with the consolidated balance sheet with explanatory memorandum in accordance with the latest adopted annual accounts.

The Board of Directors may adopt board regulations. The current board regulations are published on the Group's website (www.cryo-save.com/group).

Non-Executive Directors

The Non-Executive Directors supervise the policies pursued by the Executive Directors. Strategic decisions are always discussed by the Executive Directors with the Non-Executive Directors. The main strategic issues discussed in depth and frequently with the Non-Executive Directors in 2010 were potential acquisitions, development of new services, new partnerships, expansion into new geographic areas, material contracts with diagnostic centres or private clinics and the performance of senior management. The strategy, as set out in the Chief Executive's review, has been defined in 2007, was reviewed in 2010 and remained unchanged. Clearly the Non-Executive Directors support the several strategic objectives the Company has defined.

Board of Directors' committees

Although the Company is not required to do so under the Dutch Corporate Governance given the current number of Non-Executive Directors, the Board of Directors has appointed from amongst its Non-Executive Directors an Audit Committee and a Selection, Appointment and Remuneration Committee.

Audit Committee

The Audit Committee consists of the Non-Executive Directors, is chaired by Mr. Van Pottelberge and meets at least twice a year and as otherwise required by the Chairman of the Audit Committee. The Audit Committee is responsible for ensuring that the financial performance is properly monitored, controlled and reported. It also meets the auditors at least once a year, reviews their findings and discusses any accounting and audit judgments. The duties of this permanent committee are defined by the charter of the Audit Committee, which is published on our website (www.cryo-save.com/group).

The Audit Committee concluded in the past that no internal audit department is required given the small size of the Group. However, senior staff from head office frequently visits the subsidiaries and checks compliance with Group policies and standards as set out in its Internal Control Framework. Furthermore, internal audits were performed by senior management on compliance with local law and regulations for our accredited entities.

Selection, Appointment and Remuneration Committee

The Selection, Appointment and Remuneration Committee consists of the three Non-Executive Directors and is chaired by Mr. Lorijn. The Selection, Appointment and Remuneration Committee is responsible for the implementation of the Executive Directors' remuneration policy and its costs. Within the framework of the remuneration policy determined by the General Meeting, the Selection, Appointment and Remuneration Committee determines the base salary, performance related remuneration and share options, as well as any other benefits for the Executive Directors. The duties of this permanent committee are defined by the charter of the Selection, Appointment and Remuneration Committee, which is published on our website (www.cryo-save.com/group).

Corporate governance
continued

Auditors
In the Annual General Meeting of Shareholders of 11 June 2008, the auditors of the Company, KPMG Accountants N.V., have been appointed for a period of three years from that date. The auditor will be present at the General Meeting of Shareholders and may be questioned with regard to his statement on the fairness of the financial statements. The auditor attends at least once a year a meeting of the Audit Committee at which the financial statements are approved.

Internal controls
Internal controls are in place to mitigate financial risks as well as operational risks. These internal controls are captured in an Internal Control Framework ('ICF'), based upon the COSO framework, identifying potential risks and appropriate internal procedures to mitigate these risks. The ICF is applicable to all operating companies. Implementation and maintenance is the responsibility of the Executive Directors, compliance is supervised by the Audit Committee.

Investor relations
Cryo-Save publishes annual and semi-annual press releases and reports, and a trading update on the first and third quarter. In addition to communication with its shareholders at the Annual General Meeting of Shareholders, the Company elaborates its financial results in analyst and investor meetings and presentations. Presentations shared during these meetings are made available to all investors via the website. The Company strictly complies with applicable rules and regulations on fair and non-selective disclosure and equal treatment of shareholders.

Social entrepreneurship
The most critical issues of social entrepreneurship are safety, reliability, trust and compliance with international and local laws and regulations. To comply with these social conditions, the Group has strict procedures and policies in place, which has to be adhered to. Compliance is monitored internally by internal audits, according to the policies as set out by the regulatory bodies. Also these regulatory bodies frequently visit the offices for an audit.

Strategy
The Group listed in 2007 on the London Stock Exchange to raise funds to achieve its strategic objectives. Among others the companies acquired in 2008 and afterwards, and the investments in the new processing and storage facilities were financed with own funds. Subsequently, the Belgium property has been partly refinanced with a sale and lease back agreement. The Group has no debts.

Related party transaction
The Group complied with best practice provisions II.3.2, II.3.4, III.6.1 and III.6.3. There were no material related party transactions between the Group and its Executive and Non-Executive Directors.

The Group complied with best practice provision III.6.4, and confirms that there were no material transactions between the Group and any shareholders holding at least 10% of the issued shares.

Statement by the Executive Directors

The Executive Directors of Cryo-Save Group N.V. ('the Company') are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. The financial statements consist of the consolidated financial statements and the Company's financial statements. The responsibility of the Executive Directors includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Executive Directors are also responsible for the preparation of the Report of the Board of Directors that is included in this 2010 Annual Report. The Annual Report is prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. In the Annual Report the Executive Directors endeavour to present a fair review of the situation of the business at balance sheet date and of the state of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be exhaustive.

The Company has identified the main risks it faces, including financial reporting risks. These risks can be found in the paragraph Risk management. In line with the Dutch Corporate Governance Code and the Dutch Financial Supervision Act, the Company has not provided an exhaustive list of all possible risks. Furthermore, developments that are currently unknown to the Executive Directors or considered to be unlikely may change the future risk profile. As explained in the paragraph Risk management, the Company must have internal risk management and control systems that are suitable for the Company. The design of the Company's internal risk management and control systems has been described in the paragraph Risk Management. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives and the risk of material errors to the financial reporting. Accordingly, these systems can only provide reasonable, but not absolute assurance against material losses or material errors.

As required by provision II.1.5 of the 2008 Dutch Corporate Governance Code and section 5:25c(2)(c) of the Dutch Financial Supervision Act and on the basis of the foregoing and the explanations contained in the paragraph Risk management, the Executive Directors confirm that to its best of knowledge and belief, and with due consideration of the above:

- the Company's internal risk management and control systems as regards financial reporting risks provide a reasonable assurance that the Group's financial reporting does not contain any errors of material importance;
- the Company's risk management and control systems as regards financial reporting risks are considered effective;
- the financial statements give a true and fair view of the assets, liabilities, financial position, and result of the Company and the entities included in the consolidation;
- the 2010 Annual Report includes a fair review of the situation at the balance sheet date, the developments during the financial year of the Company, and entities included in the consolidation, together with a description of the principal risks that the Company faces.

Arnoud van Tulder, Chief Executive Officer
Marc Waeterschoot, Executive Director
21 March 2011

Contents

Consolidated statement of income

for the year ended December 31
in thousands of euros

	Note	2010	2009
Revenue		**40,404**	38,391
Cost of sales	10	**(13,111)**	(11,168)
Gross profit		**27,293**	27,223
Marketing and sales expenses	11	**9,568**	10,568
Research and development expenses	12	**552**	403
General and administrative expenses	13	**12,713**	13,924
Total operating expenses		**22,833**	24,895
Operating profit		**4,460**	2,328
Finance income	16	**77**	118
Finance costs	17	**(667)**	(663)
Net finance (costs)/income		**(590)**	(545)
Results relating to equity-accounted investees		**0**	0
Profit before taxation		**3,870**	1,783
Income tax expense	18	**1,317**	431
Profit for the year		**2,553**	1,352
Attributable to:			
– Equity holders of the Company		**2,553**	1,352
– Non-controlling interest		**–**	–
Profit for the year		**2,553**	1,352
Earnings per share (in euro cents)	19		
– Basic earnings per share		**27.6**	14.6
– Diluted earnings per share		**27.5**	14.6

Consolidated statement of comprehensive income

for the year ended December 31
in thousands of euros

	2010	2009
Profit for the year	**2,553**	1,352
Other comprehensive income		
Foreign currency translation differences	**233**	(235)
Other comprehensive income for the year	**233**	(235)
Total comprehensive income for the year	**2,786**	1,117
Attributable to:		
– Equity holders of the Company	**2,786**	1,117
– Non-controlling interest	**–**	–
Total comprehensive income for the year	**2,786**	1,117

Consolidated statement of financial position

at end of year, before allocation of profit
in thousands of euros

	Note	2010	2009
Assets			
Intangible assets	20	**35,789**	35,366
Property, plant and equipment	21	**14,762**	13,964
Investments in equity-accounted investees	23	**0**	0
Deferred tax assets	24	**618**	1,121
Trade and other receivables	25	**990**	1,054
Total non-current assets		**52,159**	51,505
Inventories	26	**732**	251
Trade and other receivables	27	**8,655**	8,907
Current tax assets	28	**3,067**	687
Cash and cash equivalents	29	**5,964**	7,485
Total current assets		**18,418**	17,330
Total assets		**70,577**	68,835
Equity	30		
Issued share capital		**964**	964
Share premium reserve		**38,178**	38,178
Legal reserve		**174**	134
Revaluation reserve		**570**	669
Translation reserve		**(450)**	(683)
Treasury shares		**(2,180)**	(3,664)
Retained earnings		**9,504**	8,209
Equity attributable to equity holders of the Company		**46,760**	43,807
Non-controlling interest		**–**	–
Total equity		**46,760**	43,807
Liabilities			
Borrowings	31	**3,600**	3,795
Deferred revenue	32	**7,739**	6,090
Deferred considerations	33	**1,094**	2,080
Deferred tax liabilities	24	**2,307**	2,656
Other liabilities		**100**	84
Total non-current liabilities		**14,840**	14,705
Borrowings	31	**194**	180
Trade and other payables	34	**6,078**	6,533
Deferred revenue	32	**597**	471
Deferred considerations	33	**814**	1,264
Current tax liabilities	35	**1,294**	1,875
Total current liabilities		**8,977**	10,323
Total liabilities		**23,817**	25,028
Total equity and liabilities		**70,577**	68,835

Consolidated statement of changes in equity

in thousands of euros

	Issued Share capital	Share premium reserve	Legal reserve	Revaluation reserve	Translation reserve	Treasury shares	Retained earnings	Total equity
At 1 January 2009	964	38,178	108	769	(448)	(3,497)	6,979	43,053
Exchange differences on translating foreign operations					(235)			(235)
Other comprehensive income					(235)			(235)
Profit for the year							1,352	1,352
Comprehensive income for the year					(235)		1,352	1,117
Dividend distributed							(462)	(462)
Share-based payments							266	266
Repurchased shares						(167)		(167)
Utilization of revaluation reserve				(100)			100	0
Other movements			26				(26)	0
At 31 December 2009	964	38,178	134	669	(683)	(3,664)	8,209	43,807
Exchange differences on translating foreign operations					**233**			**233**
Other comprehensive income					**233**			**233**
Profit for the year							**2,553**	**2,553**
Comprehensive income for the year					**233**		**2,553**	**2,786**
Dividend distributed							**(554)**	**(554)**
Share-based payments						**1,203**	**(545)**	**658**
Share options exercised						**281**	**(218)**	**63**
Utilization of revaluation reserve				**(99)**			**99**	**0**
Other movements			**40**				**(40)**	**0**
At 31 December 2010	**964**	**38,178**	**174**	**570**	**(450)**	**(2,180)**	**9,504**	**46,760**

Consolidated statement of cash flows

for the year ended December 31
in thousands of euros

	Note	2010	2009
Cash flows from operating activities			
Profit for the year		**2,553**	1,352
Adjustments for:			
Income tax expense	18	**1,317**	431
Finance costs	17	**667**	663
Finance income	16	**(77)**	(118)
(Gain)/loss on sale of disposals		**45**	(16)
Depreciation and amortization	15	**2,878**	2,319
Equity settled share-based payments transactions		**177**	266
		7,560	4,897
Movements in working capital			
(Increase)/decrease in (non) current trade and other receivables		**316**	(501)
(Increase)/decrease in inventories		**(481)**	36
(Increase)/decrease in (non) current tax assets		**(1,870)**	222
Increase/(decrease) in (non) current liabilities		**(7)**	2,263
Increase/(decrease) in (non) current tax liabilities		**(540)**	(213)
Net cash from operations		**4,978**	6,704
Interest paid		**(609)**	(370)
Interest received		**77**	118
Income taxes paid		**(1,613)**	(1,671)
Net cash from operating activities		**2,833**	4,781
Cash flows from investing activities			
Net acquisition spending	7	**(1,478)**	(428)
Purchase of property, plant and equipment	21	**(2,263)**	(4,644)
Purchase of intangible assets	20	**(133)**	(217)
Disposals of non-current assets		**188**	118
Net cash (used in)/generated by investing activities		**(3,686)**	(5,171)
Cash flows from financing activities			
Repurchase of own shares		**–**	(167)
Options exercised	51	**63**	–
Dividend distributed	51	**(554)**	(462)
Redemption of borrowings		**(181)**	(474)
Proceeds from borrowings		**–**	4,300
Net cash generated by/(used in) financing activities		**(672)**	3,197
Net increase/(decrease) in cash and cash equivalents		**(1,525)**	2,807
Cash and cash equivalents at 1 January		**7,485**	4,697
Exchange differences on cash and cash equivalents		**4**	(19)
Cash and cash equivalents at 31 December	29	**5,964**	7,485

Notes to the consolidated financial statements

for the year ended 31 December 2010

1 Reporting entity

Cryo-Save Group N.V. ('the Company' or 'the Group') is a limited liability company domiciled in The Netherlands. The address of its registered office and principal place of business is IJsselkade 8, 7201 HB Zutphen, The Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries and the Group's interest in equity accounted investees and jointly controlled entities. All intragroup balances and transactions are eliminated.

The Group's principal activity is the collection, processing and storage of human adult stem cells collected from the umbilical cord blood, and the umbilical cord itself, at birth, and from adipose tissue.

2 Basis of preparation

a. Statement of compliance

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 31 December 2010, 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 2010. They also comply with the financial reporting requirements included in Section 9 of Book 2 of the Netherlands Civil Code, as far as applicable.

The consolidated financial statements were authorized for issue by the Board of Directors on 21 March 2011. The financial statements as presented in this report are subject to adoption by the Annual General Meeting of Shareholders, to be held on 18 May 2011.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, unless stated otherwise in the accounting policies.

c. Functional and presentation currency

These consolidated financial statements are presented in Euro ('€'), which is the Company's functional currency. The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). All financial information presented in euro has been rounded to the nearest thousand.

d. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The critical accounting estimates and judgments in preparing the consolidated financial statements are explained in note 4.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

e. Change in accounting estimates and accounting policies

Change in accounting estimates

In 2010 the Group did not change any accounting estimate.

Change in accounting policies

Accounting for business combinations

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and did not have a material impact on earnings per share.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent considerations are recognised in profit or loss.

f. Reclassifications

Certain items previously reported under specific financial statement captions have been reclassified to conform to the current year presentation.

3 Significant accounting policies

The accounting policies detailed below have been applied consistently to all periods presented in these consolidated financial statements, and by all subsidiaries, except as explained in note 2(e), which addresses changes in accounting policies.

Basis of consolidation

Business combinations

The Group has changed its accounting policy with respect to accounting for business combinations. See note 2(e) for further details.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

3 Significant accounting policies continued

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events (earn outs or deferred acquisition payments), the Group includes the amount of that adjustment in the consolidated statement of income if the adjustment is probable and can be measured reliably.

In business combinations, identifiable assets and liabilities, and contingent liabilities are recognized at their fair values at the acquisition date. Determining the fair value requires significant judgments on future cash flows to be generated. The fair value of brands, customer relationships, contracts with insurers and distributors and order backlog acquired in a business combination is estimated on generally accepted valuation methods. The fair value of property, plant and equipment acquired in a business combination is based on estimated market values.

Initially the fair values are determined provisionally, and will then be subject to change based on the outcome of the purchase price allocation which takes place within 12 months from the acquisition date.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at their acquisition date. The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Equity-accounted investees

Equity accounted investees are all entities over which the Group has significant influence but not control over the financial and operating policies, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in equity accounted investees are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's investment in equity accounted investees includes goodwill identified on acquisition net of any accumulated impairment losses. Equity accounted investees are recognized from the date on which the Group has significant influence, and recognition ceases from the date the Group has no significant influence over an equity accounted investee. The Group's share of its equity accounted investees post acquisition profits or loss is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an equity accounted investee equals or exceeds its interest in the equity accounted investee, including any other long-term interests, the Group discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity accounted investee. Unrealized gains on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group's interest in the equity accounted investees. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling-interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination, and the non-controlling interests' share of changes in equity, since the date of the combination. Losses applicable to the minority in excess of the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group only to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Foreign currencies

Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded, on initial recognition at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences, arising on the settlement of monetary items and on the re-translation of monetary items, are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

3 Significant accounting policies continued
The following exchange rates against the euro have been used in these financial statements:

	Statement of financial position 31 December 2010	Statement of income 2010	Statement of financial position 31 December 2009	Statement of income 2009
Hungarian forint	**277.50**	**275.25**	270.00	276.83
Bulgarian leva	**1.96**	**1.96**	–	–
Czech koruna	**26.06**	**25.64**	26.45	26.84
Indian rupees	**59.60**	**62.45**	66.70	66.55
Swiss franc	**1.25**	**1.38**	1.49	1.49
South African rand	**8.86**	**9.82**	10.62	11.95

Financial statements of Group companies
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euro's using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve. Such exchange differences are recycled through profit or loss in the period in which the foreign operation is disposed of.

Net investment in foreign operations
Net investment in foreign operations includes equity financing and long-term intercompany loans for which settlement is neither planned nor likely to occur in the foreseeable future. Exchange rate differences arising from the translation of the net investment in foreign operations are taken to the currency translation reserve in shareholders' equity directly.

When a foreign operation is disposed of, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on disposal.

Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired subsidiary, equity accounted investees or joint venture at the date of acquisition. Goodwill recognized for acquisitions represents the consideration made by the Group in anticipation of the future economic benefits from assets that are not capable of being individually identified and separately recognized. These future economic benefits relate to, for example, opportunities with regard to cost efficiencies such as sharing of infrastructure.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of equity accounted investees is included in investments in equity accounted investees. Such goodwill is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity that is sold.

Goodwill acquired in a business combination is not amortized. Instead, the goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is allocated to the cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Identified intangible assets
Identified intangible assets on investments in group companies, such as customer relationship, brand name, contracts with insurers and distributors and order backlog are initially valued against fair value. Subsequent to initial recognition these assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of identified intangible assets is charged to the income statement, over their estimated useful life, using the straight-line method on the following bases:

Brand name	20 years
Customer relationship	3-7 years
Contracts with insurers and distributors	3-9 years
Order backlog	1 month

Internally generated intangible assets
Internally generated intangible assets relate to the development costs of new products and the website, and represents the sum of expenditures incurred from the date when the intangible asset first meets the recognition criteria under IFRS. These expenditures comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. These costs are mainly costs of materials and services used or consumed in generating the intangible asset, and costs of employee benefits arising from the generation of the intangible asset.

Internally generated intangible assets are stated at cost less accumulated amortization and any impairment losses. The amortization method applied is the straight-line method. Amortization begins when the assets are available for use. The estimated useful life of internally generated intangible assets is three years.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

3 Significant accounting policies continued

An intangible asset arising from development or from the development phase of an internal project is recognized only if the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale and comply with the following other requirements: the intention to complete the development project; the ability to sell or use the product; demonstration of how the product will yield probable future economic benefits; the availability of adequate technical, financial, and other resources to complete the project; and the ability to reliably measure the expenditure attributable to the project.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

No intangible asset from research or from the research phase of an internal project is recognized. Expenditure on research or the research phase of an internal project is recognized as an expense when incurred.

Other intangible assets

This includes items such as software and software licenses. Amortization is recognized as a cost and calculated on a straight-line basis over the asset's expected useful life. The amortization period is three years.

Property, plant and equipment

Property, plant and equipment, consisting of land and buildings, lab equipment, and other assets such as computer and office equipment and vehicles, is valued at cost less accumulated depreciation and any impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation of property, plant and equipment is charged to the income statement, over their estimated useful life, using the straight-line method on the following bases:

Buildings	30 years
Office equipment	10 years
Laboratory equipment related to storage	10 years
Laboratory equipment	5 years
Vehicles	5 years
Computer equipment	3 years

Land is not depreciated.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

An impairment loss in respect of goodwill is not reversed.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy to that asset.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

3 Significant accounting policies continued

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial assets

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract which terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets at fair value through profit or loss, which are initially measured at fair value.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Such assets are recognized initially at fair value plus directly attributable transaction costs. Loans and receivables are measured at amortized cost using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Trade and other receivables are initially carried at their fair value and subsequently measured at cost less any impairment. The impairment is based on both collective and individual basis.

Trade and other receivables which are not expected to be realized within 12 months after the balance sheet date are classified as non-current assets.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as a gain in the statement of income. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Inventories

Inventories are assets in the form of materials or supplies to be consumed in the collection and extraction process or in the rendering of services. Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

3 Significant accounting policies continued

Deferred revenue

Deferred revenue represents the part of the amount invoiced to customers that has not yet met the criteria for revenue recognition and thus still has to be earned as revenue, by means of delivery of services in the future. Deferred revenue is recognized at its fair value. The fair value is determined by using the net present value of the future storage costs (taking into account future inflation and interest) including a reasonable profit margin (i.e. cost plus margin method). The discount rate is consistently based on the 20 years AAA-rates euro area government bonds interest rate plus a liquidity premium of 1%.

Deferred revenue that relates to services which are not expected to be rendered within 12 months after the balance sheet date are classified as non-current liabilities.

Trade and other payables

Trade and other payables are stated at cost.

Taxation

Income tax expense represents the sum of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and equity accounted investees, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Borrowings

Borrowings are recognized initially at fair value less transaction costs, if material. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial lease liabilities are recorded under borrowings.

Borrowings payable within one year are classified as current liabilities.

Deferred considerations

Deferred considerations are based on contracts between Cryo-Save Group N.V. and the former shareholders of the acquired entity, and valued at the net present value using the discounted cash flow method. The unwinding of the discount is recognized in profit or loss as interest expense. Differences between the estimated and actual deferred considerations are recognized in goodwill for acquisitions before 1 January 2010. For acquisitions after this date, differences between estimated and actual deferred considerations are recognized in profit or loss as financial result.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

3 Significant accounting policies continued

Shareholders' equity
When share capital recognized as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

Dividends are recognized as a liability upon being declared.

Non-controlling interest
Non-controlling interest is the portion of the profit or loss and net assets attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group.

Defined contribution plans
The pension contribution of defined contribution plans is recognized as an expense in the income statement as it is incurred. The Group has no defined benefit pension plans.

Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for deferred income, rebates and other similar allowances.

Revenue stem cell storage
Revenue in respect of fees charged for stem cell extraction is recognized on the day of extraction. Revenue earned in respect of stem cell storage is recognized evenly over the storage period, over which time an appropriate margin is also recognized.

Revenue other
Other revenue relate to income from other types of products and services than the extraction and storage of stem cells. Revenue from services rendered is recognized in the statement of income in proportion to the percentage of completion of the transaction at reporting date.

Government grants
Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are deducted from those expenses incurred. Government grants related to an asset, are presented in the balance sheet by setting up the grant as deferred income, and are released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Cost of sales
Cost of sales comprises the directly attributable costs of goods and services sold and delivered. These costs include such items as the cost of collection of the cord blood and cord tissue, service fees to business partners, transportation and laboratory materials.

Marketing and sales expenses
Marketing and sales expenses include all costs that are directly attributable to marketing and sales activities. Examples of directly attributable costs are costs of employee benefits and costs of materials and services used or consumed.

Research and development expenses
Research and development expenses, the latter as far as not capitalized, include all costs that are directly attributable to research and development activities for new products and to contributions to third parties' research projects. Directly attributable costs are for example costs of employee benefits, costs of materials and services used or consumed in generating the new product.

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

General and administrative expenses
General and administrative expenses include costs which are neither directly attributable to Cost of sales nor to Marketing and sales and Research and development expenses. General and administrative expenses include amongst other costs of employee benefits of staff working in the processing and storage facilities.

Share-based payments
The Group's share option scheme qualifies as an equity settled share-based payment. The fair value of share options awarded is recognized as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread equally over the period during which the employees become unconditionally entitled to the shares. The fair value of the share options is measured using a binomial option valuation model, taking into account the terms and conditions upon which the share options were awarded. The amount recognized as an expense is adjusted to reflect the actual forfeitures due to participants' resignation before the vesting date.

Finance income and costs
Finance income and costs comprise interest receivable on deposits, interest receivable on funds invested calculated using the effective interest rate method, foreign exchange gains and losses, unwinding of the discount of deferred considerations and bank costs.

Dividend revenue from investments is recognized when the Shareholder's right to receive payment has been established.

Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares outstanding during the period, excluding the average temporarily repurchased shares. Diluted earnings per share is calculated using the weighted average number of shares and options outstanding during the period, as far as the exercise price of these options is lower than the share price.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

3 Significant accounting policies continued

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. All operating segments' operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete information is available.

Performance is mainly measured based on EBITA (earnings before interest, tax, amortization of identified intangible assets). Management believes this is the most relevant measure in evaluating the operating results of the segments.

Segment capital expenditure is the total expenses incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill

An impairment test of goodwill is carried out at least once a year or when required because of changed circumstances. Any test of impairment inevitably involves factors that have to be estimated. The realisable value is influenced by factors such as the prognosis for future economic conditions and expectations regarding market developments and operations. The estimates for these factors may change over time, which could lead to an impairment adjustment being recognized in profit or loss. The realisable value also depends on the discount rate used, which is the estimate of weighted average costs of capital for the entity concerned.

Identified intangible assets

Intangible assets such as brand name, customer relationship, contracts with insurers, distributions contracts and backlog are identified as intangible assets at the acquisition date. The fair value of these intangible assets is determined using estimates, the most significant being the expected cash flows attributable to the brand name, customer relationship, contracts and the discount rate used.

The expected future cash flows are based on the most recent long-term forecast from the perspective of the purchased entity. The discount rate used is the estimated weighted average cost of capital for the unit concerned. The estimates and assumptions might not hold in the future.

Useful life and impairment of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of useful lives and residual values involves management's estimation. The Group assesses annually the residual value and the useful life of its property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the period when the estimate is changed and in future periods.

The Group assesses regularly whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates.

Allowances for bad and doubtful debts

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectable. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Deferred revenue

Deferred revenue represents the part of the amount invoiced to customers that has not yet met the criteria for revenue recognition and thus still has to be earned as revenue, by means of delivery of services in the future. The amount of deferred revenue per sample processed and stored is based on certain assumptions, like costs and the chance of future release of samples. Changes in these assumptions might have a significant impact on the amount of deferred revenue.

Income taxes

A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized. Management assesses the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized.

Corporate taxation is calculated on the basis of income before taxation, taking into account the relevant local tax rates and regulations. For each operating entity, the current income tax expense is calculated and differences between the accounting and tax base are determined resulting in deferred tax assets or liabilities.

The calculation of the tax position is based in part on the interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes the tax estimates are reasonable, there is no assurance that the final determination of the tax position will not be materially different from what is reflected in the statement of income and balance sheet. Should additional taxes be assessed these could have a material effect on the Group's results of operation or financial condition.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

5 Application of new or revised International Financial Reporting Standards

The IASB and IFRIC have issued new standards, amendments to existing standards and interpretations, some of which are not yet effective or have not been endorsed by the European Union. The Company has introduced standards and interpretations that became effective in 2010 or were early adopted.

IFRS accounting standards adopted as from 2010

The accounting policies set out above have been applied consistently to all periods presented in these Consolidated financial statements, except as explained below which addresses changes in accounting policies.

The Company has adopted the following new and amended IFRSs as of 1 January 2010.

- IFRS 3, 'Business Combinations' and IAS 27, 'Consolidated and Separate Financial Statement' were revised. For information on the effect of this adaption, reference is made to the section Change in accounting policies in note 2
- IASB's annual improvements project 2009 resulted in many smaller amendments to several IFRSs effective as from 2010. They did not materially impact the Group's consolidated financial statements

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2010 but were not applicable to the Group.

- An amendment to IFRS 2, 'Share-based Payment', which clarifies how an individual subsidiary in a group should account for share based payment arrangements in its own financial statements
- Amendment to IAS 39, 'Financial Instruments: Recognition and measurement – Eligible Hedged Items'
- Amendments to IFRIC 9 and IAS 39 'Embedded Derivates'
- IFRIC 17, 'Distribution of Non-cash Assets to Owners'

IFRS accounting standards adopted as from 2011 and onwards

The following standards and amendments to existing standards have been published and are mandatory for the Company beginning on or after 1 January 2011 or later periods, but the Company has not early adopted them:

- IFRS 9 'Financial Instruments';
- Amendments to IFRS 7 Financial instruments: Disclosures;
- Improvements to IFRSs 2010;
- IAS 24 'Related Parties Disclosures';
- Amendment to IAS 32 'Classification of Rights Issues';
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement';
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'.

The Directors anticipate that the adoption of these Standards, Amendments and Interpretations in future periods will have no material impact on the net assets, financial position and results of operations or cash flows of the Group. Certain of these standards and interpretations will require additional disclosures over and above those currently included in these financial statements in the period of initial application.

6 Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk
- interest rate risk
- operational risk
- capital risk.

The Company's major financial instruments include current and non-current trade and other receivables, cash and cash equivalents, current and non-current trade and other payables, financial leases and other non-current liabilities. Details of these financial instruments are disclosed in the respective notes.

Risk management framework

The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

6 Financial risk management continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, business partners and tax authorities.

In order to minimize the credit risk, management reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognized for irrecoverable debts. When it is not possible to review the recoverable amount of each individual, management reviews the average days of revenue outstanding in order to determine whether the debts are irrecoverable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The primary objective of liquidity management is providing for sufficient cash and cash equivalents to enable the Company to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

Market risk

Market risk includes currency risk and interest rate risk and comprises the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

Currency risk

The Group has identified transaction and translation risks as the main currency risks.

Transaction risk to the Group is limited because the transactions of the foreign subsidiaries are denominated in their local currency, except for some intercompany recharges.

Assets and liabilities and income and expenses of Group companies are translated to euro at foreign exchange rates prevailing at the balance sheet date and the dates of the transactions respectively.

The Company does not hedge translation risks (such as the foreign exchange effect of translating operating results achieved outside the eurozone). The Companys regards its positions in other countries (in this case outside the eurozone) as strategic and assume that, over the longer term, currency fluctuations will be neutral on balance.

Interest rate risk

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. The Group has no material borrowings except for the sale and leaseback liability which has a fixed interest percentage for 15 years.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirement and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within our subsidiaries. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures

Compliance with Group standards is supported by regular reviews by senior financial management. Significant findings are reported to and discussed with the Board of Directors and local senior management.

Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that optimize its cost of capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Under its share buyback programme the Group purchases its own shares on the market. Primarily the shares are intended to be used for issuing shares under the Group's Share Option Scheme and to be used for funding acquisitions.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Fair values

No additional disclosure on fair values is required because the carrying amounts are considered to be a reasonable approximation of fair value.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

7 Acquisitions

Bulgaria

On 2 November 2010, Cryo-Save acquired Tissue Bank Cryo Center Bulgaria AD ('TBCCB'), for an initial consideration of €1.5 million payable in cash and 100,000 Cryo-Save Group N.V. shares, and a deferred performance payment, payable annually on the achievement of certain goals until 2013. TBCCB is the leading company for private stem cell banking in Bulgaria and has been a reliable distributor for Cryo-Save for many years. TBCCB has a strong network among Bulgarian hospitals and gynaecologists and is already operating successfully under the Cryo-Save brand.

In the two months to 31 December 2010 TBCCB contributed revenue of €0.1 million and operating profit of €30 thousand to the Group's performance. If the acquisition had occurred on 1 January 2010, management estimates that consolidated revenue would have been €41.0 million and consolidated operating profit for the year would have been €4.8 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2010.

The following summarizes the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

Cash	1,560
Equity instruments issued (100,000 ordinary shares)	485
Deferred consideration	556
Total consideration	2,601

The fair value of the equity instruments issued of €485 thousand was based on the listed share price of the Company of €4.85 per ordinary share at 1 November 2010.

The Group has agreed to pay the selling shareholders an additional consideration if the acquiree's number of samples that arrived in the processing and storage facility exceeds a minimum number of samples per year. The fair value of the deferred consideration at the acquisition date was estimated at €556 thousand, based on a discount rate of 5 percent. At 31 December 2010 the contingent consideration increased to €559 thousand, reflecting the unwinding of the discount since acquisition.

Identifiable assets acquired and liabilities assumed

	Carrying amount	Fair value adjustments	Recognized values
Non-current assets	–	185	185
Current assets	122	–	122
Non-current liabilities	–	–	–
Current liabilities	(88)	–	(88)
Deferred tax liabilities	–	(47)	(47)
Net identifiable assets and liabilities	34	138	172
Goodwill on acquisitions			2,429
Consideration			**2,601**
Cash acquired			(82)
Equity instruments issued			(485)
Deferred considerations			(556)
Net acquisition spending			**1,478**

Total net acquisition spending in 2010 was €1.5 million (2009: €0.4 million).

The fair value adjustment of €0.2 million refers to the identified intangible assets regarding customer relations. With respect to these intangible assets, a deferred tax liability was recognized. The goodwill of €2.4 million is mainly attributable to the skills and talent of TBCCB's management and the synergies expected to be achieved from integrating TBCCB into the Group's existing stem cell storage activities. The goodwill is allocated to the 'stem cell storage' segment.

Notes to the consolidated financial statements

for the year ended 31 December 2010
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7 Acquisitions continued

Acquisition-related costs

The Group incurred limited acquisition costs related to external legal fees and due diligence costs which have been included in the general and administrative expenses in the Group's consolidated statement of comprehensive income.

8 Operating segments

The Group identifies two operating segments: the extraction and storage of adult human stem cells, and other types of products and services. The latter mainly consists of Output Pharma Services GmbH ('Output').

There are no material levels of integration between the two reportable segments. The accounting policies of the reportable segments are mainly the same, except for revenue recognition. Information regarding the results of each reportable segment is included below. Performance is measured based on EBITA (earnings before interest, tax and amortization on identified intangible assets), as included in the internal management reports that are reviewed by the Board. There are no inter-segment transactions.

Corporate overhead costs were not allocated to the segment 'other' but to the segment 'stem cell storage'.

Information about reportable segments

	Stem cell storage 2010	2009	Other 2010	2009	Total 2010	2009
Revenue						
Segment revenue	**39,421**	36,962	**983**	1,429	**40,404**	38,391
Other segment information						
EBITA	**5,769**	3,459	**4**	92	**5,773**	3,551
Finance income	**73**	110	**4**	8	**77**	118
Finance expense	**(667)**	(663)	**(0)**	(0)	**(667)**	(663)
Depreciation and amortization	**(2,858)**	(2,300)	**(20)**	(19)	**(2,878)**	(2,319)
Profit before taxation	**3,862**	1,684	**8**	99	**3,870**	1,783
Income tax expense	**1,315**	404	**2**	27	**1,317**	431
Segment assets	**70,325**	68,337	**252**	498	**70,577**	68,835
Segment liabilities	**23,628**	24,901	**189**	127	**23,817**	25,028
Capital expenditure	**2,391**	4,856	**5**	5	**2,396**	4,861

Revenue from external customers attributed to the Company's country of domicile, The Netherlands, amounted to €0.4 million (2009: €0.3 million).

Revenue includes €209,000 interest related to customer payments in instalments (2009: €130,000). Interest ranged between 5% and 7% (2009: 7%).

Geographic information

In presenting information on the basis of geographical information, revenue per continent is based on the geographical location of customers. Non-current assets, other than financial instruments and deferred tax assets, are based on the geographical location of the assets.

	Revenue 2010	2009	Non-current assets 2010	2009
Europe	**38,056**	36,525	**49,772**	48,617
Asia	**1,326**	1,193	**778**	711
Africa	**1,022**	673	**1**	2
Total	**40,404**	38,391	**50,551**	49,330

Major customers

The Company had no major customers, as revenue mainly related to individual customers.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

9 Revenue

	2010	2009
Stem cell extraction and storage	**39,421**	36,962
Other products and services	**983**	1,429
Total revenue	**40,404**	38,391

The main driver of revenue growth has been the uptake of the combined service of cord blood and cord tissue storage.

10 Cost of sales

	2010	2009
Collection costs	**4,218**	4,498
Service fees	**3,374**	1,190
Laboratory costs	**5,519**	5,480
Total cost of sales	**13,111**	11,168

Collection costs consisted of the costs of the collection kits, the transportation costs from the hospitals to the Group's processing and storage facilities and the reimbursement of the collection of the umbilical cord blood and cord tissue in the hospitals.

Service fees comprised the reimbursements of (exclusive) distribution agreements and sales agents.

Laboratory costs contained the costs of the materials used in processing and storage the collected samples, and lab examination costs.

11 Marketing and sales expenses

	2010	2009
Employee benefit expenses	**6,315**	6,439
Non-recurring restructuring expenses	**–**	421
Other marketing expenses	**3,253**	3,708
Total marketing and sales expenses	**9,568**	10,568

Employee benefit expenses decreased with 2% as a result of lower variable salaries directly related to the number of samples stored. Other marketing expenses decreased due to lower costs of marketing materials.

12 Research and development expenses

	2010	2009
Employee benefit expenses	**307**	265
Other research and development costs	**245**	138
Total research and development expenses	**552**	403

Total research and development expenses increased in 2010 due to services rendered by external parties with respect to the EU funded project ('Hyperlab'), partly offset by government grants of €180 thousand for the year 2010.

Other research and development costs included €0.1 million contributions to third parties' research projects.

13 General and administrative expenses

	2010	2009
Employee benefit expenses	**4,728**	4,392
Other general and administrative expenses	**8,140**	7,553
Non-recurring listing expenses	**–**	952
Non-recurring write-down on equity accounted investees	**(155)**	1,027
Total general and administrative expenses	**12,713**	13,924

Employee benefit expenses increased €0.3 million mainly due to additional laboratory personnel as a result of an increased number of umbilical cord blood and umbilical cord tissue samples processed.

Other general and administrative expenses mainly increased due to the increase of depreciation and amortization of €0.6 million.

14 Employee benefit expenses

	2010	2009
Salaries and wages	**9,676**	9,665
Social security costs	**1,155**	1,244
Cost of defined contribution plans	**109**	119
Equity settled, share-based payment transactions	**177**	266
Other personnel expenses	**233**	223
Total employee benefit expenses	**11,350**	11,517

Employees

The number of full time equivalents at year-end 2010 was 271 (2009: 250). The corresponding average for 2010 is 260 (2009: 223). Full time equivalents increased organically by 9 and 12 by acquisition of the Bulgarian partner.

The number of full time equivalents does not include staff employed by the Group's business partners mainly operating in the South Eastern European countries.

Notes to the consolidated financial statements

for the year ended 31 December 2010
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15 Depreciation and amortization expenses

	2010	2009
Depreciation of property, plant and equipment	**1,298**	999
Amortization of intangible assets regarding acquisitions	**1,313**	1,223
Amortization of other intangible assets	**267**	97
Total depreciation and amortization expenses	**2,878**	2,319

The increase of depreciation expenses is mainly due to the new processing and storage facilities in Belgium and France. The increase of amortization expenses is due to the full year impact of amortization on capitalized development costs of the website, the combined service and the new service Cryo-Lip.

16 Finance income

	2010	2009
Interest income bank and deposits	**62**	107
Currency translation differences	**15**	11
Total finance income	**77**	118

Interest income mainly comprise of interest on bank deposits, and decreased due to a lower cash position and lower interest rates in 2010.

17 Finance costs

	2010	2009
Bank charges and other finance costs	**272**	280
Interest expense sale and leaseback	**212**	90
Currency translation differences	**125**	–
Unwinding of discounted deferred considerations	**58**	293
Total finance costs	**667**	663

The interest expense related to the sale and leaseback agreement dated 1 September 2009 of €4.3 million at a fixed interest percentage of 5.5% for the period of 15 years. The increase related to the full year impact.

The unwinding of discounted deferred considerations related to four performance plans with former shareholders of acquired companies. These costs are non-cash items.

18 Income tax expense

	2010	2009
Income tax recognized in profit or loss	**1,317**	431
Tax expense comprises:		
Current tax expense/(income)	**1,164**	1,476
Deferred tax expense/(income)	**107**	(678)
Prior year's tax difference	**46**	(367)
Total tax expense	**1,317**	431
Reconciliation of the effective tax rate:		
Profit before taxation	**3,870**	1,783
Income tax using the Company's domestic tax rate (25.5%)	**987**	455
Tax effect of:		
Effect of tax rates in other countries	**(526)**	(731)
Reduction in tax rate	**(42)**	–
Non-deductible expenses	**135**	173
Derecognition of previously recognised tax losses	**312**	–
Profits offset with unused tax losses for which no deferred tax asset had been recognized	**(319)**	(17)
Unused tax losses not recognized as deferred tax assets	**724**	918
Prior year's tax differences	**46**	(367)
Income tax expense	**1,317**	431

Estimates and judgment made by management are required in determining the Group's tax position, amongst other corporate income tax and value added tax. The calculation of the tax position is partly based on the interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes the tax estimates are reasonable, there is no assurance that the final determination of the tax position will not be materially different from what is reflected in the statement of income and statement of financial position. Should additional taxes be assessed these could have a material effect on the Group's results of operations or financial condition.

Weighted average tax rate

The weighted average tax rate on profit before taxation was 34.0% (2009: 24.2%).

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

19 Earnings per share

	2010	2009
Basic earnings per share (in euro cents)	**27.6**	14.6
Diluted earnings per share (in euro cents)	**27.5**	14.6

The average market value of ordinary shares during 2010 (**€5.42**) did exceed the exercise price of the share options granted in 2009. Hence these options had a dilutive effect.

The average market value of ordinary shares during 2010 did not exceed the exercise price of the share options granted in 2007, 2008 and 2010. Hence these options had no dilutive effect.

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

	2010	2009
Issued ordinary shares at 1 January	**9,639,191**	48,195,986
Effect of share consolidation	**–**	(38,556,795)
Average number of shares held in treasury	**(383,889)**	(409,833)
Weighted average number of shares	**9,255,302**	9,229,358

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

	2010	2009
Weighted average number of shares	**9,255,302**	9,229,358
Share options	**13,269**	7,478
Diluted weighted average number of shares	**9,268,571**	9,236,836
Profit attributable to ordinary equity holders of the Company	**2,553**	1,352

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

20 Intangible assets

	Goodwill	Identified intangible assets	Internally generated intangible assets	Other intangible assets	2010
At 1 January 2010					
Cost	**24,973**	**11,983**	**747**	**76**	**37,779**
Amortization	**–**	**(2,300)**	**(83)**	**(30)**	**(2,413)**
Net book value at 1 January 2010	**24,973**	**9,683**	**664**	**46**	**35,366**
Movements					
Translation differences	**40**	**45**	**–**	**–**	**85**
Acquisitions	**2,429**	**185**	**–**	**–**	**2,614**
Investments	**–**	**–**	**–**	**133**	**133**
Deferred considerations adjustment	**(829)**	**–**	**–**	**–**	**(829)**
Amortization	**–**	**(1,313)**	**(229)**	**(38)**	**(1,580)**
Total movements 2010	**1,640**	**(1,083)**	**(229)**	**95**	**423**
At 31 December 2010					
Cost	**26,613**	**12,208**	**747**	**209**	**39,777**
Amortization	**–**	**(3,608)**	**(312)**	**(68)**	**(3,988)**
Net book value at 31 December 2010	**26,613**	**8,600**	**435**	**141**	**35,789**

Goodwill increased due to the Tissue Bank Cryo Center Bulgaria acquisition (€2.4 million).

The deferred considerations adjustment of goodwill of €0.8 million mainly related to the revised estimate of performance related deferred acquisition payments to former owners.

The amortization expense is recorded under general and administrative expenses in the statement of income.

The net book value of the identified intangible assets of €8.6 million (2009: €9.7 million) represented the value of brand names €0.8 million (2009: €1.0 million), customer relationships €5.5 million (2009: €5.8 million) and contracts €2.3 million (2009: €2.9 million).

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20 Intangible assets continued

	Goodwill	Identified intangible assets	Internally generated intangible assets	Other intangible assets	2009
At 1 January 2009					
Cost	25,947	11,978	561	45	38,531
Amortization	–	(1,077)	–	(16)	(1,093)
Net book value at 1 January 2009	25,947	10,901	561	29	37,438
Movements					
Translation differences	(109)	(95)	–	–	(204)
Acquisitions	2,028	100	–	–	2,128
Investments	–	–	186	31	217
Deferred considerations adjustment	(2,893)	–	–	–	(2,893)
Amortization	–	(1,223)	(83)	(14)	(1,320)
Total movements 2009	(974)	(1,218)	103	17	(2,072)
At 31 December 2009					
Cost	24,973	11,983	747	76	37,779
Amortization	–	(2,300)	(83)	(30)	(2,413)
Net book value at 31 December 2009	24,973	9,683	664	46	35,366

Goodwill impairment testing

The impairment test performed in 2010 showed that the recoverable amount for each cash-generating unit exceeded the carrying amount, hence no impairment of goodwill or identified intangible assets was recognized in 2010 (2009: €0). The impairment test also included a sensitivity analysis of changes in assumptions.

For the purpose of impairment testing, goodwill is allocated to the Group's operating entities which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments.

The aggregate carrying amount of goodwill allocated to each unit amounted to €26.5 million for operating segment 'stem cell storage' and €0.1 million for the 'other' operating segment.

The Group reviews at each reporting date whether there is an indicator of impairment of any of the cash-generating units that contain goodwill and identified intangible assets. For goodwill and identified intangible assets that have an indefinite useful life, annual impairment testing is performed by comparing the carrying amount of the cash-generating unit to its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and value in use, which is the present value of future cash flows. The impairment test for the segments stem cell storage and other was based on the value in use, which is the present value of future cash flows.

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

20 Intangible assets continued

Key assumptions used in discounted cash flow projections

The key assumptions used in the projections are as follows:

- Revenue growth: based on actual experience and market analysis.
- Margin development: based on actual experience and management's long-term projections.
- WACC: based on the company specific rates of return demanded from investors in the company and based on the current leverage of the company.

The projections of cash flows are based on actual operating results and 2011 budget. The cash flows are extrapolated into the future using a steady growth rate of 3% for the segment 'stem cell storage' and 2% for the segment 'other' for the years two to five, and 2.0% beyond this five year period. The projected pre-tax cash flows are discounted to their net present value using a pre-tax discount rate of 15% (2009: 15%) for the segment 'stem cell storage' and 14% (2009: 14%) for the segment 'other'. The pre-tax discount rate is based on the risk-free rate for 15-year government bond in the relevant market, adjusted for a risk premium.

Sensitivity to changes in assumptions

If the future cash flows were to be 10% lower than assumed for the impairment test, no impairment losses would have to be recognized at year end 2010, nor would this be necessary if the discount rate were 1 percentage point higher than assumed for the impairment test.

Identified intangible assets

The items such as brand name, customer relationship and contracts with distributors and insurers concern assets with a limited useful life. The value of these identified intangible assets are mainly determined by ongoing strength of the brand name, retention rate of satisfied customers and potential customers from contracts with hospitals, insurers and diagnostic centres.

Internally generated intangible assets

Internally generated intangible assets arose from the development of the new products of storing umbilical cord tissue, Cryo-Lip and the Company's website. The capitalized costs consist of directly attributable costs of employee benefits, as well as materials and services used.

Amortization for the website and the combined service (umbilical cord tissue) started from May and October 2009 respectively as the website was officially launched and the combined service was widely rolled out in the market. Amortization for the service Cryo-Lip started as from the second half year of 2010.

In 2010 and 2009 no impairment of these intangible assets was deemed necessary.

Other intangible assets

Other intangible assets relate mainly to capitalized software licenses and is amortized in three years. In 2010 and 2009 no impairment of these intangibles was deemed necessary.

As in previous year, no intangible assets have been pledged as security for liabilities.

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21 Property, plant and equipment

	Land and buildings	Lab and office equipment	Other tangilble assets	2010
At 1 January 2010				
Cost	**10,537**	**4,412**	**1,561**	**16,510**
Depreciation	**(217)**	**(1,500)**	**(829)**	**(2,546)**
Net book value at 1 January 2010	**10,320**	**2,912**	**732**	**13,964**
Movements				
Acquisitions	**0**	**0**	**0**	**0**
Investments	**20**	**1,833**	**410**	**2,263**
Disposals at cost	**–**	**(75)**	**(301)**	**(376)**
Depreciation	**(334)**	**(752)**	**(212)**	**(1,298)**
Reclassification	**–**	**101**	**(101)**	**–**
Translation differences	**10**	**(64)**	**120**	**66**
Depreciation on disposals	**–**	**3**	**140**	**143**
Total movements 2010	**(304)**	**1,046**	**56**	**798**
At 31 December 2010				
Cost	**10,576**	**6,087**	**1,568**	**18,231**
Depreciation	**(560)**	**(2,129)**	**(780)**	**(3,469)**
Net book value at 31 December 2010	**10,016**	**3,958**	**788**	**14,762**

The fair value of land and buildings, lab and office equipment and other tangible assets does not differ materially from the carrying value.

No property, plant and equipment has been provided as collateral.

	Land and buildings	Land and buildings under construction	Lab and office equipment	Other tangible assests	2009
At 1 January 2009					
Cost	4,349	3,309	2,885	1,478	12,021
Depreciation	(15)	–	(1,010)	(575)	(1,600)
Net book value at 1 January 2009	4,334	3,309	1,875	903	10,421
Movements					
Acquisitions	–	–	–	2	2
Investments	33	2,848	1,555	208	4,644
Reclassification	6,157	(6,157)	–	–	–
Disposals at cost	(2)	–	(28)	(125)	(155)
Depreciation	(202)	–	(503)	(294)	(999)
Foreign exchange differences	–	–	–	(2)	(2)
Depreciation on disposals	–	–	13	40	53
Total movements 2009	5,986	(3,309)	1,037	(171)	3,543
At 31 December 2009					
Cost	10,537	–	4,412	1,561	16,510
Depreciation	(217)	–	(1,500)	(829)	(2,546)
Net book value at 31 December 2009	10,320	–	2,912	732	13,964

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22 Investment in subsidiaries

Details of the Company's subsidiaries at year end are as follows:

		Share holding	
Name of subsidiary directly held by Cryo-Save Group N.V	Place of incorporation	**2010**	2009
Cryo-Save AG	Switzerland	**100%**	100%
Cryo-Save Stammzelltechnologie GmbH	Austria	**100%**	100%
Cryo-Save GmbH	Germany	**100%**	100%
Cryo-Save Italia S.r.l.	Italy	**100%**	100%
The Cell-Factory NV	Belgium	**100%**	100%
Stichting Cryo-Save*	The Netherlands	**100%**	100%
Cryo-Save Espana S.A.	Spain	**100%**	100%
Output Pharma Services GmbH	Germany	**100%**	100%
Cryo-Save Polska Sp.z.o.o.	Poland	**100%**	100%
Cryo-Save South Africa Ltd.	South Africa	**100%**	100%
Cryo-Save Balcanica S.A.	Greece	**100%**	100%
Cryo-Save France S.A.S.	France	**100%**	100%
Cryo-Save (India) Private Limited	India	**100%**	100%
Cryo-Save Portugal Lda	Portugal	**100%**	100%
Sejtbank Egeszsegugyi Szolgaltato Kft.	Hungary	**100%**	70%
Cryo-Save CZ s.r.o.	Czech Republic	**100%**	70%
CrioCord S.L.	Spain	**100%**	100%
Valor Conexo SGPS Lda	Portugal	**100%**	100%
Tissue Bank Cryo Center Bulgaria AD	Bulgaria	**100%**	–
Salus Futura Ltd.	United Kingdom	**100%**	100%

* Cryo-Save Group N.V. controls this entity.

Cryo-Save AG's principal activity is the collection, processing and storage of adult human stem cells from umbilical cord blood, the umbilical cord itself and from adipose tissue. The principal activity of the other subsidiaries is the sale of this service, except for Output Pharma Services GmbH.

23 Investments in equity accounted investees

Details of the Company's equity accounted investees at year end are as follows:

		Share holding	
Name of equity accounted investee	Place of incorporation	**2010**	2009
Al-Zahrawi Life-Sciences Ltd.*	United Arab Emirates	**35.0%**	35.0%

* 99% owner of Cryo-Save Arabia FZ-L.L.C.

Summarized financial information (100%, in thousands of euro):

	2010	2009
Total assets	**1,192**	1,129
Total liabilities	**2,828**	3,100
Revenue	**1,221**	1,632
Profit or (loss)	**468**	(61)
Unrecognized share (35%) of losses	**(580)**	(697)

The Company has discontinued recognition of its share of cumulated losses of Cryo-Save Arabia FZ-L.L.C.. The share of profit for the year 2010 amounted to €163,800 (2009: €21,350 loss), and €0.6 million loss cumulatively. The Group's liability towards this equity accounted investees is limited to the invested amount.

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continued

24 Deferred tax assets and liabilities

In assessing the valuation of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which they become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax assets considered realizable, however, could change in the near term if future estimates of projected taxable income during the carry-forward period are revised.

Unrecognized deferred tax assets and liabilities

Given that the compensation of tax losses against future tax profits is uncertain and also that such loss relief will be possible only in the long term, potential tax losses for a non-discounted amount of €13.7 million (2009: €10.5 million) have not been recognized as deferred tax assets.

At 31 December 2010, the loss carry forwards not recognized in deferred tax assets expire as follows:

In €millions	2011	2012	2013	2014	2015	Later	Unlimited	Total
	1.8	0.2	0.3	1.0	0.2	5.2	5.0	13.7

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet items:

	Assets		Liabilities	
	2010	2009	**2010**	2009
Goodwill/identified intangible assets			**2,161**	2,491
Provision for doubtful debts	**151**	158		
Net operating losses	**445**	940		
Land and buildings			**144**	153
Others	**22**	23	**2**	12
Balance at 31 December	**618**	1,121	**2,307**	2,656

Deferred tax is calculated on temporary differences using the tax rate of the tax jurisdiction to which the deferred tax relate. Deferred tax assets in respect of tax losses or tax credits are recognized in so far they are deemed recoverable on the basis that relief will be possible against future taxable profits.

Deferred tax assets of €0.4 million (2009: €0.9 million) relate to tax losses to be compensated with foreseeable future profits.

Approximately €0.3 million of the deferred tax liabilities at 31 December 2010, will be utilized within one year.

Movement in temporary differences

The movement in temporary differences during 2010 was as follows:

	Balance at 1 January 2010	**Acquisitions**	**Recognized in income**	**Balance at 31 December 2010**
Goodwill/identified intangible assets	**(2,491)**	**(47)**	**377**	**(2,161)**
Provision for doubtful debts	**158**		**(7)**	**151**
Net operating losses	**940**		**(495)**	**445**
Land and buildings	**(153)**		**9**	**(144)**
Others	**11**		**9**	**20**
Tax assets/(liabilities)	**(1,535)**	**(47)**	**(107)**	**(1,689)**

The movement in temporary differences during the year 2009 was as follows:

	Balance at 1 January 2009	Acquisitions	Recognized in income	Balance at 31 December 2009
Goodwill/identified intangible assets	(2,779)	(26)	314	(2,491)
Provision for doubtful debts	66		92	158
Net operating losses	574		366	940
Land and buildings			(153)	(153)
Others	(48)		59	11
Tax assets/(liabilities)	(2,187)	(26)	678	(1,535)

25 Non-current trade and other receivables

	2010	2009
Trade receivables	**972**	1,026
Other receivables	**18**	28
Total non-current trade receivables	**990**	1,054

Non-current trade receivables comprise receivables with a contractual payment term over a year. These amounts will be invoiced to the customers in the regarding year of payment, including interest. The carrying amount of non-current trade receivables does not include interest.

No security has been provided for the outstanding amount.

There is no concentration of credit risks relating to the non-current trade receivables.

Notes to the consolidated financial statements

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26 Inventories

	2010	2009
Collection kits	**125**	99
Processing materials	**596**	123
Other inventory	**11**	29
Total inventories	**732**	251

The cost of inventories included in the statement of income under cost of sales amounted to €3.1 million (2009: €2.9 million).

No material write-down of inventories was recorded in 2010 and 2009.

The inventories are not pledged as security for liabilities.

27 Current trade and other receivables

	2010	2009
Trade receivables	**8,030**	8,409
Prepayments	**279**	180
Receivables from related parties	**23**	–
Receivables from equity accounted investees	**47**	–
Other receivables	**276**	318
Total current trade and other receivables	**8,655**	8,907

There is no concentration of credit risks relating to the current trade receivables.

The fair value of the receivables is equal to their carrying value, because of their short-term nature.

28 Current tax assets

	2010	2009
VAT receivable	**2,684**	318
Income tax receivable	**337**	330
Other tax receivable	**46**	39
Total current tax assets	**3,067**	687

New European VAT legislation as of 1 January 2010 has resulted in significant domestic VAT receivables by foreign filers which has created a temporary delay in settling VAT positions.

29 Cash and cash equivalents

	2010	2009
Deposits	**3,360**	5,269
Cash and bank balances	**2,604**	2,216
Total cash and cash equivalents	**5,964**	7,485

All the balances are at the free disposal of the Group.

30 Equity

Share capital and share premium

Authorized shares

On 8 October 2009 the Company performed a 5:1 share consolidation. As a result of the share consolidation the Company's authorized share capital comprises 48,000,000 shares with a par value of €4,800,000 as per 31 December 2010 (ordinary shares of €0.10 each).

Issued shares

The total issued ordinary share capital consists per 31 December 2010 of 9,639,191 shares with a par value of €0.10 (31 December 2009: 9,639,191 shares).

At the Annual General Meeting of Shareholders held on 19 May 2010, it was resolved to delegate to the Board of Directors the power (a) to issue shares and rights to subscribe for shares in the share capital of the Company up to a maximum number of 20% of the issued share capital as at the date of the present annual general meeting, (b) to restrict or exclude the pre-emptive rights in connection with such issue of shares or rights to subscribe for shares, each for a period of 18 months.

Translation reserve

The translation reserve contains exchange rate differences arising from the translation of the net investment in foreign operations, and of the related hedges. When a foreign operation is sold, exchange differences that were recorded in equity prior to the sale are recycled through the income statement as part of the gain or loss on divestment. This reserve is not available for distribution.

Revaluation reserve

The revaluation reserve relate to the accounting of the 2008 acquisition of 50% of the remaining shares of Cryo-Save Balcanica S.A. As part of the purchase price allocation, the intangible assets relating to the 50% of the shares already owned by Cryo-Save were revalued. Along with the amortization, the reserve will be released to retained earnings. This reserve is not available for distribution.

Legal reserve

Legal reserve contains appropriations of profits of Group companies which are allocated to a legal reserve based on statutory and/or legal requirements. This reserve is not available for distribution.

Dividends

Mid 2010, the Company distributed a dividend of 6 euro cent (2009: 5 euro cent) for the year ended 31 December 2009. The total dividend distributed amounted to €554,000.

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30 Equity continued

Treasury shares

To cover the dilutive effect of the granted share options in 2007, 2008, 2009 and 2010 under the 2007 and 2009 Share Option Scheme to staff and to fund acquisitions, the Group started a share buy-back programme in 2007. At 31 December 2010 the Group had acquired 294,000 of its own shares in treasury (31 December 2009: 424,000). Treasury shares are recorded at cost and amounted to €2.2 million at 31 December 2010 (31 December 2009: €3.7 million), representing the market price on the acquisition date.

At the Annual General Meeting of Shareholders held on 19 May 2010, it was resolved to delegate to the Board of Directors the power (a) to repurchase shares up to a maximum of 10% of the Company's issued share capital as at the date of the annual general meeting, (b) by acquiring shares or depositary interest; (c) for a purchase price not less than ten euro cents and not higher than the average closing price over the five trading days prior to the date of acquisition at Euronext Amsterdam by NYSE Euronext plus a 10% premium; (d) for a period of 18 months.

	Number of shares 2010	2009	Purchase price 2010	2009
At 1 January	**424,000**	354,000	**3,664**	3,497
Share buyback	**–**	70,000	**–**	167
Reissued	**(130,000)**	–	**(1,484)**	–
At 31 December	**294,000**	424,000	**2,180**	3,664

In 2010 there were no share buyback transactions. The purchase price of the share buyback transactions during 2009 ranged from 187.5 pence to 262.5 pence.

31 Borrowings

	2010	2009
Borrowings – non-current liabilities	**3,600**	3,795
Borrowings – current liabilities	**194**	180
Total borrowings	**3,794**	3,975

Borrowings represent financial lease commitments.

The following table describes, as per 31 December 2010, the Group's contractual obligations for the following five years and thereafter.

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	**347**	**153**	**194**
Between one and five years	**1,531**	**716**	**815**
More than five years	**3,613**	**828**	**2,785**
Total	**5,491**	**1,697**	**3,794**

The following table describes, as per 31 December 2009, the Group's contractual obligations for the following five years and thereafter.

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	393	213	180
Between one and five years	1,537	747	790
More than five years	3,952	947	3,005
Total	5,882	1,907	3,975

In March 2009 the Group entered into a sale and lease back agreement with ING Lease Belgium N.V. in relation to the Group's processing and storage facility in Niel, Belgium. Pursuant to the agreement, ING Lease Belgium N.V. purchased the facility and agreed to finance its construction for an amount of €4.3 million. The Group leased the facility for a fixed period of 15 years. Lease instalments are paid quarterly in advance commencing on 1 September 2009, and are computed on an annuity basis. The interest is fixed for 15 years at 5.5%. The first quarterly payment amounted to €430,000 followed by quarters of €93,000. The lease obligation is recognized as financial lease obligation (borrowings). After the initial 15-years lease period the Group has the right to purchase the facility from ING Lease Belgium N.V. for 10% of the invested amount (€430,000).

32 Deferred revenue

	2010	2009
Deferred revenue – non-current liabilities	**7,739**	6,090
Deferred revenue – current liabilities	**597**	471
Total deferred revenue	**8,336**	6,561

Deferred revenue will be earned as revenue by means of the annual storage over a contractually committed 20 years period. The part of deferred revenue that will be recognized as revenue within one year, is disclosed under current liabilities.

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33 Deferred considerations

	2010	2009
Deferred considerations – non-current liabilities	**1,094**	2,080
Deferred considerations – current liabilities	**814**	1,264
Total deferred considerations	**1,908**	3,344

The movement in deferred considerations during the year 2010 was as follows:

	2010	2009
Balance at 1 January	**3,344**	6,636
Acquisitions	**556**	0
Deferred consideration adjustment	**(829)**	(2,893)
Payments	**(1,221)**	(692)
Interest	**58**	293
Total deferred considerations	**1,908**	3,344

The table below describes, as of 31 December 2010, the carrying amount of the Group's contractual obligations for the following years:

	Total	2011	2012	2013	2014
Deferred considerations	**1,908**	814	748	140	206

Deferred considerations relate to four performance plans agreed with former owners of acquired entities.

The sellers of the Company's subsidiary Tissue Bank Cryo Center Bulgaria receive a variable purchase price per sample stored that arrives at the Cryo-Save processing and storage facility, exceeding a minimum number of samples per year, until 31 December 2013.

The sellers of the Company's subsidiary Criocord (Spain) receive a variable purchase price per sample that arrives at the Cryo-Save processing and storage facility, exceeding a minimum number of samples per year, until 31 December 2011.

The former owners of the subsidiary Cryo-Save Balcanica are entitled to a deferred payment per sample stored, exceeding a number of samples per year, until 30 June 2011.

The former owners of the subsidiary Salus Futura have a deferred performance plan payable annually on the achievement of certain goals until 30 September 2012.

34 Current trade and other payables

	2010	2009
Trade payables	**1,922**	1,733
Payables to related parties	**6**	1
Other payables	**4,150**	4,799
Total current trade and other payables	**6,078**	6,533

Fair value of the current trade and other payables is equal to their carrying value, due to their short-term nature.

35 Current tax liabilities

	2010	2009
VAT payable	**61**	251
Income tax payable	**906**	1,296
Other taxes payable	**327**	328
Total current tax liabilities	**1,294**	1,875

36 Share-based payments

In 2010 the Group recognized €0.1 million share-based payment costs, relating to four option plans issued in 2007, 2008, 2009 and 2010 respectively (2009: €0.3 million).

Share option scheme

On 30 October 2007 the Company established the Cryo-Save Group 2007 Share Option Scheme (the 'Option Scheme'). All options granted in 2007, 2008 and 2009 currently outstanding were granted under this Option Scheme. The main features of this 2007 Option Scheme are summarized as follows:

All employees of the Company and/or its subsidiaries and Executive and Non-Executive Directors who are nominated by the Selection, Appointment and Remuneration Committee are eligible to participate. Certain third parties selected by the Selection, Appointment and Remuneration Committee are also eligible to participate.

Grants of options may normally be made within 42 days after either the date on which the option Scheme was approved by the Company or the announcement of the Company's interim or final results in each year. Options may also be granted at other times to new employees, management companies or Directors or in other circumstances determined by the Selection, Appointment and Remuneration Committee to be exceptional. No options may be granted more than five years after the date the Option Scheme was approved by the Company.

The option price per ordinary share is the amount determined as the greatest of (1) the amount equal to the average of the closing market prices of an ordinary share over the five dealing days prior to the date on which an option is granted to a participant; (2) the nominal value of an ordinary share; or (3) the amount specified by the Selection, Appointment and Remuneration Committee to be the option price.

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36 Share-based payments continued

An option granted under the Option Scheme is not transferable and generally may only be exercised within the period of three to ten years after the date of grant except in the following circumstances: (a) an option is exercisable within a limited period if the option holder ceases to be employed by the Company and/or its subsidiaries by reason of injury, disability, ill-health or redundancy or retirement; or because his employing company ceases to be a member of the Group; or because his employing business is being transferred out of the Group, or, at the discretion of the Board, for any other reason. In the case of a management company, the option is exercisable if the Selection, Appointment and Remuneration Committee so decide.

The personal representatives of an option holder may exercise an option within a limited period after the death of the option holder; (b) Options are exercisable within a limited period in the event of a takeover of the Company or in the event that an offer becomes entitled or bound to acquire any ordinary shares and will in certain circumstances lapse if not so exercised; (c) the options are exercisable within a limited period in the event that the Company is placed in liquidation.

The aggregate number of ordinary shares issued or that remain capable of issue under the Option Scheme on (and including) any date of grant together with the number of ordinary shares issued or that remain capable of issue pursuant to options granted in the previous 10 years under all the share schemes of the Company may not exceed 5% of the number of ordinary shares in issue immediately before the date of grant.

On 5 October 2009 the General Meeting adopted a revised Share Option Scheme, which is called the '2009 Share Option Scheme'. The main amendment in relation to the 2007 Share Option Scheme is that the Selection, Appointment and Remuneration Committee may adjust the number of options that have been granted to a participant in the event the options were granted based on incorrect financial or other data, or in the event due to extraordinary circumstances arisen since the date of the grant of the options, the exercise of the options by a participant would produce an unfair result. The adjustment may only be downwards if options were granted based on incorrect financial or other data. In such an event the Selection, Appointment and Remuneration Committee may also recover from a participant any amounts received after the exercise of the options. In the event the exercise of the options by a participant would produce an unfair result due to extraordinary circumstances arisen since the date of the grant of the options, the adjustment may be both upwards and downwards.

At 28 April 2010 options were granted for 54,000 ordinary shares in Cryo-Save Group N.V. The Company granted 20,000 options to Directors of the Company and 34,000 options to certain other employees of the Company all at an exercise price of €5.81 per share.

	Share option plan 2010	Share option plan 2009	Share option plan 2008	Share option plan 2007	**Total**
Outstanding at 1 January 2010	**–**	59,000	38,000	53,000	**150,000**
Conditionally awarded	**54,000**	–	–	–	**54,000**
Exercised	**–**	20,000	–	–	**20,000**
Forfeited	**6,000**	8,000	–	–	**14,000**
Outstanding at 31 December 2010	**48,000**	31,000	38,000	53,000	**170,000**
End of period	**2020**	2019	2018	2017	
Exercise price	**€5.81**	£2.79	£10.50	£11.05	

The former Chief Executive Officer, Rob Koremans, left the Group per 31 July 2009. R. Koremans held 20,000 options, granted in 2009 which were exercised in 2010.

The forfeited share options related to senior managers that left the Group.

The fair market value of each conditionally awarded share in 2010 under the Share Option Scheme was €2.78 as determined by an outside consulting firm.

Notes to the consolidated financial statements

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36 Share-based payments continued

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, with the following inputs:

Fair value share options and assumptions

	Share option plan 2010	Share option plan 2009
Fair value at grant date (2010 in euro's: 2009 in pounds)	**€2.78**	£1.86
Share price (2010 in euro's; 2009 in pounds)	**€5.78**	£3.48
Exercise price (2010 in euro's; 2009 in pounds)	**€5.81**	£2.79
Maturity (in years)	**10**	10
Vesting period (in years)	**3**	3
Forfeiture rate (in %)	**10**	10
Risk-free interest rate (in %)	**3.41**	3.75
Dividend yield (in %)	**1**	1
Expected volatility (weighted average, in %)	**60**	60

The volatility has been based on the same peer groups as were identified in previous Share Option Scheme plans, which have been active within the same industry with same activities (CryoLife, CryoCell, CryoCath, Viacell and Vita34). Derived from these data the volatility ranged from 60% to 100%. Based on the volatility of the most comparable peer the Group used 60% as assumption in the calculation.

37 Directors' remuneration

For details of the Group's remuneration policy, see the Remuneration report.

The remuneration of the Directors was as follows:

	Base salary and fees	Bonus	Social security	Pension	Other benefits	2010	2009
A.P. van Tulder	**176**	**100**	**13**	**15**	**28**	**332**	266
M.J. Waeterschoot	**0**	**0**	**21**	**0**	**26**	**47**	15
J.P.G. Goossens	**43**					**43**	37
W.A.A. van Pottelberge	**39**					**39**	38
R. H. W Lorjin	**23**				**25**	**48**	–
W. Spinner*							35
R. Koremans**	**–**	**–**	**–**	**–**	**–**	**–**	173
Total remuneration	**281**	**100**	**34**	**15**	**79**	**509**	564

* W. Spinner resigned in January 2010
** R. Koremans resigned as at 31 July 2009.

The Group's costs of the 2009 and 2010 granted share options are not included in the Directors' remuneration as it comprises a conditional element of compensation.

The bonus of A.P. van Tulder related to the performance year 2010, and will be paid in 2011.

M.J. Waeterschoot waived all his rights to the benefits from his service agreement.

The 2010 pension contributions as presented above concern the pension costs for the financial year 2010, at 7% of base salary (2009: 7%).

There are no outstanding loans or guarantees which have been granted or provided for to or for the benefit of any Director by the Company or any of its subsidiaries.

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for the year ended 31 December 2010
continued

37 Directors' remuneration continued

Share option scheme

During the year the following conditionally awards were made under the Group's Share Option Scheme to the Directors:

	2010	2009
A.P. van Tulder	**20,000**	15,000
R. Koremans	**–**	20,000
Total Directors' share options	**20,000**	35,000

The exercise price of the conditionally awarded shares in 2010 is €5.81. The fair market value of each conditionally awarded share in 2010 was €2.78 (2009: £1.86), as determined by an outside consulting firm. The 2010 plan has a vesting period of three years, and the end of the exercise period is 29 April 2020 (2009 plan: 24 April 2019).

Shareholding of the Directors

The Directors hold the following interest in the Company as at 31 December 2010:

	2010	2009
A.P. van Tulder	**15,000**	13,000
M.J. Waeterschoot*	**1,853,850**	1,792,704
J.P.G. Goossens*	**1,671,000**	1,612,127
W.A.A. van Pottelberge	**31,210**	16,210
R.H.W. Lorijn	**0**	–

* The interest of these Directors includes the interests of their immediate families and any other persons connected with them, and of companies of which the Directors are a controlling shareholder.

38 Related party transactions

Related party transaction

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Related party transactions are conducted on an at arm's length basis with terms comparable to transactions with third parties. Details of transactions between the Group and other related parties are disclosed below.

	2010	2009
Cryo-Save Group N.V. with related parties, sales transactions		
– Cryo-Save Arabia FZ-L.L.C.	**(5)**	332
– M.J. Waeterschoot	**23**	–
Group entities with related parties, purchase transactions		
– Life-Sciences NV	**115**	279
– Phare NV	**7**	19

The position at 31 December 2010 with Cryo-Save Arabia was €0.5 million receivable, of which the majority is provided for. The outstanding payable to Life-Sciences NV was €6 thousand as per 31 December 2010 as stated in note 34. The outstanding receivable on M.J. Waeterschoot was €23 thousand as per 31 December 2010 as stated in note 27.

Life-Sciences NV and Phare NV, Belgium, are related parties as these are controlled by M.J. Waeterschoot, a Director of the Company.

Key management personnel compensation

The Board with its Executive Directors and Non-Executive Directors acts as an one tier Board. The Executive Directors and Non-Executive Directors are solely considered as key management personnel.

39 Operating lease arrangements

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows:

	Rent	Cars	Other	2010	2009
Less than one year	441	111	22	**574**	546
Between one and five years	753	70	19	**842**	631
More than five years	432	–	–	**432**	–
Total	**1,626**	**181**	**41**	**1,848**	1,177

The rent commitments increased due to the extension of the rent agreement of the processing and storage facility in Bangalore, India.

40 Commitments and contingent liabilities

a. Rent

The Group has several property rent contracts for a total amount of €0.4 million per annum. These leases have an average life of between two and five years. All leases have been classified and measured as operating leases in accordance with IAS 17.

b. Guarantees

Cryo-Save has issued bank guarantees amounting to €0.1 million, which expire in 2018.

c. Distribution agreement

The Group has several (exclusive) distribution agreements with partners which sell the Group's services. The Group is committed to pay a total amount of €0.9 million per annum and a variable fee if certain conditions are met.

Notes to the consolidated financial statements

for the year ended 31 December 2010
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40 Commitments and contingent liabilities continued

d. Claims, legal and juridical proceedings

General

The Group is involved in legal cases and ongoing disputes or potential legal proceedings with some parties in the ordinary course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers. A liability is accrued only if an adverse outcome is more likely than not and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as contingent liability, if material. The actual outcome of a proceeding or claim may differ from the estimated liability and consequently may affect the financial performance and position.

France

In order to be able to prepare stem cell samples for therapeutic use in France, the Group has to be authorized by the French Health Agency (Afssaps) in two steps:

1. Establishment authorization
2. Process authorization

The first Establishment authorization dossier was filed with Afssaps on 11 May 2009, and related to the building, equipment, staff, logistics and qualified subcontractors and kits. Afssaps informed the Group that they refused to approve this first dossier on 31 March 2010. Cryo-Save has appealed against this decision through the courts and began court causes and indemnity procedures. At the same time, the Group proceeded with the second dossier for Process authorization that covers the standard procedures from collection to release. Cryo-Save's quality control processes and state-of-the-art processing and storage facilities, licensed and compliant with the respective EU directives, guarantee its clients a strict safety profile and the highest quality products. Afssaps decision did not mention any quality related issues, but referred to legal restrictions in the French law related to stem cell storage and donation. Cryo-Save is confident that Afssaps will ultimately align its stem cells guidelines with those of the other EU countries.

41 Audit fees

The aggregate fees of the Group's auditor, KPMG Accountants N.V. and its foreign offices, for professional services rendered in 2010 and 2009 are as follows:

	2010	2009
Audit fees	**251**	255
Audit-related fees	**46**	245
Tax fees	**81**	106
Total	**378**	606

Audit fees consist of fees for the audit of both consolidated financial statements and local statutory financial statements.

For the year 2009, audit-related fees and tax fees included fees in connection with the listing on NYSE Euronext at 22 October 2009. For the year 2010, audit-related fees includes fees in connection with several engagements in different areas (e.g. due diligence).

The following fees relate to KPMG Accountants N.V. the Netherlands only: audit fees €180 thousand (2009: €166 thousand), audit-related fees €30 thousand (2009: €223 thousand) and tax fees €61 thousand (2009: €80 thousand).

42 Additional information on financial instruments

The table below shows the carrying amount of the various financial instruments by category as from the balance sheet date, which equal the fair value.

	2010	2009
Loans and receivables		
Trade receivables, non-current assets	**972**	1,026
Trade receivables, current assets	**8,030**	8,409
Other receivables, non-current assets	**18**	28
Other receivables, current assets	**346**	318
	9,366	9,781
Cash and cash equivalents	**5,964**	7,485
Total assets, financial instruments	**15,330**	17,266
Other liabilities		
Borrowings, non-current liabilities	**3,600**	3,795
Other liabilities, non-current liabilities	**1,194**	2,164
Borrowings current liabilities	**194**	180
Trade payables, current liabilities	**1,922**	1,733
Other liabilities, current liabilities	**4,970**	6,064
Total liabilities, financial instruments	**11,880**	13,936

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42 Additional information on financial instruments

continued

Credit risk

Exposure to credit risk

Credit risk arises from receivables from customers and business partners. This credit risk is influenced mainly by the individual customer. If clients refuse or are unable to meet their contractual payment obligations, the Company may not have sufficient cash to satisfy its liabilities, and the growth rate and continued operations could be adversely impacted. The exposure to credit risk is monitored on an ongoing basis at local entity level. Credit risk on cash and cash equivalents is mitigated by a strict treasury policy, which includes that excess cash is transferred to the holding in the Netherlands.

Generally, the maximum exposure to credit risk is represented by the carrying value of the financial assets in the balance sheet. Trade receivables are presented net of an allowance for impairment, which is based on individually significant exposures. The risk related to individual significant exposures, and a collective loss component that have been incurred but not yet identified. The risk related to individual significant exposures is measured and analyzed on a local level, mainly by means of an aging analysis. Next to the ageing analysis additional circumstances, like the impact of the credit crisis on the financial situation of customers are being evaluated continuously. When necessary, additional impairment allowances are recognized. The collective loss component allowance is determined based on historical data of payment.

Estimates and judgment made by management are required in determining the Group's tax position, amongst other corporate income tax and value added tax. The calculation of the tax position is partly based on the interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes the tax estimates are reasonable, there is no assurance that the final determination of the tax position will not be materially different from what is reflected in the statement of income and statement of financial position. Should additional taxes be assessed these could have a material effect on the Group's results of operations or financial position.

Breakdown of current trade receivables by age

On the balance sheet current trade receivables are presented net of an allowance for impairment of €1.3 million (2009: €0.7 million). The aging of the current trade receivables and the impairment losses recognized for doubtful debts at reporting date were:

	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not overdue	**4,273**	**(0)**	3,942	(0)
Past due 0-30 days	**1,627**	**(0)**	1,889	(0)
Past due 30-120 days	**1,709**	**(15)**	1,729	(98)
Past due 120-180 days	**232**	**(113)**	322	(94)
Past due 180-360 days	**321**	**(140)**	617	(178)
More than one year	**1,194**	**(1,058)**	631	(351)
Total current trade receivables	**9,356**	**(1,326)**	9,130	(721)

The movement in the allowance for impairment in respect of current trade receivables during the year was as follows:

	2010	2009
Balance as at 1 January	**721**	689
Additions charged to income	**745**	366
Release charged to income	**(80)**	–
Utilizations	**(60)**	(334)
Balance as at 31 December	**1,326**	721

The maximum exposure to credit risk for current trade receivables at the reporting date by type of debtors was:

	Carrying amount	
	2010	2009
Business partners	**459**	1,186
Customers	**7,571**	7,223
Total current trade receivables	**8,030**	8,409

Two of the Group's business partners account for €0.4 million of the trade receivables' carrying amount as at 31 December 2010 (2009: €0.5 million).

The maximum exposure to credit risk for current trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2010	2009
Europe	**7,311**	7,737
Asia	**658**	578
Africa	**61**	94
Total current trade receivables	**8,030**	8,409

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

42 Additional information on financial instruments continued

Maximum credit risk exposure

The carrying amount of financial assets, amounting to €9.4 million (2009: €9.8 million) represents the maximum credit exposure.

The maximum exposure to credit risk for non-current trade receivables amounted to €1.0 million (2009: €1.0 million). These receivables are, according to the contractual payment scheme which allows customers to pay in annual instalments, not expected to be realized within 12 months after the balance sheet date.

The maximum exposure to credit risk for current other receivables of €0.3 million (2009: €0.3 million) mainly related to several small receivables.

Liquidity risk

Exposure to liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The following table describes, as of 31 December 2010, the Group's commitments and contractual obligations for the following five years and thereafter. Operating lease obligations are the future minimum rental payments required under the operating leases that have an initial or remaining non cancellable lease term in excess of one year as of 31 December 2010.

Contractual maturities of financial liabilities 2010

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
Operational lease obligations	**1,848**	**(1,848)**	**(574)**	**(842)**	**(432)**
Financial lease obligations	**3,794**	**(5,491)**	**(347)**	**(1,531)**	**(3,613)**
Deferred considerations	**1,908**	**(1,963)**	**(814)**	**(1,149)**	**–**
(Exclusive) distribution agreements with partners	**1,604**	**(1,604)**	**(875)**	**(729)**	**–**
Trade and other payables	**6,078**	**(6,078)**	**(6,078)**	**–**	**–**
Total	**15,232**	**(16,984)**	**(8,688)**	**(4,251)**	**(4,045)**

Contractual maturities of financial liabilities 2009

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
Operational lease obligations	1,177	(1,177)	(546)	(631)	–
Financial lease obligations	3,896	(5,882)	(393)	(1,537)	(3,952)
Other financial lease obligations	79	(79)	(21)	(58)	–
Deferred considerations	3,344	(3,487)	(1,264)	(2,223)	–
Trade and other payables	6,533	(6,533)	(6,533)	–	–
Total	15,029	(17,158)	(8,757)	(4,449)	(3,952)

Notes to the consolidated financial statements

for the year ended 31 December 2010
continued

42 Additional information on financial instruments

continued

Market risk

Exposure to market risk

Market risk includes currency risk and interest rate risk and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

Currency risk

The Group is exposed to currency risk on its financial instruments if these are denominated in a different currency than their functional currency. This currency risk is limited because the majority of the transactions are denominated in functional currency.

	2010 HUF	2009 HUF
Trade receivables	–	–
Trade payables	–	2,407
Net exposure	–	2,407

In 2010, the Hungarian permanent loan was converted into equity.

Sensitivity analysis

A 10% strengthening or 10% weakening of the euro will not have any material impact on equity and/or consolidated statement of income.

Interest rate risk

The Company has a financial lease obligation until 2024 against a fixed interest percentage of 5.5%. A change of the market rate will not materially affect the Company's results.

43 Events after the reporting period

Share buyback

During the period 6 January 2011 until 12 January 2011, the Company repurchased 100,000 shares and has completed a tranche of its share buyback programme. The shares were repurchased at an average price of €5.20.

Acquisition of Serbian distributor

At 1 February 2011, the Company acquired 70% interest in its Serbian distributor, Life R.F. doo ('Life R.F.'). Cryo-Save paid an initial consideration of €2.3 million payable in cash and 30,000 Cryo-Save Group N.V. shares, with an option to acquire the remaining 30% of the shares of Life R.F. in the next three years.

Company statement of income

in thousands of euros

	2010	2009
Results subsidiaries after tax	**4,420**	2,948
Other income after tax	**(1,867)**	(1,596)
Profit for the year	**2,553**	1,352

Company balance sheet

at end of year, before allocation of profit
in thousands of euros

	Notes	2010	2009
Assets			
Non-current assets			
Goodwill	45	**26,613**	24,973
Identified intangible assets	46	**8,600**	9,683
Other intangible assets		**24**	–
Property, plant and equipment	47	**197**	167
Investments in subsidiaries	48	**5,050**	4,476
Receivables from subsidiaries	49	**7,220**	8,346
Total non-current assets		**47,704**	47,645
Receivables from subsidiaries	49	**6,914**	4,625
Accounts receivable	50	**132**	124
Cash and cash equivalents		**2,004**	5,141
Total current assets		**9,050**	9,890
Total assets		**56,754**	57,535
Equity			
Shareholders' equity	51	**46,760**	43,807
Liabilities			
Non-current liabilities	52	**3,255**	4,571
Current liabilities	53	**6,739**	9,157
Total equity and liabilities		**56,754**	57,535

Notes to the Company financial statements

in thousands of euros

As provided in section 402 of the Netherlands Civil Code, Book 2, the income statement of Cryo-Save Group N.V. includes only the after-tax results of subsidiaries and other income after tax, as Cryo-Save Group N.V.'s figures are included in the consolidated financial statements.

Accounting policies

The financial statements of Cryo-Save Group N.V. are prepared in accordance with the Netherlands Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the Notes to the Consolidated Financial Statements.

Subsidiaries are valued using the equity method, applying the IFRS accounting policies endorsed by the European Union.

Related party transactions between subsidiaries, equity accounted investees, investments, and with members of the Board of Directors and the ultimate parent company Cryo-Save Group N.V. are conducted on an at arm's length basis with terms comparable to transactions with third parties.

44 Employee benefit expenses

	2010	2009
Salaries and wages	883	1,163
Social security charges	120	146
Cost of defined contribution pension plans	45	47
Share-based payments	111	77
Other personnel expenses	26	27
Total employee benefit expenses	**1,185**	1,460

The average number of employees, expressed in full-time equivalents, in 2010 was 14 (2009: 16).

45 Goodwill

	2010	2009
Balance at 1 January	24,973	25,947
Translation differences	40	(109)
Acquisitions	2,429	2,028
Deferred considerations adjustments	(829)	(2,893)
Balance at 31 December	**26,613**	24,973

Goodwill increased due to the Tissue Bank Cryo Center Bulgaria acquisition.

The deferred considerations adjustment of goodwill of €0.8 million mainly related to the revised estimate of performance related deferred acquisition payments to former owners.

46 Identified intangible assets

	2010	2009
Balance at 1 January	9,683	10,901
Translation differences	45	(95)
Acquisitions	185	100
Amortization	(1,313)	(1,223)
Balance at 31 December	**8,600**	9,683

47 Property, plant and equipment

	2010	2009
Balance at 1 January	167	196
Additions	116	50
Disposals at cost	(26)	(13)
Depreciation on disposals	14	(3)
Depreciation	(74)	(63)
Balance at 31 December	**197**	167

48 Investments in subsidiaries

	2010	2009
Equity value of subsidiaries at 1 January	4,476	6,330
Acquisitions	34	(253)
Capital contributions	4,084	1,575
Dividends paid	(8,102)	(6,096)
Share of profit of subsidiaries	4,420	2,948
Exchange differences	138	(28)
Balance at 31 December	**5,050**	4,476

See note 22 for the subsidiaries directly held by Cryo-Save Group N.V.

Acquisitions related to the net equity value of Tissue Bank Cryo Center Bulgaria. Capital contributions related to the contribution of capital to several subsidiaries to strengthen their capital.

49 Receivables from subsidiaries

	2010	2009
Receivables from subsidiaries, non-current assets	7,220	8,346
Receivables from subsidiaries, current assets	6,914	4,625
Total receivables from subsidiaries	**14,134**	12,971

50 Accounts receivable

	2010	2009
Dividend receivable	59	–
Prepayments	28	38
Current tax assets	27	59
Other receivables	18	27
Total accounts receivable	**132**	124

Notes to the Company financial statements

in thousands of euros
continued

51 Shareholders' equity

	Issued share capital	Share premium reserve	Legal reserve	Revaluation reserve	Translation reserve	Treasury shares	Retained earnings	Undistributed Profit	Shareholders' Equity
At 1 January 2009	964	38,178	108	769	(448)	(3,497)	4,411	2,568	43,053
Exchange differences on translating foreign operations					(235)				(235)
Other comprehensive income					(235)				(235)
Profit for the year								1,352	1,352
Comprehensive income for the year					(235)			1,352	1,117
Appropriation of profit prior year							2,568	(2,568)	0
Dividend distributed							(462)		(462)
Share-based payments							266		266
Repurchased shares						(167)			(167)
Utilization of revaluation reserve				(100)			100		0
Other movements			26				(26)		0
At 31 December 2009	964	38,178	134	669	(683)	(3,664)	6,857	1,352	43,807
Exchange differences on translating foreign operations					**233**				**233**
Other comprehensive income					**233**				**233**
Profit for the year								**2,553**	**2,553**
Comprehensive income for the year					**233**			**2,553**	**2,786**
Appropriation of profit prior year							**1,352**	**(1,352)**	**0**
Dividend distributed							**(554)**		**(554)**
Share-based payments						**1,203**	**(545)**		**658**
Share options exercised						**281**	**(218)**		**63**
Utilization of revaluation reserve				**(99)**			**99**		**0**
Other movements			**40**				**(40)**		**0**
At 31 December 2010	**964**	**38,178**	**174**	**570**	**(450)**	**(2,180)**	**6,951**	**2,553**	**46,760**

52 Non-current liabilities

	2010	2009
Deferred tax liabilities	**2,161**	2,491
Deferred considerations	**1,094**	2,080
Total non-current liabilities	**3,255**	4,571

Deferred tax liabilities

Balance at 1 January 2009	2,780
Additions	26
Deductions	(315)
Balance at 31 December 2009	2,491
Additions	**47**
Deductions	**(377)**
Balance at 31 December 2010	**2,161**

Notes to the Company financial statements

in thousands of euros
continued

52 Non-current liabilities continued

Deferred considerations

Future payments for the deferred considerations are as follows:

		2012	2013	2014
Deferred considerations	**1,094**	748	140	206

53 Current liabilities

	2010	2009
Trade payables	**197**	68
Debt to subsidiaries	**5,303**	5,755
Deferred consideration	**814**	1,264
Current tax liabilities	**58**	58
Other liabilities	**367**	2,012
Total current liabilities	**6,739**	9,157

54 Related party transactions

Cryo-Save Group N.V related parties comprise subsidiaries, equity accounted investees, the Executive and Non-Executive Directors and companies controlled by Directors.

The list of subsidiaries and equity accounted investees is disclosed in notes 22 and 23 of this annual report.

Subsidiaries Cryo-Save Group N.V.

Transactions between Cryo-Save Group N.V. and its subsidiaries in 2010 concerned an amount of €2.4 million in management fees (2009: €2.7 million), €0.8 million in net finance costs (2009: €0.2 million finance income) and €4.1 million in capital contributions (2009: €1.6 million).

Cryo-Save Group N.V. has at 31 December 2010 amounts due from subsidiaries of €14.1 million (2009: €13.0 million). Further, Cryo-Save Group N.V. has at 31 December 2010 amounts due to subsidiaries of €5.3 million (2009: €5.8 million).

Executive and Non-Executive Directors

In 2010 Executive and Non-Executive Directors acquired 137,019 shares of Cryo-Save Group N.V. (2009: 61,220 shares).

Equity accounted investees and companies controlled by Directors

In 2010, there were no related party transactions between Cryo-Save Group N.V. and its equity accounted investees and companies controlled by Directors.

55 Commitments and contingent liabilities

Rent

Cryo-Save Group N.V. has a property rent contract for a total amount of €0.1 million per annum. This contract has been entered into for a period of one year, ending on 31 May 2012.

A.P. van Tulder
M.J. Waeterschoot
J.P.G. Goossens
W.A.A. van Pottelberge
R.H.W. Lorijn
21 March 2011

Other information on the financial statements

Proposed appropriation of profit

The appropriation of profit is governed by Article 25 of the company's Articles of Association. The Company plans to propose to the Annual General Meeting of Shareholders on 18 May 2011 a dividend of 7 euro cent per share for the year ended 31 December 2010 (2009: 6 euro cent), which will be payable at 16 June 2011.

The Company allows the shareholders to choose between a distribution in cash or in shares.

Article 25 of the Articles of Association

1. The Board of Directors will decide which part of the profits will be reserved. The remaining profits of the Company shall be at the disposal of the General Meeting.

2. The Company may distribute profits only if and to the extent that its equity capital is greater than the aggregate of the paid and called-up part of the issued capital and the reserves which must be maintained by law.

3. Dividends may be paid only after adoption of the Annual Accounts which show that they are justified.

4. For the purposes of determining the allocation of profits any Shares or depository receipts issued therefore held by the Company and any Shares or depository receipts issued therefore of which the Company has usufruct shall not be taken into account.

5. The General Meeting may resolve to declare interim dividends following a proposal by the Board of Directors. A resolution to declare an interim dividend from the profits realized in the current financial year may also be passed by the Board of Directors. Dividend payments as referred to in this paragraph may be made only if the provision in paragraph 2 has been met as evidenced by an interim statement of assets and liabilities as referred to in Section 105 subsection 4 of Book 2.

6. Unless the General Meeting sets a different term for that purpose, dividends shall be made payable within thirty days after they are declared.

7. Following a proposal by the Board of Directors the General Meeting may direct that any dividend is wholly or partly paid in kind.

8. Any deficit may be set off against the undistributable reserves only if and to the extent that doing so is permitted by law.

9. If the aggregate of the paid and called-up part of the capital and the undistributable reserves is smaller than the minimum capital last set by law, the Company must maintain a reserve equal to the difference between these amounts.

Events after the reporting period

For information on events after the reporting period, please see 'other disclosures' in the consolidated financial statements.

Other information on the financial statements

Report of the independent auditor to the Annual General Meeting of shareholders of Cryo-Save Group N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 December 2010 of Cryo-Save Group N.V., Zutphen. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, the company statement of income for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Cryo-Save Group N.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Cryo-Save Group N.V. as at 31 December 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further, we report that the management board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

KPMG Accountants N.V.
J.G.R. Wilmink RA
Arnhem, the Netherlands
21 March 2011

Information for shareholders

Shareholders exceeding 5%

M.J. Waeterschoot*	19.84%
J.P.G. Goossens*	17.88%
Mineworking Pension Scheme	5.40%
British Coal Staff Superannuation Scheme	5.40%

* The interest of these shareholders, and Directors of the Company, includes the interests of their immediate families and any other persons connected with them, and of companies of which the shareholders are a controlling shareholder.

The information regarding shareholders exceeding 5% is based on disclosures the Company received from the respective shareholders.

Share information

Cryo-Save Group N.V. is listed on NYSE Amsterdam, The Netherlands.

Symbol	CRYO
Quotation 31 December 2010	€4.78
Quotation 31 December 2009	€4.70
Highest quotation 2010	€6.05
Lowest quotation 2010	€4.64
Average daily trading volume 2010	8,587

Advisers

Advisers to the Company

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Auditors
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Depository
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Cryo-Save
Save for Life

www.cryo-savegroup.com/group