Cryo-Save
Save for Life

THE LEADING INTERNATIONAL FAMILY STEM CELL BANK

Cryo-Save Group N.V.
Annual report 2011

Cryo-Save, the leading international stem cell storage brand and the largest family stem cell bank in Europe, is an established healthcare services group which focuses on the collection, processing and storage of human adult stem cells. Cryo-Save has already stored more than 200,000 samples from umbilical cord blood and umbilical cord tissue for new-borns and adipose tissue for adults. There are already several diseases that can be treated by the use of stem cells, and that number is increasing. The use of stem cells from adipose tissue is becoming increasingly popular in cosmetic surgery.

Cryo-Save is listed on NYSE Euronext Amsterdam (ticker: CRYO) and is a profitable, cash generative business, which pays a dividend. Cryo-Save has a highly scalable business model with significant operational gearing.

With more than 200,000 samples saved, Cryo-Save is the leading international brand, represented in over 40 countries on four continents, and the largest family stem cell bank in Europe, with ultra-modern processing and storage facilities in Belgium, Germany, Dubai, India, South Africa, the United States and France.

1 Operational excellence

Cryo-Save's operating procedures and processing and storage facilities are formally accredited by recognised industry bodies, such as ISO (International Organisation for Standardisation), AABB (American Association of Blood Banks) and FAGG (Federaal Agentschap voor Geneesmiddelen en Gezondheidsproducten). Combined with over ten years of experience in this highly regulated industry, these fully verified, certified and rigorous accreditations ensure world-class operational excellence is maintained.

Find out more on
www.cryo-save.com

2 Leading expertise

Cryo-Save is at the forefront of the growing market in stem cell applications, developing new products and services, and proactively supporting research into stem cell use. This includes research into promising therapeutic applications and regenerative medicine, working with external researchers, treating physicians, universities, hospitals and transplantation centres.

Find out more on
www.cryo-save.com

3 Sustaining market position

Cryo-Save is able to sustain its market leading position through its multinational spread of operations which are seeing good opportunities in emerging markets, as well as its core European markets. Cryo-Save's size and scale with over 200,000 samples stored and comprehensive portfolio of services confirms its role as the leading international family stem cell bank for now and for the future.

Find out more on
www.cryo-save.com

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial highlights

- Revenue up 4% to €41.9 million (2010: €40.4 million)
- Operating expenses before depreciation and amortisation increased with €1.6 million, mainly due to further investments in Cryo-Lip® (€0.8 million) and acquisition impact (€0.7 million)
- EBITDA*: €6.3 million (2010: €7.3 million)
- EBITA**: €4.5 million (2010: €5.8 million)
- Operating profit: €2.9 million (2010: €4.5 million)
- Profit before taxation: €3.0 million (2010: €3.9 million)
- Net profit: €2.3 million (2010: €2.6 million)
- Basic earnings per share 25.0 euro cents (2010: 27.6 euro cents)
- Robust net cash from operating activities €6.2 million (2010: €2.8 million)
- Solid cash position of €7.0 million as at 31 December 2011 (2010: €6.0 million)
- Dividend per share of €0.08, up 14% (2010: €0.07)

* EBITDA is defined as Earnings Before Interest, Taxation, Depreciation and Amortisation

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

Operational highlights

- 39,900 new samples stored in 2011, up 4% compared to previous year (2010: 38,300). Of these, 25,200 were new cord blood samples and 14,700 new cord tissue samples
- 204,000 samples have been stored in total at 31 December 2011
- 67% of new customers opt for combined service of cord blood and cord tissue storage
- Acquisition of Serbian distributor Life R.F. for €2.3 million in cash and 30,000 Cryo-Save shares

+4%
revenue up to €41.9 million

- Cryo-Save USA, Inc. founded to commercialise and further develop the Cryo-Lip® service in North America
- Cryo-Save South Africa joint venture established and state-of-the-art stem cell processing and storage facility opened in Cape Town together with John Daniel Holdings and Lazaron Biotechnologies South Africa
- A six-year-old girl from Portugal with Cerebral Palsy was treated at Duke University in the US with her own cord blood stem cells, which were stored and released by Cryo-Save

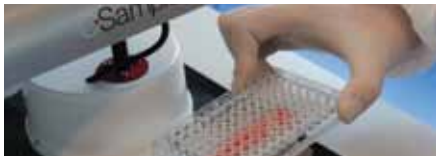

Find out more on
www.cryo-save.com

"Cryo-Save ensures world-class standards of excellence."

COMPANY AT A GLANCE

"The leading international stem cell storage brand and the largest family stem cell bank in Europe"

Our business



During pregnancy the umbilical cord plays a vital role in the care of a child's health. 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. Stem cells are already used in treating a large variety of diseases and the application of stem cells for future treatments and uses in regenerative medicine is very promising.

Since 2010, Cryo-Save has also been able to offer the storage of adult stem cells from adipose tissue, taken from patients undergoing a surgical procedure.

Cryo-Save ensures world-class standards of excellence in the collection, transport, analysis, processing, cryopreservation, storage, packaging and distribution of stem cells. Cryo-Save is officially accredited by the Dutch Ministry of Health as a Licensed Tissue Establishment.

Our strategy

In being the leading international family stem cell bank, Cryo-Save recognises its responsibility to proactively contribute to building knowledge and expertise in adult stem cell applications and research. Cryo-Save's educational program aims to increase global awareness of stem cell therapy and the potential of regenerative medicine amongst healthcare professionals and local communities. This education provides the fundamentals for Cryo-Save's growth strategy:

- continued organic growth in existing markets
- geographic diversification into new markets
- development of new products and services
- growth by acquisition

Our employees

Cryo-Save employs almost 300 employees across the globe. Our employees are highly educated, trained and experienced in the field they operate. The Company has more than 20 medical doctors and over 40 lab technicians amongst its staff. Along with these core competences, they share the enthusiasm of an entrepreneurial spirit in an environment where they can contribute significantly to people's wellbeing. This drive and creative thinking fuel Cryo-Save's growth.

2011
Cryo-Save educational awareness program

Our corporate values

- TRANSPARENCY: Cryo-Save offers stakeholders, medical professionals and customers the opportunity to view the processing and storing of stem cells : initiatives are regularly organised to open the doors of Cryo-Save labs to world-wide visitors (see also www.cryo-save.com/labs).
- PROFESSIONAL EXPERTISE: With more than 11 years' experience in cryopreservation, Cryo-Save offers customers and professionals the best knowledge and expertise in stem cell preservation. To guarantee the highest quality, the company provides all its employees with regular training and the latest information. Cryo-Save's storage facilities are equipped with state-of the-art processing machines, managed by teams of highly qualified researchers and biologists.
- CUSTOMER CARE: Exceeding customers' expectations is a key objective for Cryo-Save. Present in 40 countries, there are 40 teams assisting all Cryo-Save customers with personal support. Our international team gives the Group a good understanding of local needs. Because storing babies' stem cells is such an important step, Cryo-Save ensures a professional but personal approach in all stages of the process.
- SOCIAL RESPONSIBILITY AND EDUCATION: Cryo-Save aims to improve the understanding of stem cell treatments among the public and the medical community. Training programs for medical professionals and education sessions for customers with industry experts are organised regularly.

Our processing and storage facilities

Cryo-Save ensures that all its 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, India, South-Africa, Dubai, Germany, United States and France.

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

Our customers

More than 200,000 customers have selected Cryo-Save as their stem cell bank of choice because of its high quality standards, undisputable reputation, professional expertise, service offering, international presence, transparency, size and scale, accreditations and industry track record. The number of successful releases for therapies and Cryo-save's ability to store samples in dual locations to ensure the integrity of the specimen makes Cryo-Save unique and confirms its role as the leading international family stem cell bank for now and for the future.

Cryo-Save is the leading international stem cell storage brand, represented in over 40 countries on four continents, and the largest family stem cell bank in Europe.

INDUSTRY OVERVIEW

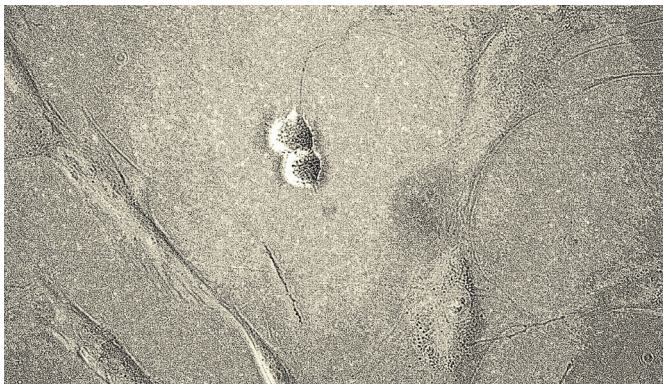
Stem cells are valuable

The human body consists of more than 200 types of mature cells. All these cells have a unique role to play and fulfill specialised functions throughout the body. For example, a red blood cell transports oxygen throughout the body and neuronal cells process and transmit information via chemical and electrical signaling.

Stem cells are different. They are unspecialised cells that have the potential to multiply numerous times and develop into new cells and tissue. Stem cells are valuable throughout our entire life span, even before our birth. During pregnancy, stem cells are crucial for the development of the foetus. In children and adults, a limited number of stem cells remain 'in reserve' in the human body and play a key role in repair and regeneration of damaged or aged tissues.

These properties carry tremendous potential for modern medicine. The ability of stem cells to differentiate into specialised cells makes them extremely important for therapeutic treatments. Medical researchers believe that stem cell treatments have the potential to change healthcare profoundly as they will be able to tackle current unmet medical needs.

Today, stem cells are already being used as a standard treatment for leukemia and a wide variety of other blood related diseases. Over 3,000 FDA registered clinical trials using stem cells were ongoing in 2011, confirming the potential that stem cells hold for the future treatment of diseases that currently have no cure.



Mesenchymal stem cells isolated from fat tissue in culture – dividing cells. *(Light microscopy image)*

Newborn stem cells

During pregnancy, the umbilical cord connects the baby to the placenta. The blood in the cord carries oxygen and other valuable nutrients to the foetus. Both cord blood and the cord itself are a rich source of stem cells. These 'newborn' stem cells have several advantages over stem cells found in adult tissues.

The past 23 years of umbilical cord blood transplantations have demonstrated that cord blood:

- is a rich source of hematopoietic stem cells;
- can be obtained with no risk to mother or child;
- can be successfully cryopreserved without loss of viability or functionality;
- is enriched with the most primitive cells that have a higher proliferative and differentiation potential than other stem cell sources;
- is effective for treatment of numerous hematological malignancies, bone marrow failure, hemoglobinopathies and metabolic disorders;
- cord blood allows for greater HLA (Human Leukocyte Antigen) mismatch without corresponding increase in graft-versus-host disease, when compared with other sources of stem cells;
- have lower risk of transmitting viral infections compared to a bone marrow transplant.

The umbilical cord itself is also rich in mesenchymal stem cells.

Many studies show that mesenchymal stem cells are key components in regenerative medicine. This field shows real promise in developing regenerative therapies and treatments for various diseases affecting the heart and other organs, spine, bone and cartilage diseases, severe burns, and immune system deficiencies.

Mesenchymal stem cells have unique functional characteristics:

- ability to differentiate into numerous cells, including fat, cartilage, muscle, bone and nerve tissue
- ability to 'move towards' the site of injury and assist in repair when injected intravenously
- ability to exhibit anti-inflammatory and immune-suppressant characteristics, an important application in auto-immune disorders and inflammatory stages of numerous diseases

Cord tissue and cord blood contain 'newborn' or more primitive stem cells, and some characteristics of their DNA, such as an increased length of telomeres, confirm their high proliferation potential.

Don't discard stem cells

More and more people are choosing to store stem cells from the umbilical cord and cord blood of their newborn babies. The procedure holds no risk for mother and child and the stored stem cells can be used to cure leukemia and a wide variety of other blood related diseases, and also have the potential for use within regenerative medicine. Over 25,000 cord blood transplants have already been performed worldwide, treating more than 70 different blood and blood related diseases.

Parents can decide to donate stem cells from the umbilical cord to public banks, free of charge. The cord blood sample would then belong to the public bank. The sample is registered and made available for use by healthcare providers throughout the world. If the cord blood unit matches the requirements for a transplant, the sample is then sold by the public bank. From this point, the sample is no longer available for personal or family use.

Private or family stem cell banks store stem cells for a fee and for individual use by families. The stem cells remain the property of the child, under the guardianship of the parents. The cells are safely stored until the child or a family member needs them.

In most countries, parents have the choice to either donate stem cells to a public bank or store the cells in a private family bank. In many countries however, parents are not informed of the different options. As a result, the cord and cord blood are often discarded and the stem cells are lost. It is important that parents can make an informed decision, but unfortunately not all healthcare providers make information available to prospective parents on stem cell donation and storage.

In order to decrease the number of umbilical cords and cord blood units that are discarded, it is crucial to improve the education about and dissemination of information on stem cell storage to healthcare providers. In 2011, Cryo-Save continued its efforts to increase the knowledge and awareness of stem cells and stem cell treatments by sponsoring seminars with healthcare providers. Cryo-Save considers the distribution of reliable and up-to-date information on stem cell preservation an important task. That is why it has developed multiple educational programs to ensure that expecting parents are made aware of the options available to them and do not miss the opportunity to store their child's stem cells.

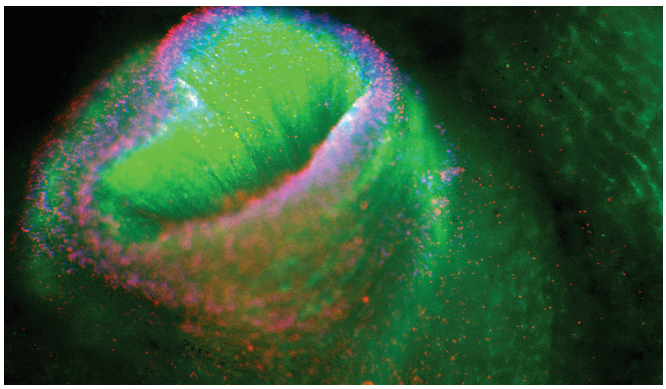
International stem cell conferences attended and sponsored by Cryo-Save in 2011 included:

Sponsored by Cryo-Save	Lecture by Cryo-Save representatives	Attended by Cryo-Save representatives
2nd International Congress 'Regenerative Medicine – stem cells, genetic engineering and biotechnology' Sarajevo, December 2011	Conference of the Italian Association of Hospital Gynecologists (AOGOI) Bari, October 2011	IFATS (International Federation for Adipose Therapeutics and Science) Miami, November 2011
ITERA Maastricht, November 2011	Arab Health Obstetrics and Gynaecology Conference Dubai UAE, April 2011	World Cord Blood Congress Rome, October 2011
4th Regenerative Medicine Congress Belgrade, October 2011		COSTEM- Controversies in stem cells Berlin, August 2011
1st Symposium for Stem Cells & Regenerative Medicine Macedonia, March 2011		International Cord Blood Symposium San Francisco, June 2011
		Stem Cells and Regenerative Medicine Conference London, May 2011

INDUSTRY OVERVIEW
CONTINUED

Storing stem cells from adipose tissue

As the first cord blood bank was only created in 1995, most adults did not have the opportunity to store their cord blood stem cells at birth. However, a more recently identified but very interesting source of stem cells for adults is adipose or fat tissue. Adipose tissue is a very accessible and rich source of stem cells (500 times higher concentration than in bone marrow), containing high quantities of mesenchymal stem cells, which have potential in the field of regenerative medicine. These cells can be readily harvested in large numbers from the fat tissue that is removed during liposuction, one of the most popular aesthetic plastic surgical procedures according to the American Society of Aesthetic Plastic Surgery (www.surgery.org). During the past decade, numerous studies have provided preclinical data on the safety and efficacy of adipose-derived stem cells, supporting the use of these cells in future clinical applications. Various clinical trials have shown the regenerative capability of adipose derived stem cells in subspecialties of medical fields such as plastic surgery, orthopedic surgery, oral and maxillofacial surgery and cardio surgery.



3D image of umbilical cord vein. *(Fluorescent microscopy: smooth muscle and endothelial cells in green, cell nuclei in blue)*

Current standard treatments

Cord blood is rapidly becoming the preferred source for unrelated cord blood transplants. In 2000 only 1% of stem cell transplants used stem cells from cord blood. By 2005, the use of cord blood stem cells increased to 9% and in 2010 more than 22% of transplants used cord blood stem cells. This strong growth is due to the superior characteristics of cord blood stem cells, but also underlines how easily stem cells from cord blood can be isolated, compared to those from bone marrow for example. In 2000 the main source for stem cells was bone marrow (83%), but by 2010 the use of bone marrow declined to 18% (National Marrow Donor Program 2012).

Currently, stem cell transplants can treat a wide variety of blood and bone marrow diseases, blood cancers and immune disorders. One of the standard diseases tackled with stem cells is leukemia. At the 2011 ITERA symposium (supported by Cryo-Save), Prof. Gluckman reported that the main conditions treated in children with cord blood stem cell transplantations are acute leukemia followed by bone marrow failure, immune deficiency and other blood related disorders. The following figures illustrate the transplants by diagnosis for children and adults respectively (www.eurocord-ed.org).

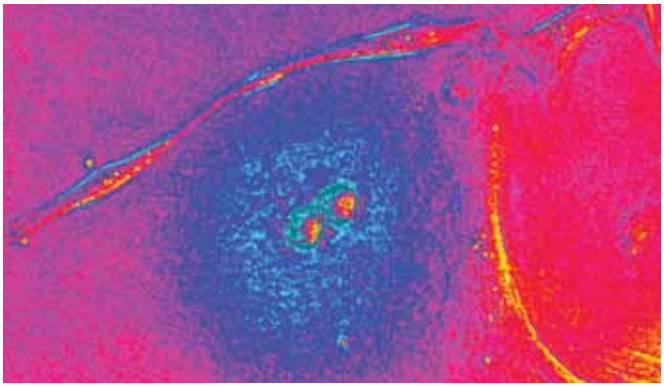
For children, the diseases that were treated were acute leukemia (47%) followed by bone marrow failure (11%), blood related disorders (10%), immune deficiency (11%) and metabolic disorders (9%).

For adults, the transplants recorded by Eurocord show acute leukemia as the main disease treated by cord blood stem cells, followed by other blood related disorders (20%), lymphomas (14%) and metabolic disorders (9%).

A major reason for the continued increase in transplantation is the steady improvement in transplant outcomes. The results of the American National Marrow Donor Program (NMDP, www.marrow.org) show that survival has consistently, and sometimes dramatically, improved over time in each major disease category.

Leukemia better treated with autologous cord blood stem cells

Recent scientific evidence shows that transplants with autologous cord blood stem cells result in a significantly reduced leukemia relapse rate (van Rood et al., 2011). These important findings open new avenues in the study of leukemic relapse after stem cell transplantation, possibly of malignancies in general. Mothers produce immune cells against their own child during pregnancy. These are directed at genetic traits inherited by the child from the father. The small number of maternal cells with immunity against the father found in transplanted umbilical cord blood is responsible for keeping the leukemia in control so it does not return.



Mesenchymal stem cells isolated from fat tissue in culture – dividing cells. *(Light microscopy image)*

Ongoing clinical trials

Clinical trials conducted worldwide, public or private are registered at the ClinicalTrials.gov site. In December 2011, this site listed over 220 trials involving stem cells from umbilical cord blood. Over 130 studies are currently recruiting patients. Most of them are in phase II, performed on larger groups of patients (between 100 and 300) and designed to assess how well the treatment works. The ongoing medical research demonstrates that beyond the current approved applications for cord blood transplants, cord and cord blood hold great potential for the treatment of diseases that currently have no cure.

Most current clinical trials are focused on life threatening diseases, for which cord blood hematopoietic stem cells are believed to make a difference, such as acute myeloid leukemia and Hodgkin's disease. Several trials tackle diseases of the central nervous system such as cerebral palsy, brain injury, spinal cord injuries, hearing loss, hypoxic-ischemic encephalopathy and motor neuron diseases such as ALS (Amyotrophic Lateral Sclerosis). Also auto-immune diseases are treated with cord blood stem cell transplants, including juvenile arthritis, rheumatoid arthritis, scleroderma and lupus. Most of the ongoing research involves autologous hematopoietic stem cell transplants. The largest cohort studied worldwide for over 12 years shows that these transplants can induce sustained remission for more than five years in patients with severe autoimmune diseases, refractory to conventional therapy. Hematopoietic stem cells have been used for decades to treat various forms of leukemia. Today, several cancers are being treated with stem cell therapy, including breast cancer, lung cancer and renal cell cancer.

Other trials are focused on increasing the amount of therapeutic stem cells that can be recovered from the cord blood sample. These include double cord blood transplants, grafts using amplified cord blood samples, intra-bone graft and direct-transfusion with mesenchymal stem cells.

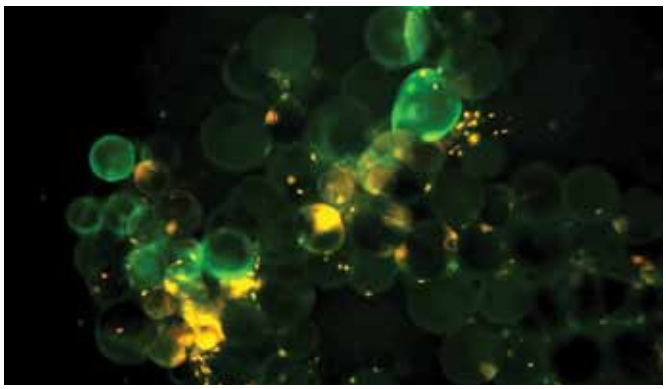
Beyond the current and accepted applications for cord blood stem cells, in hematopoietic stem cell grafts, cord blood has emerged as holding great potential in cell therapy and regenerative medicine. The umbilical cord in particular is an important source of mesenchymal stem cells, which is of particular interest in regenerative medicine.

INDUSTRY OVERVIEW
CONTINUED

Regenerative medicine holds the key

One of the most promising future applications for stem cells is regenerative medicine. Regenerative medicine seeks to repair or replace damaged tissues or organs, with the goal of fully restoring structure and function without the formation of scar tissue. Cell based therapies are promising new therapeutic approaches in regenerative medicine.

By using mesenchymal stem cells, positive results have been reported for bone engineering in a number of clinical studies, most of them investigator initiated trials with limited scope with respect to controls and outcome. With the implementation of a new regulatory framework for advanced therapeutic medicinal products, the stage is set to improve both the characterisation of the cells and combination products, and pave the way for improved, controlled and well-designed clinical trials. Both translational and clinical research will move the boundaries in the field of regenerative medicine, and a coordinated effort will provide the clinical breakthroughs, particularly in the many applications of bone engineering.



3D cluster of adipocytes isolated from fat tissue. *(Fluorescent microscopy: adipocytes in green, cell nuclei in orange)*

The umbilical cord is known to be an important source of mesenchymal stem cells. The role of mesenchymal stem cells in regenerative medicine has been well established, especially in fracture healing. Bone-healing is a complex and well-orchestrated process that depends on many factors. Unlike other adult tissues, which generate scar tissue at the site of an injury, the skeleton heals by forming new bone that is indistinguishable from uninjured bone. Several studies have shown that mesenchymal stem cells are attracted to fracture sites and that there may be a role in systemic administration of stem cells in certain instances, for example, with fractures that have a relatively high non-union rate or in elderly patients who have been shown to have a decreased concentration of mesenchymal stem cells. Mesenchymal stem cells have been shown to be the primary source for endochondral bone formation, and as such are ideal for future bone repair constructs.

Despite recent studies suggesting that the heart has intrinsic mechanisms of self-regeneration following myocardial infarction, it cannot regenerate itself to an optimal level.

Mesenchymal stem cells are already being investigated for regeneration of mesenchyme-derived tissues, such as bone, cartilage and tendon. In vitro, evidence suggests that these can also differentiate into cardiomyogenic and vasculogenic lineages, offering another cell source for cardiovascular regeneration. In vivo, mesenchymal stem cells may contribute to the re-growth and protection of vasculature and cardiomyocytes, mediated by paracrine actions, and/or persist within the myocardium in a differentiated state; although proof of cardiomyocytic phenotype and functional integration remains elusive.

Other clinical studies evaluate the potential of mesenchymal stem cells from the umbilical cord for the treatment of renal disorders and pulmonary diseases affecting preterm newborns.

All current standard treatments, ongoing clinical trials and the potential of regenerative medicine underpin the importance of storing the valuable stem cells from umbilical cord blood, umbilical cord tissue and adipose tissue. Cryo-Save is confident that several of these promising applications of stem cells will become a well-established treatment in near future.

CHAIRMAN'S STATEMENT

"We are proud to report a new company record of almost 40,000 new samples stored in a year, and achieving the milestone of having more than 200,000 samples stored in total."

Johan Goossens
Chairman

Cryo-Save reports revenue up 4% to €41.9 million and net profit of €2.3 million.

These record achievements are the result of more than 11 years of commitment to our customers and motivate our Cryo-Save employees to continue their important contribution to fighting life-threatening diseases.

This 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 2011 we processed and stored 25,200 new cord blood samples and 14,700 new cord tissue samples, bringing the total for the year to almost 40,000 samples, a new company record.

Cryo-Save's business model is highly cash generative, enabling the Board to propose a dividend increase for the fourth consecutive year. We are proposing a dividend of €0.08 per share for the year ended 31 December 2011 (2010: €0.07), a 14% increase on last year. We also completed another tranche of the share buyback program with the repurchase of 100,000 shares by the Group in January 2011. Cryo-Save's cash position amounted to €7.0 million as at 31 December 2011.

The Group's strategic focus remains on organic and acquisitive growth, both in countries where we are already present and in new territories, as well as introducing innovative services to further strengthen our position as the leading international brand and the largest family stem cell bank in Europe.

In February 2011 Cryo-Save acquired a 70% interest in its Serbian distributor, Life R.F. doo ('Life R.F.'), a company with a strong network amongst Serbia's top gynecologists which should ensure solid growth in future.

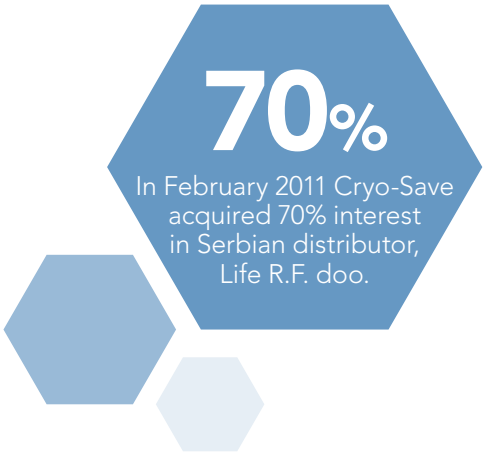
In May 2011, the Group founded the wholly owned subsidiary Cryo-Save USA, Inc. to commercialise and further develop the Cryo-Lip® service in North America alongside strategic partners General BioTechnology and Genesis Biosystems. In July 2011, the Group also launched a new joint venture, Cryo-Save South Africa, together with John Daniel Holdings and Lazaron Biotechnologies with a new processing and storage facility in Cape Town, South Africa which opened in September 2011.

Our achievements in 2011 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 confident that our growth strategy along with our strategic position, geographical spread and product portfolio will strengthen our leading position in the stem cell banking industry.

Johan Goossens
Chairman

19 March 2012



CHIEF EXECUTIVE'S REVIEW

"Our leading industry role gives us a responsibility to create and support educational programs which keep doctors and scientists informed of the latest news and research into the use of stem cells."

Sponsorship of the 5th ITERA

(International Tissue Engineering Research Association)

The focus of Cryo-Save's educational program is to increase the awareness of today's stem cell therapy and tomorrow's regenerative medicine amongst healthcare professionals. During 2011 we launched the following initiatives:

- The LIVECORD project with the Italian Association of Hospital Obstetricians and Gynaecologists (AOGOI), dedicated to providing education and accurate information on the cryopreservation of stem cells and their uses in clinical therapeutic treatments to medical and paramedical staff
- Participation and sponsorship of the International Symposium on Clinical Applications of Stem Cell Therapies in Serbia, along with key industry researchers, scientists, obstetricians and gynaecologists
- Attendance and sponsorship of the umbilical cord blood charity gala in Bern, Switzerland, organised by Professor Surbek, a leading Swiss gynaecologist
- Sponsorship of the 5th ITERA (International Tissue Engineering Research Association) Life-Sciences Consortium Symposium in Maastricht, The Netherlands, an international forum of scientists specialised in stem cells, tissue engineering and regenerative medicine
- The second international congress on 'Regenerative medicine – stem cells, genetic engineering and biotechnology' in Bosnia in cooperation with the Institute for Genetic Engineering and Biotechnology and Cryo-Save's local partner, FAMILY-PLUS

These initiatives, along with our corporate values give both healthcare professionals and customers confidence in partnering with Cryo-Save. Our corporate values are:

- TRANSPARENCY: Cryo-Save offers medical professionals, customers and stakeholders the opportunity to view the processing and storing of stem cells. Cryo-Save regularly opens its doors to international visitors (see also www.cryo-save.com/labs). As a listed company, transparency also means making its financial figures publicly available.
- PROFESSIONAL EXPERTISE: With more than 11 years' experience in cryopreservation, Cryo-Save offers customers and professionals the best knowledge and expertise in stem cell preservation. To guarantee the highest quality, the company provides all its employees with regular training and the latest information.

  Cryo-Save's storage facilities are equipped with state-of the-art processing machines, managed by teams of highly qualified researchers and biologists.
- CUSTOMER CARE: Exceeding customers' expectations is a key objective for Cryo-Save. Present in 40 countries, there are 40 teams assisting all Cryo-Save customers with personal support. Our international team gives us a good understanding of local needs. Because storing babies' stem cells is such an important step, Cryo-Save ensures a professional but personal approach in all stages of the process.
- SOCIAL RESPONSIBILITY AND EDUCATION: Cryo-Save aims to improve the understanding of stem cell treatments among the public and the medical community. Congresses for medical professionals and education sessions for customers with industry experts are organised regularly. In addition, Cryo-Save offers families with a history of specific diseases the Cost-free Family Donation Program: Cryo-Save will process and store the newborn's cord blood sample, until needed, without any cost to the family at risk.

Cryo-Save is pleased to be able to support 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 and 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 our collection, transport, processing and storage procedures.

The Group always endeavors to obtain all the appropriate accreditations. In 2011 Cryo-Save was the first stem cell bank in India to receive World Health Organisation Good Manufacturing Procedures (WHO-GMP) certification, guaranteeing the superior quality, safety and effectiveness of the service. We were also accredited by Swissmedic, the Swiss government agency for therapeutic products, confirming Cryo-Save's delivery of high quality, and safe and effective procedures. The Group also achieved government approval in Serbia and Switzerland for the combined storage of umbilical cord tissue and stem cells from umbilical cord blood.

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 well positioned in the current marketplace as the international leading brand and as the European market leader and we are confident that our growth strategy will further enhance the business in 2012.

Arnoud van Tulder
Chief Executive Officer

19 March 2012

BUSINESS REVIEW

"Cryo-Save is pleased to report revenue growth notwithstanding the challenging economic times."

Financial highlights

- Revenue up 4% to €41.9 million (2010: €40.4 million)
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- EBITDA*: €6.3 million (2010: €7.3 million)
- EBITA**: €4.5 million (2010: €5.8 million)
- Operating profit: €2.9 million (2010: €4.5 million)
- Profit before taxation: €3.0 million (2010: €3.9 million)
- Net profit: €2.3 million (2010: €2.6 million)
- Basic earnings per share 25.0 euro cents (2010: 27.6 euro cents)
- Robust net cash from operating activities €6.2 million (2010: € 2.8 million)
- Solid cash position of €7.0 million as at 31 December 2011 (2010: €6.0 million)
- Dividend per share of €0.08, up 14% (2010: €0.07)

* EBITDA is defined as Earnings Before Interest, Taxation, Depreciation and Amortisation

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

Operational highlights

- 39,900 new samples stored in 2011, up 4% compared to previous year (2010: 38,300). Of these, 25,200 were new cord blood samples and 14,700 new cord tissue samples
- 204,000 samples have been stored in total at 31 December 2011
- 67% of new customers opt for combined service of cord blood and cord tissue storage
- Acquisition of Serbian distributor Life R.F. for €2.3 million in cash and 30,000 Cryo-Save shares
- Cryo-Save USA, Inc. founded to commercialise and further develop the Cryo-Lip® service in North America
- Cryo-Save South Africa joint venture established and state-of-the-art stem cell processing and storage laboratory opened in Cape Town together with John Daniel Holdings and Lazaron Biotechnologies South Africa
- A six-year-old girl from Portugal with Cerebral Palsy was treated at Duke University in the US with her own cord blood stem cells, which were stored and released by Cryo-Save

Outlook

- Cryo-Save has a strong strategic position and product portfolio to further enhance its business
- Cryo-Save will continue to collaborate with new partners and make acquisitions in line with its strategy to grow in current markets as well as in new geographies
- Promising developments continue to be made in the use of stem cell technology in the treatment of disease; thus enhancing the added value of Cryo-Save's high-tech storage solutions of stem cells
- Fast growing fields of cellular therapy and regenerative medicine offer attractive market potential for Cryo-Save
- The Group is confident it will continue to maintain its market leading position as the leading international stem cell storage brand and the largest family stem cell bank in Europe

Business model

Cryo-Save is the leading health care services company offering human adult stem cell cryopreservation. For over ten years, Cryo-Save has been dedicated to the collection, processing and storage of human adult stem cells obtained from umbilical cord blood and cord tissue (the Cryo-Cord® service). In 2010 the Group added Cryo-Lip® to its services. Today, with more than 200,000 customers in 40 countries on four continents, Cryo-Save continues to be an entrepreneurial, science-driven and innovative enterprise dedicated to improve the quality of health care.

- Cryo-Cord® offers parents the opportunity to collect and cryogenically preserve their child's stem cells contained in the blood of the umbilical cord and the cord tissue. These cells may then be used in medical therapies if needed during the child's lifetime. The collection of adult stem cells from the umbilical cord is painless, non-invasive, simple and safe.

  Samples are collected immediately after birth and delivered to the Group's facilities for processing, analysis and storage. Samples are stored in liquid nitrogen using advanced biological storage techniques. The storage of the sample is monitored under laboratory conditions for a minimum of 20 years, after which the customer is offered the opportunity to continue the storage on payment of an additional fee.

  Customers pay an initial enrolment fee, followed by an upfront service fee upon the successful storage of the sample. This covers the collection, processing and storage of the sample for an initial period of 20 or 25 years, including any potential release of the sample for a stem cell transplantation. In some countries, Cryo-Save introduced a recurring annual storage fee in 2011.

- Cryo-Lip® was launched in 2010 and is being gradually rolled out across Europe and North America. Cryo-Save is an accredited tissue bank for the cryopreservation and storage of fatty tissue, and is one of the first in the world to offer the cryostorage of adult stem cells from fat tissue. Fat is the richest source of adult stem cells in the human body and easily accessible. Cryo-Lip® requires less than 50ml of tissue, which can easily be obtained.

  These adult stem cells are regarded as the building blocks of regenerative medicine, a fast growing field of medicine, supported by many positive results. 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 cosmetic applications such as lipofilling.

  The treating physician or the customer pays a service fee upon successful storage, for collection, processing and storage in the first year. Subsequently the customer pays a recurring annual storage fee for a period of five years. Customers also pay an additional amount for a sample release.

Highlights 2011

Revenue increased with €1.4 million to €41.9 million, largely due to increased sales volumes in several countries, acquisitions and increased number of new cord tissue samples, partly offset by lower business volume in mainly Southern Europe. The impact of the economic crisis also resulted in a significantly lower number of births in almost all countries. An increasing demand for discounts on the service fee and instalment plans to facilitate the payment of the service fee has been another factor affecting revenue growth.

The gross profit margin decreased with 1% to 66.6%, among others due to an increased demand for higher reimbursements of the collection of the umbilical cord blood and cord tissue in the hospitals. The gross profit margin remained at the same level compared to the second half of 2010 (66.5%). Operational expenses increased with €1.6 million due to incremental expenses related to Cryo-Lip® (€0.8 million), and the impact of the acquisitions of Tissue Bank Cryo Center Bulgaria AD ('TBCCB') and Life R.F. doo, Serbia ('Life') (€0.7 million).

The acquisitions also impacted the amortisation of intangible assets which increased by €0.3 million. Finally, depreciation increased by €0.1 million as a result of the impact of investments in property, plant and equipment such as the dual storage location and the new processing and storage facility in Cape Town, South Africa. Operating profit was therefore €2.9 million (2010: €4.5 million).

Due to improved financial result and the reduced effective tax rate, net profit for the year was €2.3 million compared to €2.6 million in 2010.

BUSINESS REVIEW
CONTINUED

Operational review

Growth in combined storage
The uptake by new customers of the combined service of storing umbilical cord tissue as well as stem cells derived from umbilical cord blood grew further during 2011 and was the main contributor to revenue growth. The Group stored 14,700 new cord tissue samples – a company record.

Following approval by the authorities in Serbia and Switzerland, the Group is now able to offer this combined service in all its main countries of operation.

Successful treatment with stem cells
Another successful transplant of adult stem cells stored by Cryo-Save was reported in March 2011 as part of the treatment of a malignant and potentially fatal brain tumor. Following treatment two years ago, a Spanish four year old girl has now recovered from medulloblastoma after receiving her own stem cells as part of her treatment. These stem cells had been obtained from her umbilical cord blood at the time of her birth and were preserved and stored by Cryo-Save. After surgery and chemotherapy the stem cell transplantation fully rebuilt her immune system. She no longer requires any medication and lives a normal life.

Release of a cord blood stem cell sample
Cryo-Save released another sample to Duke University in the US for the treatment of a six year old Portuguese girl with Cerebral Palsy. This brain disorder causes many problems, including impaired movement, trembling of the limbs, spasticity, seizures of epilepsy, learning and developmental problems. There is currently no treatment for this disorder which affects almost half a million people in the US alone. Doctors at Duke University are conducting a clinical trial, treating children with Cerebral Palsy who have had their cord blood stored, with their own stem cells.

Acquisition of Life R.F., Serbia
In February 2011, Cryo-Save acquired a 70% interest in its Serbian distributor, Life R.F. with an option to acquire the remaining 30% of the shares in the next three years. Life R.F. is the leading Serbian family stem cell bank and has been a successful distributor for Cryo-Save, and has always operated under the Cryo-Save brand. Life's strong network amongst the country's top gynaecologists should ensure solid growth in the future. The acquisition was earnings enhancing with immediate effect.

Launch of Cryo-Save USA
On 25 May 2011, Cryo-Save founded a wholly owned subsidiary, Cryo-Save USA, Inc. This company will commercialise and further develop the Cryo-Lip® service in North America.

Cryo-Save USA has entered into an agreement with General BioTechnology LLC ('GBT') in Indianapolis. GBT is a FDA and AABB (American Association of Blood Banks) accredited stem cell bank and is the strategic partner responsible for processing and the long-term cryogenic storage of stem cells from fat tissue in the US. An 'FDA-ready' validation study of Cryo-Lip® has been completed and a partnership with Texas-based Genesis Biosystems to market Cryo-Lip® in the US has begun.

Joint venture in South Africa
On 2 June 2011, Cryo-Save and John Daniel Holdings Ltd ('JDH'), the controlling shareholder of Lazaron Biotechnologies (SA) Ltd ('Lazaron'), Africa's first private cord blood stem cell bank, agreed to establish a new stem cell bank joint venture (JV) in South Africa. The JV trades under the name Cryo-Save South Africa and has a processing and storage facility in Cape Town. The JV will expand its operations into several sub-Saharan African countries and will offer customers the option of storing cord tissue and stem cells from cord blood in South Africa or in Belgium. The Cape Town process and storage facility has been refurbished to cater for cord tissue processing and storage and to meet the Cryo-Save quality standards. The Group is optimistic about this opportunity to become a major force in stem cell banking in South Africa and the African continent.

Weekly television program
The Group's subsidiary in Hungary, Sejtbank, launched a weekly television program, titled '9 months', in October 2011. It has been promoted by the television channel and by Sejtbank through direct marketing and internet promotion. It has quickly become the most popular program in its time segment, and more and more potential clients refer to the programme and the information communicated by it.

Applied research

Following the completion of the EU funded project CRYSTAL in early 2010, the European Commission Framework 7 has funded and launched the HYPERLAB project. This project aims to develop new and improved culture methods, media, and protocols for stem cell cultivation and differentiation. Cryo-Save was the only cord blood bank in Europe to take part in these advanced projects, reflecting both its market leading position and its commitment to the development of stem cell research. Cryo-Save ended its participation to this project in the course of 2011 after the successful completion of its planned contribution.

The Group is also actively involved in several stem cell research and development projects, with Prof. Stamm (Deutsches Herzzentrum Berlin & Berlin Center for Regenerative Therapies, Germany) for the potential stem cell treatment of heart diseases, Prof. Surbek (Department of Obstetrics and Gynaecology, Research Laboratory for Prenatal Medicine, University Hospital, University of Bern, Switzerland) for the treatment of Cerebral Palsy, and Prof. Ramon (University Hospital of Antwerp, department Gastroenterology, Antwerp, Belgium) for incontinence.

Cryo-Save is a founding member of ITERA (International Tissue Engineering Research Association) Life-Sciences Forum, an international forum of scientists specialising 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. Cryo-Save also participated in the ITERA congress in November 2011. ITERA and the chairman Professor Ramon received the prestigious UNESCO International Code of Ethics rewarding the different ITERA researchers for their efforts to take into account the shared values and ethical principles.

Strategy and positioning

Cryo-Save is the leading international stem cell storage brand, represented in over 40 countries on four continents, and the largest family stem cell bank in Europe, having stored more than 200,000 samples.

During 2011, the Group accomplished its strategic objectives:

- Growth by acquisitions via the acquisition of Life R.F., Serbia and the full impact of the acquisition of Tissue Bank Cryo Center Bulgaria late 2010
- Growth by provision of new services such as the combined cord blood and tissue storage service, additional storage periods and Cryo-Lip®
- Growth in new geographies with the launch of the South African joint venture and the launch of Cryo-Lip® in the US
- Diversification of international revenues. Bosnia and India were the main contributors to organic growth in 2011

Cryo-Save will continue to pursue these strategic objectives in 2012. The Group 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, clinical studies and trials.

Why customers trust us:

- Accreditations: We are officially accredited by international regulatory authorities such as the ISO, AABB, FAGG and Dutch Ministry of Health
- Quality: We guarantee the highest quality standards in terms of transport, processing and security of stored stem cells. Several Cryo-Save samples have been successfully used in stem cell transplantations
- Professional expertise: With more than 11 years of cryopreservation operations, a staff of over 20 medical doctors and 40 lab technicians, we are the most experienced stem cell bank in Europe
- Dual storage: We use a dual storage system, meaning that two stem cells samples are stored independently in two separate storage tanks for additional security
- Processing and volume reduction of cord blood sample: We process all samples using a fully automated system with no risk of contamination prior to cryopreservation. Volume reduction of umbilical cord blood before cryopreservation is the preferred method used in the majority of public and family cord blood banks worldwide
- Research: Cryo-Save funds and supports high level stem cell treatment research and collaborates with universities, physicians and stem cell scientists

FINANCIAL REVIEW

Key financials for 2011

	2011 €m	2010 €m
Revenue	**41.9**	40.4
Gross profit	**27.9**	27.3
Marketing and sales expenses	**11.3**	9.6
Research and development expenses	**0.4**	0.6
General and administrative expenses[1]	**9.9**	9.8
EBITDA	**6.3**	7.3
Depreciation	**1.4**	1.3
Amortisation[2]	**0.4**	0.2
EBITA	**4.5**	5.8

1 General and administrative expenses do not include depreciation and amortisation.

2 Amortisation does not include amortisation of identified intangible assets as a result of acquisitions.

Revenue

Group revenue increased to €41.9 million (2010: €40.4 million), up 4%. The main drivers were increased sales volumes in several countries, acquisitions and increased number of new cord tissue samples, partly offset by lower business volume in Southern Europe. The impact of the economic crisis also resulted in a significantly lower number of births in almost all countries. An increasing demand for discounts on the service fee and instalment plans to facilitate the payment of the service fee has been another factor affecting revenue growth.

The number of new cord tissue samples stored increased by 23% to 14,700 (2010: 12,000).The number of new cord blood samples stored for the year 2011 amounted to 25,200 (2010: 26,300), resulting in a new company record of almost 40,000 new samples stored in one year. The Group also achieved the milestone of having more than 200,000 samples stored in November 2011.

Geographical breakdown of revenue

	2011 €m	2010 €m
Europe	**39.6**	38.1
Asia	**1.5**	1.3
Africa	**0.8**	1.0
Total	**41.9**	40.4

Europe remains Cryo-Save's main market, underpinning its leading position there. The growth in Asia was all organic. Africa experienced a setback at the beginning of 2011, but is recovering rapidly as a result of the new joint-venture in South-Africa.

Gross profit and gross margin

Gross profit increased to €27.9 million (2010: €27.3 million). The gross margin decreased with 1% to 66.6%, among others due to an increased demand for higher reimbursements of the collection of the umbilical cord blood and cord tissue in the hospitals.

Operating expenses

	2011 €m	2010 €m
Marketing and sales expenses	**11.3**	9.6
Research and development expenses	**0.4**	0.6
General and administrative expenses	**9.9**	9.8
Total	**21.6**	20.0

Operating expenses increased with €1.6 million due to incremental expenses related to Cryo-Lip® (€0.8 million), and the impact of the acquisitions of Tissue Bank Cryo Center Bulgaria AD ('TBCCB') and Life R.F. doo, Serbia ('Life') (€0.7 million).

Research and development expenses decreased with €0.2 million due to fewer activities.

EBITA and operating profit

EBITA amounted to €4.5 million (2010: €5.8 million). Higher revenue (€1.4 million) and gross profit (€0.6 million) were more than offset by further investments in Cryo-Lip® (€0.8 million), acquisition impact (€0.7 million) and increased depreciation and amortisation (€0.2 million).

Operating profit amounted to €2.9 million (2010: €4.5 million).

Depreciation was €1.4 million (2010: €1.3 million), and amortisation €1.9 million (2010: €1.6 million). Amortisation increased due to the full year impact of the amortisation of the identified intangible assets as a result of the acquisitions.

Net finance cost/income

Net finance income of €0.1 million improved compared to 2010 (€0.6 million cost). The main drivers for this improvement were interest income related to payment plans (€0.2 million) and adjustments of deferred considerations related to acquisitions (€0.3 million).

Profit before taxation

Profit before taxation amounted to €3.0 million (2010: €3.9 million).

Taxation

The effective tax rate (ETR) amounted to 23.6% (2010: 34.0%). The previous year's ETR was affected by derecognition of previously recognised losses (8%). Furthermore, numerous tax territories decreased their domestic tax rate to stimulate the economy which had a favourable impact on the Group's effective tax rate.

Profit for the period

Profit after taxation was €2.3 million (2010: €2.6 million).

Earnings per share

Basic earnings per share were 25.0 euro cents (2010: 27.6 euro cents).

Dividend

The Board is recommending a dividend of €0.08 per share for the year ended 31 December 2011 (2010: €0.07), a 14% increase over last year. It will allow its shareholders to choose between a distribution in cash or in shares. Shareholders who do not opt to receive cash will automatically receive a dividend in shares.

Shareholders can increase their shareholding in Cryo-Save by choosing to receive new shares instead of cash dividends. Cryo-Save shares will be made available from the share premium reserve. Choosing shares may offer a tax advantage in some countries compared with receiving cash dividends. In particular, dividends paid out as shares will not be subject to Dutch dividend withholding tax (currently 15%) and will not generally be taxed on receipt by a UK shareholder or a Dutch corporate shareholder. Shareholders who opt to receive shares will increase their number of shares held in Cryo-Save without having to buy existing shares in the market, thereby avoiding associated dealing costs.

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 the first trading day after the date on which the shares are first quoted ex-dividend in respect of the relevant dividend. If approved at the Annual General Meeting on 16 May 2012, the dividend will be paid on 14 June 2012 to shareholders on the register at 22 May 2012. The ex-dividend date will be 18 May 2012.

FINANCIAL REVIEW
CONTINUED

Cash flow

Net cash from operating activities was €6.2 million (2010: €2.8 million). The Group's net cash was affected by new VAT legislation in 2010. The delay in settling VAT receivables is mostly less than one year.

In February 2011, the Group acquired a 70% interest in Life R.F., Serbia. 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 in the next three years.

Investments in property, plant and equipment of €1.4 million mainly related to the dual storage location in Belgium and the new processing and storage facility in South-Africa. Investments in intangible assets (€0.4 million) related to software.

The Group completed another tranche of its share buyback programme and repurchased 100,000 shares between 6 January 2011 and 12 January 2011. The shares were repurchased at an average price of €5.22. Cryo-Save paid its dividend in June 2011, of which €0.5 million was paid in cash.

As at 31 December 2011, Cryo-Save had a cash position of €7.0 million (31 December 2010: €6.0 million).

Consolidated balance sheet

	2011 €'000	2010 €'000	Variance €'000
Total non-current assets	**53,577**	52,159	1,418
Total current assets	**18,835**	18,418	417
Total equity	**47,220**	46,760	459
Total non-current liabilities	**16,248**	14,840	1,408
Total current liabilities	**8,944**	8,977	(32)

Total non-current assets

The increase in the non-current assets of €1.4 million is mainly a result of the investment in goodwill and re-acquired rights related to the acquisition of 70% of the shares in Life R.F., Serbia and investments in property, plant and equipment, partly offset by amortisation of identified intangible assets and depreciation.

Total current assets

Inventories increased by €0.3 million to €1.0 million due to an increase in the inventory levels and the opening of the new processing and storage facility in South Africa, all related to the processing of samples. Current trade and other receivables decreased, but average number of days of sales outstanding remained at the same level. Current tax assets decreased (€0.3 million) as a result of settling VAT receivables of which the settlement was delayed in 2010. Cash ended at €7.0 million (2010: €6.0 million).

Total equity

Total equity increased by €0.5 million, to €47.2 million, mainly due to the profit for the period of €2.3 million and a net decrease of €1.8 million, related to foreign exchange differences on investments, share-based payments, dividend declared and share buy-back.

At 31 December 2011 the Company held 364,000 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 €16.2 million at 31 December 2011 (31 December 2010: €14.8 million) contained, amongst others, the fair value of deferred revenue, amounting to €9.4 million (2010: €7.7 million), that matches the estimated costs of the remaining storage period including a profit margin. The increase from €7.7 million at 31 December 2010 to €9.4 million at 31 December 2011 is the balance of additions to deferred revenue due to the storage of new samples in 2011 less the release to the income statement for the storage period during 2011.

Earn out liabilities, based on predefined performance criteria to former shareholders of, amongst others, TBCCB, Bulgaria and Life R.F., Serbia pursuant to the sale and purchase agreements, were at the level of €1.1 million.

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 €3.4 million is recognised as a non-current borrowing (2010: €3.6 million).

Total current liabilities

Total current liabilities remained at the same level of €8.9 million at 31 December 2011.

Arnoud van Tulder
Marc Waeterschoot

19 March 2012

CORPORATE SOCIAL RESPONSIBILITY

Cryo-Save takes full responsibility for the company's actions and through its activities, encourages a positive impact 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 Program, which is 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, which is potentially treatable with stem cells. This includes diseases such as Sickle Cell Anaemia and some forms of Leukaemia. This program is specifically designed to offer families in need the opportunity to have their child's cord blood stem cells collected and stored without any charges, with the aim of treating a close relative.

Waste management

Waste management is the collection, transport, processing, recycling or disposal, and monitoring of non-hazardous waste materials. Our waste management program aims to reduce, reuse and recycle our waste materials in order to avoid any potential negative effects on health and the environment via separation and collection of the waste materials, followed by reuse, recycling or disposal. We attempt to reduce waste by reducing of the creation of waste material in the first instance. Our medical waste is managed as per Cryo-Save's Standard Operating Procedures and is controlled via certified medical waste disposal companies.

Environmental impact

Our laboratory in Niel, Belgium uses solar panels to generate electricity which were integrated in the roof of the building during construction. The solar panels provide enough power for the building without relying on any other resources, reducing both costs and the generation of pollution. 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.

Embryonic stem cells

Cryo-Save only processes and stores adult stem cells collected from the umbilical cord blood and tissue immediately after the birth of a child, and from adipose tissue in adults. Cryo-Save reconfirms that it is not involved in the research, storage or expansion of embryonic stem cells. Clinical trials and stem cell therapies invariably 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 organisations and is illegal in many countries. Cryo-Save does not employ any children below a certain age following standards as set in the Minimum Age Convention adopted by the International Labor Organisation 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 minimises 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 the Group's annual report, which is only available in electronic form via www.cryo-save.com/group.

Free samples

Cryo-Save supports selected initiatives which have difficulties in obtaining proper funding for their projects, via contributions in kind. Examples include providing research samples free of charge to a research consortium in Spain focusing on trauma research and providing blood collection bags free of charge to support research into predictive studies for allergies in children who have a family history of serious allergies.

Social media

Within its restrictions as publicly listed company, Cryo-Save is an active participant in various social media, such as Facebook, Twitter, YouTube and LinkedIn. The Group uses these platforms as an excellent communication tool to keep people informed on recent developments in the field of stem cells, and also to support local fund raising events, raising money for fundamental research into life-threatening diseases such as cancer.

Safety and health at work

Cryo-Save recognises worker safety as a basic human right and emphasises workplace safety's positive impact on working conditions, productivity, and economic and social development. Cryo-Save has management systems to monitor workplace safety and health and to guarantee that workers are consulted, trained, informed and involved in the process.

BOARD OF DIRECTORS

Johan Goossens (Belgium, 57)
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, 50)
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 as the Group's Chief Financial Officer in August 2007. Prior to Wolters Kluwer Mr. Van Tulder has been Group Controller of Swets&Zeitlinger and Finance Director of Swets Information Services, a publishing agent. The first ten years of his career he worked for KPMG in the Netherlands. Mr. Van Tulder holds a Business Economics degree from the Free University of Amsterdam, Netherlands, and is a qualified chartered accountant.

Marc Waeterschoot (Belgium, 63)
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 DLMC. 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, 68)
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 organisations 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), Xenarjo, and Capricorn. Mr. Van Pottelberge holds a university degree in physics and actuarial science from Leuven University.

Ronald Lorijn (Dutch, 61)
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 2011 Executive Directors
Fixed and variable compensation and other considerations for the Executive Directors in 2011 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 2011, and share options were granted on 4 April 2011 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 2011 Non-Executive Directors
The remuneration of the Non-Executive Directors is detailed in Note 37 of the Financial Statements.

Directors' service agreements
The terms and conditions of the service agreements with the Executive and Non-Executive Directors did not change in 2011.

The main terms and conditions are summarised 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.

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,

REMUNERATION REPORT
CONTINUED

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 has been reappointed as a Non-Executive Director until October 2014 at the extraordinary general meeting on 21 February 2012. 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 ten 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

19 March 2012

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, 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, labelling, 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.

RISK MANAGEMENT
CONTINUED

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.

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 the Company's 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. The Company made a significant investment during 2011 to strengthen and improve the functionality of the database application. The underlying technical infrastructure is currently being revisited in order to reduce integrity risks and improve security. In the future, further amendment and strengthening may be necessary, 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.

RISK MANAGEMENT
CONTINUED

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 jeopardise 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. 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 authorisations can be obtained or maintained in the future.

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 on-going 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 tissue, umbilical 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.

RISK MANAGEMENT
CONTINUED

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.

As a result of commencing business in the US, the Company has reviewed and updated its insurance.

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 advisors 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 instalments. The credit risks on these instalments 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.

As a result of the euro turmoil, the Company has decided to temporary exchange a part of its surplus cash into US dollars and Swiss francs. Cash surpluses, hold in a currency other than the functional currency, are not used for speculative purposes.

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.

The Company has pursued a consistent policy to enhance and improve compliance with NYSE Euronext Amsterdam listing rules since its listing in October 2009. 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-recognised 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. As of July 2012 the one-tier board may be endorsed under the Dutch Civil Code and may thus resolve the deviation.

- 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 four 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. Cryo-Save adopted a code of conduct on 12 March 2012. The code of conduct is available via 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 14% 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 times 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 2011 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.

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 18 May 2011, the auditors of the Company, KPMG Accountants N.V., have been reappointed for a period of one year 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.

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 2011 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 their 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 2011 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

19 March 2012

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER IN THOUSANDS OF EUROS

	Note	2011	2010
Revenue	9	**41,853**	40,404
Cost of sales	10	**(13,996)**	(13,111)
Gross profit		**27,857**	27,293
Marketing and sales expenses	11	**11,308**	9,568
Research and development expenses	12	**344**	552
General and administrative expenses	13	**13,265**	12,713
Total operating expenses		**24,917**	22,833
Operating profit		**2,940**	4,460
Finance income	16	**672**	77
Finance costs	17	**(576)**	(667)
Net finance (costs)/income		**96**	(590)
Results relating to equity-accounted investees		**0**	0
Profit before taxation		**3,036**	3,870
Income tax expense	18	**717**	1,317
Profit for the year		**2,319**	2,553
Attributable to:			
– Equity holders of the Company		**2,319**	2,553
– Non-controlling interest		**–**	–
Profit for the year		**2,319**	2,553
Earnings per share (in euro cents)	19		
– Basic earnings per share		**25.0**	27.6
– Diluted earnings per share		**24.9**	27.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER IN THOUSANDS OF EUROS

	2011	2010
Profit for the year	**2,319**	2,553
Other comprehensive income		
Foreign currency translation differences	**(1,108)**	233
Other comprehensive income for the year	**(1,108)**	233
Total comprehensive income for the year	**1,211**	2,786
Attributable to:		
– Equity holders of the Company	**1,211**	2,786
– Non-controlling interest	**–**	–
Total comprehensive income for the year	**1,211**	2,786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT END OF YEAR, BEFORE ALLOCATION OF PROFIT IN THOUSANDS OF EUROS

	Note	2011	2010
Assets			
Intangible assets	20	**37,580**	35,789
Property, plant and equipment	21	**14,519**	14,762
Investments in equity-accounted investees	23	**0**	0
Deferred tax assets	24	**537**	618
Trade and other receivables	25	**941**	990
Total non-current assets		**53,577**	52,159
Inventories	26	**1,013**	732
Trade and other receivables	27	**8,068**	8,655
Current tax assets	28	**2,730**	3,067
Cash and cash equivalents	29	**7,024**	5,964
Total current assets		**18,835**	18,418
Total assets		**72,412**	70,577
Equity			
Issued share capital	30	**968**	964
Share premium reserve		**38,174**	38,178
Legal reserve		**176**	174
Revaluation reserve		**474**	570
Translation reserve		**(1,558)**	(450)
Treasury shares		**(2,423)**	(2,180)
Retained earnings		**11,409**	9,504
Equity attributable to equity holders of the Company		**47,220**	46,760
Non-controlling interest		**–**	–
Total equity		**47,220**	46,760
Liabilities			
Borrowings	31	**3,403**	3,600
Deferred revenue	32	**9,386**	7,739
Deferred considerations	33	**1,145**	1,094
Deferred tax liabilities	24	**2,159**	2,307
Other liabilities		**155**	100
Total non-current liabilities		**16,248**	14,840
Borrowings	31	**194**	194
Trade and other payables	34	**6,357**	6,078
Deferred revenue	32	**722**	597
Deferred considerations	33	**558**	814
Current tax liabilities	35	**1,113**	1,294
Total current liabilities		**8,944**	8,977
Total liabilities		**25,192**	23,817
Total equity and liabilities		**72,412**	70,577

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 2010	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
Utilisation 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
Exchange differences on translating foreign operations					(1,108)			(1,108)
Other comprehensive income					(1,108)			(1,108)
Profit for the year							2,319	2,319
Comprehensive income for the year					(1,108)		2,319	1,211
Dividend distributed	4	(4)					(463)	(463)
Share-based payments						279	(45)	234
Repurchased shares						(522)		(522)
Utilisation of revaluation reserve				(96)			96	0
Other movements			2				(2)	0
At 31 December 2011	**968**	**38,174**	**176**	**474**	**(1,558)**	**(2,423)**	**11,409**	**47,220**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER IN THOUSANDS OF EUROS

	Note	2011	2010
Cash flows from operating activities			
Profit for the year		**2,319**	2,553
Adjustments for:			
Income tax expense	18	**717**	1,317
Finance costs	17	**576**	667
Finance income	16	**(672)**	(77)
(Gain)/loss on sale of disposals		**27**	45
Depreciation and amortisation	15	**3,342**	2,878
Equity settled share-based payments transactions		**78**	177
		6,387	7,560
Movements in working capital			
(Increase)/decrease in (non) current trade and other receivables		**630**	316
(Increase)/decrease in inventories		**(281)**	(481)
(Increase)/decrease in (non) current tax assets		**445**	(1,870)
Increase/(decrease) in (non) current liabilities		**86**	(7)
Increase/(decrease) in (non) current tax liabilities		**(167)**	(540)
Net cash from operations		**7,100**	4,978
Interest paid		**(483)**	(609)
Interest received		**367**	77
Income taxes paid		**(814)**	(1,613)
Net cash from operating activities		**6,170**	2,833
Cash flows from investing activities			
Net acquisition spending	7	**(2,252)**	(1,478)
Purchase of property, plant and equipment	21	**(1,382)**	(2,263)
Purchase of intangible assets	20	**(379)**	(133)
Disposals of non-current assets		**85**	188
Net cash (used in)/generated by investing activities		**(3,928)**	(3,686)
Cash flows from financing activities			
Repurchase of own shares		**(522)**	–
Options exercised	51	**–**	63
Dividend distributed	51	**(463)**	(554)
Redemption of borrowings		**(197)**	(181)
Proceeds from borrowings		**–**	–
Net cash generated by/(used in) financing activities		**(1,182)**	(672)
Net increase/(decrease) in cash and cash equivalents		**1,060**	(1,525)
Cash and cash equivalents at 1 January		**5,964**	7,485
Exchange differences on cash and cash equivalents		**–**	4
Cash and cash equivalents at 31 December	29	**7,024**	5,964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER IN THOUSANDS OF EUROS

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 2011 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 2011, 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 2011. 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 authorised for issue by the Board of Directors on 19 March 2012. The financial statements as presented in this report are subject to adoption by the Annual General Meeting of Shareholders, to be held on 16 May 2012.

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, unless otherwise stated.

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 recognised 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 2011 the Group did not change any accounting estimate.

Change in accounting policies

For 2011 several new accounting pronouncements became effective, which had no material impact on our consolidated financial statements.

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

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.

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 recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3 Significant accounting policies continued
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 recognised 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 recognised 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 recognised in the income statement, and its share of post-acquisition movements in reserves is recognised 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 recognising its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity accounted investee. Unrealised 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. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint ventures
Joint ventures are those entities over whose activities we have joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are accounted for using the equity method and are initially recognised at cost. The consolidated financial statements include our share of the income and expenses of the joint ventures for the period that we have joint control, whereby the result if determined using our accounting principles. Loans to joint ventures are carried at amortised cost less impairment losses.

The results from joint ventures consist of our share in the results of these companies, interest on loans granted to them and the transaction results on divestments of joint ventures. Unrealised gains and losses arising from transaction with joint ventures are eliminated to our interest in the investee.

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 recognised 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 recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Dec 2011	Statement of income 2011	Statement of financial position 31 Dec 2010	Statement of income 2010
Bulgarian leva	**1.96**	**1.96**	1.96	1.96
Hungarian forint	**313.00**	**280.33**	277.50	275.25
Indian rupees	**68.50**	**64.79**	59.60	62.45
Serbian dinar	**106.06**	**102.42**	–	–
Swiss franc	**1.22**	**1.23**	1.25	1.38
South African rand	**10.45**	**10.04**	8.86	9.82
United States dollar	**1.29**	**1.39**	–	–

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 recognised 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 recognised 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 recognised. 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 amortised. 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, order backlog and re-acquired rights are initially valued against fair value. Subsequent to initial recognition these assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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
Re-acquired rights	4-5 years
Order backlog	1 month

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3 Significant accounting policies continued

Internally generated intangible assets
Internally generated intangible assets relate to the development costs of new products and the website, and represent 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 amortisation and any impairment losses. The amortisation method applied is the straight-line method. Amortisation begins when the assets are available for use. The estimated useful life of internally generated intangible assets is three years.

An intangible asset arising from development or from the development phase of an internal project is recognised 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 capitalised intangible assets is capitalised 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 recognised. Expenditure on research or the research phase of an internal project is recognised as an expense when incurred.

Other intangible assets
This includes items such as software and software licenses. Amortisation is recognised as a cost and calculated on a straight-line basis over the asset's expected useful life. The amortisation 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 recognised 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 recognised 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 recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3 Significant accounting policies continued

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.

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 recognised 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 recognised and derecognised 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 recognised initially at fair value plus directly attributable transaction costs. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised 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 realised 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 amortised 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 recognised 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 amortised 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 recognised as a gain in the statement of income. Changes in the carrying amount of the allowance account are recognised 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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 realisable 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 realisable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3 Significant accounting policies continued

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

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

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised 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 utilised. Such assets and liabilities are not recognised 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 recognised 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 utilised. 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 realised.

Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 realised, 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 recognised 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 recognised 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 recognised initially at fair value less transaction costs, if material. Subsequent to initial recognition these financial liabilities are measured at amortised 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 recognised in profit or loss as finance costs. Differences between the estimated and actual deferred considerations are recognised in goodwill for acquisitions before 1 January 2010. For acquisitions after this date, differences between estimated and actual deferred considerations are recognised in profit or loss as financial result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3 Significant accounting policies continued

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

Dividends are recognised 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 recognised 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 recognised on the day of extraction. Revenue earned in respect of stem cell storage is recognised evenly over the storage period, over which time an appropriate margin is also recognised.

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 recognised in the statement of income in proportion to the percentage of completion of the transaction at reporting date.

Government grants
Government grants are recognised 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 installments.

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 capitalised, 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 recognised 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 nor 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 equity settled share-based payment. The fair value of share options awarded is recognised 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 recognised 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, interest from payment plans, foreign exchange gains and losses, unwinding of the discount of deferred considerations, adjustments of deferred considerations and bank costs.

Dividend revenue from investments is recognised 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
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, amortisation 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 recognised 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, re-acquired rights 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, re-acquired rights 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 recognised 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 utilised. Management assesses the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4 Critical accounting estimates and judgments continued
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.

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 2011 or were early adopted.

IFRS accounting standards adopted as from 2011
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 2011.

- IASB's annual improvements project 2010 resulted in many smaller amendments to several IFRSs effective as from 2011. They did not materially impact the Group's consolidated financial statements
- Revised IAS 24 'Related Parties Disclosures'. The revised standard simplifies the definition of a related party. The change in accounting policy impacted disclosures only.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2011 but were not applicable to the Group.

- Amendments 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'

IFRS accounting standards adopted as from 2012 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 2012 or later periods, but the Company has not early adopted them:

- IAS 1 'Presentation of financial statements'
- IAS 19 'Employee benefits'
- IFRS 9 'Financial Instruments'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IFRS 13 'Fair Value Measurement'
- Amendment IAS 28 'Investments in Associates and Joint Ventures' is effective as from 2013
- Improvements to IFRSs 2011;

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

6 Financial risk management continued

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 analyse 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.

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 minimise the credit risk, management reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised 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 optimising 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 Company's 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:

- credit for appropriate segregation of duties, including the independent authorisation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

6 Financial risk management continued

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 optimise 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.

7 Acquisitions

Serbia

On 1 February 2011, Cryo-Save acquired Life R.F. d.o.o., Serbia, (renamed as Cryo-Save Serbia d.o.o. Beograd as per December 2011) for an initial consideration of €2.3 million payable in cash and 30,000 Cryo-Save Group N.V. shares. Cryo-Save Group N.V. has an option to acquire the remaining 30% of the shares of Life R.F. in the next three years. The option is valued at the normalised EBITDA times a certain multiplier, resulting in a deferred consideration.

Cryo-Save Group N.V. will also pay appreciation payments, which are based on normalised EBITDA corresponding to the actual percentage of shareholding of sellers at the time, resulting is a deferred consideration. In return, Life R.F. waived their dividend entitlements. As a result, Cryo-Save Group N.V. consolidated this entity for 100% without recognising a minority interest. Cryo-Save Group N.V. also paid €0.5 million as milestone payment as a result of obtaining permission by the competent authorities to start the collection, processing and storing of umbilical cord tissue in Serbia.

Life R.F. is the leading Serbian family stem cell bank and has a strong network amongst the country's top gynecologists and will ensure a continuous and solid growth over the next years. Since Life R.F. was operating as an agent of Cryo-Save A.G., the acquisition did not increase consolidated revenue, but increased operating profit.

In the 11 months to 31 December 2011, Life R.F. contributed €0.3 million to the Group's operating profit. If the acquisition had occurred on 1 January 2011, management estimates that consolidated operating profit for the year would also have been €2.9 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 2011.

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

Consideration transferred

Cash	**2,350**
Equity instruments issued (30,000 ordinary shares)	**156**
Deferred consideration	**1,763**
Total consideration	**4,269**

The fair value of the equity instruments issued of €156 thousand was based on the listed share price of the Company of €5.20 per ordinary share at 1 February 2011.

The fair value of the deferred consideration at the acquisition date was estimated at €1,763 thousand, based on a discount rate of 5%. At 31 December 2011 the contingent consideration decreased to €1,248 thousand, reflecting the milestone payment of €500 thousand, the deferred consideration adjustment of €70 thousand and the unwinding of the discount since acquisition of €55 thousand. The adjustment of the deferred consideration is included under financial income in the consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

7 Acquisitions continued
Identifiable assets acquired and liabilities assumed

	Carrying amount	Fair value adjustments	Recognised values
Property, plant and equipment	84	–	84
Intangible assets	–	1,797	1,797
Trade and other receivables	110	–	110
Cash and cash equivalents	98	–	98
Non-current lease liabilities	(47)	–	(47)
Trade and other payables	(244)	–	(244)
Deferred tax liabilities	–	(180)	(180)
Net identifiable assets and liabilities	1	1,617	1,618
Goodwill on acquisitions			2,651
Consideration			**4,269**
Cash acquired			(98)
Equity instruments issued			(156)
Deferred considerations			(1,763)
Net acquisition spending			**2,252**

Total net acquisition spending in 2011 was €2.3 million (2010: €1.5 million).

The fair value adjustment of €1.8 million refers to the identified intangible assets regarding re-acquired rights. With respect to these intangible assets, a deferred tax liability was recognised. The goodwill of €2.7 million is mainly attributable to the skills and talent of Life R.F.'s management and the synergies expected to be achieved from integrating Life R.F. into the Group's existing stem cell storage activities. The goodwill is allocated to the 'stem cell storage' segment.

Acquisition-related costs
The Group incurred €26 thousand 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 amortisation 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 2011	2010	Other 2011	2010	Total 2011	2010
Revenue						
Segment revenue	**40,803**	39,421	**1,050**	983	**41,853**	40,404
Other segment information						
EBITA	**4,448**	5,769	**38**	4	**4,486**	5,773
Finance income	**672**	73	**0**	4	**672**	77
Finance expense	**(573)**	(667)	**(3)**	(0)	**(576)**	(667)
Depreciation and amortisation	**(3,322)**	(2,858)	**(20)**	(20)	**(3,342)**	(2,878)
Profit before taxation	**3,001**	3,862	**35**	8	**3,036**	3,870
Income tax expense	**712**	1,315	**5**	2	**717**	1,317
Segment assets	**72,085**	70,325	**327**	252	**72,412**	70,577
Segment liabilities	**24,957**	23,628	**235**	189	**25,192**	23,817
Capital expenditure	**1,718**	2,391	**43**	5	**1,761**	2,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8 Operating segments continued
Revenue from external customers attributed to the Company's country of domicile, The Netherlands, amounted to €0.4 million (2010: €0.4 million).

Interest related to customer payments in installments of €222 thousands is included under financial income (2010: €209 thousands, included under revenue). The average interest rate charged was 6.4% (2010: between 5% and 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 2011	2010	Non-current assets 2011	2010
Europe	**39,640**	38,056	**51,328**	49,772
Asia	**1,474**	1,326	**631**	778
Africa	**739**	1,022	**140**	1
Total	**41,853**	40,404	**52,099**	50,551

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

9 Revenue

	2011	2010
Stem cell extraction and storage	**40,803**	39,421
Other products and services	**1,050**	983
Total revenue	**41,853**	40,404

The main drivers were increased sales volumes in several countries, acquisitions and increased number of new cord tissue samples, partly offset by lower business volume in Southern Europe.

10 Cost of sales

	2011	2010
Collection costs	**4,645**	4,218
Service fees	**3,854**	3,374
Laboratory costs	**5,497**	5,519
Total cost of sales	**13,996**	13,111

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

	2011	2010
Employee benefit expenses	**7,657**	6,315
Other marketing expenses	**3,651**	3,253
Total marketing and sales expenses	**11,308**	9,568

Marketing and sales expenses increased due to incremental expenses related to Cryo-Lip® and the impact of the acquisitions of Tissue Bank Cryo Center Bulgaria AD and Life R.F. doo, Serbia.

12 Research and development expenses

	2011	2010
Employee benefit expenses	**205**	307
Other research and development costs	**139**	245
Total research and development expenses	**344**	552

Research and development expenses decreased with €0.2 million due to fewer activities.

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

13 General and administrative expenses

	2011	2010
Employee benefit expenses	**4,697**	4,728
Other general and administrative expenses	**8,568**	7,985
Total general and administrative expenses	**13,265**	12,713

Other general and administrative expenses mainly increased due to the increase of depreciation and amortisation of €0.5 million.

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14 Employee benefit expenses

	2011	2010
Salaries and wages	**10,707**	9,676
Social security costs	**1,296**	1,155
Cost of defined contribution plans	**120**	109
Equity settled, share-based payment transactions	**78**	177
Other personnel expenses	**358**	233
Total employee benefit expenses	**12,559**	11,350

Employees
The number of full time equivalents at year-end 2011 was 282 (2010: 271). The corresponding average for 2011 is 276 (2010: 260). Full time equivalents increased organically by 2, and 9 as a result of the acquisition of the Serbian 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.

15 Depreciation and amortisation expenses

	2011	2010
Depreciation of property, plant and equipment	**1,436**	1,298
Amortisation of intangible assets regarding acquisitions	**1,546**	1,313
Amortisation of other intangible assets	**360**	267
Total depreciation and amortisation expenses	**3,342**	2,878

The increase of amortisation expenses is due to the full impact of the amortisation of the identified intangible assets as a result of the acquisitions.

16 Finance income

	2011	2010
Interest payment plans	**222**	–
Interest income bank and deposits	**48**	62
Deferred consideration adjustment	**305**	–
Currency translation differences	**97**	15
Total finance income	**672**	77

Finance income increased as a result of €0.2 million interest from payments plans. In 2010, income from payments plans was included under revenue. Furthermore, deferred consideration adjustment related to acquisitions.

17 Finance costs

	2011	2010
Bank charges and other finance costs	**280**	272
Interest expense sale and leaseback	**203**	212
Currency translation differences	**–**	125
Unwinding of discounted deferred considerations	**93**	58
Total finance costs	**576**	667

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 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

	2011	2010
Income tax recognised in profit or loss	**717**	1,317
Tax expense comprises:		
Current tax expense/(income)	**831**	1,164
Deferred tax expense/(income)	**(247)**	107
Prior year's tax difference	**133**	46
Total tax expense	**717**	1,317
Reconciliation of the effective tax rate:		
Profit before taxation	**3,036**	3,870
Income tax using the Company's domestic tax rate (25%)	**759**	987
Tax effect of:		
Effect of tax rates in other countries	**(848)**	(526)
Reduction in tax rate	**10**	(42)
Non-deductible expenses	**95**	135
Derecognition of previously recognised tax losses	**–**	312
Profits offset with unused tax losses for which no deferred tax asset had been recognised	**(153)**	(319)
Unused tax losses not recognised as deferred tax assets	**721**	724
Prior year's tax differences	**133**	46
Income tax expense	**717**	1,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 Income tax expense continued
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 23.6% (2010: 34.0%).

19 Earnings per share

	2011	2010
Basic earnings per share (in euro cents)	**25.0**	27.6
Diluted earnings per share (in euro cents)	**24.9**	27.5

The average market value of ordinary shares during 2011 (€4.70) did exceed the exercise price of the share options granted in 2009. Hence these options had a limited dilutive effect.

19 Earnings per share continued
The average market value of ordinary shares during 2011 did not exceed the exercise price of the share options granted in 2007, 2008, 2010 and 2011. Hence these options had no dilutive effect.

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

	2011	2010
Issued ordinary shares at 1 January	**9,639,191**	9,639,191
Dividend paid out in shares	**20,368**	–
Shares held in treasury	**(365,788)**	(383,889)
Weighted average number of shares	**9,293,771**	9,255,302

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

	2011	2010
Weighted average number of shares	**9,293,771**	9,255,302
Share options	**10,553**	13,269
Diluted weighted average number of shares	**9,304,324**	9,268,571
Profit attributable to ordinary equity holders of the Company	**2,319**	2,553

20 Intangible assets

	Goodwill	Identified intangible assets	Internally generated intangible assets	Other intangible assets	2011
At 1 January 2011					
Cost	**26,613**	**12,208**	**747**	**209**	**39,777**
Amortisation	**–**	**(3,608)**	**(312)**	**(68)**	**(3,988)**
Net book value at 1 January 2011	**26,613**	**8,600**	**435**	**141**	**35,789**
Movements					
Translation differences	**(324)**	**(242)**	**–**	**–**	**(566)**
Acquisitions	**2,651**	**1,797**	**–**	**–**	**4,448**
Investments	**–**	**–**	**–**	**379**	**379**
Deferred considerations adjustment	**(564)**	**–**	**–**	**–**	**(564)**
Amortisation	**–**	**(1,546)**	**(249)**	**(111)**	**(1,906)**
Total movements 2011	**1,763**	**9**	**(249)**	**268**	**1,791**
At 31 December 2011					
Cost	**28,376**	**13,704**	**747**	**588**	**43,415**
Amortisation	**–**	**(5,095)**	**(561)**	**(179)**	**(5,835)**
Net book value at 31 December 2011	**28,376**	**8,609**	**186**	**409**	**37,580**

Goodwill increased due to the acquisition of Life R.F. doo, in Serbia (€2.7 million).

The deferred considerations adjustment of goodwill of €0.6 million related to the revised estimate of performance related deferred acquisition payments to former owners of companies acquired in the past that were accounted for under IFRS 3, old. The deferred consideration adjustment is therefore accounted for as an adjustment to Goodwill. As from 1 January 2011, deferred consideration adjustments were recorded under financial result in the consolidated statement of income, applicable to acquisitions in 2011 onwards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20 Intangible assets continued
The amortisation 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 (2010: €8.6 million) represented the value of brand names €4.9 million (2010: €5.4 million), customer relationships €0.5 million (2010: €0.8 million), contracts €1.8 million (2010: €2.4 million) and re-acquired rights €1.4 million (2010: nil).

	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
Amortisation	–	(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)
Amortisation	–	(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
Amortisation	–	(3,608)	(312)	(68)	(3,988)
Net book value at 31 December 2010	26,613	8,600	435	141	35,789

Goodwill impairment testing
The impairment test performed in 2011 showed that the recoverable amount for each cash-generating unit exceeded the carrying amount, hence no impairment of goodwill or identified intangible assets was recognised in 2011 (2010: €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 Cash generating units ('CGU') 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 CGU amounted to €28.3 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
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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 2012 budget. The cash flows are extrapolated into the future using a steady growth rate of 5% for the segment 'stem cell storage' and 2% for the segment 'other' for the years two to five, and 2% 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% (2010: 15%) for the segment 'stem cell storage' and 14% (2010: 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
Management has identified two key assumptions for which there could be a reasonable possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	Stem cell storage 2011	Other 2011
Pre-tax discount rate	**0.7%**	>1%
Budgeted cash flow growth	**(5%)**	>(10%)

Identified intangible assets
The items such as brand name, customer relationship, re-acquired rights 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 centers.

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 capitalised costs consist of directly attributable costs of employee benefits, as well as materials and services used.

Amortisation 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. Amortisation of the capitalised cost in relation to Cryo-Lip started as from the second half year of 2010.

In 2011 and 2010 no impairment of these intangible assets was deemed necessary.

Other intangible assets
Other intangible assets mainly relate to capitalised software and software licenses and are amortised in three years. In 2011 and 2010 no impairment of these intangibles was deemed necessary.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21 Property, plant and equipment

	Land and buildings	Lab and office equipment	Other tangible assets	2011
At 1 January 2011				
Cost	**10,576**	**6,087**	**1,568**	**18,231**
Depreciation	**(560)**	**(2,129)**	**(780)**	**(3,469)**
Net book value at 1 January 2011	**10,016**	**3,958**	**788**	**14,762**
Movements				
Acquisitions	**0**	**13**	**71**	**84**
Investments	**94**	**1,016**	**272**	**1,382**
Disposals at cost	**–**	**(278)**	**(308)**	**(586)**
Depreciation	**(335)**	**(833)**	**(268)**	**(1,436)**
Translation differences	**(86)**	**49**	**(124)**	**(161)**
Depreciation on disposals	**–**	**253**	**221**	**474**
Total movements 2011	**(327)**	**220**	**(136)**	**(243)**
At 31 December 2011				
Cost	**10,571**	**6,841**	**1,454**	**18,866**
Depreciation	**(882)**	**(2,663)**	**(802)**	**(4,347)**
Net book value at 31 December 2011	**9,689**	**4,178**	**652**	**14,519**

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 have been provided as collateral. See note 31 for additional disclosure on the processing and storage facility in Niel.

	Land and buildings	Lab and office equipment	Other tangible 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
Reclassification	–	101	(101)	–
Disposals at cost	–	(75)	(301)	(376)
Depreciation	(334)	(752)	(212)	(1,298)
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22 Investment in subsidiaries
Details of the Company's subsidiaries at year end are as follows:

		Shareholding	
Name of subsidiary directly held by Cryo-Save Group N.V	Place of incorporation	**2011**	2010
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%**	100%
Cryo-Save CZ s.r.o.	Czech Republic	**100%**	100%
CrioCord S.L.	Spain	**100%**	100%
Valor Conexo SGPS Lda	Portugal	**100%**	100%
Tissue Bank Cryo Center Bulgaria AD	Bulgaria	**100%**	100%
Salus Futura Ltd.	United Kingdom	**100%**	100%
Cryo-Save USA, Inc.	USA	**100%**	–
Cryo-Save Serbia d.o.o. Beograd (pka Life R.F. d.o.o.)	Serbia	**70%**	–
Rexisource (Pty) Ltd trading as Cryo-Save South Africa	South Africa	**50%**	–

*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 marketing and promotion 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:

		Shareholding	
Name of equity accounted investee	Place of incorporation	**2011**	2010
Al-Zahrawi Life-Sciences Ltd.*	United Arab Emirates	**35.0%**	35.0%

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

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

	2011	2010
Total assets	**560**	1,192
Total liabilities	**1,890**	2,828
Revenue	**1,887**	1,221
Profit or (loss)	**336**	468
Unrecognised share (35%) of losses	**(462)**	(580)

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 2011 amounted to €117,600 (2010: €163,800), and €0.5 million loss cumulatively. The Group's liability towards this equity accounted investees is limited to the invested amount.

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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 realised. The ultimate realisation 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 realisable, however, could change in the near term if future estimates of projected taxable income during the carry-forward period are revised.

Unrecognised 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 €15.9 million (2010: €13.7 million) have not been recognised as deferred tax assets.

At 31 December 2011, the loss carried forward not recognised in deferred tax assets expire as follows:

In €millions	2012	2013	2014	2015	2016	Later	Unlimited	Total
	0.3	0.4	1.1	0.1	3.9	2.3	7.8	15.9

Recognised deferred tax assets and liabilities

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

	Assets		Liabilities	
	2011	2010	**2011**	2010
Goodwill/identified intangible assets			**2,007**	2,161
Provision for doubtful debts	**120**	151		
Net operating losses	**383**	445		
Land and buildings			**151**	144
Others	**34**	22	**1**	2
Balance at 31 December	**537**	618	**2,159**	2,307

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 recognised 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 (2010: €0.4 million) relate to tax losses to be compensated with foreseeable future profits.

Approximately €0.3 million of the deferred tax liabilities at 31 December 2011 will be utilised within one year.

Movement in temporary differences

The movement in temporary differences during 2011 was as follows:

	Balance at 1 January 2011	**Acquisitions**	**Recognised in income**	**Balance at 31 December 2011**
Identified intangible assets	**(2,161)**	**(180)**	**334**	**(2,007)**
Provision for doubtful debts	**151**		**(31)**	**120**
Net operating losses	**445**		**(62)**	**383**
Land and buildings	**(144)**		**(7)**	**(151)**
Others	**20**		**13**	**33**
Tax assets/(liabilities)	**(1,689)**	**(180)**	**247**	**(1,622)**

The movement in temporary differences during 2010 was as follows:

	Balance at 1 January 2010	Acquisitions	Recognised in income	Balance at 31 December 2010
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)

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25 Non-current trade and other receivables

	2011	2010
Trade receivables	**927**	972
Other receivables	**14**	18
Total non-current trade receivables	**941**	990

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.

26 Inventories

	2011	2010
Collection kits	**149**	125
Processing materials	**864**	607
Total inventories	**1,013**	732

The cost of inventories included in the statement of income under cost of sales amounted to €3.2 million (2010: €3.1 million).

No material write-down of inventories was recorded in 2011 and 2010.

The inventories are not pledged as security for liabilities.

27 Current trade and other receivables

	2011	2010
Trade receivables	**7,095**	8,030
Prepayments	**440**	279
Receivables from related parties	**13**	23
Receivables from equity accounted investees	**97**	47
Other receivables	**423**	276
Total current trade and other receivables	**8,068**	8,655

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

	2011	2010
VAT receivable	**2,145**	2,684
Income tax receivable	**364**	337
Other tax receivable	**221**	46
Total current tax assets	**2,730**	3,067

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

	2011	2010
Deposits	**1,630**	3,360
Cash and bank balances	**5,394**	2,604
Total cash and cash equivalents	**7,024**	5,964

All the balances are at the free disposal of the Group. As per 31 December 2011, the Company held USD 1.6 million and CHF 1.8 million on a bank account.

30 Equity

Share capital and share premium

Authorised shares

The Company's authorised share capital comprises 48,000,000 shares with a par value of €4,800,000 as per 31 December 2011 (ordinary shares of €0.10 each).

Issued shares

The total issued ordinary share capital consists per 31 December 2011 of 9,676,223 shares with a par value of €0.10 (31 December 2010: 9,639,191 shares).

At the Annual General Meeting of Shareholders held on 18 May 2011, 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

30 Equity continued

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 amortisation, 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.

Dividend
Following the shareholder resolution on 18 May 2011, the Company paid a dividend of 7 euro cent per share (2010: 6 euro cent) amounting to €650 thousand for the year ended 31 December 2010. Of this amount, €463 thousand was paid in cash and €187 thousand was paid in shares for which the Company issued 37,032 nominal shares.

Treasury shares
To cover the dilutive effect of the granted share options for the period 2007-2011 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 2011 the Group had repurchased 364,000 of its own shares in treasury (31 December 2010: 294,000). Treasury shares are recorded at cost and amounted to €2.4 million at 31 December 2011 (31 December 2010: €2.2 million), representing the market price on the acquisition date.

At the Annual General Meeting of Shareholders held on 18 May 2011, 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 2011	2010	Purchase price 2011	2010
At 1 January	**294,000**	424,000	**2,180**	3,664
Share buyback	**100,000**	–	**522**	–
Reissued	**(30,000)**	(130,000)	**(279)**	(1,484)
At 31 December	**364,000**	294,000	**2,423**	2,180

In 2011 the Company completed a tranche of its share buyback programme. The Group repurchased 100,000 shares during the period 6 January 2011 until 12 January 2011. The purchase price of the share buyback transactions during 2011 ranged from €5.09 to €5.35.

The Company paid 30,000 shares to the sellers of the acquired Serbian distributor, Life R.F. d.o.o.

31 Borrowings

	2011	2010
Borrowings – non-current liabilities	**3,403**	3,600
Borrowings – current liabilities	**194**	194
Total borrowings	**3,597**	3,794

Borrowings represent financial lease commitments.

The following table describes, as per 31 December 2011, 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	**390**	**196**	**194**
Between one and five years	**1,508**	**668**	**840**
More than five years	**3,228**	**665**	**2,563**
Total	**5,126**	**1,529**	**3,597**

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

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 installments 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 recognised 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32 Deferred revenue

	2011	2010
Deferred revenue – non-current liabilities	**9,386**	7,739
Deferred revenue – current liabilities	**722**	597
Total deferred revenue	**10,108**	8,336

Deferred revenue will be earned as revenue by means of the annual storage over a contractually committed 20 or 25 years period. The part of deferred revenue that will be recognised as revenue within one year is disclosed under current liabilities.

33 Deferred considerations

	2011	2010
Deferred considerations – non-current liabilities	**1,145**	1,094
Deferred considerations – current liabilities	**558**	814
Total deferred considerations	**1,703**	1,908

The movement in deferred considerations during the year 2011 was as follows:

	2011	2010
Balance at 1 January	**1,908**	3,344
Acquisitions	**1,763**	556
Deferred consideration adjustment	**(869)**	(829)
Payments	**(1,192)**	(1,221)
Interest	**93**	58
Total deferred considerations	**1,703**	1,908

The table below describes, as of 31 December 2011, the carrying amount of the Group's contractual obligations for the following years:

	Total	2012	2013	2014
Deferred considerations	**1,703**	558	539	606

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

The Company has an option to acquire the remaining 30% of the shares of Cryo-Save Serbia in the next three years. The option is valued at the normalised EBITDA times a certain multiplier. The Company will also pay appreciation payments, which are based on normalised EBITDA corresponding to the actual percentage of shareholding of sellers at the time. Both resulted in deferred consideration until 2014.

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

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.

34 Current trade and other payables

	2011	2010
Trade payables	**2,040**	1,922
Payables to related parties	**27**	6
Other payables	**4,290**	4,150
Total current trade and other payables	**6,357**	6,078

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

	2011	2010
VAT payable	**81**	61
Income tax payable	**744**	906
Other taxes payable	**288**	327
Total current tax liabilities	**1,113**	1,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36 Share-based payments
In 2011 the Group recognised €0.1 million share-based payment costs, relating to four option plans issued in the period 2008-2011 (2010: €0.1 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 summarised 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36 Share-based payments continued
At 4 April 2011 options were granted for 80,000 ordinary shares in Cryo-Save Group N.V. The Company granted 20,000 options to Directors of the Company and 60,000 options to certain other employees of the Company all at an exercise price of €5.47 per share.

Stock options

Year of issue	Exercise price	Outstanding per 1 January 2011	Conditionally awarded	Exercised in 2011	Expired in 2011	Forfeited in 2011	Outstanding at 31 December 2011	Expiry date	Vested
2007	£11.05	53,000	–	–	–	(4,000)	49,000	2017	49,000
2008	£10.50	38,000	–	–	–	(6,000)	32,000	2018	
2009	£2.79	31,000	–	–	–	–	31,000	2019	
2010	€5.81	48,000	–	–	–	–	48,000	2020	
2011	€5.47	–	80,000	–	–	–	80,000	2021	
Total		**170,000**	**80,000**	**–**	**–**	**(10,000)**	**240,000**		**49,000**

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

The fair market value of each conditionally awarded share in 2011 under the Share Option Scheme was €2.36 as determined by an outside consulting firm.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial model, with the following inputs:

Fair value share options and assumptions

	Share option plan 2011	Share option plan 2010
Fair value at grant date	**€2.36**	€2.78
Share price	**€5.39**	€5.78
Exercise price	**€5.47**	€5.81
Maturity (in years)	**10**	10
Vesting period (in years)	**3**	3
Forfeiture rate (in %)	**10**	10
Risk-free interest rate (in %)	**3.67**	3.41
Dividend yield (in %)	**1.5**	1
Expected volatility (weighted average, in %)	**55**	60

The volatility has mainly 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, Cryo-Cell, Vitrolife, Bionet Corp. and Vita34). Derived from these data the volatility ranged from 55% to 105%. Based on the volatility of the most comparable peer the Group used 55% as assumption in the calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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	2011	2010
A.P. van Tulder	200	135	7	25	26	393	332
M.J. Waeterschoot	0	0	3	0	0	3	47
J.P.G. Goossens	43				12	55	43
W.A.A. van Pottelberge	38				0	38	39
R. H. W Lorjin	38		6		124	168	48
Total remuneration	319	135	16	25	162	657	509

The Group's costs of the 2011 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 2011, and will be paid in 2012.

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

The Other benefits of J.P.G. Goossens and R.H.W. Lorijn comprised fees for specific engagements.

The 2011 pension contributions as presented above concern the pension costs for the financial year 2011, at 15.1% of base salary (2010: 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.

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

	2011	2010
A.P. van Tulder	20,000	20,000
M.J. Waeterschoot	–	–
Total Directors' share options	20,000	20,000

The exercise price of the conditionally awarded shares in 2011 is €5.47. The fair market value of each conditionally awarded share in 2011 was €2.36 (2010: €2.78), as determined by an outside consulting firm. The 2011 plan has a vesting period of three years, and the end of the exercise period is 4 April 2021 (2010 plan: 29 April 2020).

Shareholding of the Directors
The Directors hold the following interest in the Company as at 31 December 2011:

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

	2011	2010
A.P. van Tulder	17,202	15,000
M.J. Waeterschoot*	1,853,850	1,853,850
J.P.G. Goossens*	1,316,703	1,671,000
W.A.A. van Pottelberge	31,643	31,210
R.H.W. Lorijn*	10,138	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.

J.P.G. Goossens transferred 400,000 shares as part of his estate planning.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

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.

	2011	2010
Group entities with equity accounted investees, sales transactions		
– Cryo-Save Arabia FZ-L.L.C.	**264**	(5)
Group entities with related parties, sales transactions		
– M.J. Waeterschoot	**51**	23
Group entities with related parties, purchase transactions		
– Life-Sciences NV	**6**	115
– Phare NV	**–**	7
Group entities with related parties, consultancy transactions		
– Life-Sciences NV	**244**	–

The position at 31 December 2011 with Cryo-Save Arabia was €0.4 million receivable.

The outstanding receivable on M.J. Waeterschoot was €13 thousand as per 31 December 2011 as stated in note 27.

The outstanding payable to Life-Sciences NV was €27 thousand as per 31 December 2011 as stated in note 34.

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	2011	2010
Less than one year	728	97	11	**836**	574
Between one and five years	1,440	101	6	**1,547**	842
More than five years	1,180	–	–	**1,180**	432
Total	**3,348**	**198**	**17**	**3,563**	1,848

The rent commitments mainly increased due to a new rental agreement (10 years) of the Group's headquarter in Zutphen, the Netherlands.

40 Commitments and contingent liabilities
a. Rent
The Group has several property rent contracts for a total amount of €0.7 million per annum. These leases have an average life of between two and ten 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

40 Commitments and contingent liabilities continued

France

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

1. Establishment authorisation
2. Process authorisation

The first Establishment authorisation 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 authorisation 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.

41 Audit fees

The aggregate fees of the Group's auditor, KPMG Accountants N.V. and its foreign offices, for professional services rendered in 2011 and 2010 are as follows:

	2011	2010
Audit fees	**262**	251
Audit-related fees	**–**	46
Tax fees	**27**	81
Total	**289**	378

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

For the year 2010, audit-related fees include 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 €175 thousand (2010: €180 thousand), audit-related fees nil (2010: €30 thousand) and tax fees €27 thousand (2010: €61 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 equals the fair value.

	2011	2010
Loans and receivables		
Trade receivables, non-current assets	**927**	972
Trade receivables, current assets	**7,095**	8,030
Other receivables, non-current assets	**14**	18
Other receivables, current assets	**533**	346
	8,569	9,366
Cash and cash equivalents	**7,024**	5,964
Total assets, financial instruments	**15,593**	15,330
Other liabilities		
Borrowings, non-current liabilities	**3,403**	3,600
Other liabilities, non-current liabilities	**1,300**	1,194
Borrowings current liabilities	**194**	194
Trade payables, current liabilities	**2,040**	1,922
Other liabilities, current liabilities	**4,875**	4,970
Total liabilities, financial instruments	**11,812**	11,880

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 analysed 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 recognised. The collective loss component allowance is determined based on historical data of payment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

42 Additional information on financial instruments continued

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 €1.5 million (2010: €1.3 million). The aging of the current trade receivables and the impairment losses recognised for doubtful debts at reporting date were:

	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
Not overdue	**3,676**	**(0)**	4,273	(0)
Past due 0-30 days	**1,544**	**(0)**	1,627	(0)
Past due 30-120 days	**1,413**	**(0)**	1,709	(15)
Past due 120-180 days	**369**	**(185)**	232	(113)
Past due 180-360 days	**521**	**(260)**	321	(140)
More than one year	**1,082**	**(1,065)**	1,194	(1,058)
Total current trade receivables	**8,605**	**(1,510)**	9,356	(1,326)

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

	2011	2010
Balance as at 1 January	**1,326**	721
Additions charged to income	**527**	745
Release charged to income	**(30)**	(80)
Utilisations	**(313)**	(60)
Balance as at 31 December	**1,510**	1,326

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

	Carrying amount	
	2011	2010
Business partners	**536**	459
Customers	**6,559**	7,571
Total current trade receivables	**7,095**	8,030

Two of the Group's business partners account for €0.5 million of the trade receivables' carrying amount as at 31 December 2011 (2010: €0.4 million).

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

	Carrying amount	
	2011	2010
Europe	**6,239**	7,311
Asia	**773**	658
Africa	**83**	61
Total current trade receivables	**7,095**	8,030

Maximum credit risk exposure

The carrying amount of financial assets, amounting to €8.6 million (2010: €9.4 million) represents the maximum credit exposure.

The maximum exposure to credit risk for non-current trade receivables amounted to €1.0 million (2010: €1.0 million). These receivables are, according to the contractual payment scheme which allows customers to pay in annual installments, not expected to be realised within 12 months after the balance sheet date.

The maximum exposure to credit risk for current other receivables of €0.4 million (2010: €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 2011, 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 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

42 Additional information on financial instruments continued
Contractual maturities of financial liabilities 2011

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
Operational lease obligations	**3,563**	**(3,563)**	**(836)**	**(1,547)**	**(1,180)**
Financial lease obligations	**3,597**	**(5,126)**	**(390)**	**(1,508)**	**(3,228)**
Deferred considerations	**1,703**	**(1,792)**	**(558)**	**(1,234)**	**–**
(Exclusive) distribution agreements with partners	**729**	**(729)**	**(729)**	**–**	**–**
Trade and other payables	**6,357**	**(6,357)**	**(6,357)**	**–**	**–**
Total	**15,949**	**(17,567)**	**(8,870)**	**(4,289)**	**(4,408)**

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)

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.

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
There were no events after the reporting period.

COMPANY STATEMENT OF INCOME

IN THOUSANDS OF EUROS

	2011	2010
Results subsidiaries after tax	**2,918**	4,420
Other income after tax	**(599)**	(1,867)
Profit for the year	**2,319**	2,553

COMPANY BALANCE SHEET

AT END OF YEAR, BEFORE ALLOCATION OF PROFIT IN THOUSANDS OF EUROS

	Note	2011	2010
Assets			
Non-current assets			
Goodwill	45	**28,376**	26,613
Identified intangible assets	46	**8,609**	8,600
Other intangible assets		**150**	24
Property, plant and equipment	47	**161**	197
Investments in subsidiaries	48	**9,870**	5,050
Receivables from subsidiaries	49	**4,906**	7,220
Total non-current assets		**52,072**	47,704
Receivables from subsidiaries	49	**5,750**	6,914
Accounts receivable	50	**288**	132
Cash and cash equivalents		**291**	2,004
Total current assets		**6,329**	9,050
Total assets		**58,401**	56,754
Equity			
Shareholders' equity	51	**47,220**	46,760
Liabilities			
Non-current liabilities	52	**3,152**	3,255
Current liabilities	53	**8,029**	6,739
Total equity and liabilities		**58,401**	56,754

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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

	2011	2010
Salaries and wages	**1,071**	883
Social security charges	**119**	120
Consultancy fees	**124**	–
Cost of defined contribution pension plans	**59**	45
Share-based payments	**78**	111
Other personnel expenses	**44**	26
Total employee benefit expenses	**1,495**	1,185

The average number of employees, expressed in full-time equivalents, in 2011 was 15 (2010: 14).

45 Goodwill

	2011	2010
Balance at 1 January	**26,613**	24,973
Translation differences	**(324)**	40
Acquisitions	**2,651**	2,429
Deferred considerations adjustments	**(564)**	(829)
Balance at 31 December	**28,376**	26,613

Goodwill increased due to the Life R.F. doo, Serbian acquisition.

The deferred considerations adjustment of goodwill of €0.6 million mainly related to the revised estimate of performance related deferred acquisition payments to former owners. As from 1 January 2011, deferred considerations adjustments were recorded under financial result in the consolidated statement of income, applicable to acquisitions in 2011 onwards.

46 Identified intangible assets

	2011	2010
Balance at 1 January	**8,600**	9,683
Translation differences	**(242)**	45
Acquisitions	**1,797**	185
Amortisation	**(1,546)**	(1,313)
Balance at 31 December	**8,609**	8,600

47 Property, plant and equipment

	2011	2010
Balance at 1 January	**197**	167
Additions	**48**	116
Disposals at cost	**(12)**	(26)
Depreciation on disposals	**12**	14
Depreciation	**(84)**	(74)
Balance at 31 December	**161**	197

48 Investments in subsidiaries

	2011	2010
Equity value of subsidiaries at 1 January	**5,050**	4,476
Acquisitions	**1**	34
Capital contributions	**6,196**	4,084
Dividends paid	**(3,753)**	(8,102)
Share of profit of subsidiaries	**2,918**	4,420
Exchange differences	**(542)**	138
Balance at 31 December	**9,870**	5,050

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

Acquisitions related to the net equity value of Life R.F. doo, Serbia. Capital contributions related to the contribution of capital to several subsidiaries to strengthen their capital.

49 Receivables from subsidiaries

	2011	2010
Receivables from subsidiaries, non-current assets	**4,906**	7,220
Receivables from subsidiaries, current assets	**5,750**	6,914
Total receivables from subsidiaries	**10,656**	14,134

50 Accounts receivable

	2011	2010
Dividend receivable	**87**	59
Prepayments	**41**	28
Current tax assets	**40**	27
Other receivables	**120**	18
Total accounts receivable	**288**	132

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

51 Shareholders' equity

	Issued share	Share premium	Legal reserve	Revaluation reserve	Translation reserve	Treasury shares	Retained earnings	Undistributed profit	Shareholders' equity
At 1 January 2010	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
Utilisation 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
Exchange differences on translating foreign operations					**(1,108)**				**(1,108)**
Other comprehensive income					**(1,108)**				**(1,108)**
Profit for the year								**2,319**	**2,319**
Comprehensive income for the year					**(1,108)**			**2,319**	**1,211**
Appropriation of profit prior year							**2,553**	**(2,553)**	**0**
Dividend distributed	**4**	**(4)**					**(463)**		**(463)**
Share-based payments						**279**	**(45)**		**234**
Repurchased shares						**(522)**			**(522)**
Utilisation of revaluation reserve				**(96)**			**96**		**0**
Other movements			**2**				**(2)**		**0**
At 31 December 2011	**968**	**38,174**	**176**	**474**	**(1,558)**	**(2,423)**	**9,090**	**2,319**	**47,220**

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

52 Non-current liabilities

	2011	2010
Deferred tax liabilities	**2,007**	2,161
Deferred considerations	**1,145**	1,094
Total non-current liabilities	**3,152**	3,255

Deferred tax liabilities

Balance at 1 January 2010	2,491
Additions	47
Deductions	(377)
Balance at 31 December 2010	2,161
Additions	180
Deductions	(334)
Balance at 31 December 2011	**2,007**

Deferred considerations
Future payments for the deferred considerations are as follows:

	Total	2013	2014
Deferred considerations	**1,145**	539	606

53 Current liabilities

	2011	2010
Trade payables	**169**	197
Debt to subsidiaries	**6,788**	5,303
Deferred consideration	**558**	814
Current tax liabilities	**4**	58
Other liabilities	**510**	367
Total current liabilities	**8,029**	6,739

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 2011 concerned an amount of €2.9 million in management fees (2010: €2.4 million), €0.2 million in net finance income (2010: €0.8 million net finance costs) and €6.2 million in capital contributions (2010: €4.1 million).

Cryo-Save Group N.V. has at 31 December 2011 amounts due from subsidiaries of €10.7 million (2010: €14.1 million). Further, Cryo-Save Group N.V. has at 31 December 2011 amounts due to subsidiaries of €6.8 million (2010: €5.3 million).

Executive and Non-Executive Directors
In 2011 Executive and Non-Executive Directors acquired 58,476 shares of Cryo-Save Group N.V. (2010: 137,019 shares).

Equity accounted investees and companies controlled by Directors
In 2011, 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. In December 2011, Cryo-Save signed a new property rent contract for ten years for a total amount of €0.1m per annum.

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

19 March 2012

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 16 May 2012 a dividend of 8 euro cent per share for the year ended 31 December 2011 (2010: 7 euro cent), which will be payable at 14 June 2012.

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 realised 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 30 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

We have audited the accompanying financial statements for the year ended 31 December 2011 of Cryo-Save Group N.V., Zutphen as set out on pages 38 to 76. 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 2011, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011, the company statement of income for the year then ended and the notes, comprising 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 the 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 judgment, 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 2011, 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 2011, 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 requirement under 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 report, 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

19 March 2012

INFORMATION FOR SHAREHOLDERS

Shareholders exceeding 5%	
M.J. Waeterschoot*	19.91%
J.P.G. Goossens*	14.14%
Mineworking Pension Scheme	6.30%
British Coal Staff Superannuation Scheme	6.28%

*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 2011	€4.18
Quotation 31 December 2010	€4.78
Highest quotation 2011	€5.50
Lowest quotation 2011	€3.86
Average daily trading volume 2011	7,466

ADVISERS

Advisers to the Company

Financial advisor
Kempen & Co NV
Beethovenstraat 300
1077 WZ Amsterdam
The Netherlands

Broker
Daniel Stewart & Company
Becket House
36 Old Jewry
London EC2R 8DD
United Kingdom

Auditors
KPMG Accountants N.V.
PO Box 30133
6803 AC Arnhem
The Netherlands

Financial Public Relations
College Hill
The Registry
3 Royal Mint Court
London EC3N 4QN
United Kingdom

Smink, Van der Ploeg & Jongsma
Dorpsstraat 28
1182 JD Amstelveen
The Netherlands

Solicitors
Simmons & Simmons
PO Box 79023
1070 NB Amsterdam
The Netherlands

Registrars
Capita Registrars (Jersey) Limited
Victoria Chambers
Liberation Square
1-3 The Esplanade
St Helier JE4 0FF
Jersey

Depository
Capita IRG Trustees Limited
The Registry
34 Beckenham Road
Beckenham BR3 4TU
United Kingdom

About this report

This annual report is available at
www.cryo-save.com/group

Contact information

Cryo-Save Group N.V.
IJsselkade 8
7201 HB Zutphen
The Netherlands
+31 (0)575 548998

For more information on Cryo-Save visit
www.cryo-save.com/group, or contact Investor Relations
at ir@cryo-save.com

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